



**4th Ministerial Summit
on PRODUCTIVITY**

**Towards a Productive,
Human-centred and Sustainable
Integration in the World Economy**

23-24 JUNE 2022 | BRASILIA

CONCLUSIONS AND POLICY CONSIDERATIONS

MINISTRY OF
FOREIGN AFFAIRS



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Conclusions and Policy Considerations

Background

The **Fourth Ministerial Summit on Productivity of the OECD Latin America and the Caribbean Regional Programme (LACRP)** took place on 23-24 June 2022 in Brasilia, Brazil. The Summit gathered senior officials from OECD and LAC countries, international organisations, private sector and civil society representatives to have a timely and pertinent discussion about potential strategies and actions for the LAC region to achieve a **productive, human-centred and sustainable integration in the world economy** (see **List of Participants**).

1. The Ministerial Summit was opened by Mathias Cormann, OECD Secretary-General; José Carlos Oliveira, Minister of Labour and Social Security of Brazil, and Marcelo Guarany, Deputy Minister of Economy of Brazil. Two public panels followed. *The panel “Resilience in a new international context: what place for LAC in global value chains?”* was moderated by the OECD Global Relations and Co-operation Director and Sherpa for the G7, G20 and APEC and benefited from participation of authorities from Colombia, Costa Rica, Brazil, the OECD, the European Union, the World Trade Organisation and Embraer. The second public panel *“Making the recovery strong, inclusive and sustainable”* was moderated by the OECD Director of the Development Centre, and brought together representatives from Paraguay, CAF, ECLAC, the OECD, and WWF International. Eight LAC Ministers/Vice-Ministers led the discussions. A total of 777 participants registered in the [OECD-events.org/lac-productivity](https://oecd-events.org/lac-productivity) virtual platform. More than 200 people participated in person during the public sessions and close to 1000 people followed the streaming in [English](#), [Spanish](#) and [Portuguese](#). Replay of the sessions, PowerPoint presentations and supporting material are available in the virtual platform.

2. Three closed Ministerial roundtables were held on 23 June where LAC and OECD country representatives, as well as international organisations, discussed and shared policy experiences. The first **Adapting LAC economies to a new international trade context**, considered the impact of the pandemic and the war in Ukraine in trade and supply chains and discussed the importance of considering adaptation policies as countries seek greater integration in Global Value Chains, building on a recent [report](#) prepared by the OECD Secretariat. The second session focused on **the human side of productivity: the contribution of workforce, management and firm organisation**. It discussed the importance of skills, management and other human factors on firm level productivity as well as the specific challenge of informality, building on a recent [report](#) from the OECD Global Forum on Productivity and complemented with analysis on informality in the LAC region prepared by the OECD Development Centre. The third session, **Improving the use of skills to boost productivity** discussed the challenges and opportunities to develop and put skills to effective use in Latin America and the Caribbean as well as the policies to facilitate the adoption of innovative workplace practices.

3. Technical sessions linked to the work of the [OECD Global Forum on Productivity](#) took place on 24 June. The World Bank Chief Economist for LAC William Maloney, opened with a keynote speech, and was followed by two discussion panels on **Productivity in the post-COVID world: upgrading human capital and adapting to telework** and **Boosting green and digital start-up innovation**.

4. A series of preparatory and complementary virtual events took place in lead up to the Summit. Two preparatory webinars held on [25 April](#) and [13 May](#) focused on **leveling the playing field and sustainable integration to the global economy of agriculture and industry and on sustainable integration to the global economy of agricultural and industrial services**. On June 21, a side event entitled **The Youth Side of Productivity** gathered youth policy authorities and young people from the region, to discuss policies to facilitate the school-to-work transition and the successful inclusion of young people in the labour market. On June 22, the International Labour Organization (ILO), partner of the OECD LACRP launched the [ILO Regional Report on Productivity: Digital transition, technological change and productive development policies in LAC: challenges and opportunities](#), with the participation of the Minister of Labour and Social Protection of Brazil. All sessions were attended by representatives of various international organisations, OECD and LAC countries, and the private sector and civil society.

