Organization of American States
Chair: Alanna Williams
Contents

Chair’s Letter .............................................................................................................3
Introduction ..............................................................................................................5
Topic A: .....................................................................................................................7
  FDI: definition and description of its pros and cons .............................................7
  FDI Regulations and Legislation ...........................................................................8
  Potential Benefits to the Region ............................................................................9
  History of Chinese Investment in Latin America .................................................9
  Massive Infrastructure Projects ..........................................................................10
  Numerous Concerns with Chinese Investment .....................................................11
  Different Influences Across Countries .................................................................13
  Global Balance of Power .......................................................................................13
  Recent Situation ...................................................................................................15
  Questions to Consider ...........................................................................................15
  Suggestions of Sources .........................................................................................16
Topic B: .....................................................................................................................17
  Introduction and Definition ...................................................................................17
  Urbanism ...............................................................................................................18
  Current Legislation ...............................................................................................18
  Current Issues .........................................................................................................19
  Corporate-Based Approach ..................................................................................21
  Different Countries Involved ...............................................................................21
  Questions to Consider ...........................................................................................23
  Suggestions of Sources ..........................................................................................24
Chair’s Letter

Hi guys! Welcome to the Organization of American States (OAS). It is a privilege to serve as your chair for PMUNC 2015! I am really excited to be on the dais this year after working behind the scenes at PMUNC for the last few years as Hotel Organizer, Director of Operations, and Assistant Chargé. A little about myself: I am a senior studying Economics with certificates in Political Economy and Latin American Studies, so OAS is a pretty natural fit. I am originally from Santa Cruz, California (go banana slugs!) but have spent long periods of time in Argentina, Ecuador, and Spain. I speak both Spanish and butchered Portuguese. I have worked with the Department of Defense and the Department of Commerce, and I am looking to continue working in public service post-graduation, hopefully in Latin America. On campus, I am the current Treasurer of the International Relations Council and a member of the traveling Model UN team. I am also involved in Club Fencing and various tutoring programs.

The charter of the OAS declares its mission to be, among the member states, to "achieve an order of peace and justice, to promote their solidarity, to strengthen their collaboration, and to defend their sovereignty, their territorial integrity, and their independence." Throughout the conference, I urge you to keep this objective in mind, as we will face issues that threaten these very tenants. The OAS is an important organization not only as a forum for discussion and cooperation within the member states but also as a platform to the international stage.

As I am an economics major, this committee will have a bit of a fiscal flavor, but it can really go in any direction that you guys want. I selected the first topic as Chinese investment in Latin America not only because of the economic implications but also because of the political and societal ones as well. It places the OAS in a unique international context in which the United States and China are competing within the global balance of power and in which countries like those in Latin America play a significant, but often underappreciated, role. Every country has a voice, and some of their policies differ dramatically. The same is true for the second topic, smart cities and e-governance. The practice of e-governance has been emerging rapidly across countries, and now is a perfect time to assess the successes and failures of the existing policies and to formulate new cross-border recommendations.
A couple logistical notes on the committee: this is a single delegation committee, and we are planning on having every actual member of the OAS present. If there are omissions, I will let you guys know. China's presence and opinions may be represented by occasional visits from Chinese ambassadors. Position paper deadlines will be announced shortly.

Please shoot me an email if you have any questions about the committee, the conference, or myself. I would be more than happy to hear from you!

Best,

Alanna Williams
Chair, Organization of American States
Introduction

Founding of the OAS

The Organization of American States was formally established by the 1948 Charter of the Organization of American States in Bogota. However, this meeting of the 21 member states was, in fact, the Ninth International Conference of the American States. The first of these conferences hosted 18 nations and was held in Washington DC from October 1889 to April 1890. These periodic meetings were fundamentally based in the “continentalization” of the Monroe Doctrine, ensuring the collective protection of the Western hemisphere by creating obligations and encouraging cooperation among all states in the region. After the institutionalization of the OAS in 1948, the group became increasingly focused on internal conflict resolution, economic cooperation (often controlled by the United States), and fighting communism. The latter focus led to the suspension of Cuba from the OAS in 1962, and it was not readmitted for another 37 years. By the early 1990s, Canada, Guyana and Belize had joined, making North and South American membership in the OAS complete. After the fall of many Latin American dictatorships, the OAS’s efforts turned to the defense and promotion of democracy, leading to the passage of the Inter-American Democratic Charter in 2001.

