Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Confederation

Federal Department of Economic Affairs FDEA

State Secretariat for Economic Affairs SECO
Bilateral Economic Relations
Americas

SWITZERLAND – LATIN AMERICA
ECONOMIC RELATIONS REPORT 2013

Bern, February 2014

CONTENT

Boxes

Table

Figures Switzerland – Latin America

Annex tables Switzerland – Latin America

Annex figures Switzerland – Latin America

Acknowledgements

The *Switzerland - Latin America Economic Relations Report 2009* was prepared under the overall guidance of Philippe G. Nell, Minister, Head of the Americas Unit at the State Secretariat for Economic Affairs. Special gratitude is expressed to Martin Peter for his very comprehensive contribution on trade and climate change in Latin America, to Konrad Gasser for improving the design, updating and reviewing the Report, to Guido Barsuglia for assessing the economic situation in Latin America and to Edith Heidenthal for the elaboration of the tables and graphs.

The Report has also benefited from inputs provided by the Swiss Embassies in Latin America, and the SECO Economic Development Cooperation Division. They are to be thanked for their contributions.

Distribution

For hard copies or further information, please contact:

State Secretariat for Economic Affairs (SECO)
Bilateral Economic Relations
Americas Unit
Effingerstrasse 27
CH-3003 Bern

Phone: +41 / 31 324 14 53
Fax: +41 / 31 325 73 61
E-mail: edith.heidenthal@seco.admin.ch

Electronic form under:
http://www.seco.admin.ch/dokumentation/publikation/00008/index.html?lang=en

Foreword

Switzerland and Latin America have a long history of cultural, political and economic ties nurtured by Swiss immigration in the 19th and early 20th century. Swiss communities are important in several countries ; they perpetuate the heritage of ancestors who often played a significant role in the nation-building process. Swiss multinational firms are also strongly established and integrated locally with products and services tailored to Latin American consumers. Throughout the years, Swiss development cooperation has left a significant imprint across the continent; it is now relayed by economic cooperation programs focusing on Colombia and Peru, two middle-income countries with projects aiming at competitiveness, sustainable trade and infrastructure.

This close relationship deserves a regular Report highlighting some of the key features of the past year. For 2009, we shall emphasize in particular:

First, the world economic and financial crisis has affected strongly bilateral trade with sharp drops in exports and imports although Switzerland and most Latin American countries did not suffer a very strong recession.

Second, a turnaround has already taken place in the second half of 2009 so that data for the first half of 2010 points upward though from a low level.

Third, the institutional relations were further strengthened with the entry into force of the bilateral agreement between Switzerland and Colombia on the protection and promotion of investments and the revision of the double taxation agreement with Mexico in particular to take into account the adoption by Switzerland of the OECD standard on administrative assistance in tax matters. For 2010, we expect the entry into force of the EFTA-Colombia free trade agreement and the signing of the EFTA-Peru free trade agreement.

Finally, this Report’s special section is devoted to the impact of climate change on Latin America, one of the most biodiverse regions in the world with costal reefs, wetlands, rainforest and glaciers. Very significant eco-systems are at risk endangering livelihood in large areas as well as the global climatic balance. Big issues refer to glacial retreat, rising sea levels and floods, savannization of rainforests and loss of biodiversity, disappearance of important eco-systems such as the Gulf Coast wetlands and coral reefs, desertification and droughts. Measures taken and foreseen by governments to address these huge challenges are highlighted.

Philippe Nell

Philippe G. Nell
Minister, Head of Americas Unit
State Secretariat for Economic Affairs

Introduction

This report first reviews the economic situation in Latin America in 2009. Section II presents the impact of climate change in the region and the respective governments' responses to this global threat. Section III focuses on Swiss-Latin American relations in 2009 with the evolution of trade and investment flows, bilateral agreements, SECO's development cooperation programs, Latin American integration and bilateral official visits.

In addition to providing valuable data on bilateral trade, this year's edition includes a special annex reproducing the text of the bilateral Agreement on the Promotion and Reciprocal Protection of Investments with Colombia which entered into force in October 2009.

I. Economic situation in Latin America in 2009

In 2009, the world was confronted with the most severe recession since the 1930's: global trade contracted by 12% in terms of volume and the world's gross domestic product (GDP) shrank by 2.2%. The economies of Latin America were not spared. However, as the Economic Commission for Latin America and the Caribbean (ECLAC) put it in December 2009, "*[...] this crisis differs from those the region has experienced in the past. Not only because the epicentre of the crisis lay in the developed countries, [...], but, above all, [...] how the region was affected.*"[1] In contrast to previous global financial crises (1982, 1998 and 2001), Latin America had much stronger macroeconomic fundamentals this time: low inflation, current account and fiscal surpluses, lower national debts, a sound banking system, a large stock of international liquidity, stable inflows of remittances from migrant workers abroad, and more flexible exchange rate regimes.

The financial crisis started to spread to Latin America in mid-September 2008, putting an end to one of the most prosperous periods (2003-2008) in the region's recent history. In 2009, the GDP of the Latin American and Caribbean region shrank by 3.6%, Mexico (-6.7%), Paraguay (-3.5%), Venezuela (-2.3%), and Chile (-1.8%) being hit most. Only a few economies grew, namely Bolivia (3.5%), Panama (2.5%), Uruguay (1.2%), Peru (0.8%), Argentina (0.7%), Brazil (0.3%), and Colombia (0.3%). The economic recovery process took off in the second quarter of 2009 and then gained strength.

[1] ECLAC, *Preliminary Overview of the Economies of Latin America and the Caribbean*, ECLAC Briefing paper, 2009, p.8.

Regarding the external sector, the region's aggregated current account registered a deficit of USD 24.3 billion. In terms of value, exports diminished by 23% and imports by 24%. In terms of volume, which takes into account the price drop for primary products, the reduction was more moderate, with 9% and 16% respectively. Mexico was affected most by the U.S. recession, with a decrease in exports of 14.3% (MERCOSUR -7.1%, oil-exporting countries -6.4%). However, there is no evidence that those Latin American countries which are more open to international trade were hit to a greater extent by the global economic downturn than the ones following a less open economic model. This is in stark contrast to past international crises. Still, on average, the region is less open to trade than the rest of the world.

In 2009, the region's terms of trade[2] deteriorated for the first time in eight years (-6.1%) due to lower commodity prices and the drop in international trade flows. In addition, remittance inflows declined (-11%) for the first time since monitoring started in 1999 causing further difficulties to the region. The money sent home by around 20 million migrant workers accounts for more than 10% of GDP in a number of countries, particularly in the Caribbean and Central America.

In 2009, foreign direct investments (FDI) to the region fell by 30%. This cutback is less severe than between 1999 and 2003. At that time, FDI decreased by 47%, but the reduction was concentrated on Argentina and Brazil. Furthermore, as a result of the economic downturn and the outbreak of AH1N1 influenza (particularly in Mexico), tourism contracted by 5-10% in 2009. For the countries of the Caribbean and Central America tourism represents an important source of income.

On the domestic side, ambitious public stimulus measures and lower public revenues deteriorated the fiscal position of the region. In percentage of GDP, the respective governments increased their spending significantly (Chile +2.4%, Argentina +1.9%, Uruguay +1.8%) and, for the first time in seven years, the region reported a primary balance[3] deficit of 1% of GDP (2008: surplus of 1.4%). Whereas the total public debt in percentage of GDP of the seven largest countries[4] of the region fell from 53% to 32% between 2003 and 2008, it increased to 36 % in 2009. Nevertheless, the OECD commended Brazil, Chile, Colombia, Peru and Mexico for their successful policy of accumulating fiscal income from primary products during the recent boom years. These reserves contributed to finance various public stimulus measures during the economic downturn.

---

[2] Terms of trade: express the relative prices of a country's exports to imports.
[3] Primary balance: fiscal position without public debt interest payments.
[4] The so-called LAC-7 account for 90% of Latin America's GDP (Argentina, Brazil, Chile, Colombia, Mexico, Peru and Venezuela).

As a result of falling international prices, currency appreciation, and lower demand, inflation decreased significantly from 8.3% in 2008 to 4.5% in 2009. In addition, over the past years, monetary authorities in most Latin American countries managed to build up confidence into monetary institutions. This, combined with the accumulated monetary reserves, allowed the countries to address the liquidity shortages caused by the economic downturn on a more solid foundation than in past crises.

Between 2002 and 2008, economic growth lifted around 40 million people out of poverty. Based on estimates, this positive achievement could be entirely reversed by the end of 2010, with an increase in poverty of 7% during 2009 and 2010. Therefore, the realisation of the first Millennium Development Goal, which is to reduce extreme poverty by half compared to its 1990 level within the next five years, might become difficult.

According to most forecasts, the recovery of growth, under way since the second semester of 2009, will gain momentum in 2010 (+5%). ECLAC expects growth in Brazil, Uruguay and Peru to be higher than in the rest of the region, given these countries' domestic demand, export diversification and trade ties with China. Slower growth is expected for markets with less diversified trading partners such as Mexico and the Central American economies. Remittance flows should increase again and the region should soon be in a position to benefit from re-activated and highly liquid international financial markets.

The more optimistic global economic outlook will also increase the demand for primary goods, which in turn will improve the region's terms of trade (around +4%). Yet, the economic development of Latin America is still highly dependent on economic growth in the industrialized north. The fact that the positive effects of U.S. and European stimulus packages will probably come to an end soon might affect the relatively encouraging prospects of Latin American and Caribbean countries as well.

II. Trade and Climate change in Latin America

Since the publication of the Fourth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC)[5] in 2007, there is a broad scientific consensus that *"recent regional changes in temperature have had discernible impacts on physical and biological systems"*, that *"most of the observed warming over the last 50 years is likely [>66%] to have been due to the increase in Greenhouse Gas concentrations"* and that *"it is extremely unlikely [<5%] that global climate change of the past 50 years can be explained without external forcing and very likely [>90%] that it is not due to known natural causes alone"*.

Latin America and the Caribbean (LAC), a region which hosts 5 of the 10 most biodiverse countries worldwide (Brazil, Colombia, Ecuador, Mexico and Peru) is likely to be severely affected by the effects of climate change. In fact, the region is already experiencing negative consequences and future trends are far from encouraging. Though the impact will vary considerably across the region and even within single countries, the number of those who will lose from climate change is probably going to exceed that of the winners.

This section will first identify some of LAC's climate ecosystem hotspots[6], before analysing some of the major socio-economic effects to be expected from climate change in the region. We finally present some of the measures taken by national governments to mitigate and adapt to the impact of climate change.

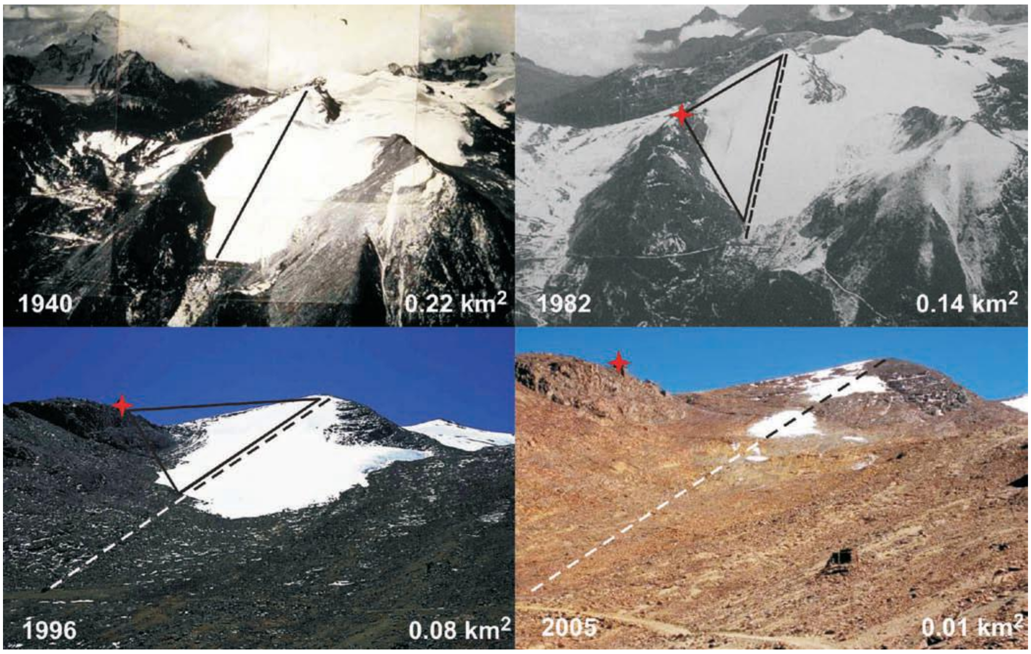
Major environmental effects of climate change in Latin America

High-mountain ecosystems are very sensitive to climate change. Different studies indicate that the rate of warming is more rapid at higher altitudes in the Andes, with possible temperature increases of around 0.6°C per decade, affecting especially the northern, more humid section of the Andes. There is evidence that the resulting retreat of glaciers is accelerating. This is illustrated for example with the shrinking of the Chacaltaya Glacier in Bolivia between 1940 and 2005 with a decline in surface from 0.22 km^2 to 0.01 km^2 (see box 1). The melting of Andean glaciers diminishes the water regulation capacity of mountains, affecting the formation of clouds and horizontal precipitation. According to a recent World Bank estimate, at least 77 million people will be affected by these changes as early as 2020.

[5] M.L. Parry, O.F. Canziani, J.P. Palutikof, P.J. van der Linden and C.E. Hanson, *Climate Change 2007: Impacts, Adaptation and Vulnerability. Contribution of Working Group II to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change*, Cambridge University Press, Cambridge, pp. 581-615.

[6] Walter Vergara (ed.), *Assessing the Potential Consequences of Climate Destabilization in Latin America*, Latin America and Caribbean Region Sustainable Development Working Paper 32, World Bank, June 2009.

Box 1. **Bolivia: Chacaltaya Glacier, 1940-2005**



Source: IPCC Fourth Assessment Report, Working Group II Report "Impacts, Adaptation and Vulnerability", p. 87

Coral reefs are another ecosystem threatened by climate change. Home to over 25% of all marine species, they are the most biologically diverse marine ecosystems. In the Caribbean, coral reefs are hosting fish nurseries for around 65% of all species in the region. Corals also provide a natural protection against storms. However, they are very sensitive to changes in environmental conditions and to temperature variations in particular. Stressed by heat, corals expel the micro-algae living in their tissue and thereby lose their ability for photosynthesis, a process that is called bleaching.[7] If this occurs once, corals normally have sufficient regenerative capacity to prevent themselves from dying. However, consistent increases in water temperatures have led to repeated bleaching, which eventually lead to the collapse of the whole reef and the extinction of associated species. Under the IPCC "business-as-usual scenario", the loss of all regional coral reef will occur between 2060 and 2070, though corals in the Caribbean will be affected sooner than those in more southern areas.

The **Gulf Coast wetlands in Mexico** form a third highly-sensitive ecosystem in the LAC region. They provide a number of environmental services, such as the regulation of the hydrological system, flood control and as a consequence the protection of human settlements, control of erosion as well as mitigation of storm impacts. The wetlands are the most productive ecosystem in the country and one of the richest on earth. They host around 45% of Mexican shrimp- and 90% of oysters production. Furthermore, they provide 40% of

[7] According to M.L. Parry et al. op. cit., p. 94, bleaching usually occurs when temperatures exceed a threshold of about 0.8 - 1°C above mean summer maximum levels for at least 4 weeks.

the country's commercial fishing volumes. However, forecasts predict that by 2100, precipitations in the Mexican Gulf wetlands will decline by up to 40%. The vulnerability of the wetlands’ ecosystem to climate change is further increased by a number of anthropogenic influences, such as the ongoing land use changes, pollution, and water diversion. For instance, the total mangrove-covered area is declining at a rate of 1 - 2.5% per year.

