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## LATIN AMERICAN AND CARIBBEAN ECONOMIES REGISTER 5% GROWTH IN 2007, WITH PROJECTIONS OF 4.6% FOR 2008

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UNITED NATIONS

# ECLAC

Economic Commission for Latin America and the Caribbean

The positive performance of the world economy is the backdrop to elevated growth underway in the economies of Latin America and the Caribbean. The outlook for regional growth is 5% for 2007 and 4.6% in 2008, following the 2006 growth rate of 5.6%.

So states the new *Economic Survey of Latin America and the Caribbean 2006-2007*. Should projections for 2008 be borne out, the region's per capita GDP will have risen by 20.6% (over 3% per year, on average) by the time it

completes its sixth consecutive year – since 2003 – of growth.

According to ECLAC, in 2007 the economies of South America are expected to grow by 5.7%, whereas Mexico and Central America will increase by 3.6%. Growth projections for the Caribbean stand at 5.5% (see chart page 3).

The report notes that growth registered in the region over 2006 was characterized by two trends: surplus on the balance-of-payments current account and the positive primary balance posted by the public sector.

These surpluses are largely attributable to strong improvements in the region's terms of trade, which have risen by the equivalent of 3.4% of GDP, especially in South America. Improved terms of trade have contributed to the increase of the trade balance surplus and an upswing in fiscal revenues.

Also in 2006, the volume of exports of goods and services for the region as a whole expanded by 7.3%. This dynamism was helped by US economic growth, in

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## STRENGTHENING THE REGION'S ECONOMIC TIES WITH ASIAN COUNTRIES

A decade after the 1997 Asian crisis, East and South-East Asia have fully recovered their position in the world economy in terms of growth, international trade, foreign direct investment, technological innovation and inputs of financial resources to maintain international equilibrium, notes the ECLAC report *Latin America and the Caribbean in the World Economy 2006. Trends, 2007*.

Until recently, Asian regional integration was characterized by growing intra-regional trade based on progressively greater production and trade complementarities in the manufacturing sector. This process of *de facto* market-led

integration is now being accompanied by a *de jure* process of government-led integration whereby production and trade links are being supplemented by free trade agreements (FTAs) of various kinds. Of particular interest is China's growing role as an extra-regional export platform for neighbouring countries, deepening this *de facto* regional integration.

Until now, Latin American and Caribbean exports to Asia-Pacific have been concentrated in natural resources and natural resource-based manufactures. In contrast, the pattern of Latin American and Caribbean imports from

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## REGION SHOULD FOSTER IMPROVED PARTICIPATION IN THE GLOBAL TRADE IN MODERN SERVICES

JOSÉ LUIS MACHINEA

**S**ervices are acquiring increased importance within economies, employment, international trade and foreign investment worldwide. Since 1990, cross-border trade in services has tripled and the stock of foreign direct investment in services has quadrupled. Growth in services, stimulated by the dynamism of technological change, has been consistently higher than that of goods. Modern services are at the heart of debates on competitiveness and technological innovation, as they foster the modernization of productivity and encourage improvements in distribution, marketing and financial intermediation, as well as infrastructure and logistics.

The ECLAC report *Latin America and the Caribbean in the World Economy 2006. Trends 2007* examines the region's performance in international trade in services, especially compared to the countries of Asia, and highlights the potential of Latin America and the Caribbean to become a major exporter of services.

The report examines trade in "other services," a category that includes all services except transportation and travel, and reviews communications, construction, financial, insurance, royalties, licenses. It also looks at "other business services" such as accounting, legal and consultancy services, advertising and market research, research and development, architecture, engineering, among others. The growth of trade in "other services" now exceeds that of transport and travel (tourism). "Other services" allow companies to concentrate their resources on their core business and delegate or subcontract ancillary services to third parties – thus their strategic character.

Over the past two decades, Latin America and the Caribbean's share of world trade in total services and "other

services" has decreased. Between 1985 and 2005, exports of total services increased by a factor of 4.5 in the region; 6.2 in the world; 8 in ASEAN countries and Hong Kong; 14 in India and 24 in China. The region's participation in world trade in "others services" decreased from 2.1% in 1995 to 1.8% in 2005, whereas the share held by India and China increased sharply.