Structure of the OAS

As the organization has developed, new structures and institutions have emerged. In 1970, the General Assembly was established as the primary decision-making body. The General Assembly meets for a regular session once a year, and each state has one vote. A decision passes typically by a simple majority vote. We will be representing this body at PMUNC. Below the General Assembly, in the Permanent council, the OAS is further divided into six secretariats: political affairs, integral development, multidimensional security, administration and finance, legal affairs, and external relations. The General Secretariat is the organ in charge of implementing the agendas and policies that are established by the General Assembly and the Permanent Council. The OAS has also established

1 http://www.oas.org/en/about/our_history.asp
2 http://www.britannica.com/topic/Organization-of-American-States
4 http://www.cfr.org/latin-america-and-the-caribbean/organization-american-states/p27945
5 https://www.fas.org/sgp/crs/row/R42639.pdf
agencies including the Inter-American Development Bank, the Inter-American Court of Human Rights and the Inter-American Commission on Human Rights. The latter two are considered “autonomous organs” of the OAS.  

**Budget and Funds**

The United States is the largest source of OAS funding. In the first quarter of 2014, it contributed 14.25 million USD—equivalent to 46% of the total first quarter contributions of all member states. In Q1 2015, the top member state donors after the United States were Canada ($8.87 million), Mexico ($5.65 million) and Chile ($1.12 million). Other formerly large donors, including Brazil, Argentina, and Colombia, have seen their funding drop dramatically in Q1 2015.

Disbursements of funding occur mainly in the DC headquarters as administrative and operation costs, but on site expenses for local execution of projects are concentrated in Colombia, Argentina, Nicaragua, Guatemala, El Salvador and Uruguay.

**Topics and Goals**

The OAS today discusses everything from drugs to indigenous people to tourism. Historically, conversation was dominated by the United States, as it steered Latin American policy to align with its interests. Recently, other member states have increasingly been asserting their own national and foreign policies. In the past decade, discourse has largely centered on reducing poverty, engaging in sustainable economic development, and protecting the rights of all citizens within the region. We will continue focusing on these themes in the 2015 PMUNC meeting of the General Assembly. There will be an extra emphasis on international affairs within the two topics of this discussion, Chinese Investment in Latin America and Smart City Development, so that we can draw content and comparisons with other regions and think about the international impact of our actions. Overall, the mission is to come to a simple majority vote on comprehensive resolutions dealing with the topics that are in line with the ideology and goals of the Organization of American States.

---


8 [https://www.fas.org/sgp/crs/row/R42639.pdf](https://www.fas.org/sgp/crs/row/R42639.pdf)
**Topic A: Chinese Investment in Latin America**

**FDI: definition and pros and cons**

For the purposes of scope and simplicity, the committee will largely be focusing our attentions on Chinese foreign direct investment (FDI) into Latin America. Before getting to Chinese investment in particular, though, it is important first to provide some background information on FDI and its potential benefits and costs more generally. FDI is generally defined as “an investment made by a company or entity based in one country, into a company or entity based in another country.”

FDI can occur through establishing a subsidiary in another country, launching joint ventures or mergers with a foreign company, or acquiring a 10% stake in the shares of a foreign company. Operations in another country can further be broken down into greenfield and brownfield investment. Greenfield investment entails constructing new facilities in the host country, whereas brownfield uses already existing physical capital.

In general, trade theory and empirics suggest that there are many benefits of FDI, including: economic diversification, increased competition that will, in theory, mean a more efficient allocation of resources and increased drive for productivity, positive technology and training spillovers, greater trade opportunities, and sometimes improved environmental and social standards. FDI also ensures somewhat long-term involvement in a region, and it is harder for foreign investors to liquidate their assets and leave a market.

There are, however, certain drawbacks to FDI. High levels of FDI might mean crowding out of domestic industry or corporate takeovers. It can also corner the market for skilled workers, inputs, and knowledge. Foreign firms may also become involved in the domestic credit market, where they may repatriate loans. Depending on the degree of investment, foreign firms may gain substantial control of economic activity in a host country, which may challenge domestic sovereignty.

In addition, there are some cases where protectionism might be warranted, including in cases of infant industries (brand new industries that, with time, may become efficient but, in a world with perfect free competition, will never have the opportunity

---

to develop because other countries have a “head start”).

The other common type of foreign investment is portfolio investment, which is when a country invests in the equities of another country but does not have any managerial or decision-making power. Thus, firms have less control in the region of investment but also less of a long-term stake. Portfolio investments may come up in discussion, but will be less significant as they are more difficult to regulate and it is hard to discern country of origin. We will also not be focusing as much on credit or loans in the region.\textsuperscript{12} Based on the decisions of our committee, though, we may decide to concentrate more or less in FDI versus indirect investment.

