WIIT COMMUNIQUE

A bi-monthly executive briefing from...
The Association of Women in International Trade (WIIT)

Become a part the only trade association in Washington DC that fully integrates leadership roles into membership. Check out our website to learn more about membership benefits!

Join WIIT Today!

Questions? Contact our Executive Office today!

INTERNATIONAL WOMEN'S DAY *Celebration*

Register for the March 15th International Women's Day Celebration Today!

We open this edition of our bi-monthly Communique on how "Trade and Investment Creates Ties around the Globe" with an article entitled "Serving and Advancing Today's Global Value Chains" by Leslie Griffin, Senior Vice President, International Public Policy at UPS. While Leslie notes that a more interconnected world may mean more competition, it also presents significant opportunities for U.S. companies. For example, she says "by 2030, there are expected to be 2.7 billion middle class consumers in Asia, more than six times the size of what the U.S. market is expected to be at that time." She also notes that "e-commerce has been a tremendous equalizer," giving SMEs around the world and even in emerging countries access to these opportunities. She explains the emergence of global value chains, pointing to the growth in trade in intermediate goods which means that competitive advantages do not only occur at the end of the supply chains with materials and inputs crossing borders multiple times. Modern logistics providers, like UPS, have become value chain integrators that enable global value chains. She closes with the observation that high standard trade agreements, customs

Manny Manriquez, General Director, Washington, D.C. Office for the Japan Automobile Manufacturers Association, Inc., describes how Japanese-brand automakers have created American jobs and have boosted the competitiveness of the U.S. auto industry. He talks not only about these companies' investment in manufacturing which has created jobs but also about the companies' education and workforce training programs that sustain high-quality jobs. He ends on a high note with the success story of the U.S.-Japan partnership which has led to deep investment by Japanese-brand automakers in the U.S. Like Leslie, Manny observes that U.S. auto industry global leadership requires forward-looking trade and regulatory cooperation between the U.S. and other major auto producing nations.

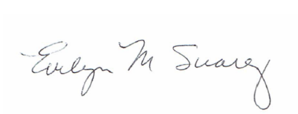
Kate Moran, Program Assistant for the Middle East and North Africa at the Center for International Private Enterprise (CIPE) discusses how e-commerce has revolutionized the relationship between producers, suppliers and consumers so that "SMEs in developing economies can now readily plug into local, national, and even international supply chains." She observes that "the growth and strengthening of e-commerce holds great potential-not just for business, but for global development." Yet, there are barriers which must be addressed, most notably internet connectivity.

Margaret Myers, Director of the China and Latin America Program at the Inter-American Dialogue, discusses Asia-Latin America trade linkages, focusing on investments in Latin America by China, Japan and Korea. China has been focused on the region's extractive and agricultural sector and its exports mainly in high-tech goods. While Japanese trade with Latin American is smaller in scale than China, Japan has brought Foreign Direct Investment (FDI) to the manufacturing sector and has invested heavily in Latin American countries shipbuilding, textile, steel and automotive industries. While much smaller in scale than China, Korea's trade with region follows similar patterns and Latin America's exports to Korea being more weighted towards manufacturing products than China's. She notes that Latin America's success with Asia depends upon its own policies and trade and investment relations with the individual Asian countries. She closes with a remark that U.S. protectionist trade policy may create opportunities for enhanced engagement between Asia and Latin America. One wonders where this leave the U.S.

Finally, Simon Marti, Head of Office, Office of Science, Technology and Higher Education at the Embassy of Switzerland in the U.S., tells us about how Switzerland keeps a well-trained, modern work force, specifically discussing Switzerland's vocational education and training (VET) model. He states that "two important features of Switzerland's VET pathway contribute to its robustness in particular: apprenticeships are very comprehensive educational programs, and these programs are strongly labor market-oriented." We hope that his description of the Swiss VET will stimulate thinking on how to create and sustain jobs in America.

These articles portray an optimistic future if the right policies are adopted to support open trade and investment, job training and infrastructure investment.