5. This document outlines the key conclusions of the discussions of the Ministerial Summit, followed by policy considerations prepared by the OECD Secretariat to support countries in the region build an agenda for a productive, sustainable, human centered integration in the global economy. The third section provides guidance to the Steering Group of the OECD LAC Regional Programme on the type of initiatives that the Programme could undertake during its new cycle (2022-2025) building on synergies with partner international organisations and drawing on the comparative advantages of the OECD and its Programme of work.

Fourth Ministerial Summit on Productivity - Towards a productive, human-centred and sustainable integration in the world economy



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Key Conclusions

Towards a productive, human-centred and sustainable integration of Latin America and the Caribbean in the world economy.

As Latin America and the Caribbean emerges from the worst sanitary, economic and social crisis in decades, the region needs to resume efforts to boost productivity. This has been a longstanding priority for the region: over the past two decades, labour productivity accounted for just one quarter of average GDP growth in Latin America and the Caribbean, while it has contributed as much as 96% in China and 80% in India. The war in Ukraine has brought uncertainty to the region's already weak recovery and creates a sense of urgency for the region to rethink its integration in the world economy. The meeting focused on how to make such integration effectively a driver of productivity gains, with greater focus on micro-economic policies which could also make the recovery more inclusive and sustainable, leveraging the region's demographic bonus and its unique and abundant natural assets.

Adapting LAC economies and building resilient value chains to succeed in a new international trade context

Beyond the huge human and health impact of COVID-19, the pandemic has struck at the supply chains across the globe with major economic consequences. The war in Ukraine has further disrupted global value chains in key sectors and is reconfiguring trade patterns. Better integrated and more diversified economies will have greater capacity to adapt and integrate into regional and global value chains. The Latin American and Caribbean region has so far not fully reaped the benefits that integrating into the world economy can offer. Overall, the region is weakly integrated in GVCs and inter-regional linkages are limited. In the current complex international context, participating in global value chains remains LAC best bet and can be critical avenue for boosting growth. However, the region needs to reduce its dependency on commodities, invest in connectivity, reduce trade cost and the complexity its trade and integration architecture, leverage local comparative advantages to proactively to connect to the international trade. In doing so, adaptation policies are needed to facilitate reallocation of labour and other resources, and to ensure that all firms, and notably SMEs reap the benefits of trade.

Leveraging the human side of productivity: improving the use of skills

Education and training policies remain key policy levers to boost productivity, notably in a region where the median age is below 30 years and close to 160 million youth between 15 and 24 years prepare to enter the labour force. The skills and diversity of the workforce and of managers, have proven to be a critical factor explaining the gap between firms at the productivity "frontier". In the LAC region informality is a critical factor amplifying such productivity gap. The pandemic evidenced the high cost of informality but also gave governments in the region innovative means to reach informal workers and households. This should be leveraged as part of a comprehensive strategy that reduces the costs of formality, increases its benefits, but notably that invests in people, with up-skilling and re-skilling opportunities for workers, life-long education, vocational training and facilitating a better skills match with the needs of the economy.

Boosting green and digital transition

The digital transformation and the energy transition also offer avenues for productivity gains and deployment of regional and global value chains. Green and digital start-ups can contribute as entrants to productivity growth by developing new solutions and introducing new low-carbon products and services. Digital upgrading of SMEs has the potential to enhance the adoption of productivity enhancing digital tools, make them reap the benefits of remote work, and prepare them for the green transition. There is room for governments in the region to help develop sustainable business models that integrate social and/or environmental value creation with business activities. Linking industrialisation and integration processes with an environmental perspective can allow countries to benefit from economies of scale, overcome the limits of domestic markets and achieve sustained productivity gains, while enhancing regional comparative advantages in other sectors.