**FDI Regulations and Legislation**

Much of the legislation that deals with encouraging or controlling FDI is highly technical. In general, countries have policies and laws to incentivize (or disincentive) FDI. Such policies can be divided into a few broad categories. One is customs and tax-related incentives. Government credits and subsidies are another. Third, governments can provide exclusive access to their own R\&D for certain industries or provide special consultations pre-investment. Lastly, governments may work to train workers to develop a highly skilled workforce that will be either attractive to foreign firms or more suited for domestic industry.\textsuperscript{13} Other potential ideas for regulation include the creation of Special Economic Zones and reforming land administration. Overall, Latin American economies are fairly open to foreign ownership, and many at the moment have little to no regulations against it, as seen in the chart below.\textsuperscript{14}

As one source for your own specific country’s regulations and investment conditions, I suggest you see the World Bank’s Investing Across Borders initiative.

\textsuperscript{12}http://www.brookings.edu/~/media/Projects/latin-america/financial_flows_stallings.PDF
\textsuperscript{13}http://www.financierworldwide.com/foreign-investment-in-latin-america-opportunities-and-challenges/#.Vcx42_mqpHx
\textsuperscript{14}http://iab.worldbank.org/~/media/FPDKM/IAB/Documents/Regulating-FDI-in-Latin-America.pdf
Potential Benefits to the Region:
As discussed, FDI has many potential benefits. Specifically in Latin America, the benefits of FDI have been researched, and it has been shown that foreign firms have higher labor productivity and higher quality management than domestic firms, which improvements have many positive spillover effects.\(^\text{15}\) There is evidence that FDI investment in manufacturing is increasing. Foreign firms are also increasingly investing in research and development in Latin America, which shows a commitment to long-term interest using innovative and sustainable practices. Long-term interest in the region is also substantiated by the fact that about 50% of FDI comes from reinvested earnings instead of new ventures.

History of Chinese Investment in Latin America:

In 2004, China joined the OAS as an observer state. At the time, it had little economic or political stake in Latin America, with some estimating as low as 6 billion dollars invested in the region between 1990 and 2009\(^\text{16}\) and others estimating only 24 billion between 2003-2009.\(^\text{17}\) Then, in 2010, investment skyrocketed to 13 billion, as the Chinese firm Sinopec acquired 40% of the Brazilian arm of the Spanish oil firm Repsol\(^\text{18}\) and CNOOC acquired 50% of Argentina’s Brindas Corporation, which concentrates in oil exports.

These moves coincided with increasing Chinese oil investment in other parts of the world as well, including Canada, Africa, and the Middle East.\(^\text{19}\) Other Chinese companies in Latin America were also invested in mining, electricity and automobiles but to a much smaller extent. Since 2010, China’s investment in Latin America has averaged about 10 billion dollars per year.\(^\text{20}\)

\(^{15}\) ibid

\(^{16}\) Chinese Foreign direct investment in Latin America and the Caribbean, China-Latin America Cross-council taskforce for the World Economic Forum


\(^{18}\) http://www.reuters.com/article/2010/10/01/us-repsol-sinopec-idUSTRE69000YZ20101001


\(^{20}\) Chinese Foreign direct investment in Latin America and the Caribbean, China-Latin America Cross-council taskforce for the World Economic Forum
Fast-forward to May 2015 when Chinese President Xi Jinping promised to invest over 250 billion dollars in Latin America over the next decade. At around the same time, China trumped the United States both as the top destination for Latin American exports and as the region’s top creditor. These massive increases in investment could potentially be accompanied by changes in the direction of investment. A large part of the 250 billion dollar investment may theoretically flow into infrastructure projects. One such proposed project is a railway planned to span from the coast of Peru to the coast of Brazil, and another is the Nicaraguan canal. The majority (52%) of the 108 billion dollars in investment since 2009 has been concentrated in energy, 25% has been in metals, and 14% has been in transportation.

In 2006, China signed a free trade agreement with Chile and then later signed ones with Peru and Costa Rica. As of early 2015, China and CELAC (the Community of Latin American and Caribbean States) were in the process of writing a five-year cooperation plan covering everything from trade to security.

Massive Infrastructure Projects:
One of the major potential benefits of Chinese investment in the region is the development of infrastructure projects, which individual governments often lack the funding or motivation to do.

Initially, infrastructure projects were concentrated in energy, particularly in the building of hydroelectric plants in countries such as Argentina, Brazil, and Ecuador.