Best,



Evelyn

Serving and Advancing Today's Global Value Chains

by Leslie Griffin, Senior Vice President, International Public Policy, UPS

How does a more interconnected world affect the distribution and flow of goods and services? My company, UPS, the world's largest package delivery company as well as a freight and supply chain service provider, is intimately involved with this question. We move around 2 percent of global GDP each day and our role gives us excellent visibility to the needs of businesses and consumers around the world.

On the one hand, this more interconnected world means more competition – our economies are increasingly integrated, the U.S. has some sophisticated competitors, and that means U.S. companies can't be complacent. They must always look for ways to innovate and raise their game.

On the other hand, it means tremendous opportunity. There are about 525 million middle class consumers in Asia alone today. By 2030, there are expected to be 2.7 billion middle class consumers in Asia, more than six times the size of what the U.S. market is expected to be at that time. E-commerce has been a tremendous equalizer, giving small and medium-sized businesses new ways to access this opportunity. The very way trade takes place is another source of opportunity. Today, nearly 60% of trade is in intermediate goods, including the inputs and components that cross borders dozens of times in the production of a good, meaning competitive advantage does not only take place at the end of the supply chain, as was the case historically, but at all points along a value chain.

Intensifying competition and changing customer demands for goods and services have made global value chains more complex and difficult to manage. In fact, in this environment, logistics providers have become value chain integrators. No longer do we simply store and move goods; we also coordinate traditional logistics competencies with manufacturing, distribution, sales and value-add services like customs clearance. Some UPS facilities, for example, perform parts and service support for key customers, blurring the distinction between production and distribution. We help customers in a wide range of industries, including high-tech products, automotive, textiles, and healthcare, connect to more than 220 markets around the globe. Clearly, modern logistics providers enable global value chains.

What are some of the trade measures that would facilitate global value chains? To answer that question, one could briefly examine two global value chains that UPS enables: healthcare and footwear. Once we better understand the components of these global value chains, we will be in a better position to suggest policy recommendations to support them.

Take the healthcare global value chain, which involves the creation, manufacture, distribution, and sales of new, branded drugs. This global value chain also has many component parts, in which service and production activities intertwine and sometimes occur simultaneously.

We might think about a highly simplified global value chain of a UPS healthcare customer and its development of a cervical cancer vaccine. The product's life begins in the United States, where the company's scientists discover a new compound with an attractive profile for cervical cancer patients. Next, the company decides to bring this compound to clinical trials in the United States, which is one of the world's largest cervical cancer markets, and seeks U.S. regulatory approval. Soon, the company moves into ingredient and finished product manufacturing and packaging in France and Singapore, and

Alternatively, we could think about a highly simplified global value chain of a UPS footwear customer and the development of its new athletic shoe. The product's life begins in the United States, where the company's designers create a prototype for a new line of athletic shoes. Next, the company sources materials, including an airbag from the United States, rubber soles from Vietnam, and specialized fabric from South Korea, and moves these materials to China and Vietnam for manufacturing. Soon, the company ships the finished athletic shoes to its U.S. warehouse to fulfill U.S. brick-and-mortar and online sales. At the same time, the company's sales and marketing team introduces the product to U.S. customers.

These two examples break down the specific components of the value chain and show how trade in goods and services intermingle. Now we are in a better position to suggest meaningful policy recommendations to support these industry verticals. By analyzing the specific components of global value chains, we can understand specific bottlenecks and create specific trade measures to address them.

For example, further analysis of the components of the healthcare global value chain might reveal that a lack of regulatory coordination, limited intellectual property protection, and customs inefficiency are important growth inhibitors, because temperature-sensitive products require speedy customs clearance and distribution, uniform regulatory standards, and strong intellectual property rights that will spur high-value, research and development activities.

We know there's no instruction manual on how to build sophisticated global value chains. Nor are the resources and the expertise included anywhere. We feel great responsibility to help our customers, particularly small and medium-sized customers, plug into these opportunities. UPS Solutions teams do deep dives with customers to help them find the right solutions.

We are excited to see more small companies getting into the game. In fact, they are looking and acting a lot like big companies. They can do that because quality, innovation and service … more than size … more than price … now define success. For millions of small and medium-sized businesses, the world is now their customer. Plugging into larger supply chains, they'll become more than suppliers. They'll become seamless parts of the value chain.