Latin America: Exports of Services in 2005 (Billions of dollars)		
	Total services	"Other services" a/
Mexico	16.137	2.169
Brazil	16.095	7.798
Argentina	6.236	2.186
Chile	7.172	1.738
Dominican Rep.	3.910	203
Cuba (2002)	2.836	539
Uruguay	1.329	268
Central America	9.227	1.696
Andean countries	7.699	1.297

Source: ECLAC, based on information from UNCTAD.  
a/ Excludes personal and cultural services and government services, except in the case of Cuba, where information does not allow this breakdown.

Although Latin America and the Caribbean have been less successful than India and China at capturing segments of the growing international demand for high-quality services, our region has great potential to reverse that trend. Among the many advantages are its ever-increasing pool of skilled labour at fairly competitive pay levels, good quality technological infrastructure and cultural similarities with Western countries.

Some emerging experiences demonstrate that the convergence of a critical mass of skilled labour integrated into international value and innovation chains can bring about the accumulation of competitive capacity in the export of information services (as in Costa Rica, Argentina,

Uruguay) or business services (as in Brazil, Argentina, Chile). In this respect, public policy plays a determining role, in accompanying public sector efforts and contributing to the creation of a pool of high-quality human resources in sectors with the greatest competitive potential.

Greater convergence of national regulatory frameworks for services, and the gradual removal of trade barriers, would encourage economies of scale and of learning, stimulating intra-regional exports first, and then exports to markets outside the region.

Modern services demand highly-skilled personnel, and this requires the creation of university studies linked to ICTs, special training programmes for small and medium-sized enterprises, English-language training (as the dominant language of international trade) and instruction in mathematics and information technology in secondary schools.

For advances in the export of services to be accompanied by parallel achievements in competitiveness and social inclusion, it is necessary to foster widespread access to modern ICTs, improve regulatory and competition policy to stimulate investment, and to ensure provision of high-quality services at the lowest possible cost. Another measure to encourage the export of services is quality certification, such as ISO 9000 or others.

All these areas –widespread access to broadband Internet, connectivity, quality certification– can constitute a fundamental pillar of productive and technological support for SMEs, facilitating the construction of their export potential or incorporation, as indirect exporters, to value chains with an international presence.

The author is the Executive Secretary of ECLAC.

the case of Mexico, by the unremitting external demand for raw material exports from Latin American and Caribbean countries, and by the pace of economic activity and domestic demand in the region, which spurred intraregional trade in manufactures. In addition, the volume of imports of goods and services surged by 14.2%.

The weighted average inflation rate for Latin America and the Caribbean was 5% in 2006, down from 6.1% in 2005. Brazil experienced the largest drop (from 5.7% to 3%).

Another encouraging development highlighted by the report is the region's reduced vulnerability, as reflected in the striking reduction of its external debt burden as measured both in terms of GDP (dropping from 26.0% in 2006 to 22.0%) and regional exports (from 101% to 84%). The countries of the region have also expanded their international reserve assets by some US\$ 57 billion.

However, not all countries have been able to capitalize on the favourable external environment. In contrast with South America, export prices of Central American countries and many Caribbean ones (excepting Trinidad and Tobago, and Surinam) have not improved, and trends in their terms of trade and current accounts have been less positive. In addition, gross national income and investment have been more sluggish in these countries, leading to fiscal deficits and greater external vulnerability.

In ECLAC's view, trends in the international economy and the relative strength of the region's economies provide grounds for cautious optimism about the near future. However, the recent increase in the volatility of international financial markets is a cause for concern.



### Fiscal Boom

ECLAC notes that fiscal consolidation has been widespread throughout Latin America and Caribbean. This unprecedented achievement is reflected in the overall drop in the fiscal deficit (from 3.2% in 2002 to 0.2% in 2006), generation of a significant primary surplus (from -0.2% in 2002 to 2.1% in 2006) and the corresponding reduction of macroeconomic vulnerability resulting from decreasing levels of public debt (from 63.4% in 2002 to 39.5% in 2006).