There are two especially notable Chinese-funded infrastructure projects that should be addressed in any discussion of the topic. The first of these ventures is the Nicaraguan canal. I could describe it here, but Al Jazeera has a superb summary that you can find at: http://projects.aljazeera.com/2015/04/nicaragua-canal/. The benefits of the canal include massive job creation and increased economic activity in the region, but there are also many concerns, including destruction of a highly biodiverse region and the displacement of around 100,000 people. The same is true of the second project, the suggested Peru-Brazil railway, which would open up the region to trade and transport but would cut through the Amazon.

Although these sorts of projects and Chinese foreign investment may bring huge

---

benefits, there are also many concerns with Chinese involvement.

**Numerous Concerns with Chinese Investment:**

Despite the potential benefits of FDI in Latin America, there are many issues, largely stemming from Chinese business practices.

In 2013, an estimated 87% of Chinese investment in the region came from state-owned enterprises (SOEs). Many of these companies have been tasked with acquiring specific resources and specific amounts of them. Thus, they have frequently been critiqued for being inefficient and solely concerned with strategic extraction of resources from the region rather than with local markets and conditions.  

Despite small increases in manufacturing FDI, about 90% of Chinese investment has been in commodities and natural resources, including Ecuador’s oil, Brazil’s iron ore, Argentina’s soya, and Peru’s copper. Right now, China is purchasing about 15% of all of Latin America’s primary goods exports, while only 2% of the region’s manufactured exports. In addition, while, in the early 90s, only about 25% of Latin American exports were commodity based, now, driven largely by demand from China, exports are 50% primary goods.  

Economies based in commodity exports often find themselves caught in a development trap. As the region’s countries seek to diversify their economies and industrialize, the concentration of FDI in primary sectors raises many flags. Chinese investments may solidify and even increase the region’s resource dependency and delay the economic development process via Dutch disease, volatility, and a human resource drain, although opinions on the extent of this issue vary between countries and academics. In addition, primary good industries tend to support fewer jobs than manufacturing industries and have a greater environmental impact. China is also increasingly bringing over their own workers and leaving only the lowest tier jobs for native workers.

While China is a major trading partner with Latin America, particularly in

---


the commodities trade, other concerns come from the massive asymmetry in the trade. In 2000, Latin America made up only 2% of China’s imports. That number is up to 7% in 2013, but the United States, the EU, and the rest of Asia are still far more important markets to China.\(^{28}\) There is a general fear that, while China is very important to Latin America, particularly to countries such as Brazil, Latin America is not very important to China.

China also does not have the best reputation with respect to sustainability. A look at the figure labeled “High Biodiversity Areas, Indigenous Territory and Chinese Investment” at the end of this part of the guide shows the potential threats posed to both the natural environment in Latin America and its native people. The extractive nature of Chinese investment has a large environmental impact. It is estimated that Chinese firms operating in the Latin American Countries have led to a 12% increase in greenhouse gas emissions and nearly doubled water usage.

Furthermore, many groups have protested Chinese involvement in the region as detrimental to biodiversity. The use of hazardous chemicals in mines, the habitat destruction caused by damming and hydroelectric projects, and the invasion of protected areas to extract oil are among the concerns of environmental groups.

In addition, China is theoretically a manufacturing competitor for Latin America. Ideally, Latin America would enter more heavily into manufacturing sectors, but China’s manufactured exports may be threatening these efforts. One study estimates that 78% of Latin American exports were either directly or partially threatened by Chinese competition.\(^{29}\)

The political ties of Chinese companies might also be of concern to some governments, as they are intimately tied with the People’s Liberation Army. Thus, their political motives may be uncertain. There are also many indigenous groups present in areas of Chinese interest, and their rights complicate the issue quite a bit. Ecuador, Bolivia, and Peru have particularly large indigenous populations that are threatened by the encroachment of Chinese-backed projects.

However, Latin America is not without leverage. For many of the products that Latin America exports to China, it holds a large global market share. For instance, China gets approximately 75% of its soybean imports from Brazil and Argentina,\(^{30}\) 51% of its copper ore from


\(^{30}\) ibid
Peru, Chile, and others, and 18% of its iron from mainly Chile. Thus, there is potentially space to implement social and environmental regulations without China’s immediate flight from the region.\textsuperscript{31} The question of exactly how to do so depends on the collaboration of countries in the region to find sustainable solutions.