We all have a role to play in maximizing the opportunities created by this more interconnected economy. We can advocate for high-standard trade agreements that break down tariff- and non-tariff barriers and promote customs modernization and the healthy growth of e-Commerce. We can call for better coordination among customs, transportation, and trade authorities to facilitate movement in and out of countries. Multinationals also can help with capacity building and training of small businesses in their supply chains, advising and mentoring them on how to become supply chain ready. At UPS, our global network of over four hundred thousand people work every day with customers to help turn possibilities into winning opportunities and promote a form of international trade that generates more inclusive and broadly shared benefits.

About the Author

Leslie Griffin is Senior Vice President, International Public Policy at UPS. In that capacity, she works to advance the international trade policy priorities for UPS among the over 220 countries and territories it serves. Leslie is also the President-Elect of WIIT.

Ms. Griffin came to UPS after serving as Vice President of Fontheim International, LLC, an international consulting firm, where she represented clients on global trade and investment priorities. Previously, she was Vice President of International Governmental Affairs for New York Life Insurance Company, where she represented the company's interests on international policy and financial services issues. She also served as Chief of Staff to the Chairman and CEO of New York Life International. Prior to joining New York Life, Ms. Griffin was Managing Director for Asian Affairs at the U.S. Chamber of Commerce, where she worked with member companies across multiple sectors on trade policy priorities.

Ms. Griffin taught and studied in Nanjing, China and is a member of the National Committee on U.S.-China Relations. She is proficient in Mandarin Chinese and Spanish. Ms. Griffin holds an M.Sc. in International Relations from the London School of Economics and a B.A. in Economics from Wellesley College.

Japanese-brand Automakers Create American Jobs & Boost Competitiveness of the U.S. Auto Industry

by Manny Manriquez, General Director, Washington, D.C. Office, Japan Automobile Manufacturers Association, Inc.

Image courtesy of JAMA USA annual contributions report

The automotive sector in the United States is a highly advanced industry, with manufacturing and R&D functions often requiring highly-skilled employees with special training in the areas of science, technology, engineering, and mathematics (STEM). Japan Automobile Manufacturers Association (JAMA) member companies bring a forward-looking ethos to their work in the U.S., and directly provide the education and workforce training to meet this critical need. The story of Japanese-brand automakers in America is one of commitment to their workforce, as well as the local communities in which they invest. It is also a story of remarkable achievement in the development of advanced technology as well as the deployment of innovative design and vehicles of superior quality. This is why American consumers love Japanese-brand vehicles, and why JAMA member companies have introduced a whole new level of competitiveness to the American auto industry.

After the first wave of JAMA member company investment in the U.S. in the mid-1980s, Japanese-brand automakers provided fewer than 10,000 direct U.S. jobs (according to archival JAMA data). Now, our member companies provide more than eight times as many, for a total of nearly 88,000 direct U.S. jobs. These are high-quality jobs that impart cutting edge skills to a broad and diverse workforce at 24 manufacturing plants, and 36 R&D facilities spread across 16 U.S. states. However impressive these figures are, there is always more to tell about the impact of Japanese-brand automakers in America. For each manufacturing and R&D job our members provide, many others are created in virtually every state in the nation. From steelworkers to retail store employees, logistics providers to vehicle dealership associates, so many more Americans are gainfully employed thanks to the vast American automotive supply chain and consumer spending by direct and dealer network employees.

Last year, Rutgers University professor Thomas Prusa calculated that overall, including direct, intermediate, and spin-off jobs, JAMA Member companies support more than 1.5 million jobs in the United States. Moreover, the number of American jobs that JAMA member companies support has increased significantly since Professor Prusa conducted his first intermediate/spin-off jobs study. This is why we know that from 2011 to 2015 (the most recent year for which we have this data), the number of jobs supported by Japanese automakers has increased by 17.7%. By comparison, the total number of all (non-farm) U.S. jobs has increased by 7.5% during the same time period.

This is proof positive of Japanese-brand automakers' strong and growing commitment to manufacturing in America. It is also a clear indication of the excellent trade relationship between the U.S. and Japan—with Japan achieving higher cumulative levels of direct investment in the U.S. than any other country, except the United Kingdom. This is no accident of circumstance; it is the product of a commitment to the idea that Japanese-brand automakers invest where significant demand exists.