Nonetheless, this positive panorama raises two important concerns for the future: the sustainability of this achievement over the medium and long term, and ways for countries to take advantage of this favourable panorama to address the challenges faced by the region.

In terms of sustainability, ECLAC notes how the marked increase of fiscal revenues in many countries is linked to the upsurge in prices of energy products and metals, and levels of economic activity. Given the difficulty of identifying the degree of sustainability of these increases, prudent management is advisable in regards to public expenditure, to avoid potential financing problems in the future.

At the same time, increases in spending over GDP growth tend to amplify, rather than attenuate, fluctuations of the economic cycle and can add pressure, directly or indirectly, on real exchange rate appreciation, as observed in several countries in the region.

As regards the challenges, ECLAC notes that the region's tax systems are characterized not only by low yields but by the scarce importance given to direct taxes (income and inheritance), with the corresponding cost in terms of equity.

To address the challenges in equity, efficiency and competitiveness, ECLAC has repeatedly called upon governments to take advantage of the current scenario in order to establish a Fiscal Covenant to improve the level and structure of tax systems and foster greater efficiency in public expenditure.

In 2006, economic growth in Latin America and the Caribbean fostered job creation, especially formal employment. The number of employed persons in urban areas has risen by nearly 6 million. The unemployment rate fell to 8.6% in 2006. Since 2003, the cumulative decrease in this indicator has reached 2.4 percentage points, bringing the rate back to where it stood in the first half of the 1990s. For 2007, ECLAC projects that this rate will drop to 8.3%. 

Total Gross Domestic Product (Millions of dollars at constant 2000 prices) Annual growth rates					
Country	2004	2005	2006 a/	2007 b/	2008 b/
<b>Latin America and the Caribbean</b>	<b>6.2</b>	<b>4.6</b>	<b>5.6</b>	<b>5.0</b>	<b>4.6</b>
<b>Latin America</b>	<b>6.2</b>	<b>4.6</b>	<b>5.5</b>	<b>5.0</b>	<b>4.6</b>
South America	7.4	5.3	5.8	5.7	4.9
Central America and Mexico	4.1	3.2	5.1	3.6	4.0
Argentina	9.0	9.2	8.5	7.5	5.5
Bolivia	4.2	4.0	4.6	4.2	5.0
Brazil	5.7	2.9	3.7	4.5	4.5
Chile	6.0	5.7	4.0	6.0	5.0
Colombia	4.9	4.7	6.8	6.8	5.5
Costa Rica	4.3	5.9	7.9	6.0	5.5
Dominican Republic	2.7	9.2	10.7	7.5	6.0
Ecuador	7.9	5.7	4.1	3.5	3.5
El Salvador	1.8	2.8	4.2	4.5	4.0
Guatemala	3.2	3.5	4.6	5.0	4.5
Haiti	-3.5	1.8	2.3	3.5	3.5
Honduras	5.0	4.1	6.0	5.5	5.0
Mexico	4.2	2.8	4.8	3.2	3.7
Nicaragua	5.3	4.3	3.7	4.3	4.0
Panama	7.5	6.9	8.1	8.5	7.5
Paraguay	4.1	2.9	4.2	4.0	3.5
Peru	5.2	6.4	8.0	7.3	6.0
Uruguay	11.8	6.6	7.0	5.2	4.5
Venezuela (Boliv. Rep. of)	18.3	10.3	10.3	6.8	4.5
<b>Caribbean</b>	<b>4.7</b>	<b>4.7</b>	<b>7.3</b>	<b>5.5</b>	<b>5.1</b>
Bahamas	1.8	2.7	3.4	4.5	—
Barbados	4.8	4.1	3.8	4.0	—
Belize	4.6	3.5	5.8	2.5	—
Guyana	1.6	-2.0	4.7	5.0	—
Jamaica	1.0	1.4	2.5	3.0	—
Surinam	7.7	5.6	5.8	5.0	—
Trinidad and Tobago	8.8	8.0	12.0	8.0	—
Eastern Caribbean Currency Union	4.1	5.1	7.1	5.5	—
Cuba c/	5.4	11.8	12.5	—	—

Source: ECLAC. a/ Preliminary figures. b/ Projected figures. c/ Information provided by the National Statistical Office of Cuba.