**Different Influences across Countries:**
Within Latin America, China’s investments are highly targeted by country and industry.\textsuperscript{32} 83% of investment between 2009 and 2015 went to Brazil, Venezuela, Argentina, Ecuador and Peru. Brazil is the largest market with over 22 billion dollars in Chinese money dedicated to energy and 4.8 billion to metals. China makes up about 40% of all of Brazil’s imports and exports, making Brazil the nation with the most important economic ties to China. China is a vital partner to Venezuela, which received 18 billion dollars, 11 of which were concentrated in transportation. In turn, Venezuela provides China with claims on its oil. China also dominates Ecuador’s oil sector via FDI and loans. In fact, Chinese firms control about 90% of Ecuador’s oil exports.\textsuperscript{33}

Other countries see far less Chinese money. Chinese FDI in Mexico, for instance, was only about 500 million dollars in 2014. Mexico continues to trade mainly with the United States, as do other more right-leaning governments. This trade situation is also broadly true in Central America and the Caribbean, where China generally has less influence, although it is growing. In fact, many of these states (Belize, Dominican Republic, El Salvador, Guatemala, Haiti, Honduras, Nicaragua, Panama, Saint Kitts and Nevis, Saint Lucia and Saint Vincent, and the Grenadines) do not recognize China, instead having diplomatic relations with Taiwan.\textsuperscript{34} It may be to change this diplomatic position that China is increasingly placing special interest in Central America and the Caribbean, investing in luxury resorts, ports, and stadiums.\textsuperscript{35}

**Global Balance of Power:**
The expanding economic influence of China is both a cause and manifestation

\textsuperscript{32} All stats in this paragraph, unless otherwise noted, are from: http://www.chinausfocus.com/finance-economy/is-it-time-to-rebalance-chinas-latin-american-portfolio/
\textsuperscript{33}http://www.nytimes.com/2015/07/26/business/international/chinas-global-ambitions-with-loans-and-strings-attached.html?_r=0
\textsuperscript{34} Shamelessly citing Wikipedia: https://en.wikipedia.org/wiki/Foreign_relations_of_Taiwan
\textsuperscript{35}http://www.npr.org/2015/04/09/398575535/u-s-intervention-in-the-caribbean-comes-on-chinas-heels
of the shifting global balance of power. Economic decisions made in Latin America thus have significant international political ramifications. These changes are of particular interest to one member of the OAS, the United States, the influence of which in the region may be gradually usurped by the growing power. The United States will have to make decisions about where to allocate its own investments and attention in the increasingly bipolar world.

A 2013 Pew Survey showed that, in general, Latin Americans still view the United States as the “World’s Largest Economic Power.” Of course, responses vary across the region, ranging from El Salvador where 62% of respondents cited the United States and only 11% cited China to Venezuela where 38% cited the United States and 32% cited China.\(^{36}\) The United States also exerts more perceived general influence on the region than China, as one can see below.

Interestingly, respondents overall viewed China’s influence, both in general and on the economy, as more beneficial.

Opinions, however, may have changed in the last two years.

China is aware of these political consequences and has been supporting grassroots, anti-American political movements via investments, trade and credits. These are mainly targeted at the ALBA group of countries.\(^{37}\)

The European Union also has a stake in the Latin American perception of the United States. In the same 2013 Pew

\(^{36}\)http://www.pewglobal.org/2013/07/18/chapter-4-global-balance-of-power/

\(^{37}\)http://www.chinausfocus.com/finance-economy/is-it-time-to-rebalance-chinas-latin-american-portfolio/
Survey, countries including Britain, France, Germany and Spain named China as the bigger global economic power. The European nations also have their own trade interests in Latin America, particularly in ICT,\textsuperscript{38} which interests could be influenced by how hegemonic China becomes in the region.

**Recent Situation:**
China’s formerly rapid growth of around 10\% per year has been petering off in recent years. Growth in 2014 was 7.4\%, the lowest in 25 years, and demand for goods in Latin America has dropped.\textsuperscript{39} Prices for copper, iron, soy and oil have fallen dramatically in the region, due to both global swings and the slowing of the Chinese economy. As a result, Latin American growth will likely slow as well.\textsuperscript{40} This is further evidence that the primary goods market in Latin America is volatile, as it is dependent on external demand, particularly on Chinese growth.

In August 2015, amid slow growth and slumping exports, China went through a series of depreciations of the Yuan. There is no need to understand the economics behind this, but, essentially, the change in value of the Yuan makes it easier for China to export and makes it harder for other countries to export their own goods. This change will likely amplify the already unfavorable asymmetry between Latin America and China.

**Questions to Consider:**
Overall, does your country’s economy want to incentivize or discourage Chinese investment? What policy tools might your country or the OAS in general be able to use to do so?

Can Latin America overcome the commodity-dependent development trap? If so, how?

How might corruption and other local political situations affect external investment?

What does your country see as the pros and cons of the Nicaraguan canal and the Peru-Brazil railway?

How much importance should we place on environmental concerns? Is there a way to reconcile these concerns with Chinese involvement?