At the same time, JAMA members' commitment to America doesn't end with designing, developing, building, and selling cars and trucks in the U.S.—they also have a long track record of supporting local communities through numerous initiatives designed to organize employee volunteering, raise funds for charities and educational institutions, protect the environment, and educate families about transportation safety and other issues. Add to this our members' growing commitment to environmental stewardship through various targeted initiatives and reduced- waste/zero-landfill manufacturing practices, and the picture becomes more complete.

There is growing awareness of JAMA members' forward-looking community, workforce, and environmental initiatives throughout the country, but it is especially clear that folks on the ground who benefit from and engage in our members' corporate social responsibility activities know quite well how impactful these initiatives are, and will continue to be. Likewise, it is increasingly understood that JAMA member companies are leaders in developing and deploying environmentally-friendly vehicle technology—and much of the R&D behind this is conducted right here in the United States. Japanese-brand automakers' focus on producing alternative-powered vehicles is especially notable, as one key fact indicates: more than 77% of all such vehicles on U.S. roads today are made by JAMA member companies.

The bottom line is that America is a worldwide leader in advanced automotive production, and the greatest success story of the U.S.-Japan economic partnership is the deep investment—over $45 billion cumulatively as of 2015—by Japanese-brand automakers in the American economy. The U.S. auto industry can and should continue to be a global leader in innovative automotive development. This will require forward-looking trade and regulatory cooperation between the U.S. and other major auto producing nations. With a full realization of how important the openness and competitiveness of the American auto industry is to achieving the best possible results, we can effectively pursue a connected, fuel efficient, and autonomous automotive future. With Japanese-brand automakers leading the way, this means sustaining high-quality American jobs and global leadership in advanced manufacturing.

About the Author

Manny Manriquez currently serves as General Director of the Japan Automobile Manufacturers Association (JAMA) Washington, D.C. office. As General Director, Manriquez is the organization's spokesman in the United States, while he and his staff conduct U.S. government relations on behalf of JAMA. Since 2004, Manriquez has focused his education and career on Japanese affairs and U.S.-Japan relations. He earned his Master's degree at Georgetown University's School of Foreign Service where he completed a certificate in Asian Studies and was awarded a Foreign Languages and Area Studies fellowship (with a Japan focus). Follow him on Twitter @JAMAManny. Views expressed in this commentary are his own.

Harnessing the Power of the Digital Economy to Achieve Global Development Goals

by Kate W. Moran, Program Assistant for the Middle East and North Africa at the Center for International Private Enterprise (CIPE)

The invention of the telegraph was seen as *"completely revolutionizing existing modes of doing business; for when telegraphic lines become extended, and its transmitting powers vastly improve, as they doubtless will be, Western, Southern, Northern—all business men, instead of leaving their business and going to distant cities, will order by telegraph what, and as, they want."* [1]

With the advent of the telephone, mass-communication technology had an instant, transformative effect on the modes of doing business across industries and sectors, particularly the speed at which transactions took place. Fast forward to the present; burgeoning Internet connectivity in the digital age has led to the rise of e-commerce businesses—Alibaba, Amazon and EBay—and completely revolutionized the relationship between producers, suppliers and consumers.

Increased access, diffusion, and intensity of Internet use has, for the most part, directly contributed to the growth of e-commerce businesses, which in turn, has resulted in positive externalities for women entrepreneurs, traders, and small and medium enterprises (SMEs), amongst others. Though e-commerce was initially developed as a mechanism to facilitate business transactions, the "digital economy" has since evolved into a powerful tool by which to create jobs and expand livelihoods. It has enabled aspiring women entrepreneurs to overcome barriers to market entry and to diversify their income streams; similarly, traders from tribal communities have been able to generate demand for handcrafts through websites, connect to funders to drum up capital, and carve out a niche in new and expanded markets. Combined with an enhanced ability to acquire resources, SMEs in developing economies can now readily plug into local, national, and even international supply chains. Doing so not only expands SMEs' delivery of goods, but also employs more people to generate sustainable livelihoods that raise countries' standard of living.