# FROM eLAC2007 TO eLAC2010: THE PROGRESS IN LATIN AMERICAN AND CARIBBEAN INFORMATION SOCIETIES

MARTIN HILBERT

**T**he time has come to focus on the lessons learnt from the implementation of the 2005-2007 Regional Plan of Action for the Information Society in Latin America and the Caribbean, *eLAC2007*.

The countries of the region have expressed their intention to review the plan at the Regional Ministerial Conference for the Information Society, to be held in El Salvador, 6-8 February 2008, and to “renew it within the framework of the process aimed at achieving the Millennium Development Goals and the targets and goals set out in the Plan of Action of the World Summit on the Information Society” (*ECLAC Resolution 629, XXXI*). The El Salvador government is proposing an *eLAC2010* as a next step in the region’s commitments to global Information Society goals for 2015.

This call for renewal invites us to reflect on the nature of this first milestone in digital development across the region. The experience of the past three years has brought insights and positive surprises – including the seriousness, commitment and speed with which countries have put into motion a Regional Action Plan in such a new and innovative field.

Several facts have contributed to this success:

- Modern Information and Communication Technologies (ICTs) have become a key instrument for social inclusion, State modernization and economic growth. The fact that in less than a decade, every second inhabitant of the region is communicating through a mobile phone shows the great potential of these tools to contribute to social inclusion. The majority of schools in Argentina, Chile and Mexico already incorporate computers in the curriculum. The Web-presence of the governments of Brazil, Chile and Mexico is evaluated to be among the 20 most advanced of the world, even though their income *per capita* is more than five times less than countries of comparable advancements in e-government. Significant savings have been reported through this means of modernizing public administration. **ECLAC** studies have shown that the use of ICTs is a source of economic growth in the region and that enterprises are quickly digitizing their ways of doing business.
- In contrast to other controversial issues on the development agenda, international cooperation and exchange of experiences in the field of technology for development counts with a large group of proactive and enthusiastic stakeholders, both public and private. In one of the most recent topics of the development agenda, a myriad of regional projects have sprung

up in fields like distance-health, ICT for disaster management, tele-work, cultural heritage protection, training of the workforce, and digital entrepreneurship, among many others. More than 1,500 ICT-related projects have been registered in the regional ICT projects database (<http://www.PROTIC.org>).

- *eLAC2007* is a short-term action plan with concrete and measurable goals in a manageable timeframe of three years. This does not only allow participants to see the fruits of their work in a short period, but also to make adjustments in a field of fast technological change. Monitoring of the plan has been done by the *ad-hoc* Regional Follow-up Mechanism (formed by Brazil, Ecuador, El Salvador and Trinidad and Tobago) and all participating countries have been assigned a national focal point for permanent coordination through a virtual platform (<http://www.eLAC2007.info>).

The multi-sectoral nature of the topic naturally led to the design of a meta-platform. *eLAC2007* itself does not rely on its own financial resources, apart from the contribution as technical secretariat that **ECLAC** has been able to provide thanks to the financial support of the @LIS project of the European Commission and the Institute for Connectivity in the Americas (ICA) of Canada’s IDRC.

Most of the activities enlisted in the Regional Plan of Action have their own financial resources stemming from private and public sources. *eLAC2007* highlights and recognizes the valuable work of these regional initiatives and fulfills a coordination role in a cross-cutting and multi-sectoral subject area, in order to create synergies and prevent duplication of efforts.

For example, the RedGeALC e-government network leads *eLAC2007* Goal 15; the Cooperation of Advanced Networks for Research and Education (RedCLARA) is an important effort in Goal 10; the Regional Library of Medicine and Health Sciences (BIREME) renews its longstanding commitment to ICT in Goal 17; and the Observatory for the Information Society (OSILAC) draws attention to the important work done by statistical entities in Goal 26. The resulting meta-platform assures that the Plan does not lose touch with reality and can create synergies to free scarce resources that can be used to launch new initiatives. It is worthwhile to point out that a large part of the *eLAC2007* activities rely on private sector and civil society networks. In this sense, the coordinated action formulated through *eLAC2007*

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# INDICATORS

represents an important innovation of traditional notions of regional agreement, cooperation and integration. It is opening channels to enable multiple societal actors to participate together with state representatives in shaping a complex multilateralism. The conception of a stakeholder and the shared responsibility of all parts become preminent, while the last word stays with democratically-legitimized governments.