Another, and perhaps the most dramatic - though not yet completely confirmed - impact of climate change would be the **dieback of the Amazon rainforest**, resulting in a "savannization" of large areas. Apart from its immensely rich biodiversity, the Amazonian rainforest is also crucial for the climate system. Changes in the volumes of moisture coming from the Amazon basin could lead to the desertification of vast parts of Latin America and even North America. The severe droughts in south-western Amazonia in 2005 were possibly just a herald of extreme climate change-related events that might follow in the future and will be affecting human settlements along Amazonian rivers. The Fourth Assessment Report of the IPCC indicates a potential loss of Amazon rainforest of between 20 and 80% as a result of the climate impact induced by a temperature increase in the basin of 2 - 3°C. Since the rainforest acts as a sink for anthropogenic CO^2 emissions and contains about 10% of the global carbon stock stored in land ecosystems, the dieback of the Amazon rainforest would possibly also trigger a further acceleration of global warming. As in the case of the Mexican wetlands, in addition to climate change, other factors such as deforestation, land use change and human-induced fires exert supplementary pressure on the Amazon rainforest.

Another important impact of climate change is the **higher frequency of natural disasters** like hurricanes. Whereas between 1950 and 1990, such events have taken place on a four-year average, they now occur once every three years. Global warming is also causing an intensification of storms. For instance, some estimates suggest that losses from hurricanes in the Mexican Gulf Coast could increase 10-fold between 2020 and 2025 compared to the 1979-2006 period. Examples of natural disasters in the region over recent years are numerous and well-known: Hurricane Mitch in 1998 in Central America, Hurricane Wilma in 2005 in Mexico, and the multiple hits which devastated large parts of Cuba and Haiti in 2008. Moreover, in 2004, the first ever recorded hurricane in the South Atlantic swept over Brazil. Other highly unusual extreme weather events of the past decade include the intense precipitations of 1999 and 2005 in Venezuela; the flooding in the Argentinean Pampas in 2000 and 2002; the Amazon drought of 2005; the unprecedented and destructive hail storms in Bolivia in 2002 and Buenos Aires in 2006. In addition, higher occurrences of the "El Niño" phenomenon have been observed in the past three decades, with two particularly strong episodes in 1982/83 and 1997/98.

Socio-economic effects of climate change in Latin America

The above-mentioned effects of climate change on particularly vulnerable ecosystems will have major socio-economic consequences on the region.

Due to changes in precipitation patterns, desertification and salinization of soils, LAC's **agricultural productivity** may be significantly hampered. Though some agricultural areas (Southern cone) and some crops (sugar cane, soybean) might in fact benefit from higher temperatures and increased rainfall, the region as a whole is likely to suffer significantly, and in particular the 58 million of the region's rural poor. According to the Fourth IPCC Assessment Report, under certain scenarios, the number of additional people at risk of hunger might actually reach 5 million in 2020, 26 million in 2050 and 85 million 2080[8]. Also, cattle and dairy productivity is expected to decline as a consequence of increasing temperatures. A recent World Bank study mentions simulated revenue losses for South American farms ranging between 12 and 50% by 2100, depending on the severity of the climate change scenario.

According to the Economic Commission for Latin America and the Caribbean (ECLAC), **climate-related disasters** such as hurricanes, floods, droughts or forest fires have cost the LAC region over USD 80 billion since 1970.[9] For the Caribbean, the cumulative losses of hurricanes between 2020 and 2025 could exceed 50% of the annual GDP. In the case of Central America, the figure for the same period would be 6% of GDP, and 10% in the case of Mexico[10]. In Honduras alone, Hurricane Mitch killed thousands of people, left one million homeless, and inflicted damage equivalent to two-thirds of GDP. Vulnerability to extreme climate events is particularly important in the case of coastal communities, where the majority of Latin America’s most populated cities are located. The damages to infrastructure will swell in parallel with the increases of flooding, erosion and tidal and storm surges.

Furthermore, the forecasted decrease in rainfall is likely to lead to **severe water scarcity** in certain regions, such as the semi-arid areas of Argentina, north-eastern Brazil, northern Mexico and Chile. Moreover, the melting of glaciers will have a negative impact on water availability in the Andes, and especially in Peru, where around 60% of the population could be affected. According to the latest IPCC assessment report, by the 2020s, the net increase in people experiencing water stress due to climate change is likely to range between 7 and 77 million. In the second half of the century, the potential reduction in water availability and the growing demand from an increasing population could raise these figures, ranging

[8] M.L. Parry et al. op. cit., p. 583.

[9] Joseluis Samaniego (Coord), *Cambio climático y desarrollo en América Latina y el Caribe: una reseña*, Naciones Unidas, Santiago de Chile, 2009, p. 26.

[10] Augusto de la Torre, Pablo Fajnzylber, John Nash, *Low Carbon, High Growth: Latin American Responses to Climate Change, An Overview*, The World Bank, Washington D.C., 2009, p. 11.

between 60 and 150 million[11]. The problem will be further exacerbated through salinization of groundwater wells due to a rising sea level. In addition, the predicted water shortages could also have a significant impact on energy generation, since many countries in the LAC region are highly dependent on hydropower.

The sea level rise and more frequent tropical storms could also have a significant **impact on tourism** infrastructure, such as hotels and airports. According to an ECLAC study, the Mexican tourism sector lost USD 89 million due to Hurricane Emily of 2005. Moreover, the destruction of flora and fauna in the above-mentioned vulnerable ecosystems could lead to a decrease of attractiveness of certain destinations. For example, estimates of shortfalls in tourism incomes due to a 50% loss of corals in the Caribbean range between USD 0.5 and 1.3 billion for the 2040-60 period[12].

Climate change is also expected to have significant **health impacts**. Particularly worrisome for the LAC region is the forecasted increase in vector-borne diseases, such such as malaria and dengue. Whilst the former is expected to become more common in rural areas, the latter will prevail in urban areas. In fact, higher temperatures as well as changed precipitation patterns could lead to a geographical expansion of these diseases. Accordingly, the number of dengue cases is expected to grow by 21% (2050) and by 64% (2100) and of malaria cases by 8% and 23% respectively. Climate change is also expected to have a number of other adverse impacts on health, such as an increase in malnutrition due to a fall in agricultural productivity.

Government responses

National governments in Latin America are well aware of the potential risks of climate change. Accordingly, the majority is in the process of drafting or has already drafted national strategies, which point out specific impacts of climate change as well as possible mitigation and adaptation measures.

The most important measures include an essential reduction of deforestation, reforestation programmes or the promotion of energy efficiency and renewable energy sources. Such measures should allow LAC countries to significantly reduce their Greenhouse Gas emissions in the future. The most ambitious example is Costa Rica, with the objective to achieve CO2 neutrality until 2021, the year of the 200th anniversary of its independence.

The following table summarizes major sources of CO_2 emissions, some of its most important impacts as well as the measures envisaged to mitigate or adapt to such impacts.

[11] M.L. Parry et al. op. cit., p. 3.
[12] Augusto de la Torre et al., op.cit., p. 13.

Box 2: **Climate change: measures by selected Latin American countries**

Country	Major sources of CO_2	Major impacts	Measures taken/foreseen
Argentina	▪ Energy sector (47%) ▪ Agriculture (44%) ▪ Deforestation	▪ Desertification, droughts and floods	▪ Promotion of renewable energy sources (+8% by 2016) ▪ Stop deforestation of Atlantic forests
Bolivia	▪ Land use and land use change (78%) ▪ Energy sector (20%)	▪ Glacial retreat and loss of fresh-water sources (Lake Titicaca) ▪ Natural disasters (flooding, droughts, landslides) ▪ Erratic weather conditions (rainfall, frost, hail) ▪ Forest fires ▪ Spread of diseases	▪ Prevention of water shortage through drilling of water wells and construction of water treatment plants ▪ Promotion of natural gas vehicles ▪ Construction of hydropower plants ▪ Awareness promotion programmes
Brazil	▪ Deforestation and land use change (58%) ▪ Agriculture ▪ Energy generation ▪ Transport	▪ Change in rainfall patterns, droughts and water scarcity (e.g. north-east) ▪ Forest fires ▪ Floods and rising sea levels in coastal regions ▪ Destruction of coral reefs ▪ Savannization of rainforests ▪ Spread of diseases	▪ 80% reduction of deforestation by 2020 ▪ 36-39% reduction of CO_2 emissions by 2020 as compared to a business-as-usual scenario (base 1994-2005) ▪ National Fund on Climate Change (~USD 500 mn/year)
Chile	▪ Energy sector (62%) ▪ Forestry and land use change (17%) ▪ Agriculture (15%)	▪ Floods and rising sea levels in coastal regions ▪ Reduction of fish stocks ▪ Water scarcity; desertification and soil degradation ▪ Change of rainfall patterns; reduction of rainfall in the south ▪ Temperature rises in some Andean regions of up to 5°C and glacial retreat	▪ Elaboration of a National Plan of Adaptation to Climate Change ▪ 20% reduction of greenhouse gases by 2020 ▪ Conservation and protection of high-mountain ecosystems in the Andes ▪ Promotion of energy efficiency, renewable energy sources and reforestation programmes ▪ Objective of carbon-neutrality in agriculture

Country	Major sources of CO2	Major impacts	Measures taken/foreseen
Colombia	▪ Industrial development ▪ Deforestation	▪ Sea level rise, leading to floods and coastal soil degradation (salinization) ▪ Change of rainfall patterns ▪ Reduction of high altitude ecosystems and decline in availability of hydro resources (80% of energy generation) ▪ Destruction of coral reefs ▪ Spread of diseases	▪ Various projects for the compensation of CO_2 emissions ▪ Reforestation ▪ Promotion of biofuels and biogas ▪ Promotion of energy efficiency
Costa Rica	▪ Transportation (65%)	▪ Changing precipitation ▪ Floods ▪ Desertification in the north ▪ Disappearance of cloud forest and general loss of biodiversity	▪ CO_2 neutrality until 2021 ▪ Promotion of biofuels ▪ Early warning systems against natural disasters ▪ Education of population ▪ Promotion of renewable energy sources and clean technology
Mexico	▪ Energy generation ▪ Transportation ▪ Industrial processes ▪ Agriculture	▪ Increase in hurricane frequency and intensity ▪ Rise in sea level, floods and droughts ▪ Soil degradation and desertification (centre-north) ▪ Disappearance of important ecosystems such as the Gulf Coast wetlands or coral reefs	▪ 9% reduction of CO_2 emissions between 2009 and 2012, 50% by 2050 ▪ Risk management and early warning systems against natural disasters ▪ Conservation and protection of endangered ecosystems ▪ Reforestation programmes ▪ Promotion of renewable energy sources
Peru	▪ Deforestation (47%) ▪ Agriculture	▪ Glacial retreat and associated impact on water availability ▪ Increase in frequency and intensity of "El Niño" with effects on precipitation patterns and fish stocks ▪ Rising sea levels and floods ▪ Savannization of rainforests and loss of biodiversity ▪ Spread of diseases	▪ Elimination of net deforestation by 2020 through a forest conservation programme ▪ Promotion of eco-efficiency in public and private institutions and enterprises

III. Bilateral economic relations

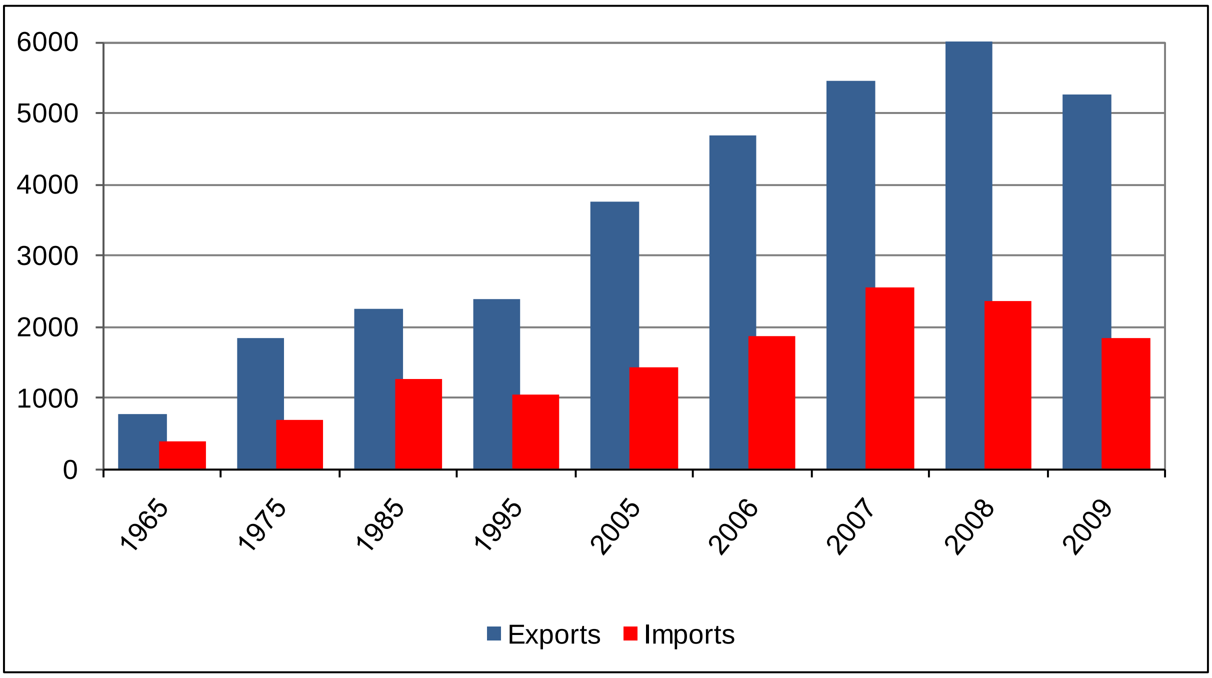
1. Trade

In 2009, Latin America's share in Swiss trade amounted to 3% of exports and 1% of imports. The first decade of the millennium was marked by a strong growth of bilateral trade between Switzerland and the region. From 2003 to 2008, Swiss exports to Latin America increased by 77% and imports by 93%. However, as a consequence of the global downturn in 2009, Swiss exports to the region fell by 12.6%, which is in line with the overall decline of Swiss exports during that same year (-13.5%). They amounted to 5.27 billion Swiss francs.

Swiss imports from Latin America were affected more severely by the financial and economic crisis. In 2009, they shrank by 22.5%, whereas overall Swiss imports decreased by 14.5%. The Latin American performance is comparable with the fall of imports from emerging countries in Asia. Swiss imports from Latin America amounted to 1.84 billion Swiss francs.

It must be pointed out, however, that Swiss official trade statistics by country of origin and destination do not include gold. With gold, Switzerland would not register a trade surplus but a large trade deficit with Latin America (see box 3, p.20).

Figure 1. **Switzerland - Latin America: Merchandise exports and imports, 1965 – 2009**
(Million Swiss francs)



Source: Statistics from the Swiss Federal Customs Administration, Berne.