Is there a way that the region can gain more influence in China’s eyes (i.e., solve the problem of the massive asymmetry)?

\textsuperscript{39} http://www.coha.org/china-and-latin-america-what-you-need-to-know/
\textsuperscript{40} http://www.bu.edu/pardeeschool/files/2015/02/Economic-Bulletin-2015.pdf
Is a relationship with China or the United States more important to your country? Is this a necessary trade-off?

What are the consequences of slow growth in China, and how can we prepare for such possible changes?

Suggestions of Sources:

Check out the footnotes throughout this guide for a lot of really good information. There is also economic literature on the effects of foreign direct investment and how to best maximize the benefits and minimize the costs. I would recommend the World Bank, OECD, and the Inter-American Development Bank reports for less technical discussions. The Economist also has a ton of articles on the subject. The Council of Hemispheric Affairs is also a great resource. This link:

http://www.bu.edu/pardeschool/research/gegi/program-area/chinas-global-reach/chinas-global-reach-environment-and-development/working-group/ randomly has a lot of cool reports with individual country information. If you have any questions, or anything is unclear and you are unable to find the answer on Google, please contact me directly.

Source: Boston University Global Economic Initiative, China-Latin America Economic Bulletin
Topic B: Smart Cities and eGovernance

Introduction and Definition:

Smart Cities are a bit tricky to define. It is really an all-encompassing term, related to improving conditions in a city through technology and innovative ideas. The Smart City Expo in Barcelona focuses on smart society, energy, technology, mobility, sustainable cities, and governance. The MIT city science lab looks at urban modeling analytics and monitoring, incentives and governance, mobility networks, places of work and living, electronic and social networks, and energy networks. In the realm of smart cities, other groups have focused on “livability, workability, sustainability,” a “smart economy, smart mobility, smart environment, smart people, smart living and smart governance” as well as issues surrounding “regional competitiveness, transport and Information and Communication Technologies economics, natural resources, human and social capital, quality of life, and participation of citizens in the governance of cities.”Some define it in terms of the “Internet of Things” (IoT), which is essentially the connection of physical and virtual objects using ICT technologies. Every group, city, and individual has a different approach. Even the Smart Cities Council says, “the smart city sector is still in the ‘I know it when I see it’ phase, without a universally agreed definition.”

---

42 http://smartcitiescouncil.com/
43 http://smartcities.ieee.org/about.html

Smart cities are not just technological experiments for developed countries; they are powerful tools for social change in the developing world. For instance, in Medellin, Colombia, arguably one of the smartest cities in the world, high-tech monitoring and sustainability took a back seat to simple investments, such as “sports facilities and a
cable car connecting [favelas] to the city.\textsuperscript{46}

These projects assisted in integrating marginalized populations into the urban experience, thus helping to decrease crime and improve access to basic necessities like health clinics and grocery stores. In this case, smart city development focused on simple, but innovative, methods to improve the urban network rather than on complicated technological systems.

The idea of a smart city is also intimately linked to the phenomenon of decentralization that has been sweeping the developing world. Local municipalities are experimenting with local eGovernance and participatory fiscal and democratic processes to improve services, citizen involvement in government, and government accountability.

We as a body will want to address the development and implementation of these eGovernance measures. We will also want to formulate suggestions for smart transportation, sustainability, health, monitoring, and data collection.

There is no question that smart cities are a “good” thing. As such, there should be little conflict around that point. However, how each country prioritizes smart city creation as opposed to other development practices and what each country regards as the most “important” element of smart cities will vary.

**Urbanism:**

Latin America is the most urban region in the world with over 80% of the population living in cities. This number was only 40% in 1950 and has rapidly increased since then. There are 198 large cities (populations over 200,000) in Latin America, with 80 of these in Brazil and Mexico. This upward trend in urbanization is expected to continue with over 315 million people living in urban areas by 2025 (it is now at 260 million).\textsuperscript{47}

The United States and Canada also have about 80% of their populations living in urban areas.\textsuperscript{48} Worldwide, 54% of people live in urban areas.

**Current Legislation:**

Each individual country, or even city, has its own specific laws for the urban environment. However, many laws regulating ICT infrastructure tend to be out-of-date, and new technologies are now

\textsuperscript{46}\url{http://www.theguardian.com/cities/2014/dec/17/truth-smart-city-destroy-democracy-urban-thinkers-buzzphrase}

\textsuperscript{47}\url{http://www.atlanticcouncil.org/en/publications/articles/urbanization-in-latin-america}

\textsuperscript{48}\url{http://data.worldbank.org/indicator/SP.URB.TOTL.IN.ZS}
outpacing legislation that was made for a largely offline world.\textsuperscript{49} Normalization and standardization that will foster development across the region will be a major goal for this committee.