*eLAC2007* recognizes a change in the way the relationship between state and social actors is viewed and, thus, in the way that is discursively constructed. In this spirit, preparation of the draft of a new Action Plan *eLAC2010* has been carried out through a five-phase, open-ended consultation conducted online and face-to-face between April 2006 and September 2007. The results form the basis of negotiations taking place at the preparatory conference in Buenos Aires (4-5 October 2007) and the Ministerial Conference in El Salvador (February 2008). Some 1,273 contributions came from experts from nearly all the countries of the region via three online questionnaires, and two rounds of face-to-face interviews. Significantly, 40% of the contributions came from private sector experts; one-third from academics and civil society; and the remainder from public sector respondents. To our knowledge, this is the largest online participative policy-making exercise in the history of intergovernmental processes in Latin America and the Caribbean.

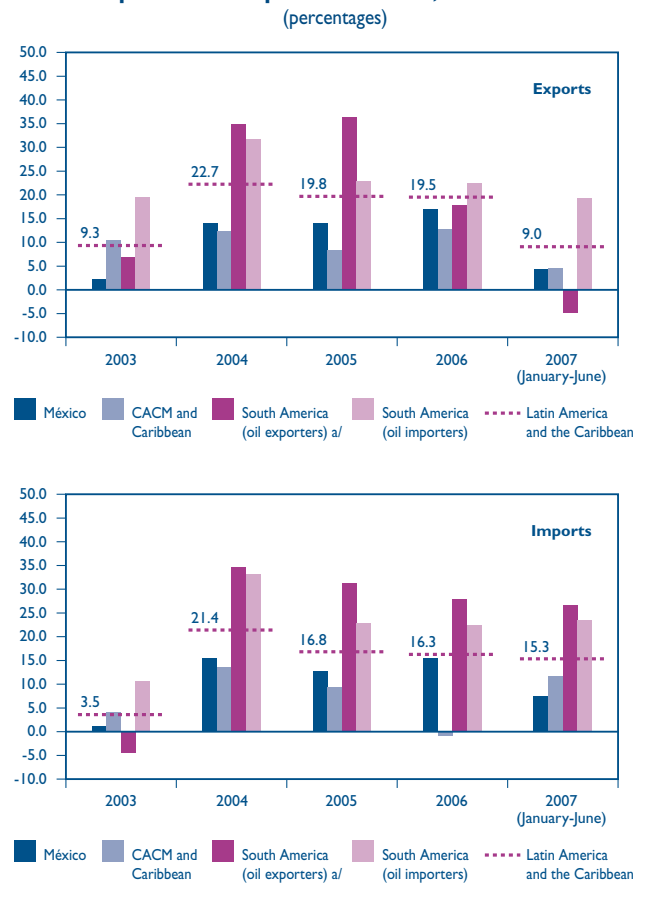
In this sense, the *eLAC* process underlines the importance of international participative policy-making in the digital age and the role that the United Nations structure can play. It also shows how this can benefit from the decentralized knowledge of the specialized multi-stakeholder community and by respecting the role of democratically-legitimized governments through the established multilateral system. Transparency and interactive participation are two potential benefits of the Information Society, and regional cooperation is beginning the collective learning process required to take advantage of them.

Last but not least, it has been pointed out by many participating governments and non-State actors that technological progress and the countless activities in diverse countries require constant coordination and solid institutional follow-up. While the benefits of the multi-stakeholder approach are obvious, inter-governmental structures and mechanisms are indispensable in mainstreaming technological issues into the regional development agenda.

ECOSOC has named the Commission on Science and Technology for Development (CSTD) as the global focal point for UN system-wide follow-up of the global World Summit on the Information Society (WSIS). But Latin America and the Caribbean lacks a corresponding forum for permanent dialogue on technology and innovation for development. In response, the *eLAC2007 ad-hoc* Regional Follow-up Mechanism has announced that one of the most pressing issues of El Salvador Ministerial Conference is to discuss the structure and nature of institutional follow-up for technological and innovation policy for development in the region. 