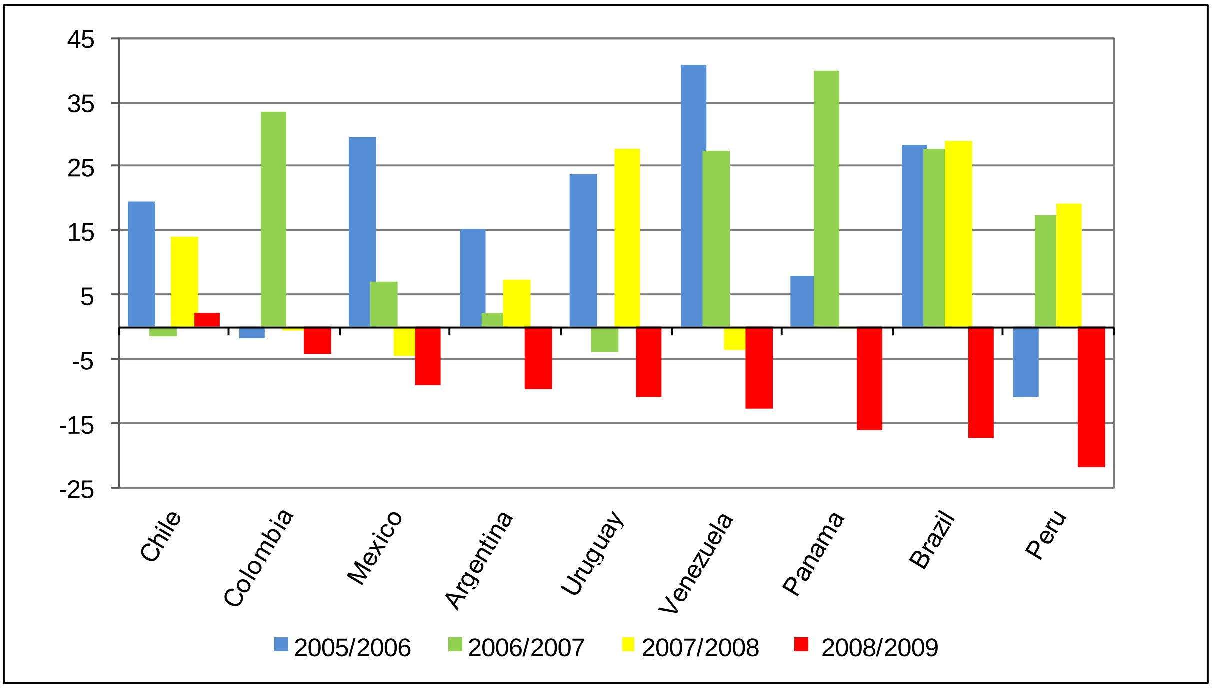
With regard to **Swiss exports**, the most prominent trade partners in Latin America are Brazil (37% of all exports to the region), Mexico (23%) and Argentina (7%).

In 2009, the demand for Swiss products particularly faded in Peru, Brazil and Panama. After three years of solid growth, Switzerland exported 17% less to Brazil than during the previous year. Swiss exports to Mexico also diminished, but to a lesser extent than those of other trading partners. Given the large trading volumes of these partners, this had a significant impact on Swiss exports to Latin America.

Swiss exports increased only in the cases of Chile (+2%) and the Caribbean (+1%; although with large differences between the various countries).

For absolute figures, shares and variations of Swiss exports, see annex table 2.3., p.38.

Figure 2. **Switzerland - Latin America : Exports variations by major partner, 2006 – 2009**
(Annual percentage change)



Source: Statistics from the Swiss Federal Customs Administration, Berne.

The bulk of **Swiss imports** from Latin America comes from Brazil, Mexico and Colombia. As major exporter from Central America, Panama ranks fourth with a share of 6% in total Swiss imports from the region. Together, these four countries account for 70% of Swiss imports from Latin America, Brazil making up half of that figure (36%).

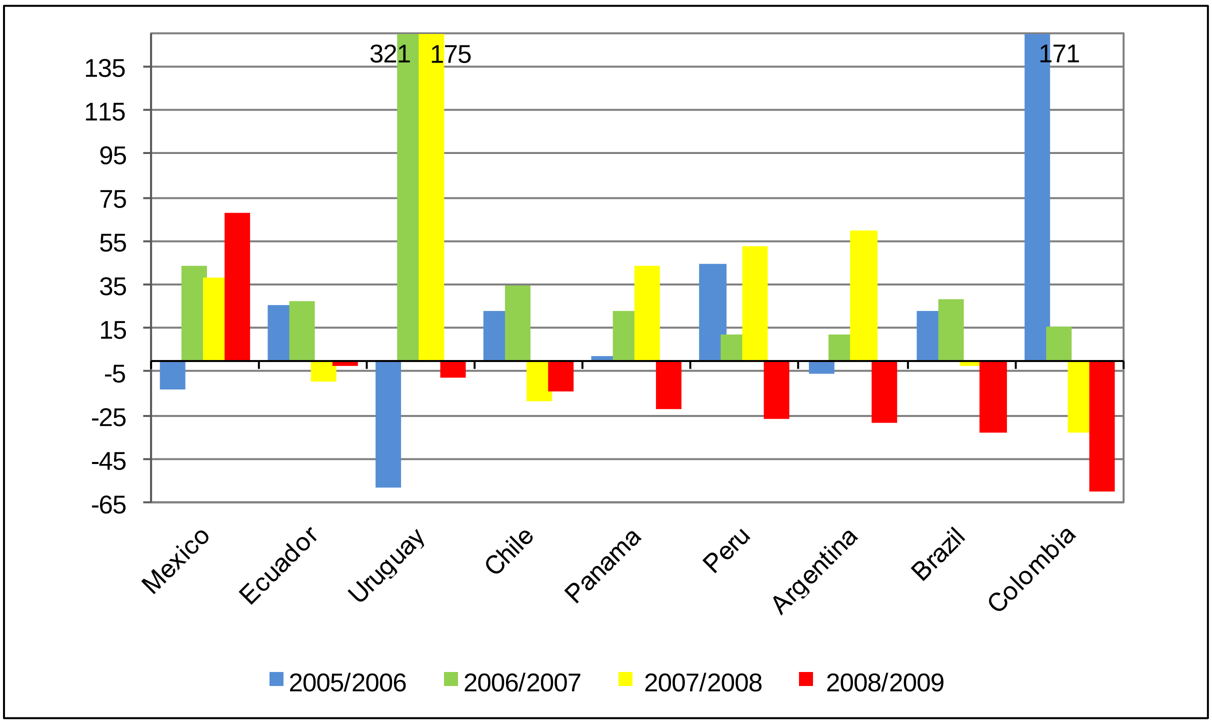
Ecuador, which accounts for 2% of Swiss exports, has managed to gain over the years a share of 5% of Swiss imports from Latin America. The country has good access to Swiss retail distribution channels. It exports mainly agricultural products, i.e. cocoa beans, bananas and cut flowers.

In 2009, Swiss imports from Latin America fell for the second time in a row. The strongest decrease was registered in the case of Venezuela (-84%). Yet, the latter only accounts for 0.5% of total Swiss imports from the region. It is closely followed by Colombia, with a decrease of 60%.

As illustrated in figure 3, the massive import growth in products from Uruguay during the last two years, associated with huge investments in the paper industry, abated in 2009.

The only country that witnessed a positive export growth to Switzerland during the last year was Mexico. The remarkable increase of 68% was mainly due to a sharp rise (+220%) in imports of chemicals (pharmaceuticals in particular), which represent 61% of all imports from Mexico. This ought to reflect intra-firm trade by large multinational companies.

Figure 3. **Switzerland - Latin America : Imports variations by major partner, 2006 – 2009**
(Annual percentage change)



Source: Statistics from the Swiss Federal Customs Administration, Berne.

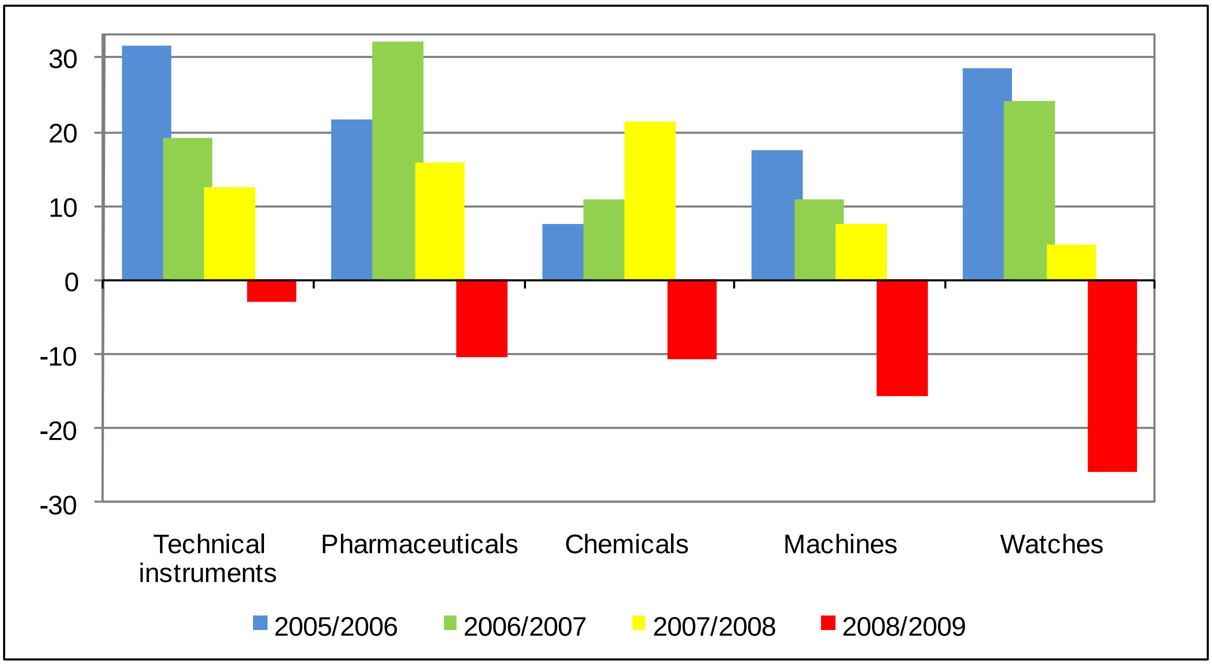
Switzerland's **main export goods** to Latin America are pharmaceuticals (31%), chemicals (21%), machines (20%), watches (7%) and technical instruments (6%). Since 2000, the share in total exports to the region of the first category increased significantly (+9 percentage points), whereas machines lost ground (-8 percentage points); for complete data, see table 2.5., p. 40.

As illustrated in figure 4, the demand for Swiss export goods decreased for all major categories in 2009. Exports of technical instruments, pharmaceuticals and chemicals declined less than the overall exports to the region (-13%).

Due to the economic and financial crisis, many firms froze their acquisitions of capital goods such as machines (-16%). Moreover, exports of clocks and watches declined significantly owing to the sharp drop of consumption in the luxury segment.

Figure 4. **Switzerland - Latin America : Exports variations by major product group, 2006 – 2009**

(Annual percentage change)



Source: Statistics from the Swiss Federal Customs Administration, Berne.

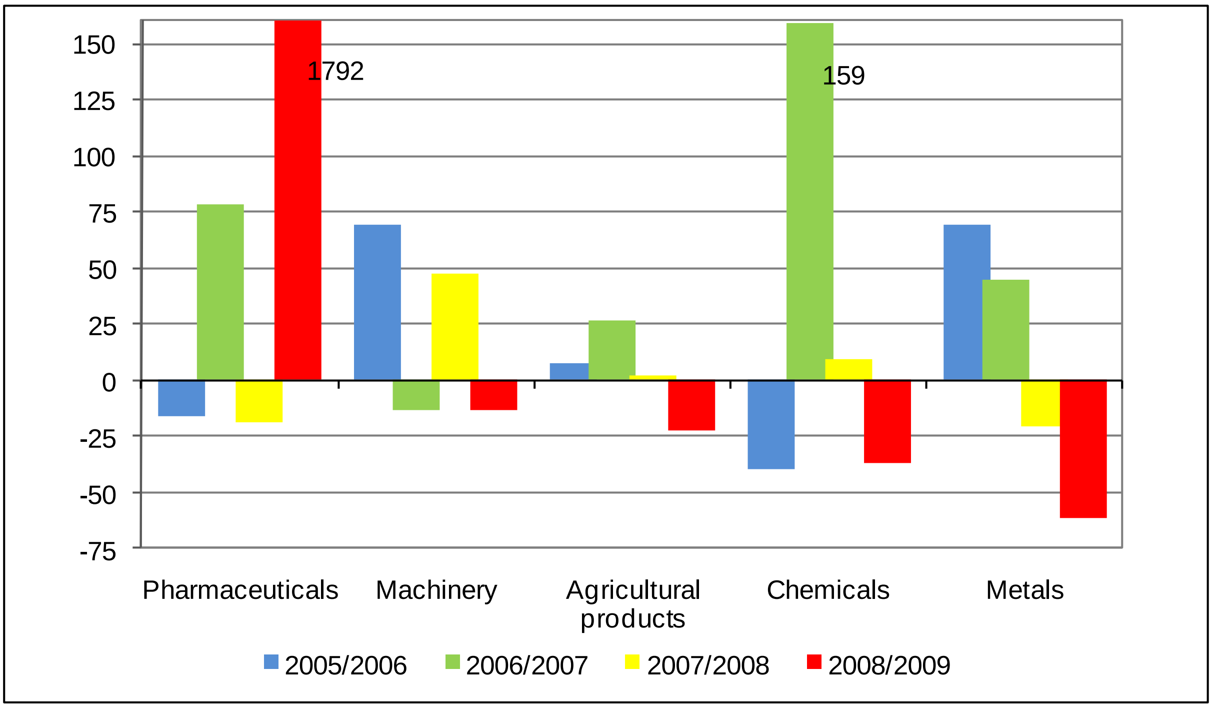
Half of the value of Swiss imports from Latin America is made up of agricultural products. Pharmaceuticals (10%), chemicals (7%), metals (6%), and machinery (3%) represent other **major import products**.

Figure 5 displays the annual percentage change of these import products. In 2009, pharmaceuticals witnessed a substantial increase (+1'792%). The majority of these additional imports came from Mexico, where the Swiss pharmaceutical sector started operating new production plants.

With agricultural products constituting the bulk of Swiss imports, their variation corresponds to the overall decline of Swiss imports. The Swiss demand for chemicals and metals fell significantly; imports of machines declined less than average.

Figure 5. **Switzerland - Latin America : Imports variations by major product group, 2006 – 2009**

(Annual percentage change)



Source: Statistics from the Swiss Federal Customs Administration, Berne.

It must however be pointed out that Swiss official import statistics by country of origin are considerably lower (USD -7.3 bn) than official statistics from several Latin American countries. The largest differences are registered in the cases of Peru (USD -3.9 bn), Brazil (USD -1.3 bn), Colombia (USD -926 mn) and Argentina (USD -882 mn). On the export side, Swiss official statistics are also lower (USD -515 mn). Box 3 presents data for a selected group of trade partners and some explanations for the divergences.

Box 3. **Differences between Swiss and Latin American trade data for selected countries**

	Swiss imports, 2009 (in USD mn)			**Swiss exports, 2009** (in USD mn)		
	Swiss data	Country data	Difference	Swiss data	Country data	Difference
Argentina	68	950	-882	329	400	-71
Brazil	609	1'921	-1'312	1'841	2'060	-219
Chile	54	374	-320	207	209	-2
Colombia	112	1'038	-926	269	374	-105
Costa Rica	54	2	52	50	36	14
Ecuador	78	45	33	76	70	6
Guatemala	23	66	-43	18	19	-1
Mexico	363	433	-70	1'091	1'208	-117
Nicaragua	5	0	5	3	10	-7
Paraguay	4	80	-76	10	70	-60
Peru	37	3'954	-3'917	88	114	-26
Uruguay	56	67	-11	105	32	73
Total	**1'463**	**8'930**	**-7'467**	**4'087**	**4'602**	**-515**

Source: official trade data from the selected Latin American countries and the Swiss Federal Customs Administration.

Various reasons may explain the significant differences between Swiss and Latin American trade data:

1. The coverage of data differs across countries. For example, Switzerland does not include gold trade in its trade statistics by country while Latin American countries do (for example, Swiss imports from Peru, Colombia, Argentina, Uruguay). This is the major source for the differences on the import side.