Indeed, the growth and strengthening of e-commerce holds great potential—not just for business, but for global development. In an era of both increasing Internet connectivity and political instability, new and innovative digital marketplaces will become critical alternatives for isolated markets and entrepreneurs displaced by war and conflict. In a context where traditional trade routes have been interrupted or destroyed, e-commerce fills the gap by lowering barriers to market entry and enabling historically marginalized groups—most notably, women entrepreneurs—to bring their voices to bear in the economy.

E-commerce—and those who leverage it—are breaking barriers. Yet, barriers persist, and remain greater for some than for others. While individuals in every country and region have succeeded in circumventing red tape to achieve digital enterprise development and trade, on a broader scale the e-commerce revolution precludes the participation of many small businesses and firms; the United National Conference on Trade and Development (UNCTAD) reports that existing platforms and rules for global trade are skewed towards the interests of large corporations, leaving few opportunities for small and medium-sized enterprises. New research from Facebook, the World Bank, and the Organization for Economic Cooperation and Development (OECD)'s "Future of Business Survey" shows that increased trade, "especially in emerging markets and with the appropriate policies, corresponds to decreased poverty, more jobs, economic growth, and increased productivity."[2] Small businesses are responsible for

So what does successful e-commerce look like for vendors in emerging markets? How can economically marginalized groups in the developing world—particularly existing and potential women entrepreneurs—harness the potential of the digital revolution to grow their businesses and amplify their voices in trade? In fact, they already are: in Palestine, women are leveraging the power of the Internet to market their homemade products internationally—everything from wool carpets to hand-embroidered jewelry. In Nigeria, businesswomen are using mobile technologies to increase their companies' sales. In Pakistan, a USAID-funded "Women Leadership in Trade Policy" program is engaging women micro- and small business owners in roundtables to discuss the role of trade organizations and women in trade policy formulation and advocacy, with the intention to influence the conversation.

Women are a global, largely untapped source of entrepreneurial potential. Especially in the developing world, where women increasingly occupy integral income-generating roles in their families, the potential of e-commerce and digital business should not be overlooked. Successful experiments such as those in Nigeria, Pakistan, and Palestine must be replicated on a broader scale. In light of the Sustainable Development Goals (SDGs)—among them, gender parity and decent work/economic growth—providing pathways for women-owned micro and small enterprises (MSEs) to take part in the global economy through international "e-trade" is critical.

Practically, this means increased Internet penetration and access in areas of the world where connectivity is limited; it means arming women entrepreneurs and MSE owners with the tools and requisite training to successfully take part—and compete—in the global marketplace. It means a re-shifting of priorities, to make genuine room for these enterprises at the global policy table.

4.3 billion people are still not online; of those who are online and also are small business owners, often the infrastructure does not exist for them to pursue e-commerce opportunities. E-commerce can be a global force for good, and can contribute to the achievement of the SDGs, but only if the playing field is leveled and opportunities for economic participation are expanded to all. Women in emerging markets will have a particular role to play; with the world at their fingertips, they will be the drivers of positive economic growth, job creation, and expanded livelihoods in countries across the globe. In doing so, they will assume a more prominent role in international trade, transforming "business as usual" and bringing vital voices to bear in the "digital economy."

[1] American Phrenological Journal and Miscellany, 1848.

[2] https://www.futureofbusinesssurvey.org/

About the Author

Kate W. Moran is a Program Assistant for the Middle East and North Africa at the Center for International Private Enterprise (CIPE), an international NGO that works to strengthen democracy and promote market-oriented economic reform. She has a B.A. in Middle Eastern Studies and Arabic from Emory University, and previously served as the Humanitarian Assistance Fellow for Young Professionals in Foreign Policy (YPFP). Her writing has been published by the Jerusalem Post, AlFanar Media, CIPE, and the Huffington Post.

Facilitating Asia-Latin America Trade Linkages

by Margaret Myers, Director of the China and Latin America Program at the Inter-American Dialogue

Since the Global Financial Crisis in 2008, many Latin American nations have been eager to improve trade and investment ties with a wider group of economic partners. Several governments have turned their attention to Asia, in particular, even establishing new sub-regional groupings such as the Pacific Alliance to better integrate Asian and Latin American economies. Of all of the Asian nations, ties with China are among the most coveted. China's booming trade and finance are potentially transformative for some Latin American economies. Relations with Korea and Japan are also of considerable interest, although the latter has been active in Latin America for many decades.

