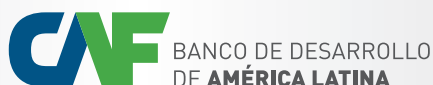




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Bulletin Number 2
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BULLETIN NUMBER 2

SECOND SEMESTER 2012

Foreign Trade

- During period January to December 2012, exports of goods from Latin America and the Caribbean to Asia-Pacific¹ saw an increase of 5.9% in terms of value over the same period of 2011. This variation was considerably lower than the 23.6% growth recorded for exports to the Asia-Pacific region in 2011 as compared to 2010. However, the dynamism of these exports was higher than those destined for the rest of the world (see Table 1).
- Imports of goods from Asia-Pacific also experienced a smaller increase in 2012 compared to 2011. This resulted in the region accumulating a trade deficit with Asia of just over USD\$83 billion in 2012, down from about USD\$86 billion in 2011.
- Among the top destinations in the Asia-Pacific region, exports to the rest of Asia (especially India and the economies of ASEAN) showed a relatively better performance. In the case of imports, those coming from China and Japan demonstrated higher growth (see Table 1).
- In recent years, China has become one of Latin America and the Caribbean's major trading partners, matching the European Union in importance as a supplier of imported goods. The figures for 2012 indicate that the share of imports from China exceed those from the EU by 1% (see Figure 1).
- The greater dynamism of trade with Asia-Pacific leads to an increased importance of this region for Latin America and the Caribbean. Indeed, in 2012, Asia-Pacific accounted for 18% and 27% of regional exports and imports, respectively (see Chart 1). The higher growth registered by exports to the rest of Asia (17.7%) is reflected in an increase in the relative weight of this group of countries, which rose from 36% of total exports to Asia-Pacific in 2011 to 40% in 2012.
- Mexico, the Bolivarian Republic of Venezuela, Peru, and Colombia account for nearly all the increase in the exports from Latin America and the Caribbean to Asia-Pacific in 2012 (see Table 2).

Table 1. Latin America and the Caribbean: Evolution of foreign trade with Asia-Pacific and the World, January-December 2010 to January-December 2012

(Millions of current dollars and growth rates in percentages)

	Exports					Imports				
	Jan-Dec 2010	Jan-Dec 2011	Jan-Dec 2012	Annual growth		Jan-Dec 2010	Jan-Dec 2011	Jan-Dec 2012	Annual growth	
				2011	2012				2011	2012
Asia-Pacific	145994	186637	197693	27.8	5.9	225475	272530	280836	20.9	3.0
China	71561	95224	95395	33.1	0.2	112201	141609	151490	26.2	7.0
Japan	20373	24839	23971	21.9	-3.5	27237	31608	33512	16.0	6.0
Other Asia-Pacific	54059	66574	78327	23.2	17.7	86037	99313	95835	15.4	-3.5
Rest of the World	725576	890249	894702	22.7	0.5	627422	766441	793601	22.2	3.5
World	871570	1076887	1092395	23.6	1.4	852897	1038972	1074437	21.8	3.4

Source: ECLAC based on data from International Merchandise Trade Statistical Bulletin No. 10 of ECLAC.

- Of the sixteen Latin American countries for which monthly information was available on bilateral trade with Asia-Pacific, seven saw a reduction in exports during 2012: Argentina, Brazil, Chile and the Plurinational State of Bolivia

¹ For the purposes of this Bulletin, the Asia-Pacific aggregation includes trade flows with Asia as a whole and Oceania.

in South America, and El Salvador, Guatemala and Nicaragua among the Central American countries. As for imports, Argentina, Brazil, Guatemala and Paraguay reduced their purchases of products originating in Asia-Pacific during this period.

- Brazil remains the largest exporter in the region to Asia-Pacific as a whole, as well as to China, with shares of total exports amounting to 39% and 44%, respectively. Chile is in second place, with a share of 19% of total regional exports to both Asia-Pacific and China. Adding the Bolivarian Republic of Venezuela, Argentina, Mexico and Peru, these six countries account for 95% of regional exports to the Asia-Pacific region, highlighting their high degree of concentration.
- Only four countries in the region recorded a trade surplus with Asia-Pacific in the first half of 2012: Brazil, Chile, Peru and the Bolivarian Republic of Venezuela. Mexico's trade deficit with the region (USD\$96,585 million) was greater than that of all the other countries that registered a trade deficit taken together.