2. Goods imported into a country under a free port regime do not pay customs duties in that country and thus are not recorded in the country's statistics. The country of origin, however, will register this trade flow as an export to the country of the free port, regardless of whether the goods are later re-exported to a third country (for example, Swiss exports to Panama and Uruguay).

3. Swiss statistics consider the dispatching country rather than the country of origin. This is particularly important since many Swiss imports from Latin America enter through the port of Rotterdam; in that case, if the goods have been cleared for the EU market prior to their import into Switzerland, the Swiss Federal Customs Administration considers such goods as imports from the Netherlands, whereas the country of origin may register them as exports to Switzerland.

4. Some countries give preference to the purchasing country (invoice) rather than the destination country. A purchase of a product in Latin America by a Swiss firm for its affiliate in a third country may enter the exporting country’s statistics as an export to Switzerland (payment by Switzerland), whereas it does not enter the Swiss trade statistics at all. Conversely, Swiss exports to Latin America invoiced from a third country may be registered by the importing country as imports from that third country rather than from Switzerland.

5. Customs valuation differs for imports (CIF) and for exports (FOB) [13].

[13] FOB: free on board; CIF: cost + insurance + freight.

2. Swiss foreign direct investment in Latin America

Swiss foreign direct investment (FDI) stock in Latin America increased strongly between 1993 and 2000 (+100%), declined in the wake of the Argentinean crisis and gained pace again after 2002. With a total of CHF 46.1 bn in 2008[14], Latin America accounts for 5.5% of total Swiss FDI stock. Including FDI in the offshore financial centres (OFC) of the region (CHF 113 bn), Latin America's share in overall Swiss FDI reaches 19.5%.

Swiss investment **stock** in Latin America (excluding OFC) made a major leap forward in the years prior to the financial crisis (2006: +25%, 2007: +44%). In 2008, the total stock declined by 2.5%. This is partially due to a significant decrease in Brazil, the major destination country of Swiss FDI in the region. In 2008, Brazil displayed a stock of USD 32.9 bn, which represented 71% of all Swiss FDI in Latin America.
Figure 6 presents the main destination countries for Swiss FDI in Latin America.

With regard to Swiss FDI **flows** to Latin America in 2008, Brazil (CHF 795 mn) was followed by Chile (CHF 436 mn), Mexico (CHF 411 mn), Peru (CHF 356 mn), Uruguay (CHF 322 mn) and Venezuela (CHF 315 mn)[15]. Offshore financial centres registered major financial outflows (CHF -12.5 bn).

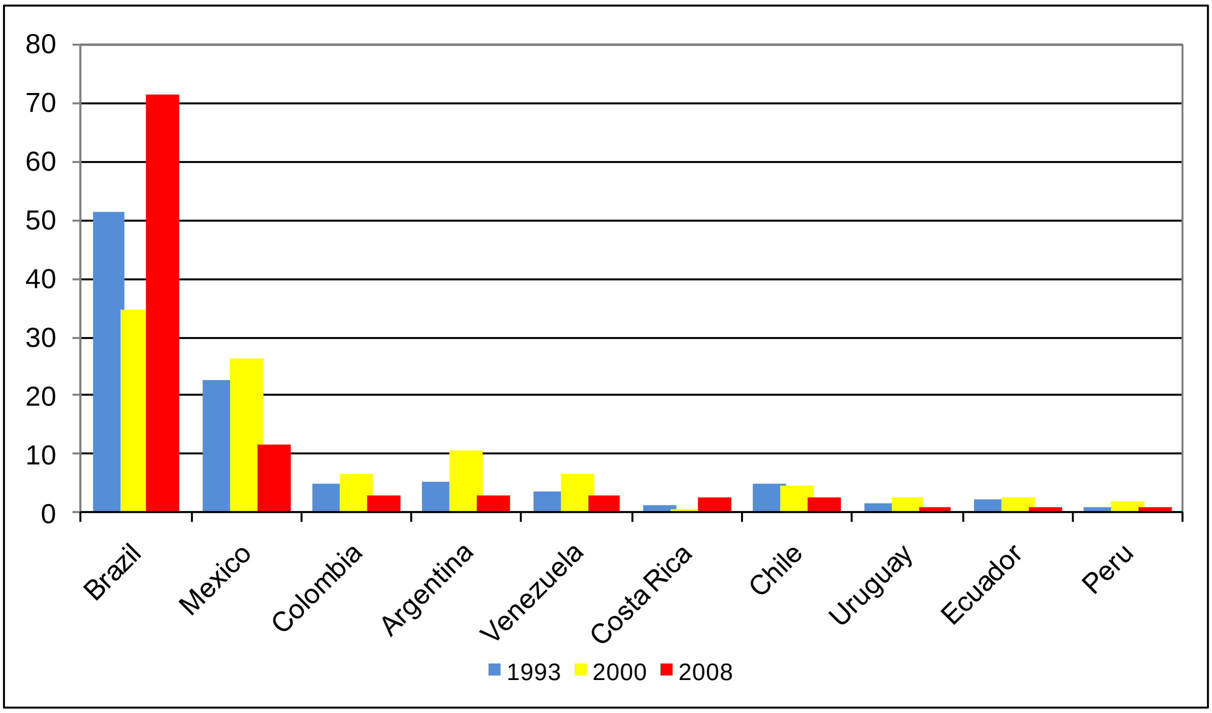
At the end of 2008, Swiss firms employed 244’200 people in Latin America, with mainly Brazil (105'700), Mexico (45'400), Argentina (19'300), Chile (13'400), Colombia (12'800), and Venezuela (11'100). Swiss firms had also important **staff** in Peru (6'900), Ecuador (3'900), Costa Rica (3'900), and Bolivia (3’400).

Referring to the April 2008 nationalisation of Holcim by the Venezuelan authorities, the latter did not fulfil the Memorandum of Understanding of August 18, 2008 according to which the Venezuelan government agreed to compensate Holcim with USD 552 mn and a 15% share in the new firm. This led Holcim to file a complaint in March 2009 at the International Centre for Settlement of Investment Disputes in Washington on the basis of the Swiss-Venezuelan Agreement on the Protection and Promotion of Investment. Since then, no progress was registered between Holcim and the Venezuelan authorities.

[14] Source : Swiss National Bank, *Monthly Statistical Bulletin*, April 2010.
[15] For methodological aspects of data on stock and flows, see http://www.snb.ch/ext/stats/fdi/pdf/en/Direktinvestitionen.book.pdf, p. 18.

Figure 6. **Switzerland - Latin America : Foreign Direct Investment by major partner, 1993 – 2008**

(In percent of total Swiss FDI in Latin America)



Source: Swiss National Bank, Zurich.

3. Bilateral economic agreements and commissions

Agreements on the promotion and protection of investment

Switzerland has established an extensive network of bilateral agreements on the promotion and protection of investment (BIT)[16] covering most Latin American countries except the Bahamas, Belize, Bermuda, Haiti, Surinam and Trinidad & Tobago.

In October 2009, the *Agreement between the Swiss Confederation and the Republic of Colombia on the promotion and reciprocal protection of investments* entered into force. Negotiations had been concluded in May 2006. The agreement is reproduced in the annex of this report.

[16] Their aim is to secure non-discriminatory treatment for Swiss investors after establishment – the so-called national treatment regime - to guarantee free transfer of funds (e.g. returns, repayment of loans, royalties, sale of investment), to deal with compensation in case of dispossession as well as disputes between a Contracting Party (CP) and an investor of the other CP or between the CPs.

The BITs signed with Brazil (1994) and Guyana (2005) have not yet entered into force. The Brazilian authorities have indicated that their Parliament will not adopt the 14 bilateral BITs signed with various countries worldwide, including Switzerland. Major reservations refer to differentiated treatment of foreign and local investors with e.g. the State-investor dispute settlement mechanism, which applies only to foreign investors and provides the opportunity to bring a claim to a foreign dispute settlement mechanism.

Agreements on double taxation

Switzerland has concluded agreements on double taxation (DTA)[17] with Ecuador, Jamaica, Mexico, Trinidad and Tobago and Venezuela. The agreement with Colombia, which was signed in 2007, is in process of approval by the Colombian Constitutional Court. The DTA with Chile (signed in April 2008) is due to enter into force on January 1, 2011. The Agreement signed with Argentina has not been ratified yet and is applied on a provisional basis.

On March 13, 2009, the Federal Council announced that Switzerland intends to adopt the OECD standard on administrative assistance in tax matters in accordance with Art. 26 of the OECD Model Tax Convention. This decision has been implemented in the framework of bilateral DTAs and allows the exchange of information with other countries in individual cases where a specific and justified request has been made. Each revised agreement is subject to parliamentary approval.

In 2009, the existing DTA with Mexico was revised and negotiations concluded. Furthermore, a DTA was initialled with Uruguay in March 2010.

The existence of a legal framework encompassing an agreement on double taxation and an agreement for the promotion and protection of investment contributes to increase a country's attractiveness for foreign investors.

The list of the existing economic agreements between Switzerland and Latin America is presented in the annex, table 4, p. 43.

[17] The major aim of these agreements is to reduce or eliminate double taxation. The State at the source of the income accepts to forego some or all taxes e.g. on dividends, interests and licences.

Swiss-Brazilian Joint Commission

On March 20, 2009, the second Swiss-Brazilian Joint Commission on Trade and Economic Relations took place in Brasilia. The Commission was co-chaired by Ambassador Monika Rühl Burzi, Delegate of the Federal Council for Trade Agreements, and Ambassador Pedro Luiz Carneiro de Mendonça, Under-secretary of State for Economic Affairs. In a first session, topics such as an internship agreement, scientific cooperation and the mutual recognition of wine test analysis were discussed. The Brazilian side was briefed about the implementation of Switzerland's new Mineral Oil Tax legislation, which entered into force on July 1, 2008. In a second session, trade and investment issues were discussed jointly with representatives of Swiss firms.

Swiss-Mexican Consultative Group

The Swiss-Mexican Consultative Group on Trade and Economic Cooperation, established in 1998, met in Mexico City on September 9, 2009. It was chaired by Eduardo Ramos, Head of the Department for Trade Negotiations of the Mexican Ministry of Economy. The Swiss delegation was headed by Ambassador Monika Rühl Burzi, Delegate of the Federal Council for Trade Agreements, and included representatives of the private sector. The meeting covered several issues, including the promotion and protection of investments, possibilities to strengthen environmental cooperation as well as intellectual property rights protection and non-tariff barriers to trade.

Swiss-Venezuelan Joint Commission

On November 18, 2008, Switzerland and Venezuela signed a framework agreement to promote and intensify cooperation in various fields, including economic affairs, trade, industry, energy, infrastructure and transport, environment, health as well as science and technology. The Agreement also established a Joint Commission which met for the first time on March 17, 2009 in Caracas under the chairmanship of Alejandro Fleming, Vice-Minister for Europe. The Swiss delegation was led by Ambassador Monika Rühl Burzi, Delegate of the Federal Council for Trade Agreements. Workshops on higher education, textiles, aluminium and railway systems and other infrastructural projects were held with over 20 representatives of Swiss firms. Discussions covered framework conditions for doing business in Venezuela as well as specific issues, including intellectual property and the nationalisation of the assets of the Swiss firm Holcim by the Venezuelan government.

4. Latin American integration and relations with EFTA

Inter-American integration

In recent years, economic integration across the Americas displayed the following developments:

- **United States – Central American Common market and the Dominican Republic (CAFTA-DR)**: a Free Trade Agreement (FTA) was signed in May 2004 between the United States and five Central American countries (Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua) and the Dominican Republic. It was ratified by the U.S. Congress in July 2005. After the ratification by the Costa Rican Parliament on January 1, 2009, the Agreement has entered into force between all the parties.
- **United States – Peru**: the FTA signed in April 2006 entered into force on February 1, 2009, after the completion of various additional legislative adaptations by Peru.
- **United States – Colombia**: an FTA was signed in November 2006 and was approved by the Colombian Congress in June 2007. Adoption by the U.S. Congress is still pending due to issues referring to workers protection in Colombia.
- **United States – Panama**: an FTA was signed in June 2007 and awaits ratification by the U.S. Congress.
- **Chile – Colombia**: an FTA was signed in November 2006. The Agreement entered into force on May 8, 2009.
- **Colombia – El Salvador, Guatemala, and Honduras**: an FTA was signed in August 2007, it entered into force on November 12, 2009 with Guatemala and on February 1, 2010 with El Salvador.
- **Free Trade Area of the Americas**: the negotiations for a free trade zone encompassing the Americas (including U.S. and Canada) are suspended.
- **Union of South American Nations (UNASUR)**: the UNASUR was formally established with the signing of its Constitutive Treaty in Brasilia on May 23, 2008. Its secretariat is located in Quito. The objectives of UNASUR include the creation of a single market, cooperation on infrastructure as well as free movement of people.
- **Banco del Sur**: in September 2009, leaders of Venezuela, Argentina, Bolivia, Brazil, Paraguay, Ecuador and Uruguay gathered in Venezuela for the establishment of the

Banco del Sur. The Member States of the bank expressed their will to set the initial capital at USD 20 billion.

- **Mercosur**: After the ratification by the Brazilian Parliament in December 2009, only the approval by Paraguay is still pending for Venezuela's membership to become fully effective.

- **Bolivarian Alternative for Latin America and the Caribbean (ALBA)**: established in December 2004 by Venezuela and Cuba, ALBA was subsequently joined by Bolivia, Nicaragua and the Caricom State of Dominica. In 2008, a bank named Banco del ALBA was created with a capital stock of USD 2 billion. In 2009, Antigua and Barbuda, Saint Vincent and the Grenadines and Ecuador joined ALBA. Honduras had integrated into the group in 2008 but left it in January 2010 following the change of government.

Integration between Europe and Latin America

In recent years, the relations between Europe and Latin America were characterised by the following developments:

- **Latin America - European Union**: the sixth Summit between the EU and Latin American and Caribbean (LAC) countries took place in Madrid on May 18, 2010. The Summit, which was hosted by the Spanish Presidency of the EU, focussed on issues such as drug trafficking, climate change, migration, the economic crisis and regional integration. It served to strengthen political and trade relations as well as to enhance alliances in global economic and environmental fora.

- **Mercosur - European Union**: despite the announcement of the re-launch of the long-stalled negotiations for an FTA between Mercosur and the EU in December 2007, no significant progress has been achieved during the last years. The major difficulties remain the opening of the EU's agricultural market and of Mercosur's industry, services and government procurement; differences also persist regarding rules on investment and intellectual property.

- **Andean Community (CAN) – European Union:** in June 2007, the two Parties launched negotiations for a comprehensive Association Agreement. Differences arose among CAN members about the extent of such an agreement. After several unsuccessful attempts to find a common ground, an Agreement which aims to free up trade in sectors such as industrial products, agriculture and fishing, services and investment was negotiated between Colombia/Peru and the EU. Negotiations were concluded in March and the Agreement was signed during the Madrid Summit in May, 2010. The possibility of extending the Agreement to Ecuador and Bolivia still remains.

- **San José Group[18] – European Union**: negotiations for an Association Agreement between the EU and the San José Group were concluded on May 18, 2010 during the EU – Latin America Summit in Madrid.
- **Mercosur – EFTA**: the Member States of EFTA and Mercosur signed a Declaration on Co-operation in 2000. Discussions are held on a regular basis within this framework to jointly examine ways and means to further deepen economic relations. EFTA's objective remains to negotiate an FTA immediately after the conclusion of the Mercosur - EU negotiations.
- **Colombia – EFTA**: a comprehensive Free Trade Agreement was signed between the EFTA States and Colombia on November 25, 2008 in Geneva. The agreement includes – industrial and some agricultural – goods, services, investment, intellectual property rights and government procurement. With the ratification by the Colombian Parliament in December 2009, only the approval by the Constitutional court of the country is currently pending.
- **Peru – EFTA**: negotiations for a comprehensive free trade agreement, which in a first phase were held in parallel with Colombia, were concluded in November 2008. The Agreement is expected to be signed at the end of June 2010. It is similar to the one with Colombia, except for the services sector which is not covered; a review clause foresees negotiations in the future.