Chinese, Korean, and Japanese economic relations with Latin America vary considerably. Chinese engagement with Latin America, whether by state banks, state-owned enterprises, or private firms, has tended to adhere to the three tenets of the "going-out strategy," which China published in the late 1990s. For decades now, Chinese deals—in Latin America and other regions—have focused on resource acquisition, access to export markets, and internationalization of Chinese firms. More recent engagement has also sought to support some elements of Beijing's exceedingly complex economic reform agenda.

China's adherence to these tenets means that trade with Latin America has remained focused on the region's extractive and agricultural sectors. Although trade is booming, after two decades of enhanced economic engagement with the region, Chinese imports from Latin America still consist overwhelmingly of raw materials. Chinese exports to the region increasingly consist of high-tech goods, such as automobiles, trains, computers, cell phones, and telecommunications infrastructure. Chinese investment and finance in the region are similarly focused on extractives and agriculture, as well as on the development of certain types of infrastructure. As evident in the Inter-American Dialogue's China-Latin America Finance Database, from 2005 to the present, Chinese policy banks (China Development Bank and China Eximbank) have financed $24 billion in infrastructure projects (e.g., highway and facility construction), as well as approximately $100 billion in energy projects, some of which involved energy infrastructure development.

Japanese trade with Latin America is far smaller in scale than China's, but is more diversified. Much like China's current engagement with the region, Japan's initial economic overtures in Latin America focused extensively on resource acquisition and export of goods and production. In the 1970s, however, Japanese Foreign Direct Investment (FDI) largely shifted to the manufacturing sector, driven by an industrial development strategy in Japan and import substitution policies in Brazil and other Latin American nations. During this period, Japanese firms secured access to the region's markets by investing heavily in Latin American Countries (LAC's) shipbuilding, textile, steel, and automobile industries.

As indicated in a 2016 Inter-American Development Bank report on the topic, Korea's trade with the region is also far smaller in scale than China's, although there are some similarities in terms of composition. In general, however, Latin American exports to Korea are more diversified and are more weighted towards manufacturing products than China's.[1]

Certain Latin American nations, especially those with extensive natural resource endowments, maintain considerable production linkages with China. Latin America exports vary little in the way of value-added goods to China, however, with some limited exceptions in the mining and agricultural sectors. Mexican tequila sales and Chilean services exports are primary examples.

Latin America largely provides basic inputs to other Asian nations as well. In the case of Japan, however, companies operating in Latin America's automobile and electronics sectors often serve domestic and third market exports, effectively boosting Latin America's trade balance and foreign exchange earnings. A 2015 report by consulting firm PwC found that Japanese automakers accounted for nearly 35 percent of Mexico's car production in 2014, 80 percent of which was exported to third markets.[2] China is looking to develop similar models of production in countries such as Brazil and Mexico, but has yet to achieve Japan's scale, which was accomplished over the course of decades.

There are some signs that Latin America could begin exporting more value-added goods to Asian nations. According to the 2017 OECD Latin America Economic Outlook,[3] the ratio between Latin American value-added incorporated in Chinese gross exports rose from 1.5 in 2000 to nearly 2 in 2011. New plans to re-open a smelter in Peru, though likely damaging from an environmental perspective, are intended to increase exports of processed copper to China. And Colombian coffee growers are looking to sell ground coffee and ready-made coffee drinks to the Chinese market, generally through online sales. Moreover, as the OECD indicates, while the commodities-for-manufacturing trade will continue to dominate the relationship between Latin America and China, international fragmentation of production could open some doors for Latin American countries to participate in supply chain segments that were off-limits in the past.

The Pacific Alliance, an Asia-oriented trade bloc consisting of Mexico, Colombia, Peru, and Chile, has yet to really advance trade integration with Asian nations, despite some success marketing member nations and their brands. However, as indicated in a meeting on Japan-Latin America relations organized in 2015 by the Inter-American Dialogue, Japan will soon be the first East Asian nation to have free trade agreements with all four Pacific Alliance members. This provides a unique opportunity for Japan to both advance its own relations with the Pacific Alliance and to support intra-Pacific Alliance trade integration. Tokyo could do so by employing regional accumulation of rules of origin or other pro-supply chain policies.