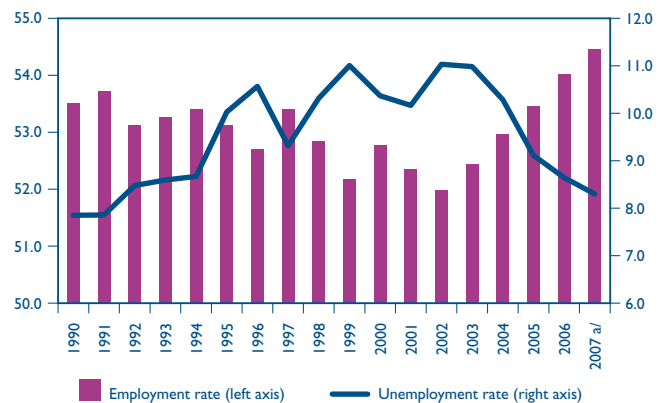
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## Latin America and the Caribbean: Growth Rates of Exports and Imports of Goods, 2003-2007



Source: ECLAC, Division of International Trade and Integration, on the basis of information and estimates based on official data reported by national statistical offices, customs bureaus and the central banks of the countries concerned. a/ The group of oil-exporting countries in South America are Colombia, Ecuador and Venezuela. Grouped among the oil-importing countries in South America are Argentina, Bolivia, Brazil, Chile, Paraguay, Peru and Uruguay.

## Latin America: Employment and Unemployment



Source: ECLAC. a/ Projection.

Asia-Pacific consists of high-technology manufactures – a mirror image of the region’s exports. The current challenge, notes **ECLAC**, is to capture Asian investment in inter-industrial trade chains, and stimulate intra-industrial trade with this region.

The United States continues to be the main destination of Latin American and Caribbean exports. If Mexico is excluded, the principal extra-regional market is Asia, displacing the United States to second place and the European Union to third. China has already displaced Japan as Latin America and the Caribbean’s largest trading partner in Asia. Meanwhile, five of the ASEAN (Association of Southeast Asian Nations) countries (Indonesia, Malaysia, Philippines, Singapore and Thailand, known as ASEAN 5) have displaced the Republic of Korea as a source of Latin American and Caribbean imports and as a destination for the region’s exports.

In its report, **ECLAC** cites a number of advantages (skilled labour, cheaper energy sources, abundance of natural resources and proximity to US markets) that, combined with appropriate industrial development and innovation policies, would enable Latin America and the Caribbean to participate more fully in Asian production chains. However, these challenges require faster progress on export diversification, and product and process innovation and incentives for intra-industry trade, **ECLAC** notes.

The proliferation of intra-Asian trade agreements could divert trade away from Latin American and Caribbean exports, should intra-Asian trade be exempted from the high tariffs applied by the ASEAN countries, China, Japan and Korea to agricultural products, textiles, apparel and some machinery sectors. The eventual signing of trade agreements between Latin American/Caribbean countries and Asian ones could minimize regional disadvantages in terms of competition from ASEAN.

Latin America and the Caribbean can adopt a two-pronged approach: more efficient, coordinated use of comparative advantages from natural resources, adding regional and/or Asian investment in respective value chains, on the one hand; and more efforts to diversify the productive and export base, favouring linkages between primary, manufacturing and related service sectors through policies that stimulate competitiveness and technological innovation, on the other.

According to **ECLAC**, a more proactive strategy toward Asia-Pacific should include productive and export diversification; greater presence in segments of the value chain (logistics, marketing, quality, etc.) associated with natural resources; greater links between trade and investment; increased Asian investment in Latin America and the Caribbean; greater Latin American investment in Asia-Pacific; joint research and development (R&D) initiatives in natural resources; and expanded scales of exchange through pluri-national initiatives.