Switzerland follows closely the integration process in Latin America, across the Americas, with Europe and the rest of the world. In the coming years, ties with Latin America will be strengthened in particular through the FTAs with Colombia and Peru. Priorities will be influenced by the European Union's new FTAs, the Doha Round and the interests of Latin American countries.

In Latin America, EFTA has concluded comprehensive FTAs with Mexico and Chile. Once the respective agreements enter into force, Colombia and Peru will benefit from a similar treatment. In order to facilitate access to the Mexican market for Small- and Medium-Sized Enterprises, the publication *Doing business in Mexico* was issued by SECO after the entry

[18] Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama. In 2010, Panama took part at the negotiations as a full member rather than just as an observer.

into force of the FTA. Due to its importance, a second edition was released in July 2009[19]. After a brief review of Mexico's politics, geography and economy, the benefits of the FTA for market access (goods, services, government procurement) and rules improvements (investment, competition, intellectual property) are highlighted. The two last chapters deal with key elements to facilitate market entry into Mexico and with opportunities and risks for Swiss firms.

For Chile, a similar publication was released in March 2008[20]. This second edition of the *EFTA-Chile Free Trade Agreement: Opportunities for Swiss Business* is comparable in its structure to the publication concerning the FTA with Mexico.

Finally, a publication on the future agreement between Colombia and EFTA is in preparation.

5. Economic development cooperation of SECO in Latin America

In 2009, the Swiss Federal Council approved the new orientation of the Swiss Economic Development Cooperation with country strategies for Colombia and Peru (2009 – 2011). As a consequence, a substantial part of SECO's economic development cooperation was allocated to Peru and to the new priority country Colombia. This strong geographic shift is based on the policy adopted by the Swiss Parliament with a framework credit for 2008-2012 focusing on seven middle-income countries in the world: Colombia and Peru in Latin America, Egypt, Ghana and South Africa in Africa, Indonesia and Vietnam in Asia.

In Peru and Colombia, SECO aims at triggering and complementing economic development efforts by government and regional entities as well as the private sector. SECO's actions may include promoting stable economic conditions, strengthening competitiveness, supporting sustainable and diversified trade, mobilising domestic and foreign investment as well as improving basic infrastructure. In addition, particular emphasis will be placed on good economic governance and environment/energy/climate issues. Other countries of the region will continue to benefit from global and regional projects.

[19] This publication is available in a pdf form at: www.seco.admin.ch/dokumentation/publikation/00008/00023/02431/index.html?lang=en.
[20] This publication is available in a pdf form at: www.seco.admin.ch/dokumentation/publikation/00008/00023/01817/index.html?lang=en.

Table 1. **Disbursements by SECO for economic development cooperation in Latin America, 2009**

Country	Million CHF
Colombia	10.2
Peru	7.0
Other/regional projects Latin America	5.6
Total disbursements to Latin America	**22.8**

Information and links regarding projects and organisations financed by SECO are available at: www.seco-cooperation.ch.

The main projects currently under way or in preparation refer to:

Private Sector Development (including Sifem[21] investments)

- Green credit lines in Peru and Colombia for Small- and Medium-Sized Enterprises (SME) investment projects in new technologies with positive impact on the environment.
- Business regulation reforms: simplification of post-registration inspection and construction permit procedures at municipal/national level in 6 major cities in Colombia (IFC LAC AS Facility[22]; 2009 – 2011).
- Co-financing the Doing Business Subnational Report Colombia for 2010 (to be officially launched in February 2010 with the Swiss Embassy in Bogota).
- Improving Corporate Governance of family owned SME's in Colombia (project in discussion with Confecamaras, the national umbrella of the municipal/regional chambers of commerce and with Bancoldex, the national development bank).
- Risk Management Facility (RMF) to address risk management issues of Microfinance Institutions (MFI), to enable them to deal with financial and operational risks in a comprehensive way. Country Studies completed to date for Peru, Bolivia, Ecuador, Nicaragua, Honduras, Costa Rica, Colombia and Guatemala. 12 MFI with implemented comprehensive risk management tools in Peru, Bolivia, Honduras, Nicaragua, Costa Rica, Colombia and Guatemala.
- Emergency Liquidity Facility (ELF), an investment fund, a lender of last resort for Microfinance Institutions faced with a liquidity crisis due to sudden disasters (Sifem has invested USD 1.5 mn).
- Trans Andean Fund (SEAF) for providing Private Equity Capital to Small- and Medium-

[21] Sifem: Swiss Investment Fund for Emerging Markets.
[22] International Finance Corporation (World Bank Group) Advisory Services in Latin America and the Caribbean.

Sized Enterprises in Peru (with the possibility for extension to Bolivia, Colombia and Ecuador).

- Financiera Arrendadora Centroamericana (Finarca) to provide leasing and other loan products to Small- and Medium-Sized Enterprises in Nicaragua (Sifem provides a loan to Finarca).
- Solidus Investment Fund to promote growth of Microfinance Institutions in the regions (Sifem has invested USD 3 mn).
- Aureos Central American Fund provides financing for Small- and Medium- Sized Enterprises in Central America (Sifem has invested USD 5 mn).
- Altra Private Equity Fund I (APEF I) provides Growth Capital to SME's in Colombia and Peru with possible extension to Central America. (Sifem has invested USD 8 mn).
- E & CO, a not-for-profit investment corporation, supporting SMEs involved in supplying clean and modern energy sources to households and businesses in developing countries. Sifem participates with USD 4 million in a joint structured debt financing which will finance businesses in Africa and Central America (Costa Rica, Guatemala, El Salvador, Nicaragua, Honduras, and Panama).
- Corporación Interamericana para el Financiamento de Infraestructura, S.A. (CIFI) a non-bank financial institution focused on Latin America and the Caribbean. It arranges and provides US Dollar-denominated long-term debt financing to a broad range of infrastructure projects and infrastructure related clients in the region. CIFI also provides structuring and advisory services to clients seeking term-financing (Sifem will provide a USD 10mio loan)

Macro-economic assistance

- General Budget Support to Nicaragua for assisting the country in its efforts to sustain growth and reduce poverty.
- Technical assistance for the Introduction of Medium-Term Budget Framework and more generally improving the budget process in Nicaragua. A second phase aimed at consolidating the results obtained during the first phase and extending the multi-annual budgeting approach to all state institutions to be launched in February 2010.
- Financial Programming (Nicaragua) for improving macroeconomic forecasting capacities within the Ministry of Finance and the Central Bank.
- Technical assistance and Training Program for the Central Bank in Peru in the areas of macroeconomic forecasting, real time gross settlement, business trend surveys, risk management, business continuity, internal control and human resource management.
- Financial Literacy for providing training to teachers in Productive Technical Education

Centres in the use and management of financial concepts, banking products and services available in Peru.

- Technical assistance to the Peruvian Tax Administration for the introduction of a result-based budgeting process and the development of a strategic programme aimed at broadening the tax base.
- Support to the Ministry of Finance (Peru) for the creation of a strategic study group responsible for the supervision of the public finance management reform process and the coordination with other offices and donors concerned.
- Reform and modernization of tax and customs administration in Peru and Colombia through a regional program developed by the IMF for enhancing revenue mobilization and introducing international best practice standards.
- Modernization of debt and treasury management in Colombia through a program developed by the IMF aimed at revising existing work processes and methodologies used by each sub-Directorate in the Debt and Treasury Office.
- Support to strengthen debt management capacities through a global initiative (HIPC Capacity Building Program[23]).
- Swiss participation in the HIPC initiative providing debt relief for different countries worldwide and also in Latin America (Haiti).

Trade Promotion

- Comprehensive trade cooperation program in Peru (2003-09, second phase: 2010-13).
- Global BioTrade Facilitation Program (www.biotrade.org) with UNCTAD for the promotion of biodiversity products with a regional focus on the Amazon and Andean regions; national biotrade program with Peru, first phase implemented by GTZ between 2007 - 2010; second phase to start in the second semester 2010.
- Cleaner Production Centres (CPC) in Colombia, Peru and North East Brazil, promoting eco-efficient production (environmentally sound technologies) with complementary activities in Corporate Social Responsibility (CSR).
- Modern (efficient and safe) recycling of waste from electric and electronic equipment (e-waste recycling) with Colombia and Peru (2009-2012).
- Global programmes for the development and implementation of international sustainability standards for trade in agricultural commodities: Soy, coffee, cocoa, timber, biofuels; sustainable management of tropical forests (ITTO).
- Second Phase (2008-2012) of the Technical Assistance Programme “COMPAL” on

[23] HIPC: Highly-indebted poor countries.

Competition and Consumer Protection Policies for Latin America (Nicaragua, Costa Rica, El Salvador, Peru and Colombia).

- Programme “Ecomercados” (2008-2011) for enhancing market opportunities for organic and fair-trade products from Nicaragua and Costa Rica.
- Establishment of a business to business (B2B) platform based on local, physical B2B roundtables (Nicaragua, Guatemala, Ecuador, Peru and Bolivia).
- Swiss Import Promotion Programme (SIPPO): Activities to generate imports from Latin America; current (2009) priority countries are: Peru and Colombia (www.sippo.ch).

Infrastructure financing

- Mixed credit in Guatemala (land register project).
- Environmental Measuring Network with the Hydro-Meteorological Institute IDEAM in Colombia (under preparation)
- Water and Sanitation Program in Peru (in identification)
- Water Rehabilitation Project (Cities of Pisco and San Andres)
- Waste Management Project in Peru (in identification)
- Sanitation Program in Colombia (in identification)
- On the multilateral level: Financing of projects in Latin America through our Consultant Trust Fund at the Inter-American Development Bank.

6. Bilateral visits in 2009 and early 2010

- **Caracas, March 17, 2009**: The Swiss-Venezuelan Joint Commission held its first meeting. For more information, see section III.3.
- **São Paulo, March 18-19, 2009**: Ambassador Monika Rühl Burzi, Delegate of the Federal Council for Trade Agreements, met the Deputy Head of the Secretariat for Economy and Development of the State of São Paulo, Luciano Almeida, as well as representatives of the Industry Association FIESP.
- **Brasilia, March 20, 2009**: The Swiss-Brazilian Joint Commission held its second meeting. For more information, see section III.3.

- **Berne, May 11, 2009**: State Secretary Jean-Daniel Gerber met the Foreign Minister of Uruguay, Gonzalo Fernández, who was accompanied by the Head of Uruguay's WTO mission, M. G. Valles Galmés. Various trade and finance issues were discussed.
- **Bogotá, July 12-15, 2009**: Federal Councillor Doris Leuthard visited Bogotá, Cartagena and Medellin with a business delegation. The Federal Councillor met Álvaro Uribe, President of Colombia, and the Ministers for Trade, Environment, Social Security and Foreign Affairs. In addition to getting first-hand information on the Colombian government's actions with regard to human rights and social reforms, the aim of the visit was to deepen direct contacts between both governments.
- **Mexico City, September 9, 2009**: The Swiss-Mexican Consultative Group on Trade and Economic Cooperation held its second meeting. For more information see section III.3.
- **Lima, November 9-13, 2009**: Within the scope of the 125 years anniversary of bilateral diplomatic relations, Mr. Philippe G. Nell, Minister, Head of Americas Unit of SECO, visited Peru. He met officials of MINCETUR (Ministry for Trade and Tourism), the Health Ministry and the Ministry of Economics and Finance. Major topics of discussions were the Free Trade Agreement, intellectual property rights and Swiss economic cooperation programs in Peru. Mr. Nell also met officials in Arequipa at regional and municipal level and visited several projects financed by SECO aiming at the protection of the environment and the facilitation of administrative procedures to start and register a business (Tramifacil).
- **Geneva, November 30, 2009**: On the sidelines of the seventh WTO Ministerial Conference in Geneva, Federal Councillor Doris Leuthard met the Brazilian Foreign Minister Celso Amorim. They mainly discussed the latest evolution and perspectives of the Doha Round and the relations between EFTA and Mercosur.
- **Davos, January 29, 2010**: President Doris Leuthard held bilateral meetings with the Presidents of Mexico and Colombia during the World Economic Forum in Davos. With President Felipe Calderón, discussions covered the upcoming Climate Summit in Mexico at the end of the year, the positive cooperation within the "Environmental Integrity Group" and the 1966 bilateral agreement on air traffic.

  With President Álvaro Uribe, the latest progress in the ratification process of the Free Trade Agreement between EFTA and Colombia was welcomed. The positive bilateral cooperation was stressed with in particular Colombia's new status in SECO's development cooperation strategy.

Annex

Tables and Figures

Table 2.1. **Switzerland – Latin America: Merchandise exports and imports by trading partner, 2008-2009**

(Million Swiss francs and percentage)

Country	Exports				Imports				Trade balance 2009
	2008	2009	Var. (%)	Share in reg. exp. in %	2008	2009	Var. (%)	Share in reg. imp. in %	
SOUTH AMERICA AND MEXICO	**5'287.7**	**4'621.7**	**-12.6**	**87.7**	**1'956.5**	**1'509.3**	**-22.9**	**82.2**	**3'112.5**
Brazil	2'408.6	1'994.1	-17.2	37.8	977.4	658.7	-32.6	35.9	1'335.4
Mexico	1'303.1	1'183.6	-9.2	22.5	234.2	394.1	68.3	21.5	789.5
Argentina	395.9	357.2	-9.8	6.8	102.8	73.6	-28.4	4.0	283.6
Colombia	305.3	292.2	-4.3	5.5	304.1	121.0	-60.2	6.6	171.2
Venezuela	287.6	251.0	-12.7	4.8	53.4	8.5	-84.1	0.5	242.5
Chile	220.5	225.0	2.0	4.3	69.3	59.4	-14.2	3.2	165.6
Uruguay	127.6	113.7	-10.9	2.2	66.0	61.0	-7.6	3.3	52.7
Peru	121.0	94.6	-21.8	1.8	55.1	40.5	-26.5	2.2	54.1
Ecuador	91.4	83.5	-8.6	1.6	87.4	85.5	-2.2	4.7	-2.0
Paraguay	12.5	11.5	-7.8	0.2	3.8	4.4	15.8	0.2	7.1
Bolivia	10.9	12.6	16.0	0.2	2.6	2.2	-16.0	0.1	10.4
Suriname	1.9	1.3	-31.2	0.0	0.1	0.1	-16.7	0.0	1.2
Guyana	1.5	1.4	-5.4	0.0	0.3	0.3	0.0	0.0	1.2
CENTRAL AMERICA	**497.4**	**398.7**	**-19.8**	**7.6**	**269.0**	**221.3**	**-17.7**	**12.0**	**177.4**
Panama	347.3	291.8	-16.0	5.5	142.6	110.5	-22.5	6.0	181.3
Costa Rica	75.5	54.0	-28.5	1.0	65.9	59.0	-10.5	3.2	-5.0
Honduras	24.6	16.4	-33.2	0.3	19.8	18.7	-5.7	1.0	-2.3
Guatemala	23.7	18.6	-21.5	0.4	25.8	25.0	-3.1	1.4	-6.4
El Salvador	12.0	8.9	-25.7	0.2	1.1	2.7	150.0	0.1	6.2
Belize	9.0	5.9	-34.4	0.1	0.6	0.4	-36.5	0.0	5.5
Nicaragua	5.4	3.1	-42.4	0.1	13.2	5.0	-62.0	0.3	-1.9

Source: Statistics from the Federal Customs Administration, Berne.