The Trans-Pacific Partnership promised some new linkages between Asian and Latin American member nations. A revised version may still accomplish this, as might a Regional Comprehensive Partnership (RCEP) that incorporates some Latin American members. In the meantime, Latin American nations have negotiated free trade agreements (or economic partnership agreements in Japan's case) with China, Korea, and Japan that have generally boosted trade and in some cases facilitated inward FDI.

For its part, the US might be indirectly encouraging great Asia-Latin America trade integration. Protectionist trade policy from the White House in the coming months and years will in some cases be damaging to Asian production in Latin America, but might also create some opportunities for enhanced engagement on the part of China and other countries. In addition to hosting international anti-protectionism forums, China has indicated that it will expand and diversify trade with Latin American in the coming years, while encouraging more in the way of value-added exports among Latin America partner nations.

[1] Mesquita Moreira, Mauricio and Antoni Estevadeordal. Korea and Latin America and the Caribbean: Striving for A New Phase in Japan-Latin America and the Caribbean Relations 15 a Diverse and Dynamic Relationship, Washington, DC: Inter-American Development Bank, 2015.

[2] PricewaterhouseCoopers Co. Ltd., [chuunanbei toushi chijyo no doukou] “Investment trends in Latin America” (in Japanese), distributed at PwC and JALAC joint seminar in Tokyo, Japan, July 2015.

[3] Latin America Economic Outlook 2016, OECD, CAF, and IDB, January 2016.

About the Author

Margaret Myers is the director of the China and Latin America Program at the Inter-American Dialogue. *The Political Economy of China-Latin America Relations* and *The Changing Currents of Trans-Pacific Integration: China, the TPP,*

on Chinese policy bank lending to Latin America. Myers previously worked as a Latin America analyst and China analyst for the US Department of Defense, a senior China analyst for Science Applications International Corporation, and a consultant for the Inter-American Development Bank. Myers received her bachelor's degree from the University of Virginia and conducted her graduate work at The George Washington University, Zhejiang University of Technology, and the Johns Hopkins University/Nanjing University Center for Chinese-American Studies. Myers is a Council on Foreign Relations term member. She received a Freeman fellowship for China studies in 2010 and a Fulbright Specialist grant in 2014 to research China-Colombia relations in Bogotá.

Switzerland's Labor Market-Oriented Apprenticeship System

by Simon Marti, Head of Office, Office of Science, Technology and Higher Education Embassy of Switzerland in the United States of America

Switzerland's vocational education and training (VET) model is a hallmark of its educational system: two-thirds of an age cohort earn a VET degree as their first credential after compulsory school attendance. This VET pathway—or apprenticeship system—represents an integral part of the country's overall educational system. Typically, young people start a three- or four-year apprenticeship at age 15 or 16, after having finished compulsory education. Because the VET system is part of the overall educational landscape, it features permeability between its different pathways as a key characteristic. The motto is that there is no degree without further educational possibilities—or: "no off-ramp without an on-ramp." This feature contributes to the continued popularity of apprenticeships in Switzerland. Thus, apart from being trained in vital skills that enable them to succeed in the labor market, young people always have the opportunity to move on to higher education or advanced professional credentials afterward.

Two important features of Switzerland's VET pathway contribute to its robustness in particular: apprenticeships are very comprehensive educational programs, and these programs are strongly labor market-oriented.

one of many techniques they learn. Other skills include reading and implementing construction plans, concrete work, working with reinforcement steel, and working with a large variety of machines and equipment. In the case of mechanical engineering apprentices, welding is only a small part of the skill set they are trained in. They also receive training in manufacturing engineering, both conventional and with CNC machines; in measurement and test engineering; and assembly technology. Commercial apprentices receive training in accounting and in IT user programs, but also in languages. Furthermore, they receive thorough training in subjects related to their company such as banking or insurance.