## Importance of ASEAN

The members of ASEAN are on track to create a regional FTA before 2015, five years ahead of their initial plan. ASEAN will sign similar agreements with the Republic of Korea in 2008, and with Australia and New Zealand in 2010. ASEAN also recently approved the draft of its FTA with Japan, a country which accounted for 12% of ASEAN global trade in 2006. The agreement could bring tariff reductions of 90% for ASEAN goods and will foster trade between these two partners well beyond the 2006 figure of US\$160 billion. Signed by ASEAN at its annual meeting in the Philippines and by Japan, the agreement could be finalized by November.

According to the **ECLAC** report, in 2005, ASEAN countries accounted for 5.5% of world imports and 6.4% of exports. Their importance is highlighted by the fact that both the United States and the European Union seek trade agreements with ASEAN. The European Union is currently negotiating a free trade agreement, whereas the United States signed a Trade and Investment Framework Agreement, a precursor of trade agreements, in August 2006.

Joining the competition in Asia is China, which is looking forward to the creation of a Free Trade Area with ASEAN, and seeks to convert the region into a free trade zone by 2015. The increased presence of China in the world economy is based on the growing articulation of productive chains that incorporate the ASEAN economies. This makes it impossible to determine a comprehensive strategic approach to China and Asia-Pacific without fully understanding ties between China and ASEAN.

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The symbols used in this newsletter represent the various indigenous cultures of the Americas and some of the milestones in the region’s history. The symbols are engraved on the outside of the conference rooms at ECLAC headquarters in Santiago, Chile.



Ecuadorian Raft



Union of Races



Petroglyph Easter Island



Herdsman and Llamas



Nahua Glyphs



# CHILDREN AND ADOLESCENTS MOST LACK ACCESS TO DRINKING WATER AND SANITATION

In Latin America, 35.3% of children and teenagers under the age of 18 lack adequate access to drinking water in their homes, versus only 27.4% of the population aged 19 and over. The disparities in access to sanitation are even more severe, given that on average, 42.7% of the population under the age of 18 either lacks or has inadequate access – a rate that drops to 36.7% of the population aged 19 and over. In both cases, those most affected are children under the age of five, indigenous or afrodescendent children and adolescents, as well as the poor and those living in rural areas.

These eye-opening findings are highlighted by experts with the Economic Commission for Latin America and the Caribbean (ECLAC) in the 5th issue of *Challenges*, the quarterly newsletter about children and adolescents jointly produced by ECLAC and the United Nations Children’s Fund (UNICEF). In the main article, “The right to healthy environments for infants and adolescents: A diagnosis from Latin America and the Caribbean,” experts Martín Hopenhayn and Ernesto Espíndola analyze access to drinking water and sanitation and its impacts on children.

The difference between the Caribbean and Latin America with regards to the percentage of the population with sustainable access to water sources is tenuous (91.2% and 90.2%, respectively); nevertheless, the Caribbean enjoys greater sustainable access to sanitation (86.3%) than Latin America (74.6% on average).

The common thread in both subregions is the disparity in access to these services according to income levels and location (to the detriment of rural areas), as well as the important gulf in access between countries.

More than two-thirds of infants and adolescents in rural areas of Bolivia, El Salvador, Guatemala, Honduras, Nicaragua and Paraguay lack adequate access to sanitation; while in urban areas, more than 50% of the population in six of the 15 countries are in this situation.




## Recent achievements

These problems persist despite the progress made in recent decades. According to statistics from the PAHO/WHO, for Latin America and the Caribbean, the percentage of the population with access to clean drinking water went from just 33% in 1960 to 85% by 2000. When it comes to sewage, where the deficit is far greater, access increased from 14% of the population in 1960 to 49% by 2000.

Inequities in access represent a serious threat for the nearly 21 million children under the age of five in the region who lack adequate access to sanitation. Thousands of cases of infant mortality and malnutrition could be avoided every year with substantial improvements in access. These are challenges addressed in the Millennium Development Goals and the Convention on the Rights of the Child.

According to the authors, experience suggests that the best approach is to seek out the optimum combination between direct state provision and outsourcing to other agents, while maintaining social responsibility for those most in need. The most successful privatization formulas include community participation, opportune information for low-income groups, and measures for equitable access through the explicit inclusion of poor neighbourhoods in water and sanitation contracts. Bringing users closer to the structures responsible for the provision, collection and distribution of these services maximizes transparency, accountability and helps create greater awareness among authorities as to community needs.