Recently, the OAS developed a broad program for eGovernance and municipal adoption of ICT technologies. This initiative is called MuNet and thus far applies to Bolivia, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Panama, Paraguay, Peru, and Venezuela. More information on this initiative can be found by going to the link in the footnote.\textsuperscript{50} Other than MuNet, there has been limited international legislation on smart cities. The European Union has a digital agenda, and smart cities are covered in some areas.\textsuperscript{51} There was a “Best Practices of the Americas” forum from 2003-2007, but by now many of the strategies discussed at those series of meetings are out-of-date.\textsuperscript{52}

\begin{itemize}
  \item \textbf{Current Issues:}
\end{itemize}

Smart city infrastructure does raise a number of concerns that need to be addressed. Many cities, including ones such as Rio de Janeiro, now have operating centers. Think SimCity (one of my favorite childhood games!), where you are in charge and can see data on traffic, crime, pollution, water availability, and just about anything else. Ultimately, this sort of system is the aim of many smart cities; however, it makes a city quite fragile. If there is a problem with the system, the city may cease to function properly.\textsuperscript{53} Back-up plans and adequate personnel are needed.

In addition, it raises concerns about privacy. Many smart city technologies rely on data from individuals’ smart phones or from tracking the use of citizen services. Understandably, this unnerves a lot of people. In theory, it could also make a city “hackable,” which is a scary and disconcerting possibility.\textsuperscript{54}

Of course, in the OAS, these issues will have to be addressed in the context of both developed economies like the United States and Canada and emerging economies in Latin America. These differences will be discussed in more detail below.

Smart cities are particularly difficult to implement in areas that are already

\begin{itemize}
  \item \textsuperscript{49} http://www.cityam.com/208615/why-failure-update-archaic-laws-will-hinder-rise-smart-city
  \item \textsuperscript{50} http://portal.oas.org/Portal/Sector/SAP/DptodeModernizaci%C3%B3n&id=estadoyGobernabilidad/NPA/usoEficienteTICs/tabid/1169/language/en-US/default.aspx
  \item \textsuperscript{51} http://ec.europa.eu/digital-agenda/en
  \item \textsuperscript{52} http://portal.oas.org/Portal/Sector/SAP/DptodeModernizaci%C3%B3n&id=estadoyGobernabilidad/NPA/BestPracticesForumoftheAmericas/tabid/1168/language/en-US/default.aspx
  \item \textsuperscript{53} http://www.theguardian.com/cities/2014/dec/17/truth-smart-city-destroy-democracy-urban-thinkers-buzzphrase
  \item \textsuperscript{54} ibid.
\end{itemize}
considered dangerous. Remember Medellín, Colombia? One of its initiatives was to build escalators from the city center up the steep hills on which many favelas were located so that residents would have greater access to city services. While the project was touted as a huge success in the international news media, the reality was a bit grimmer.

Shortly after the escalators were built, gangs in the area started charging user-fees to certain residents, and, within months of being built, they were barely being used. Thus, it is important to keep in mind that smart cities are not a panacea for all social ills. Instead, measures must be taken to ensure that any initiatives are being used in the proper ways and that existing environments foster smart development. This consideration includes thinking of innovative ways to protect these smart services and to ensure that they keep helping communities for as long as possible.

On a similar note, some critics have noted that huge amounts of money and time have been put into developing places like Songdo International Business District in Korea and Masdar City in Abu Dhabi, which might be better used elsewhere. In developing countries in Latin America in particular, many people do not have access to electricity or water, raising the question of how to balance low-technology necessities with the potential high-technology innovations.

In addition, these huge projects that are often envisioned and executed by highly centralized planning boards, are inorganic. As a result, some say that they are built more for the sake of showing off fancy technology than for the benefit of actual citizens. Thus, there are fears that technocrats will control smart cities with little concern for the daily citizen, which would undermine the democratic systems in the cities entirely. This could also be true on a smaller scale just for certain technologies, like eGovernment platforms or monitoring.

Another piece to consider when dealing with smart city planning is that there is already a massive urban-rural development gap in Latin America, which contributes to the region’s overall massive inequality. In 2010, poverty rates in rural areas in Latin America were twice as high as those in urban areas, and extreme poverty was four times greater. Although Latin America is the world’s most urbanized region, increasing the focus on smart cities and enriching solely the urban environment might exacerbate this urban-rural divide.