In addition, apprentices in all occupations improve their soft skills further due to their early exposure to a real-life work environment—an element that cannot be underestimated in the labor market. However, not only the workplace-based training is comprehensive—Switzerland's VET system is a dual system, integrating practical and theoretical knowledge and skills: apprentices typically spend three to four days a week at their company, where they participate in actual workflows, assisted by their instructors. One or two days per week are spent at vocational school, where they learn occupational-related theoretical skills, but also general subjects that support their lifelong-learning abilities.

That comprehensive training approach contributes to the high quality of apprenticeships in Switzerland. Graduates have many skills, leading to a wide array of job opportunities. Furthermore, they can move on if a specific technique is no longer needed at their company—and their thorough training improves their ability to adjust to new technological developments in the future.

Therefore, while the comprehensive design of apprenticeship programs already leads to many advantages in the labor market, the Swiss VET system is also labor market-oriented itself: companies can choose their apprentices according to their needs. And not just companies, young people, too, have options: they can choose among one of the 230 occupations and among different companies. Their decision is influenced not only by their interests and talents, but also by labor market prospects, future professional pathways, and the salary a specific apprenticeship program has to offer.

Apprentices not only benefit from hands-on training at the workplace, but in most cases they use the latest cutting-edge equipment and machines since their companies compete in their respective markets. Apprenticeship programs are regularly adapted to the newest technological changes companies face in their markets, thus automatically updating the skill set of new apprentices. At the same time, employees who graduated some years ago can either participate in further education programs or continue their professional educational pathway at a higher education institution such as a technical college or a university of applied sciences.

Switzerland spends more than 1 percent, or $9 billion, of its GDP on its VET system. Even though the apprenticeship pathway forms an integral part of the overall Swiss educational system, there is an important difference from its other parts: the VET system is a public-private partnership. While the Swiss educational system consists of public schools and public higher education institutions for the most part, its VET system has a strong private-sector element. While the taxpayer funds approximately 40 percent of the Swiss VET system and thus provides an essential infrastructure of vocational schools in every canton, this important public investment is supplemented by a strong commitment by the private sector. Companies know that their economic future depends on a highly skilled workforce. Switzerland's companies fund 60 percent of its costs, spending a combined total of almost $5.5 billion annually on salaries for apprentices and training costs. However, due to the productivity of the apprentices, the private sector generates a combined annual net benefit of almost $500 million. Even though participation in the VET system is voluntary, almost 40 percent of all Swiss companies do so.

Public support of the VET system amounts to around $3.5 billion, three-quarters of which comes from the cantons, which are comparable to U.S. states. The federal government contributes approximately one quarter of the public funding for the VET system.

It is a win-win-win system: companies train their future skilled workforce and benefit from the productivity of mainly third- or fourth-year apprentices. Apprentices win because they receive a modest salary and graduate not only debt-free, but also with qualifications that are in demand in the labor market. In addition, they obtain a degree recognized nationwide that allows them to continue their education.

Finally, the general public also benefits since there is evidence that the Swiss VET system helps to keep the youth unemployment rate low in Switzerland, which has one of the lowest youth unemployment rates in Europe. Graduates from apprenticeship programs have employment and unemployment rates similar to those of university graduates. It contributes in important ways to the wealth of the nation and a robust middle class. The Swiss apprenticeship system generates a large number of positive outcomes for

About the Author

Simon Marti is the Head of the Office of Science, Technology and Higher Education with the Embassy of Switzerland in the United States of America. In this capacity, he and his team are focusing on strengthening the bilateral cooperation between the two countries in the fields of science, technology and higher education; they cover the respective policies, and showcase the Swiss higher education, research and innovation landscape. Until summer 2016 Mr. Marti worked with the State Secretariat for Education, Research and Innovation (SERI) in Bern, Switzerland, as a Project Leader in Education Management and Research. Previously, he conducted postdoctoral research at Columbia University in New York City (Fellowship by the Swiss National Science Foundation SNSF) and also worked for the European Parliament and for the Swiss Graduate School of Public Administration among others. He is a political scientist and holds a Ph.D. from the University of Basel and a M.A. from the University of Bern.

Share Tweet Forward

Our mailing address is:
The Association for Women in International Trade
100 M Street SE - Suite 600
Washington, DC 20003
info@wiit.org