Table 2. Evolution of trade in goods between Latin America and Asia-Pacific, by country

(Millions of current dollars and growth rates in percentages)

a) Asia-Pacific

	Exports			Imports		
	Jan-Dec 2011	Jan-Dec 2012	Growth	Jan-Dec 2011	Jan-Dec 2012	Growth
Argentina	16 681	14 493	-13.1	16 430	15 627	-4.9
Bolivia, Pl. St.	1 322	1 136	-14.1	1 700	1 725	1.5
Brazil	77 621	75 917	-2.2	72 090	70 221	-2.6
Chile	37 833	37 817	0.0	20 096	21 391	6.4
Colombia	2 517	4 307	71.1	10 848	12 507	15.3
Costa Rica	1 233	1 454	17.9	2 362	2 658	12.5
Ecuador	915	1 610	75.9	5 224	5 761	10.3
El Salvador	149	104	-30.5	1 378	1 466	6.4
Guatemala	417	275	-33.9	2 772	1 398	-49.6
Honduras	242	294	21.4	837	991	18.4
Mexico	16 078	19 388	20.6	109 380	115 969	6.0
Nicaragua	120	120	-0.4	900	1 088	20.9
Paraguay	244	248	1.7	4 062	3 567	-12.2
Peru	12 326	13 466	9.2	11 967	13 079	9.3
Uruguay	831	1 144	37.7	2 196	2 427	10.5
Venezuela, Bol. Rep.	18 107	25 920	43.1	10 288	10 963	6.6
Latin America	186 637	197 693	5.9	272 530	280 836	3.0

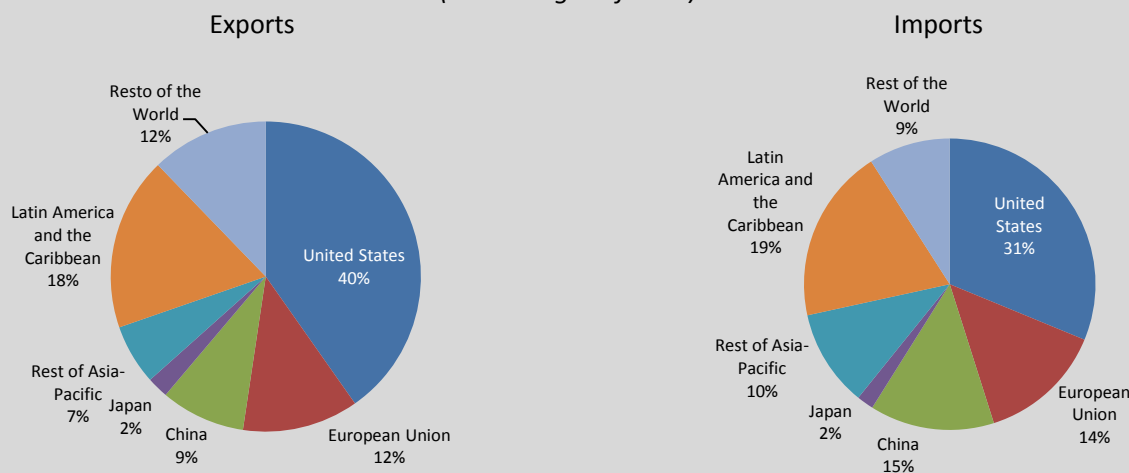
b) China

	Exports			Imports		
	Jan-Dec 2011	Jan-Dec 2012	Growth	Jan-Dec 2011	Jan-Dec 2012	Growth
Argentina	6 238	5 000	-19.8	10 573	9 954	-5.9
Bolivia, Pl. St.	333	310	-7.0	862	973	12.8
Brazil	44 315	41 228	-7.0	32 790	34 248	4.4
Chile	18 601	18 435	-0.9	11 950	13 417	12.3
Colombia	1 989	3 343	68.1	8 176	9 565	17.0
Costa Rica	200	323	61.9	1 276	1 436	12.6
Ecuador	192	391	103.5	2 290	2 732	19.3
El Salvador	2	4	79.7	572	614	7.3
Guatemala	29	31	7.1	1 719	836	-51.4
Honduras	66	61	-7.0	369	449	21.6
Mexico	5 964	5 721	-4.1	52 248	56 936	9.0
Nicaragua						
Paraguay	30	41	39.1	3 429	2 974	-13.3
Peru	6 961	7 719	10.9	6 322	7 011	10.9
Uruguay	537	802	49.4	1 439	1 662	15.5
Venezuela, Bol. Rep.	9 768	11 986	22.7	7 594	8 683	14.3
Latin America	95 224	95 395	0.2	141 609	151 490	7.0