56 http://realestate.washington.edu/medellin-matters/
57 http://www.trust.org/item/20130321175200-rq42a/
58 http://www.amazon.com/Against-smart-city-here-Book-ebook/dp/B00FHQSDBS
Any comprehensive smart city plan should address how rural areas can also be incorporated into smart development, whether through increased connectivity to cities or through a more regional-based approach.

**Corporate-Based Approach**

Most of the advanced smart cities in the world, such as Amsterdam, Barcelona, and Tel Aviv, have partnered with companies like Cisco, IBM, Motorola, and Microsoft in order to design their big data systems. Quite frankly, governments often do not have the technological capacity to develop innovative technologies on their own. Countries that want to develop the more technical end of smart cities will have to form some sort of corporate engagement strategy. This might present a problem for some countries that are heavily based in the public sector and suspicious of private entities, *cough* Venezuela *cough*. On the one hand, this is a legitimate concern, as currently many Smart City success stories seem like advertisements for Intel or IBM. It presents particular concerns on the privacy front, as these large corporations will theoretically have access to data on citizens. Or, if a company goes under, the future of the technology in a city could become uncertain.

Thus, the corporate model of smart cities needs to be examined carefully to reap maximum efficiency and innovation but, at the same time, to minimize corporate self-aggrandizement and control.

**Different Countries Involved:**

The level of smart city development varies by country. Yet, almost every country in the OAS has implemented “smart” initiatives in municipalities to some degree.

The United States has many cities involved in the general smart city movement. The United States and Canada, as more developed countries, use more advanced technologies in their smart city development. It is less of a centrally organized phenomenon and more of individual companies and cities experimenting with new measures.

Examples of the smartest cities in North America include New York City, Seattle, San Jose, and Toronto.  

---

60 http://www.tel-aviv.gov.il/eng/GlobalCity/Documents/SMART%20CITY%20TEL%20AVIV.pdf

eGoverance and citizen participation, however, has not been developed to the same extent that it has in some parts of Latin America.

Specifically, Rio de Janeiro, in addition to its massive data center, has been using local teenagers to take pictures of “problem areas” in favelas in order to create a map of “hot spots” at which to target the attention of the authorities.62

Santiago in Chile has been focused on fostering entrepreneurship in the smart city highlights in Latin America. For instance, Brazil has been focused on using technology for poverty alleviation.

We have already discussed Medellin, but there are several other smart city highlights in Latin America. For instance, Brazil has been focused on using technology for poverty alleviation.

62 http://rio.unicef-gis.org/
city sector. They are also set to start experimenting with electric vehicle car-sharing programs to complement their successful bike sharing initiatives.63

Buenos Aires in Argentina has an entire department devoted to Smart City practices, the “Ministry of Modernization.” While some national policies are thought to be discouraging to business, Buenos Aires as a municipality is investing in business clusters, implementing rapid bus transit, and expanding Wi-Fi access. Mexico city has been a leader in e-governance and is looking into cutting edge technology including buildings that absorb smog.64

In poorer areas of South and Central America, countries are just getting started on high tech urban innovations, and many are nervous about it. Quito, Ecuador recently partnered with Cisco to install Wi-Fi hubs throughout the city and build a digital agenda for 2022.65

Other countries in Central America and the Caribbean need a bit more assistance. Montego Bay, Jamaica has been interested in a 2-year partnership with the Inter-American Development Bank to help bring some infrastructure and sustainability projects to the region.66

As shown in the map on the previous page, there is activity throughout the region, but all countries find themselves in different places and focusing on different issues. The key will be to make a plan as a body that is flexible in addressing a wide-variety of local conditions, but still substantive enough to create real change and address concerns that are pervasive throughout the region.

Questions to Consider:

How can high tech innovations coexist with low development or rampant violence?

What smart city practices have been successes or failures in your country?

How can you extrapolate from them in order to formulate general suggestions for the region?

How can smart development be used to diminish both inequalities within the urban environment and between urban-rural areas?

In what ways can corporate involvement be manipulated?
How organically formed and active should the creation of smart cities be? Who should the agents be: special planning boards, current city administrations, citizens, or someone else?

How might you deal with issues pertaining to the fragility of smart cities, privacy, and security? How much do these concerns threaten the development of smart cities/technologies in your country?

What is the biggest problem in your country’s cities? Crime? Traffic? Drugs? Put yourself in a city planner position and try to come up with innovative ways to solve these problems, be creative!

Suggestions of Sources:

The Inter-American Development bank is once again on its game and has a ton of great blog posts, some focusing on individual nations or cities and others focusing on broader issues or the idea as a whole:

http://blogs.iadb.org/ciudadessostenibles/.

The Guardian has good coverage of the worldwide push for smart cities:


2014-Highlights.pdf have a lot of good information about urbanization in general.