As in previous issues, this edition of *Challenges* includes opinions from adolescents and young people as well as from policy analysts. More than 1,000 children and teenagers provide their views on the environment and the right to live in healthy surroundings, which they mostly describe as “very contaminated.” Among the greatest problems they highlight are: untreated garbage, air and water contamination, and inadequate sanitation. Information is also provided on activities, programmes and initiatives to expand access to these basic services for children and adolescents in Latin America and the Caribbean. 

The newsletter *Challenges* is available at [www.eclac.org/dds/desafios/default.asp?idioma=IN](http://www.eclac.org/dds/desafios/default.asp?idioma=IN)

**1** *Política tributaria en Argentina. Entre la solvencia y la emergencia* (Tax Policy in Argentina: Between Solvency and Emergency) by Oscar Cetrángolo and Juan Carlos Gómez Sabaini. (2754-P). September 2007. *Serie estudios y perspectivas* (Oficina Buenos Aires). No. 38. This study takes a long-term and regional view of how Argentina has achieved a level of tax pressure exceeding the maximum levels of previous periods, and examines its significance for consolidating a more solvent fiscal situation. [www](#)

**2** *El Costo del Hambre. Impacto Económico y Social de la Desnutrición Infantil. Centroamérica y República Dominicana* (The Cost of Hunger: Economic and Social Impacts of Infant Malnutrition: Central America and the Dominican Republic) by ECLAC - WFP. June 2007. The impacts on health, education and productivity of several decades of malnutrition in Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama and the Dominican Republic is the subject of this document,

which also analyzes the current situation (2004) and future repercussions of malnutrition among infants and children (to age five). [www](#)



**3** *Cohesión, riesgo y arquitectura de protección social en América Latina* (Cohesion, Risk and the Architecture of Social Protection in Latin America) by Fernando Filgueira. July 2007. (LC/L.2752-P/E). *Serie Políticas Sociales*. No.135. The capacity of today's social protection systems to face emerging social realities and risks following the reforms of

the 1980s and 1990s is the subject of this study – and the prognosis is poor. The document includes recommendations, both broad and specific, to specific subgroups of Latin American countries to improve they ways that social protection structures confront risk, as a means of improving social cohesion. [www](#)

**4** *Primera evaluación del programa regional de vivienda social y asentamientos humanos para América Latina y el Caribe* (First Evaluation of the Regional Programme of Social Housing and Human Settlements for Latin America and the Caribbean) by Daniela Simioni and Raquel Szalachman. May 2007 (LC/L.2743-P). *Serie Medio Ambiente y Desarrollo*. No.133. Compilation of evaluations from programmes for the reduction of poverty and precarious housing, presented to the III World Urban Forum 2006. [www](#)

**5** *Revista de la CEPAL* (CEPAL Review) No. 92, August 2007 (LC/G.2339-P/E). This issue includes articles on: Foreign Direct Investment and

Development in MERCOSUR; Development of Comparative Advantages by Exporting SMEs in Argentina, Chile and Colombia; Impact of Training on Competitiveness in the Manufacturing Industry; Labour Market Insertion of Youth: Characteristics, Tensions and Challenges; Globalization of Health Care: Opportunities for the Caribbean; Social Protection in the English-Speaking Caribbean; Strengthening a Pillar of Fiscal Policy: Dual Income, Uruguayan-Style; International Migration and Development: Socio-Economic Impact of Remittances in Colombia; Extra-Sectoral Agents and Recent Transformations in Argentine Agriculture. [www](#)

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4 - 5	Meeting for the Regional Preparatory Consultation for the 2nd Ministerial Conference on the Information Society in Latin America and the Caribbean	Buenos Aires, Argentina
10 - 11	Seminar: CELADE 50th Anniversary Commemoration	ECLAC
22	Celebration of United Nations Day (24 October)	ECLAC
30	Seminar: TRIPs and Public Health	ECLAC
<b>NOVEMBER</b>		
7	Worldwide Presentation of OECD report "Latin American Economic Outlook (LEO)"	ECLAC
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