Source: ECLAC based on statistical offices, central banks, export promotion agencies, the International Trade Commission of the United States, European Union Eurostat and the Directorate of Trade Statistics (DOTS) of the International Monetary Fund.
 Note: In the case of the Bolivarian Republic of Venezuela, the data is quarterly data to which the DOTS monthly trend was applied. Does not include Cuba, Panama and the Dominican Republic for lack of official statistical information for the reference period.

Seen in perspective, Latin American exports destined for Asia-Pacific show sustained growth during the last six years, having multiplied by a factor of 3.1: in 2012 the average monthly exports to the Asia-Pacific region exceeded USD\$16 billion, compared with USD\$5.3 billion in 2006. Similarly, imports increased by a factor of 2.2 (see Figure 3).

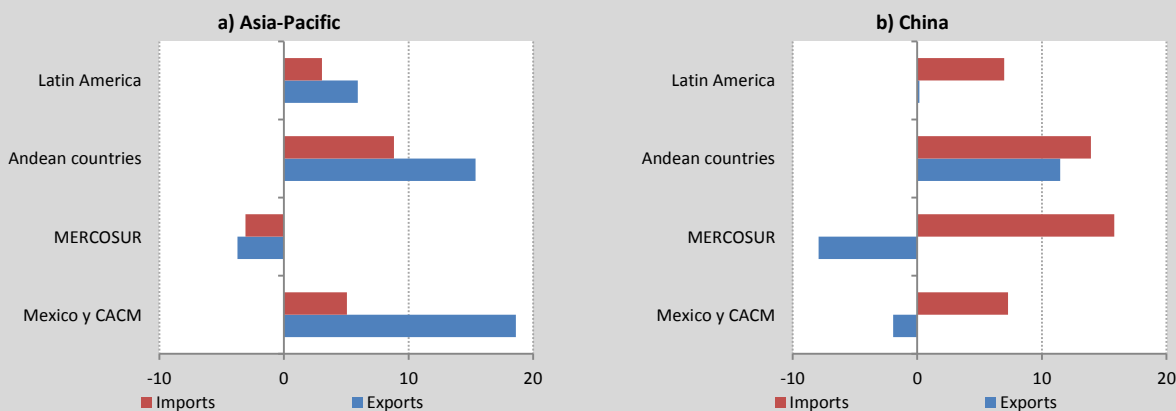
Figure 1. Latin America and the Caribbean: Distribution of trade in goods by main trading partners, 2012
 (Percentages of total)



Source: ECLAC based on data from International Merchandise Trade Statistical Bulletin No. 10 of ECLAC.

Exports to China from the Andean countries grew at a higher rate than those originating in other sub regions, though at a lower rate than Andean imports from China. With regard to exports to Asia-Pacific, the highest growth rates in 2012 correspond to Mexico and the Central American Common Market (see figure 2).

Figure 2. Subregions of Latin America: trade with China and Asia-Pacific, January-December 2012 compared to the same period of 2011
 (Growth rates in percentages)