Table 2.1. (cont.) **Switzerland – Latin America: Merchandise exports and imports by trading partner, 2008-2009**

(Million Swiss francs and percentage)

Country	Exports				Imports				Trade balance 2009
	2008	2009	Var. (%)	Share in reg. exp. in %	2008	2009	Var. (%)	Share in reg. imp. in %	
CARIBBEAN	**247.2**	**249.4**	**0.9**	**4.7**	**144.5**	**106.3**	**-26.4**	**5.8**	**143.1**
Bahamas	83.8	109.5	30.7	2.1	97.4	59.2	-39.2	3.2	50.3
Bermudes	57.4	59.8	4.3	1.1	2.2	0.6	-72.6	0.0	59.2
Trinidad & Tobago	21.1	10.0	-52.7	0.2	0.0	0.1	400.0	0.0	9.9
Cuba	19.7	21.7	10.4	0.4	25.3	30.7	21.4	1.7	-9.0
Dominican Republic	18.3	23.0	25.8	0.4	9.6	10.4	8.9	0.6	12.6
Barbados	17.9	7.4	-58.6	0.1	1.2	1.5	27.1	0.1	5.9
Jamaica	14.7	8.6	-41.5	0.2	2.2	0.6	-72.4	0.0	8.0
Antigua	4.7	2.5	-47.1	0.0	0.1	0.4	233.3	0.0	2.1
St. Lucia	4.0	1.3	-67.1	0.0	0.0	0.1	400.0	0.0	1.2
St. Vincent	3.3	3.1	-5.8	0.1	0.4	0.8	81.8	0.0	2.3
Haiti	1.0	1.8	76.5	0.0	4.4	1.1	-75.1	0.1	0.7
Dominica	1.0	0.6	-36.8	0.0	1.6	0.2	-	0.0	0.4
Grenada	0.4	0.1	-76.7	0.0	0.1	0.6	757.1	0.0	-0.5
TOTAL LATIN AMERICA	**6'032.3**	**5'269.8**	**-12.6**	**100.0**	**2'370.0**	**1'836.9**	**-22.5**	**100.0**	**3'433.0**
COMPARATIVE NUMBERS				Share of total Swiss exp. in %				Share of total Swiss imp. in %	
Asia	24'022.7	21'452.7	-10.7	11.5	11'845.5	12'414.1	4.8	7.4	9'038.6
Asia: Emerging countries	14'135.9	12'324.2	-12.8	6.6	4'821.4	3'866.6	-19.8	2.3	8'457.6
Africa	3'496.5	3'603.1	3.0	1.9	4'631.1	3'239.7	-30.0	1.9	363.4
TOTAL SWISS FOREIGN TRADE	**216'317.9**	**187'199.5**	**-13.5**	**100.0**	**197'471.2**	**168'786.8**	**-14.5**	**100.0**	**18'412.7**

Source: Statistics from the Federal Customs Administration, Berne.

Table 2.2. **Switzerland – Latin America: Merchandise exports and imports, 1965 – 2009**

(Million Swiss francs and percentage)

	Exports	Imports	Balance	Share of Latin America in total Swiss trade (%)	
				Exports	Imports
1965	762	385	377	5.9	2.4
1970	1'286	634	652	5.9	2.3
1975	1'847	696	1'151	5.5	2.1
1980	2'100	1'063	1'037	4.4	1.9
1985	2'242	1'260	982	3.3	1.8
1990	2'082	1'995	87	2.4	2.1
1991	2'346	1'893	453	2.7	2.0
1992	2'666	1'674	992	2.9	1.8
1993	2'574	1'174	1'400	2.8	1.3
1994	2'736	1'000	1'736	2.9	1.1
1995	2'393	1'032	1'361	2.5	1.1
1996	2'671	1'008	1'663	2.7	1.0
1997	3'243	1'057	2'186	2.9	1.0
1998	3'694	1'262	2'432	3.2	1.1
1999	3'500	1'166	2'334	2.9	1.0
2000	3'960	1'742	2'218	2.9	1.2
2001	4'143	1'607	2'536	3.0	1.1
2002	3'622	1'673	1'949	2.7	1.3
2003	3'400	1'228	2'172	2.5	0.9
2004	3'678	1'185	2'493	2.5	0.9
2005	3'750	1'416	2'334	2.4	0.9
2006	4'700	1'869	2'831	2.5	1.1
2007	5'463	2'542	2'921	2.7	1.3
2008	6'032	2'370	3'662	2.8	1.2
2009	5'270	1'837	3'433	2.8	1.1

Source: Statistics from the Swiss Federal Customs Administration, Berne.

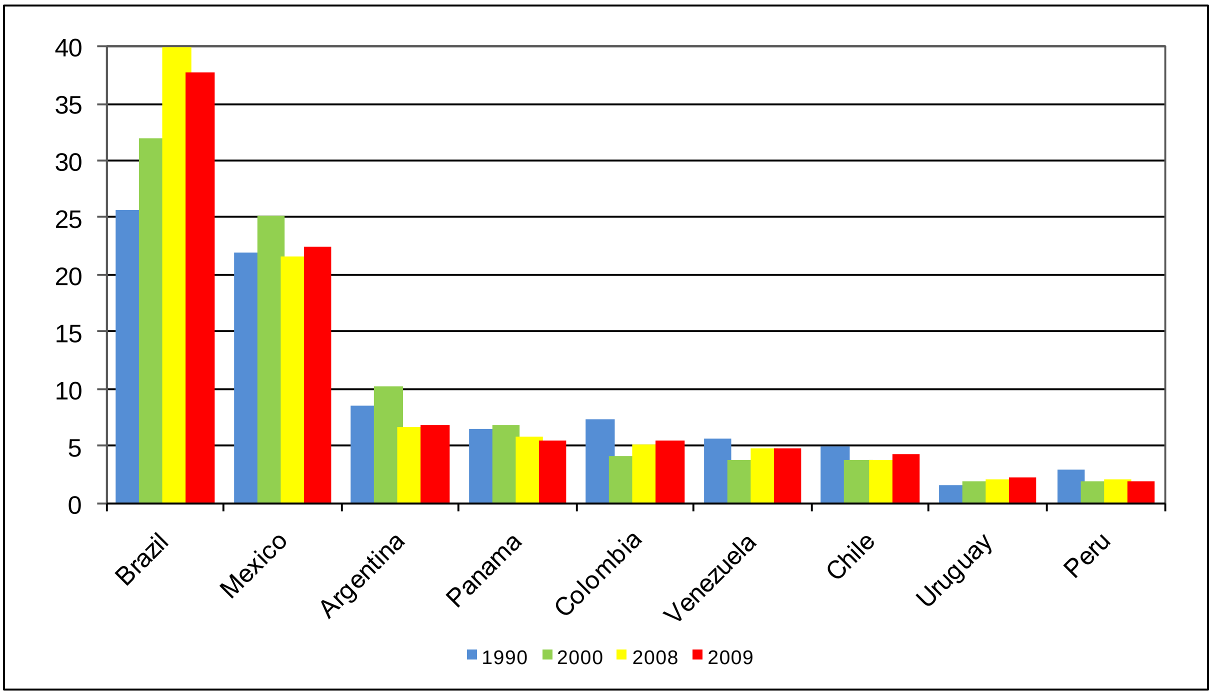
Table 2.3. **Switzerland – Latin America: Major merchandise export markets, 1990 – 2009**

(Million Swiss francs and percentage)

	1990	2000	2008	2009	Var. in % 2008/2009	Share in % 2009
Brazil	536	1'262	2409	1994	-17.2	37.8
Mexico	458	992	1303	1184	-9.1	22.5
Argentina	177	405	396	357	-9.8	6.8
Colombia	154	164	305	292	-4.4	5.5
Panama	135	270	347	292	-15.9	5.5
Venezuela	117	147	288	251	-12.7	4.8
Caribbean	133	160	247	250	1.1	4.7
Chile	104	150	221	225	2.0	4.3
Uruguay	31	74	128	114	-10.7	2.2
Peru	61	74	121	95	-21.5	1.8
Others	176	262	268	216	-19.4	4.1
Total	**2'082**	**3'960**	**6'032**	**5'270**	**-12.6**	**100.0**

Figure F.1. **Switzerland – Latin America: Share of merchandise exports by major partner in total merchandise, 1990 – 2009**

(Percentage of total Swiss exports to Latin America)



Source: Statistics from the Swiss Federal Customs Administration, Berne.

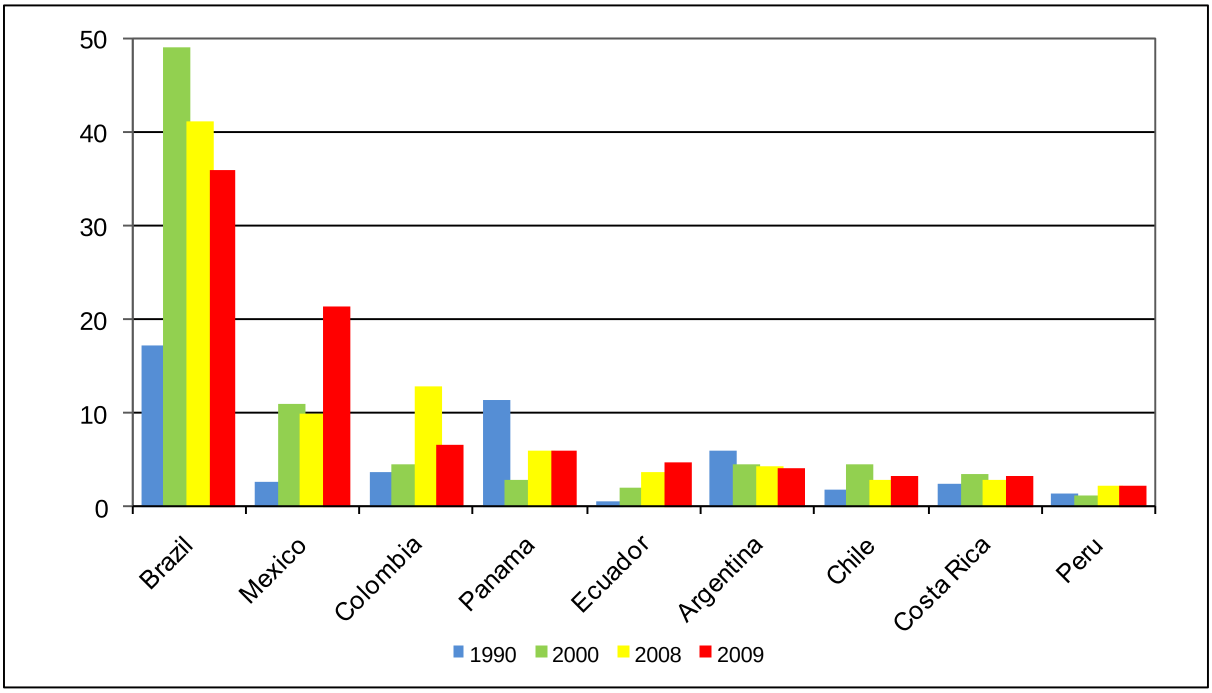
Table 2.4. **Switzerland – Latin America: Major merchandise import markets, 1990 – 2009**

(Million Swiss francs and percentage)

	1990	2000	2008	2009	Var. in % 2008/2009	Share in % 2009
Brazil	345	856	977	659	-32.6	35.9
Mexico	54	191	234	394	68.3	21.5
Colombia	71	79	304	121	-60.2	6.6
Panama	227	48	143	111	-22.5	6.0
Caribbean	940	171	145	106	-26.6	5.8
Ecuador	12	35	87	86	-2.2	4.7
Argentina	118	76	103	74	-28.4	4.0
Chile	36	81	69	59	-14.3	3.2
Costa Rica	48	60	66	59	-10.5	3.2
Peru	29	21	55	41	-26.5	2.2
Others	115	124	187	127	-32.1	6.9
Total	**1'995**	**1'742**	**2'370**	**1'837**	**-22.5**	**100.0**

Figure F.2. **Switzerland – Latin America: Share of merchandise imports by major partner in total merchandise, 1990 – 2009**

(Percentage of total Swiss imports from Latin America)



Source: Statistics from the Swiss Federal Customs Administration, Berne.

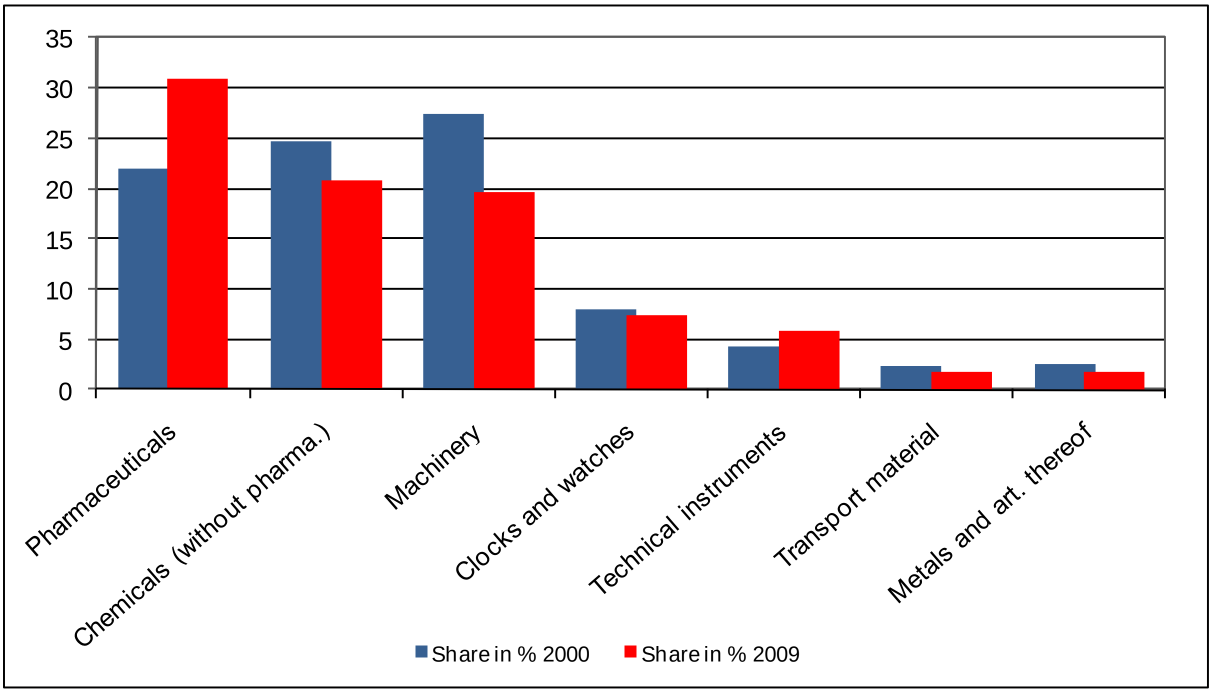
Table 2.5. **Switzerland – Latin America: Merchandise exports by product group, 2000 – 2009**

(Million Swiss francs and percentage)

	Chapters of the Harmonized System	Value 2000	Value 2008	Value 2009	Var. in % 2008/2009	Share in % 2009
1-24	Agricultural products	52.0	128.6	113.9	-11.4	2.2
25-26	Mineral products	0.7	0.5	0.4	-20.0	0.0
27	Mineral fuels	13.0	1.1	0.8	-27.3	0.0
28-38	Chemicals (without pharma.)	976.7	1'230.0	1'100.5	-10.5	20.9
30	Pharmaceuticals	872.2	1'820.0	1'632.8	-10.3	31.0
39-40	Plastic, rubber	54.4	89.2	66.6	-25.3	1.3
41-43	Skins, leather and art.	3.0	5.4	4.2	-22.2	0.1
44-46	Wood	1.6	15.8	10.0	-36.7	0.2
47-49	Paper	25.6	32.3	37.6	16.4	0.7
50-63	Textiles, clothing	34.0	31.8	25.6	-19.5	0.5
64-67	Shoes, umbrellas, ...	2.4	2.5	2.4	-4.0	0.0
68-70	Stone, glass, ceramic art.	31.6	24.2	20.5	-15.3	0.4
71	Precious metals and jewelry	98.3	88.8	91.0	2.5	1.7
72-83	Metals and art. thereof	101.8	120.4	90.4	-24.9	1.7
84-85	Machinery	1'089.4	1'226.0	1'033.9	-15.7	19.6
86-89	Transport material	95.2	79.5	94.7	19.1	1.8
90+92	Technical instruments, ...	168.9	313.0	304.1	-2.8	5.8
91	Clocks and watches	318.0	522.4	387.3	-25.9	7.3
93	Weapons	1.3	0.3	2.3	666.7	0.0
94	Furniture, ...	6.8	5.8	3.8	-34.5	0.1
95-97	Toys, sport articles, ...	13.3	85.5	41.9	-51.0	0.8
	Others	-	209.2	205.1	-2.0	3.9
Total Swiss exports: Latin America		**3'960.2**	**6'032.3**	**5'269.8**	**-12.6**	**100.0**
Total Swiss exports: World		*136'014.9*	*216'317.9*	*187'199.5*	*-13.5*	---

Figure F.3. **Switzerland – Latin America: Merchandise exports by major product group, 2000 – 2009**

(Percentage of total Swiss exports to Latin America)



Source: Statistics from the Swiss Federal Customs Administration. Berne.