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OECD Policy Considerations

Adapting LAC economies and building resilient value chains to succeed in a new international trade context

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- Pursue further trade policy reforms, with respect to tariffs, non-tariff barriers and rules of origin, to reduce trade costs and the complexity of the LAC trade and integration architecture and facilitate integration into global value chains (GVC).
 - Seize the new opportunities for trade linked to digital trade and e-commerce, by overcoming traditional trade barriers and adjusting trade policies to new challenges, e.g. related to data flows, e-payments and interoperability.
 - Deepen and accelerate trade facilitation efforts, notably by making a leap towards uniform paperless trade, the creation of measures to modernise transport infrastructure and increased competition in domestic retail and wholesale logistics with ICT.
 - Foster competition in domestic markets and improve the business and investment climate to facilitate the entry, survival and growth of new and innovative businesses by well-designed policy packages.
 - Foster healthy business dynamism and efficient resource reallocation to enable the growth of innovative firms and facilitate the exit and transfer of resources from declining firms.
 - Develop policies to mitigate adjustment costs of trade and help transition to new opportunities. Maintain flexible markets and targeted training and job counselling to facilitate a more rapid adjustment.

Leveraging the human side of productivity: improving the use of skills

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- Continue efforts to improve the quality of education. Support the development of skills that people will need to succeed, notably sound cognitive skills, ICT and technical skills, complementary skills, specialist skills and the ability to cope with change and keep learning.
 - Improve support for vocational training and life-long learning initiatives, as well as dialogue with business and academia to anticipate skills needs and demand.
 - Promote formalisation mechanisms, including by leveraging the registries of social policies expanded to provide income support during the pandemic.
 - Promote policies that foster gender and cultural diversity in the workplace.
 - Enhance policies that match workers to jobs through mobility and flexible working arrangements.
 - Foster investment in tangible (machinery and equipment) and intangible capital, notably in complementarity with up-skilling initiatives, organisational change, process innovations, intellectual property, R&D, new systems and new business models.

Boosting green and digital transition

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- Enhance access to broadband networks and reduce the digital divides that persist across and within LAC countries.
 - Incorporate considerations of digital transformation and energy transition in regional integration efforts.
 - Foster the development of networks of firms, people, and organisations to build more innovative industry ecosystems.
 - Promote the adoption of low-carbon technologies, digitalization wider and use of e-commerce by SMEs.
 - Align public policies with international agreements, such as the Paris and Nairobi agreements, to create synergies that open up opportunities for environmental cooperation at regional and international level.
 - Strengthen the diffusion of technologies and related practices and business models across the economy, moving beyond large firms to support start-ups and SMEs in digitally intensive sectors.
 - Leverage digital infrastructure by investing and integrating new technologies and digital tools, as well as professional training.

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Guidance for the OECD LAC Regional Programme

- Continue facilitating regional dialogue on the main drivers and bottlenecks of productivity growth, leveraging the work of OECD Global Forum on Productivity and regional partners, while facilitating synergies to produce analysis and insights specific to the LAC region.
- Continue leveraging the work of the OECD Development Centre and other regional partners on informality to facilitate policy discussions on formalisation and its linkages to productivity.
- Continue supporting the region with data and policy recommendations on how to strengthen regional value chains and potential for integration in GVCs drawing from OECD analysis, databases and indicators such as the OECD-WTO Trade in Value Added (TiVA) database, OECD Trade Facilitation Indicators and OECD Digital Services Trade Restrictiveness Index. Encourage partnerships to expand coverage of these indicators and production of regional and sub-regional specific analysis.
- Leverage the OECD Skills Strategy tool to support the region in the design and implementation of up-skilling, re-skilling and vocational training strategies and its linkages to the digital and green transition.
- Facilitate the creation of a network of good practices to promote the sharing of effective mechanisms to up-skill and re-skill throughout life.
- Continue enhancing synergies between the productivity priority of the Programme with the other three, namely, social inclusion, governance and environmental sustainability.