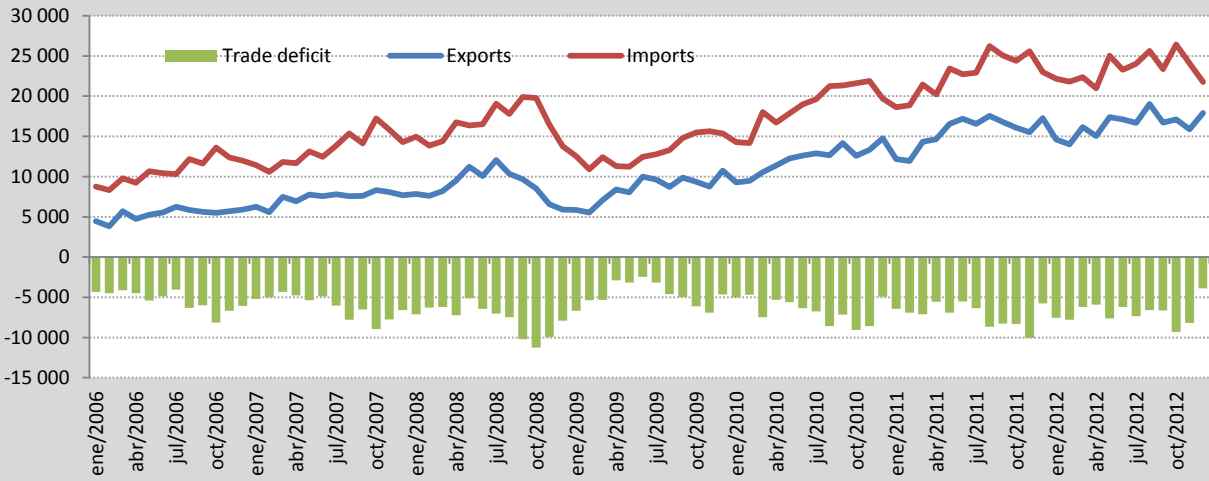


Source: ECLAC based on statistical offices, central banks, export promotion agencies, the International Trade Commission of the United States, European Union Eurostat and the Directorate of Trade Statistics (DOTS) of the International Monetary Fund.
 Note: In the case of the Bolivarian Republic of Venezuela, the data is quarterly data to which the DOTS monthly trend was applied.

The slowdown of total exports to Asia-Pacific in 2012, as compared to 2011, is mainly explained by the behavior of commodities, the exports of which were down nearly 1.2% in value. The determining factor in this evolution was the behavior of prices, which fell 7.9% during the period, with strong declines of copper and copper products (-10%) and iron (-1.4%), the main export products to Asia-Pacific. Sugar, as well as coffee, tea and mate also showed declines. Among the most important products in the export basket to the Asia-Pacific region, only oil and soybeans recorded

increases in prices. In all cases, the increase in export volume was enough to offset the slowdown in prices (see [Trade Bulletin No. 10 ECLAC](#)).

Figure 3. Latin America and the Caribbean: Evolution of trade with Asia-Pacific, January 2006-December 2012
(Millions of current dollars)



Source: ECLAC based on statistical offices, central banks, export promotion agencies, the International Trade Commission of the United States, European Union Eurostat and the Directorate of Trade Statistics (DOTS) of the International Monetary Fund.
Note: In the case of the Bolivarian Republic of Venezuela, the data is quarterly data to which the DOTS monthly trend was applied.

For 2013, ECLAC projects a further slowdown in the value of exports of goods from Latin America and the Caribbean to Asia-Pacific. This lower growth is explained by the pronounced declines experienced by the prices of some commodities. However, sustained Asian demand for commodities from the region will cushion the fall in prices, which are expected to be partly offset by the further expansion of export volume of some traditional commodities (iron, oil, copper, and soybeans, among others).

Brief analysis of trade with ASEAN and India by product

This second bulletin highlights the bilateral relationship between the region and the countries of the Association of Southeast Asian Nations (ASEAN) and India, identifying the main products exported in the first case, and determining those products showing the greatest dynamism in the second case.

The growth rate of export value of the top ten export products to the whole of ASEAN in 2011 was 47.4%, with higher rates in the cases of soybeans, iron ore and cotton, with increases of over 65%, 90% and more (see Table 3). Among the products exported to ASEAN, soy complex products stand out, accounting for 25% of total exports from the region to that group. The list of major Latin American suppliers to ASEAN is short, highlighting Brazil, Argentina and Chile, each with greater participation in the exports of those products in which it enjoys greater comparative advantage.

The group of major export products includes drilling rigs from Brazil to the countries of ASEAN. This product is ranked fourth on the list, and has a level of participation similar to cane sugar.

The dual concentration, both in products and in supplying countries, represents a challenge for the rest of the countries in the region. The statistical bulletin No. 1 of the Latin America - Asia Pacific Observatory had emphasized this particularity in trade relations with Asia-Pacific, which is reproduced in the case of trade with ASEAN. Nevertheless, exports to ASEAN countries are somewhat more diversified than those to China and Japan.