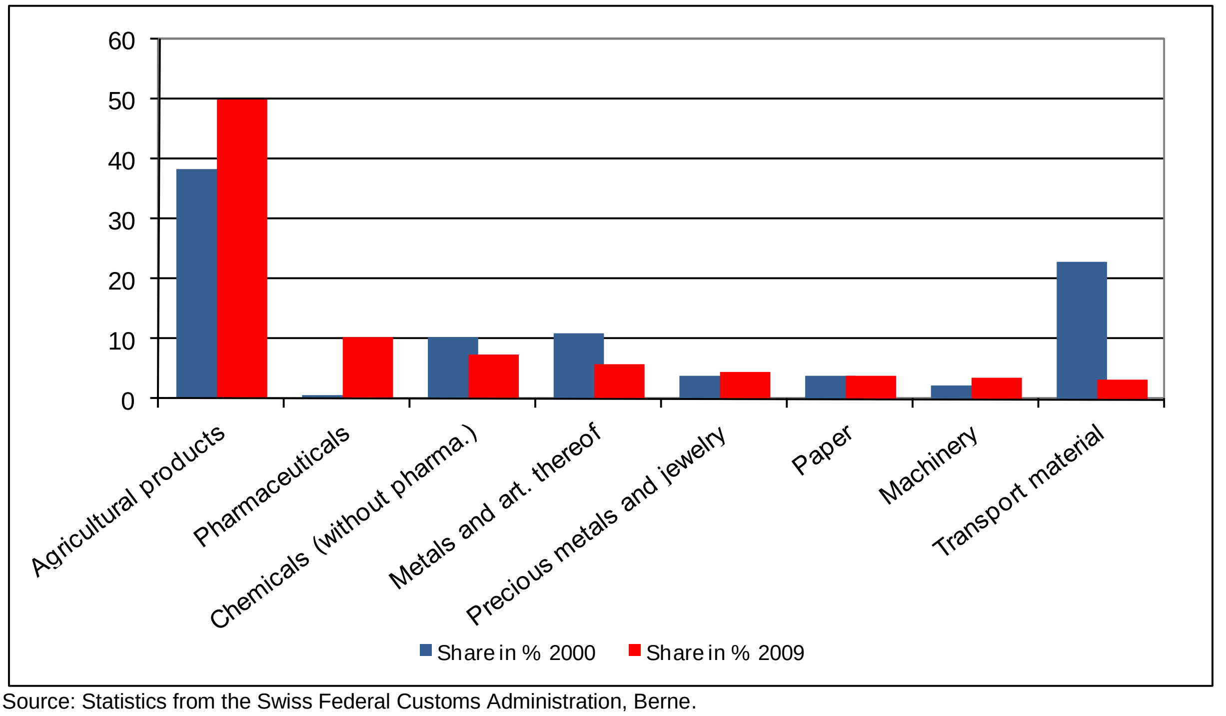
Table 2.6. **Switzerland – Latin America : Merchandise imports by product group, 2000 – 2009**

(Million Swiss francs and percentage)

Chapters of the Harmonized System		Value 2000	2008	2009	Var. in % 2008/2009	Share in % 2009
1-24	Agricultural products	670.3	987.0	917.3	-7.1	49.9
25-26	Mineral products	2.5	1.0	0.8	-20.0	0.0
27	Mineral fuels	0.4	0.0	0.0	0.0	0.0
28-38	Chemicals (without pharma.)	178.2	212.7	133.7	-37.1	7.3
30	Pharmaceuticals	11.6	10.0	189.2	1792.0	10.3
39-40	Plastic, rubber	6.3	20.7	11.4	-44.9	0.6
41-43	Skins, leather and art.	4.5	2.3	1.8	-21.7	0.1
44-46	Wood	1.5	2.7	4.0	48.1	0.2
47-49	Paper	66.7	90.5	70.5	-22.1	3.8
50-63	Textiles, clothing	17.1	9.9	6.3	-36.4	0.3
64-67	Shoes, umbrellas, ...	3.5	2.9	3.1	6.9	0.2
68-70	Stone, glass, ceramic art.	3.5	4.7	4.1	-12.8	0.2
71	Precious metals and jewelry	70.4	305.2	84.6	-72.3	4.6
72-83	Metals and art. thereof	191.5	275.0	106.2	-61.4	5.8
84-85	Machinery	39.7	72.4	62.9	-13.1	3.4
86-89	Transport material	400.2	166.7	60.9	-63.5	3.3
90+92	Technical instruments, ...	5.5	18.3	18.3	0.0	1.0
91	Clocks and watches	5.7	18.3	19.8	8.2	1.1
93	Weapons	0.2	0.5	0.7	40.0	0.0
94	Furniture, ...	1.6	2.1	1.9	-9.5	0.1
95-97	Toys, sport articles, ...	61.6	27.6	33.1	19.9	1.8
	Others	-	149.0	106.3	-28.7	5.8
Total Swiss imports: Latin America		**1'742.5**	**2'370.0**	**1'836.9**	**-22.5**	**100.0**
Total Swiss imports: World		*139'402.2*	*197'471.2*	*168'786.8*	*-14.5*	---

Figure F.4. **Switzerland – Latin America: Merchandise imports by major product group, 2000 – 2009**

(Percentage of total Swiss imports from Latin America)



Source: Statistics from the Swiss Federal Customs Administration, Berne.

Table 3. **Switzerland – Latin America : Foreign Direct Investment by major partner, 1993 – 2008**

(Million Swiss francs without offshore centres; stock at the end of the year)

Country	1993	2000	2007	2008
Argentina	443	1'732	1'193	1'317
Bolivia	n.a.	31	43	97
Brazil	4'214	5'707	34'689	32'923
Chile	413	790	964	1'158
Colombia	414	1'092	1'203	1'315
Costa Rica	96	130	1'143	1'141
Ecuador	189	441	354	387
Guatemala	58	88	155	163
Mexico	1'872	4'377	4'912	5'325
Peru	72	310	564	438
Uruguay	126	421	976	425
Venezuela	315	1'116	1'141	1'444
Total	**8'212**	**16'235**	**47'337**	**46'133**

Source: Swiss National Bank, Zurich.

Table 4. **Switzerland – Latin America: major economic agreements**

South America

Argentina	Trade agreement: 25.11.1957 BIT: 12.04.1991 DTA: 23.04.1997, to be ratified (Provisory application. Additional protocol signed 07.08.06)
Bolivia	BIT: 06.11.1987 DTA: declaration of intention, 1993
Brazil	Trade agreement: 24.07.1936 BIT: 11.11.1994, not adopted by the Brazilian parliament DTA: declaration of intention, 1995 (negotiations currently under way)
Chile	Trade agreement: 31.10.1897 BIT: 24.09.1999 FTA (EFTA): 25.06.2003 DTA: 02.04.2008, to be ratified
Colombia	Trade agreement: 14.03.1908 BIT: 17.05.2006 DTA: 26.10.2007 (in process of approval) FTA (EFTA): 25.11.2008 (in process of approval)
Ecuador	Trade agreement: 22.06.1888 BIT: 02.05.1968 DTA: 28.11.1994
Paraguay	Trade agreement: 02.04.1969 BIT: 31.01.1992
Peru	Trade agreement: 20.07.1953 BIT: 22.11.1991 DTA: declaration of intention, 1996 (negotiations currently under way) FTA (EFTA): to be signed
Uruguay	Trade agreement: 04.03.1938 BIT: 07.10.1988 DTA: initialed 06.03.2010, to be signed in 2010
Venezuela	BIT: 18.11.1993 DTA: 20.12.1996 Framework agreement on cooperation: 18.11.2008

Central America

Costa Rica	BIT: 01.08.2000 DTA: initialed, March 2006
El Salvador	Trade agreement: 11.02.1954 BIT: 08.12.1994
Guatemala	Trade agreement: 11.04.1955 BIT: 03.05.2005
Honduras	BIT: 14.10.1993
Mexico	Trade agreement: 02.09.1950 BIT: 10.07.1995 DTA: 03.08.1993 (revised 2009) FTA (EFTA): 27.11.2000
Nicaragua	BIT: 30.11.1998 DTA: declaration of intention, 1994
Panama	BIT: 19.10.1983

Caribbean

Barbados	BIT: 29.03.1995
Cuba	Trade agreement: 30.03.1954 BIT: 28.06.1996
Haiti	Temporary Trade agreement: 23.12.1936
Jamaica	BIT: 11.12.1990 DTA: 06.12.1994
Dominican Republic	BIT: 27.01.2004, to be ratified
Trinidad & Tobago	DTA: 01.02.1973

BIT: Agreement on the Protection and Promotion of Investments
FTA: Free Trade Agreement
DTA: Double Taxation Agreement

Table 5. **Switzerland – Latin America: Chambers of commerce and Swiss Business Hub**

Latin American Chamber of Commerce in Switzerland
c/o DPS Communications
Gessnerallee 28
8021 Zurich

Tel.:	+41 79 699 54 47
President:	Richard Friedl
Executive Director:	Dorit Sallis
E-mail:	admin@latcam.ch
Website:	www.latcam.ch

Chambers of commerce in Latin America			
Argentina	**Cámara de Comercio Suizo Argentina** Av. Leandro N. Alem 1074 Piso 10 C1001AAS Buenos Aires, Argentina		
	Tel.:	+54 11 4311 7187	
	Fax:	+54 11 4312 8573	
	President:	Alfredo Rodriguez	
	General Manager:	Norma Alemann	
	E-mail:	info@suiza.org.ar	
	Website:	www.suiza.org.ar	
Brazil	**Câmara de Comércio Suiço-Brasileira** Av. das Nações Unidas, 18.001 04795-900 São Paulo, Brazil		
	Tel.:	+55 11 5683 7447	
	Fax:	+55 11 5641 3306	
	President:	Christian Hanssen	
	Executive Director:	Stephan Buser	
	E-mail:	swisscam@swisscam.com.br	
	Website:	www.swisscam.com.br	
Chile	**Camara Chileno-Suiza de Comercio (CCHSC)** La Concepción 177 Oficina 11 A Santiago de Chile, Chile		
	Tel.:	+56 2 892 03 91	
	Fax:	+56 2 892 03 91	
	President:	Frank Wernicke	
	General Manager:	Ladina Baniclès	
	E-mail:	lbanicles@camarachilenosuiza.cl	
	Website:	www.swisschile.cl	

Colombia	**Cámara de Comercio Colombo-Suiza** Carrera 7 No. 27- 40 Piso 7 Bogotá, Colombia		
	Tel.:	+57 1 422679/ 7422671 / 2832542	
	Fax:	+57 1 3415010	
	President:	Peter Welter	
	Executive Director:	Silvia Gutierrez direccion@colsuizacam.com	
	E-mail :	colsuizacam@colsuizacam.com	
	Website:	www.colsuizacam.com	
Cuba	**Swiss-Cuban Chamber of Commerce and Industry**		
	President:	Andreas Winkler, Havana, Cuba andreas.winkler@swisscuban.org	
	E-mail:	info@swisscuban.org	
	Website:	www.swisscuban.org	
	In Switzerland SwissCubanCham Kapellgasse 3 CH-6004 Luzern / Schweiz		
	Tel.:	+41 41 410 91 13	
	Fax:	+41 41 410 91 10	
	In Cuba SwissCubanCham Edificio Raffaello, Apt. 209 Ave. 5ta, Esq. 80, No. 7806 Miramar, Playa, La Habana		
	Tel.:	+53 7 204 9020	
	Fax:	+53 7 204 2029	
Mexico	**Asociación Empresarial Mexicano-Suiza, A.C.** c/o Colegio Suizo de México, A.C. Nicolas San Juan 917 Colonial de Valle 03100 México D.F., México		
	President:	Rolf Gafner	
	Secretary:	Ambros Hollenstein	
	E-mail:	info@aems.com.mx	
Peru	**Cámara de Comercio Suiza en el Perú** San Isidro Lima 27, Peru		
	Tel.:	+51 1 264 35 16	
	Fax:	+51 1 264 35 26	
	President:	Antonio Gnaegi Urriola	
	General Manager:	Corinne Schirmer	
	E-mail:	info@swisschamperu.org	
	Website:	www.swisschamperu.org	

Uruguay	**Cámara de Comercio Suizo-Uruguaya** Pablo de María 1065 11200 Montevideo, Uruguay		
	Tel.:	+59 82 419 33 85	
	Fax:	+59 82 419 33 85	
	President:	Sergio González	
	Secretary:	Nelson Grabino	
	E-mail:	info@swisschamuruguay.org.uy	
	Website:	www.swisschamuruguay.org.uy	
Venezuela	**Cámara Venezolano-Suiza de Comércio e Indústria** Torre Europa, Piso 6, Ofc. 3-B Av. Fco de Miranda, Campo Alegre, Apartado postal 62.555 Caracas 1060, Venezuela		
	Tel.:	+58 212 953 51 55	
	Fax:	+58 212 951 29 08	
	President:	Francisco Vásquez	
	Executive Director:	Fini Otero	
	E-mail:	info@camarasuiza.org	

Swiss Business Hubs		
Brazil	**Swiss Business Hub Brazil** c/o Consulado Geral da Suíça Av. Paulista 1754, 4° andar Edificio Grande Avenida 01310-920 São Paulo / SP	
	Tel.:	+55 11 3372-8200
	Fax:	+55 11 3253-5716
	Director:	Martin Matter
	E-mail:	sbhbrazil@sao.rep.admin.ch

Annex 6. **Accord entre la Confédération suisse et la République de Colombie concernant la promotion et la protection réciproque des investissements**

Conclu le 17 mai 2006

Approuvé par l'Assemblée fédérale le 12 juin 2007

Entré en vigueur par échange de notes le 6 octobre 2009

(Etat le 6 octobre 2009)

Le Conseil fédéral suisse,
et
le Gouvernement de la République de Colombie,
ci-après dénommés les «Parties»,

désireux d'intensifier la coopération économique dans l'intérêt mutuel des deux Etats,

dans l'intention de créer et de maintenir des conditions favorables aux investissements des investisseurs d'une Partie sur le territoire de l'autre Partie,

reconnaissant la nécessité d'encourager et de protéger les investissements étrangers en vue de promouvoir la prospérité économique des deux Etats,

sont convenus de ce qui suit:

Art. 1 Définitions

Aux fins du présent Accord:

(1) Le terme «investissement» désigne toutes les catégories d'avoirs et en particulier:

(a) la propriété de biens meubles et immeubles, ainsi que tous les autres droits réels, tels que servitudes, charges foncières, gages immobiliers et mobiliers;

(b) les actions, parts sociales et autres formes de participation dans des sociétés; (c) les créances monétaires et droits à toute prestation ayant valeur économique, à l'exception des créances monétaires découlant exclusivement de contrats commerciaux pour la vente de biens ou de services, ou de crédits liés à une

transaction commerciale et dont la durée est inférieure à trois ans;

(d) les droits d'auteur, les droits de propriété industrielle (tels que brevets, modèles d'utilité, dessins ou modèles industriels, marques de fabrique ou de commerce, marques de service, noms commerciaux, indications de provenance), le savoir-faire, la clientèle, le savoir traditionnel et le folklore;

(e) les concessions de droit public, y compris les concessions de prospection, d'extraction ou d'exploitation de ressources naturelles, ainsi que tout autre droit conféré par la loi, par contrat ou par décision de l'autorité en application de la loi;

(2) le terme «investisseur» désigne, en ce qui concerne chaque Partie:

(a) les personnes physiques qui, conformément à la législation de cette Partie, sont considérées comme ses nationaux;

(b) les entités juridiques, y compris les sociétés, les sociétés enregistrées, les sociétés de personnes ou autres organisations, qui sont constituées ou organisées de toute autre manière conformément à la législation de cette Partie, et qui ont leur siège, en même temps que des activités économiques réelles, sur le territoire de cette même Partie;

(c) les entités juridiques qui ne sont pas établies conformément à la législation de cette Partie, mais qui sont effectivement contrôlées par des personnes physiques ou par des entités juridiques, respectivement selon les let. (a) et (b) ci-dessus;

(3) le terme «revenus» désigne les montants issus d'un investissement et englobe en particulier les bénéfices, les intérêts, les gains en capital, les dividendes, les redevances et les rémunérations;

(4) le terme «territoire» désigne, en ce qui concerne chaque Partie, le territoire terrestre, les eaux intérieures, l'espace aérien et, le cas échéant, les zones maritimes et sous-marines adjacentes à la côte sous sa souveraineté, y compris la zone économique exclusive et le plateau continental, sur lesquels la Partie concernée exerce des droits souverains ou la juridiction conformément à la législation nationale et au droit international.

Art. 2 Champ d'application

Le présent Accord est applicable aux investissements des investisseurs d'une Partie, effectués sur le territoire de l'autre Partie conformément à ses lois et règlements, avant ou après son entrée en vigueur. Il n'est toutefois pas applicable aux créances ou différends nés d'événements antérieurs à son entrée en vigueur.

Art. 3 Promotion et admission

(1) Chaque Partie, afin d'encourager les flux d'investissement par les investisseurs de l'autre Partie, pourra rendre accessible toute information concernant:

(a) les possibilités d'investissement sur son territoire;

(b) les lois, règlements ou dispositions affectant directement ou indirectement l'investissement étranger, y compris en matière de change et de fiscalité; et

(c) les statistiques sur l'investissement étranger.

(2) Chaque Partie admettra les investissements des investisseurs de l'autre Partie conformément à ses lois et règlements.

(3) Lorsqu'elle aura admis un investissement sur son territoire, chaque Partie délivrera, conformément à ses lois et règlements, les autorisations nécessaires en relation avec cet investissement, y compris avec l'exécution de contrats de licence, d'assistance

technique, commerciale ou administrative, ainsi que les autorisations requises pour les activités de consultants ou d'experts.

Art. 4 Protection et traitement

(1) Chaque Partie protégera sur son territoire les investissements effectués conformément à ses lois et règlements par les investisseurs de l'autre Partie et n'entravera pas, par des mesures injustifiées ou discriminatoires, le management, l'entretien, l'utilisation, la jouissance, l'expansion, la vente ou, le cas échéant, la liquidation de tels investissements.

(2) Chaque Partie accordera sur son territoire un traitement juste et équitable aux investissements des investisseurs de l'autre Partie. Ce traitement ne sera pas moins favorable que celui accordé par chaque Partie aux investissements effectués sur son territoire par ses propres investisseurs, ou que celui accordé par chaque Partie aux investissements effectués sur son territoire par les investisseurs de la nation la plus favorisée, si ce dernier traitement est plus favorable.

(3) Si une Partie accorde des avantages particuliers aux investissements des investisseurs d'un quelconque Etat tiers en vertu d'un accord établissant une zone de libre-échange, une union douanière ou un marché commun, ou d'un arrangement régional similaire, ou en vertu d'un accord pour éviter la double imposition, elle ne sera pas tenue d'accorder de tels avantages aux investissements des investisseurs de l'autre Partie.

Art. 5 Transferts

(1) Chaque Partie accordera aux investisseurs de l'autre Partie le transfert sans délai dans une monnaie librement convertible des montants afférents à un investissement et en particulier:

(a) des revenus;

(b) des paiements effectués en vertu d'un contrat passé par l'investisseur, ou son investissement, y compris en vertu d'un contrat de prêt;

(c) du produit de la vente ou de la liquidation partielles ou totales de l'investissement;

(d) des indemnités d'expropriation ou de pertes; et

(e) des montants résultant de l'application des dispositions relatives au règlement des différends.

(2) Un transfert sera réputé avoir eu lieu «sans retard» s'il a été effectué dans le délai normalement requis pour l'accomplissement des formalités de transfert, y compris les rapports sur les transferts de devises. Ce délai n'excédera en aucun cas trois mois.

(3) A moins qu'il n'en soit convenu autrement avec l'investisseur, les transferts auront lieu au taux de change applicable à la date du transfert conformément aux règles de change en vigueur de la Partie sur le territoire de laquelle l'investissement a été effectué.

(4) Il est entendu que les al. (1) à (3) ci-dessus sont sans préjudice de l'application équitable, non discriminatoire et de bonne foi des lois concernant:

(a) les faillites, l'insolvabilité ou la protection des droits des créanciers;

(b) l'émission, le négoce ou le commerce des valeurs mobilières;

(c) les infractions criminelles ou pénales, et le recouvrement des produits du crime;

(d) l'exécution de jugements rendus à l'issue de procédures judiciaires.

Art. 6 Expropriation et indemnisation

Aucune des Parties ne prendra, directement ou indirectement, des mesures d'expropriation, de nationalisation ou toute autre mesure ayant le même caractère ou le même effet, à l'encontre des investissements d'investisseurs de l'autre Partie, si ce n'est pour des raisons d'intérêt public et à condition que ces mesures ne soient pas discriminatoires, qu'elles respectent la procédure légale requise et qu'elles donnent lieu au paiement d'une indemnité prompte, effective et adéquate. L'indemnité se montera à la valeur marchande de l'investissement exproprié immédiatement avant que la mesure d'expropriation ne soit prise ou qu'elle ne soit connue dans le public, le premier de ces événements étant déterminant. Le montant de l'indemnité inclura un intérêt à un taux commercial normal à partir de la date de la dépossession jusqu'à la date du paiement, sera réglé dans une monnaie librement convertible et versé sans retard, et sera librement transférable. L'investisseur concerné aura le droit, selon la loi de la Partie qui exproprie, de faire procéder à l'examen, par une autorité judiciaire ou une autre autorité indépendante de cette Partie, de son cas et de l'estimation de son investissement conformément aux principes énoncés dans le présent article.

Art. 7 Indemnisation des pertes

Les investisseurs d'une Partie dont les investissements auront subi des pertes dues à la guerre ou à tout autre conflit armé, révolution, état d'urgence, rébellion, troubles civils ou tout autre événement similaire sur le territoire de l'autre Partie, bénéficieront, de la part de cette dernière, d'un traitement non moins favorable que celui que cette Partie accorde pour de telles pertes à ses propres investisseurs ou aux investisseurs de tout Etat tiers.

Art. 8 Fiscalité

(1) Le présent Accord n'est pas applicable en matière fiscale, à l'exception de l'art. 6 et de l'art. 10, al. (2).

(2) Si un investisseur invoque l'art. 11 pour une prétention fondée sur l'art. 6, il demandera en premier lieu aux autorités fiscales compétentes de la Partie hôte si la mesure fiscale concernée implique une expropriation. Après la présentation d'une telle demande, les autorités compétentes des deux Parties se consulteront. Si, dans les six mois suivant la présentation de la demande, lesdites autorités ne peuvent convenir que la mesure fiscale n'implique pas une expropriation, l'investisseur pourra poursuivre la procédure de règlement du différend.

(3) En cas de divergence entre le présent Accord et une convention en matière fiscale liant les Parties, cette dernière prévaudra dans la mesure de la divergence.

Art. 9 Subrogation

(1) Dans le cas où une Partie, ou un organisme désigné par elle, a effectué un paiement en vertu d'une garantie financière contre des risques non commerciaux pour un investissement de l'un de ses investisseurs sur le territoire de l'autre Partie, cette dernière reconnaîtra les droits de la première Partie selon le principe de subrogation dans les droits de l'investisseur.

(2) Dans le cas où une Partie a effectué un paiement à l'un de ses investisseurs et a été, de ce fait, subrogée dans les droits de l'investisseur, ce dernier ne pourra pas faire valoir de prétention fondée sur ces droits contre l'autre Partie sans l'accord de la première Partie.

Art. 10 Autres obligations

(1) Si des dispositions de la législation d'une Partie ou d'accords internationaux accordent aux investissements des investisseurs de l'autre Partie un traitement plus favorable que celui qui est prévu par le présent Accord, elles prévaudront sur ce dernier dans la mesure où elles sont plus favorables.

(2) Chaque Partie se conformera à toute obligation découlant d'un accord passé par écrit par son gouvernement central, ou ses organismes, avec un investisseur de l'autre Partie en ce qui concerne un investissement spécifique, et à laquelle l'investisseur pouvait se fier de bonne foi en effectuant, en acquérant ou en accroissant

l'investissement.

Art. 11 Règlement des différends entre une Partie et un investisseur de l'autre Partie

(1) Si un investisseur d'une Partie considère qu'une mesure appliquée par l'autre Partie n'est pas conforme à une obligation découlant du présent Accord et entraîne, pour lui ou son investissement, une perte ou un dommage, il pourra demander des consultations en vue de régler l'affaire à l'amiable.

(2) Si l'affaire n'est pas réglée dans les six mois suivant la demande écrite de consultations, elle pourra être soumise aux juridictions judiciaires ou administratives de la Partie concernée ou à l'arbitrage international. Dans ce dernier cas, l'investisseur aura le choix entre:

(a) le Centre international pour le règlement des différends relatifs aux investissements (CIRDI), institué par la Convention pour le règlement des différends relatifs aux investissements entre Etats et ressortissants d'autres Etats2, ouverte à la signature à Washington le 18 mars 1965; et

(b) un tribunal arbitral *ad hoc* qui, à moins que les parties au différend n'en disposent autrement, sera constitué sur la base du règlement d'arbitrage de la Commission des Nations Unies pour le droit commercial international (CNUDCI).

(3) Chaque Partie donne son consentement inconditionnel et irrévocable à la soumission à l'arbitrage international, conformément à l'al. (2) ci-dessus, de tout différend relatif à un investissement, à l'exception des différends portant sur l'art. 10, al. (2), du présent Accord.

(4) Une fois que l'investisseur aura soumis le différend à une juridiction nationale ou à l'un des mécanismes d'arbitrage international conformément à l'al. (2) ci-dessus, le choix de la procédure sera définitif.

(5) Un investisseur ne pourra soumettre un différend pour règlement conformément au présent article si plus de cinq ans se sont écoulés depuis le jour où il a eu ou aurait dû avoir connaissance des faits à l'origine du différend.

(6) La Partie qui est partie au différend ne pourra, à aucun moment de la procédure, exciper de son immunité ou du fait que l'investisseur a reçu, en vertu d'un contrat d'assurance, une indemnité couvrant tout ou partie du préjudice subi.

(7) Aucune Partie ne poursuivra par la voie diplomatique un différend soumis à l'arbitrage international, à moins que l'autre Partie ne se conforme pas à la sentence arbitrale.

(8) La sentence arbitrale sera définitive et obligatoire pour les parties au différend; elle sera exécutée sans délai conformément à la législation de la Partie concernée.

Art. 12 Différends entre les Parties

(1) Les différends entre les Parties relatifs à l'interprétation ou à l'application des dispositions du présent Accord seront réglés, si possible, par des négociations directes.

(2) Si les deux Parties ne parviennent pas à un règlement dans les six mois à compter de la naissance du différend, ce dernier sera soumis, à la requête de l'une ou l'autre Partie, à un tribunal arbitral composé de trois membres. Chaque Partie désignera un arbitre, et les deux arbitres ainsi désignés nommeront un président, qui sera ressortissant d'un Etat tiers.

(3) Si l'une des Parties n'a pas désigné son arbitre et n'a pas donné suite à l'invitation adressée par l'autre Partie de procéder dans les deux mois à cette désignation, l'arbitre sera nommé, à la requête de cette dernière Partie, par le Président de la Cour internationale de justice.

(4) Si les deux arbitres ne peuvent se mettre d'accord sur le choix du président dans les deux mois suivant leur désignation, ce dernier sera nommé, à la requête de l'une ou l'autre Partie, par le Président de la Cour internationale de justice.

(5) Si, dans les cas visés aux al. (3) et (4) du présent article, le Président de la Cour internationale de justice est empêché d'exercer cette fonction ou s'il est ressortissant de l'une des Parties, les nominations seront faites par le Vice-président et, si ce dernier est empêché ou s'il est ressortissant de l'une des Parties, elles le seront par le membre le plus ancien de la Cour qui n'est ressortissant d'aucune des Parties.

(6) A moins que les Parties n'en disposent autrement, le tribunal fixera ses propres règles de procédure. Il statuera sur les points en litige conformément au présent Accord et aux règles et principes applicables du droit international. Il prendra ses décisions à la majorité des voix.

(7) Chaque Partie supportera les frais de son propre membre du tribunal et de sa représentation à la procédure d'arbitrage. Les frais du président et les frais restants seront supportés à parts égales par les Parties, à moins que le tribunal arbitral n'en décide autrement.

(8) Les décisions du tribunal seront définitives et obligatoires pour chaque Partie.

Art. 13 Entrée en vigueur

Le présent Accord entrera en vigueur 60 jours après la date à laquelle les deux Parties se seront notifié l'accomplissement de leurs formalités constitutionnelles requises pour l'approbation et l'entrée en vigueur du présent Accord.

Art. 14 Durée et extinction

(1) Le présent Accord sera valable pour une durée initiale de dix ans et restera indéfiniment en vigueur après ce terme, à moins qu'il n'y soit mis fin conformément à l'al. (2) du présent article.

(2) Chaque Partie pourra mettre fin au présent Accord à la fin de la période initiale de dix ans ou à toute date ultérieure, moyennant un préavis écrit de douze mois à l'autre Partie.

(3) En ce qui concerne les investissements effectués avant la date d'expiration du présent Accord, les dispositions de celui-ci continueront de leur être applicables pendant une période de dix ans à compter de la date d'expiration.

En foi de quoi, les soussignés, dûment autorisés par leurs Gouvernements respectifs, ont signé le présent Accord.

Fait à Berne, le 17 mai 2006, en deux originaux, chacun en français, en espagnol et en anglais, chaque texte faisant également foi. En cas de divergence d'interprétation, le texte anglais prévaut.

Pour le Gouvernement de la République de Colombie:

Jorge H. Botero

Pour le Conseil fédéral suisse:

Joseph Deiss