Table 3. Member countries of the Latin American Integration Association: Main exports to ASEAN countries, 2011
(Percentages of total exports and growth rates)

HS 2002	Main products	Share of Total 2011	Growth 2010-2011	% exported to Asia-Pacific	Principal exporter and share
230400	Oil-cake and oil-cake meal of soya bean	18.29	24.8	20.0	Argentina (74.63)

120100	Soybeans	6.58	97.9	4.7	Brazil (71.75)
271019	Other petroleum oils or oils obtained from bituminous minerals	6.04	18.7	7.5	Brazil (74.33)
890520	Floating/submersible drilling/production platforms	5.83	...	100.0	Brazil (100)
170111	Raw cane sugar	5.74	18.6	8.5	Brazil (99.97)
100590	Other maize (corn), excluding for seed	5.73	30.1	13.8	Argentina (74.90)
260112	Iron ore and concentrates agglomerated, excluding pirites	4.28	12.3	7.4	Brazil (85.20)
740311	Refined copper cathodes	3.42	39.5	2.1	Chile (95.78)
520100	Cotton, not carded or combed	2.88	65.4	26.1	Brazil (78.85)
260111	Iron and steel concentrates not agglomerated, excluding pirites	2.41	98.4	1.3	Brazil (91.90)
Top 10 products		61.2	47.4	7.2	
Other Products		38.8	17.7	1.0	
Total		17,873	32.8	1.9	

Source: ECLAC, based on United Nations Trade Statistics Database (COMTRADE).

Note: Table includes the following countries: Argentina, the Plurinational State of Bolivia, Colombia, Chile, Ecuador, Mexico, Panama, Peru, Paraguay and the Bolivarian Republic of Venezuela. Cuba and Uruguay are excluded for lack of official information in the COMTRADE database for the period.

The most dynamic products exported by India to Latin America and the Caribbean in the period 2005-2011 correspond largely to medium-tech manufactures, as well as some intermediate products and others of a primary nature. Notable exports are motorcycles, yarns and autoparts, with shares in excess of 2%. The presence of intermediate inputs such as organic dyes, heterocyclic components, textiles, and laminated products imply an emerging integration of Indian products in the national value chains of buyer countries in the region (see Table 4). In contrast, over the same period, Latin America and the Caribbean shows fewer dynamic products in its exports to India, and they are all natural resources (primary and processed) exported by a small number of countries in the region. This is very similar to the region's trade pattern with China (see Bulletin 1).

Table 4. India: Most dynamic products in trade with Latin America and the Caribbean, 2005-2011
(Growth rates and percentages of total exports and imports)

	Code and description (Standard International Trade Classification)	Annual growth 2005-2011	Share of total exports or imports	Main trading partner and share
Exports	7851 Motorcycles	29.7	4.3	Colombia (63.51)
	6513 Cotton yarn	34.7	3.8	Colombia (29.19)
	6515 Synthetic filament yarn	61.3	3.2	Brazil (55.12)
	7843 Other parts and accessories of motor vehicles	29.2	3.0	Mexico (42.50)
	6518 Staple fiber yarn	48.4	2.8	Brazil (44.47)
	3250 Semi-coke of coal	66.1	2.2	Brazil (100)
	5311 Organic dyes	27.3	1.8	Brazil (40.82)
	5751 Fresh grapes	70.7	1.7	Brazil (57.21)
	5839 Other plastics	263.3	1.6	Bahamas (98.65)
	7643 Transmission apparatus for radiotelephony	48.9	1.3	Mexico (59.13)
	8437 Shirts	56.0	1.3	Panama (61.85)
	6741 Flat-rolled products	40.0	1.2	Peru (44.55)
	5157 Other heterocyclic components	30.5	1.0	Brazil (49.65)
Imports	Petroleum oils or oils obtained from bituminous minerals	100.0	62.7	Venezuela (57.89)
	2831 Copper ores and concentrates	37.5	12.9	Chile (73.50)
	4211 Soya bean oil and its fractions	6.9	6.7	Argentina (83.88)
	9710 Non-monetary gold	90.4	1.5	Peru (80.81)

Source: ECLAC, based on United Nations Trade Statistics Database (COMTRADE).

Note: A product is considered dynamic if its exported or imported value during the period 2005-2011 grew at a faster rate than total exports or imports and if its share total exports and imports in 2011 was more than 1%.

Major recent trade initiatives in Latin America, Asia-Pacific and between the two regions

- In recent years, the list of trans-Pacific trade agreements has been rapidly expanding. In Latin America and the Caribbean, the most active countries in this respect have been Chile and Peru, two of the countries for which Asia-Pacific represents a larger share of total exports. Recently, Costa Rica, Colombia and Mexico have joined these efforts toward further *de jure* trans-Pacific

integration. Annex 1 presents an updated synthetic matrix of existing agreements and ongoing trade negotiations between Latin American countries and Asia-Pacific.

- Between 2012 and May 2013, free trade agreements between Chile and Malaysia and between Peru and Japan entered into force. In addition, agreements were signed between Chile and the Chinese Special Administrative Region of Hong Kong and between Colombia and the Republic of Korea.
- In June 2012, Colombia, Chile, Mexico and Peru formally established the Pacific Alliance (PA). This subregional integration initiative aims to create an "area of deep integration" between its members, characterized by the free movement of goods, services, capital and people. Also, the PA seeks to become a joint projection platform towards Asia Pacific. In the VII PA Summit, held in Cali on May 23, 2013, the member countries reaffirmed their commitment to eliminate tariffs on their trade in goods, expecting to phase out tariffs for 90% of all products by the end of June 2013. Likewise, member countries are negotiating common disciplines in various areas (investment, government procurement, technical barriers to trade, etc.). At the Cali Summit, it was also agreed to initiate the process of accession of Costa Rica as the fifth member of the PA.²
- Following the inclusion in 2012 of Canada and Mexico in the negotiations of the Trans-Pacific Strategic Economic Partnership, better known by its acronym TPP (Trans Pacific Partnership), in July 2013 Japan is expected to formally join negotiations. With this, the number of participants rises to twelve³, including three from the region (Chile, Mexico and Peru). Costa Rica has also expressed interest in joining the TPP, considering it essential to its strategy of integration into value chains. The authorities of the participating countries have set the goal of concluding negotiations in October 2013.
- In May 2013, Brunei Darussalam hosted the first round of RCEP (Regional Comprehensive Economic Partnership) negotiations. This initiative aims to establish a free trade area with the participation of 16 Asia-Pacific economies (the 10 ASEAN members plus China, Japan, the Republic of Korea, India, Australia and New Zealand). This set of countries (so-called "ASEAN +6") represents 49% of the world population and 28% of global output and exports of goods. The second round of negotiations is set between 23 and 27 September 2013 in Australia. Participants have set a goal of concluding negotiations by the end of 2015.⁴ It should be noted that several countries simultaneously participate in the TPP and RCEP processes.
- China, which already holds free trade agreements with Chile, Costa Rica and Peru in the region, has expressed interest in exploring similar agreements with Colombia and MERCOSUR. At the time of writing this newsletter, Chinese President Xi Jinping is touring Latin America and the Caribbean, visiting Costa Rica, Mexico and Trinidad and Tobago. In this manner, the Chinese government is sending a powerful signal of closer relations with the region.
- In January 2013, Argentina and China enacted the Phytosanitary Protocol that both countries signed in February 2012. Argentina sent its first shipment of corn to China, meeting the phytosanitary requirements of Chinese authorities.
- The Republic of Korea, in addition to its trade agreements with Chile and Peru, to which Colombia will soon be added, is studying the possibility of starting negotiations on a trade agreement with Central American countries.
- Japan, which already holds partnership agreements with Chile, Mexico and Peru, is negotiating a similar agreement with Colombia. It should be noted that agreements with Japan include an important cooperation component as a complement to the liberalization of trade and investment.
- India holds partial scope agreements (i.e. with limited coverage of liberalized goods) with Chile and MERCOSUR. Chile recently negotiated the expansion of product coverage of its agreement with India.
- The Central American countries, except Costa Rica, hold free trade agreements with the Chinese Province of Taiwan. Panama also holds a free trade agreement with Singapore.
- The Sixth Ministerial Meeting of the Forum for East Asia and Latin American Cooperation (FEALAC) was held in Bali, Indonesia on 13 and 14 June 2013. FEALAC, created in 1999, brings together 18 Latin American countries and 16

² See the Cali Declaration: <http://www.cancilleria.gov.co/newsroom/news/declaracion-cali-suscrita-la-septima-cumbre-la-alianza-del-pacifico-los-presidentes>

³ Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, United States and Vietnam.

⁴ See the official communiqué of the first round of negotiations at <http://www.asean.org/news/asean-statement-communiques/item/regional-comprehensive-economic-partnership-rcep-joint-statement-the-first-meeting-of-trade-negotiating-committee>

countries in Asia-Pacific. Its main objective is to promote the intensification of relations between the two regions, not only in terms of economic aspects, but politically and with respect to cooperation.

Works by ALADI, CAF and ECLAC on topics relating to the relationship between the two regions

Publications

- Strengthening biregional cooperation between Latin America and Asia-Pacific. The role of FEALAC
- [The People's Republic of China and Latin America and the Caribbean. Dialogue and cooperation for the new challenges of the global economy](#)
- [La Economía Coreana. Seis décadas de crecimiento y desarrollo](#)
- [China and Latin America and the Caribbean. Building a strategic economic and trade relationship](#)
- [Economic Cooperation Between Korea and Latin America and the Caribbean](#)
- [India and Latin America and the Caribbean. Opportunities and challenges in trade and investment relations](#)
- [La República Popular China y América Latina y el Caribe. Hacia una nueva fase en el vínculo económico y comercial](#)
- [Forum for East Asia-Latin America Cooperation \(FEALAC\). New biregional trade and investment relations in a changing world economic environment](#)
- [El Arco del Pacífico Latinoamericano: construyendo caminos de complementación e integración con Asia.](#)
- [El Arco del Pacífico Latinoamericano y su proyección a Asia Pacífico.](#)
- [Economic and trade relations between Latin America and Asia Pacific. The link with China](#)
- [Economic and trade relations between Latin America and Asia Pacific. The link with APEC](#)

Events

- [Seminar on ASEAN's relations with Latin America and Japan](#)
- [Launch of the Latin America - Asia-Pacific Observatory website](#)
- [Participación del Observatorio América Latina y Asia Pacífico en el Encuentro Empresarial FOCALAE](#)
- Participation of the Observatory at the Second Meeting of the "Vision Group" of FEALAC
- Seminario presentación del libro: [Tejiendo Redes. Estrategias de las empresas transnacionales asiáticas en América Latina](#)
- [The New India and the New Latin America - Synergies and Complementarities](#)
- Meetings in the framework of the project "Changing nature of Asian-Latin American economic relations"
- Seminar on Economic Cooperation between Korea and Latin America and the Caribbean

ANNEX 1: TRADE AGREEMENTS BETWEEN LATIN AMERICA AND ASIA-PACIFIC AS OF 31 MAY 2013

Countries	Australia	Brunei Darussalam	Cambodia	China	Republic of Korea	Philippines	Hong Kong, China	India	Indonesia	Japan	Lao People's Democratic Republic	Malaysia	Myanmar	New Zealand	Singapore	Thailand	Chinese Province of Taiwan	Vietnam
Argentina								PSA										
Bolivia (P.S.)																		
Brazil								PSA										
Chile	FTA	FTA		FTA	FTA		IN	PSA		PA		FTA		FTA	FTA	IN		FTA ^a
Colombia				US	FTA ^a					IN								
Costa Rica				FTA	US										FTA			
Cuba																		
Dominican Republic																		
Ecuador																		
El Salvador					US													FTA
Guatemala					US													FTA
Honduras					US													FTA
Mexico	IN	IN								PA		IN		IN	IN			IN
Nicaragua																		FTA
Panama					US										FTA			FTA
Paraguay								PSA										
Peru	IN	IN		FTA	FTA					PA		IN		IN	FTA	FTA		IN
Uruguay								PSA										
Venezuela (B.R.)																		

Source: ALADI, CAF and ECLAC, on the basis of information from the Organization of American States, Trade Information System Office (SICE), and information from the Ministries of Foreign Affairs and Trade of Latin American countries.

^a Agreement signed but not yet in effect.

FTA = Free Trade Agreements, PA = Partnership Agreements, PSA = Partial scope agreements, IN = In negotiations, US = Under study