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BULLETIN NUMBER 4

FIRST SEMESTER OF 2014

Foreign Trade

- The value of goods exported from Latin America and the Caribbean to the Asia-Pacific region¹ in 2013 increased by 5.1% as compared to 2012. This increase was slightly lower than the increase recorded from 2011 to 2012 (6.6%). Nevertheless, exports to the Asia-Pacific region have continued to show greater dynamism than exports to the rest of the world, which in fact experienced a downfall of 1.3% (Refer to Chart 1).
- The value of regional imports of goods from the Asia-Pacific region also had a slight increase in 2013 as compared to 2012. The region continues to show a trade deficit with the Asia-Pacific region which has accounted to a little over 84 billion dollars in 2013.
- Among the main destination in the Asia-Pacific region, exports to China were more significant, with an increase of 9.3%, while in the case of imports, the greater dynamism also occurred in the case of purchases made to China, which increased by 6.5%. An aspect to point out is that both regional exports to Japan and purchases made to that country went down in 2013. (Refer to Chart 1)
- In the last decade, the Asia-Pacific region has become an important trade partner for Latin America and the Caribbean, with China as the main individual partner from that region. In 2013, the Asia-Pacific region was the destination of 20% of the regional exports to that country, and the origin of 28% of imports. China's share in exports was 10%, and 16% in imports (Refer to Graph 1).

Chart 1. Latin America and the Caribbean: Progress of foreign trade with Asia-Pacific and the world, 2011 to 2013

(In millions of current dollars and growth rates)

	Exports					Imports				
	2011	2012	2013	Yearly increase		2011	2012	2013	Yearly increase	
				2012	2013				2012	2013
Asia-Pacific	188 182	200 518	210 667	6,6	5,1	268 349	282 286	295 038	5,2	4,5
China	96 020	96 201	105 148	0,2	9,3	138 243	154 029	164 102	11,4	6,5
Japan	31 941	33 096	32 196	3,6	-2,7	31 201	33 163	32 865	6,3	-0,9
Rest of Asia	60 220	71 221	73 323	18,3	3,0	98 905	95 093	98 070	-3,9	3,1
Rest of the world	857 538	860 397	849 440	0,3	-1,3	707 488	736 511	753 944	4,1	2,4
World	1045 720	1060 915	1060 107	1,5	-0,2	975 837	1018 797	1048 982	4,4	3,0

Source: CEPAL, based on data from CEPAL Statistical Bulletin N° 14

- Peru and Chile, two of the main regional exporters to the Asia Pacific region (mainly with metals), had the more significant decrease in values exported to that region in 2013 (-7.8% and -1.7% respectively). This was mostly due to the fall of copper prices. Another country with reduced exports was Honduras (-1.6%).
- On the other hand, Argentina and Brazil experience a recovery in exports in 2013, following a decrease in 2012. In the case of Mexico, exports to China continued to grow, though at a slightly slower pace than in 2012. And Colombia, El Salvador, Guatemala, Paraguay and Nicaragua showed increasing exports in a percentage greater than the regional average. (Refer to Chart 2)

¹ For the purpose of this Bulletin, the whole of the Asia-Pacific region includes trade flows with all of Asia and Oceania.

- Exports from the region to Asia-Pacific are still highly concentrated depending on the origin of goods. In 2013, 81% of all exports corresponded to only six countries (Brazil, Chile, Venezuela, Mexico, Argentina and Peru). Brazil on its own represented 37% of the regional export to the Asia-Pacific region and 43% of exports to China. (Refer to Chart 2)
- The only three countries in the region with trade surplus with the Asia-Pacific region in 2013 were Brazil, Chile and Venezuela. And the two highest deficit figures were those of Mexico (over 100 billion dollars) and Colombia. The highest surplus figures, as well as the highest deficit figures are a result of bilateral relations with China. (Refer to Chart 2)

Chart 2. Progress of trade of goods between Latin America and the Asia-Pacific region, per country
(Millions of current dollars and percentages)

a) Asia-Pacific

	Exports			Imports		
	2012	2013	Variation	2012	2013	Variation
Argentina	14 493	16 528	14,0	15 663	17 485	11,6
Bolivia, Plurinational State	1 137	1 204	5,9	1 725	2 113	22,5
Brazil	75 917	78 204	3,0	70 222	74 553	6,2
Chile	36 901	36 278	-1,7	21 520	22 944	6,6
Colombia	4 316	6 784	57,2	12 774	13 138	2,9
Costa Rica	1 442	1 660	15,1	2 571	2 845	10,7
Ecuador	1 612	2 118	31,4	5 920	6 789	14,7
El Salvador	104	174	67,4	1 446	1 664	15,1
Guatemala	326	576	76,6	2 001	2 141	7,0
Honduras	277	273	-1,6	954	833	-12,7
Mexico	19 388	20 385	5,1	115 969	121 239	4,5
Nicaragua	121	130	7,9	1 089	1 135	4,3
Paraguay	333	569	70,6	3 578	3 808	6,4
Peru	13 466	12 411	-7,8	12 175	12 802	5,2
Uruguay	1 138	1 584	39,2	2 467	2 853	15,7
Venezuela, Bol. Rep.	29 548	31 790	7,6	12 214	8 695	-28,8
Latin America	200 518	210 667	5,1	282 286	295 038	4,5

b) China

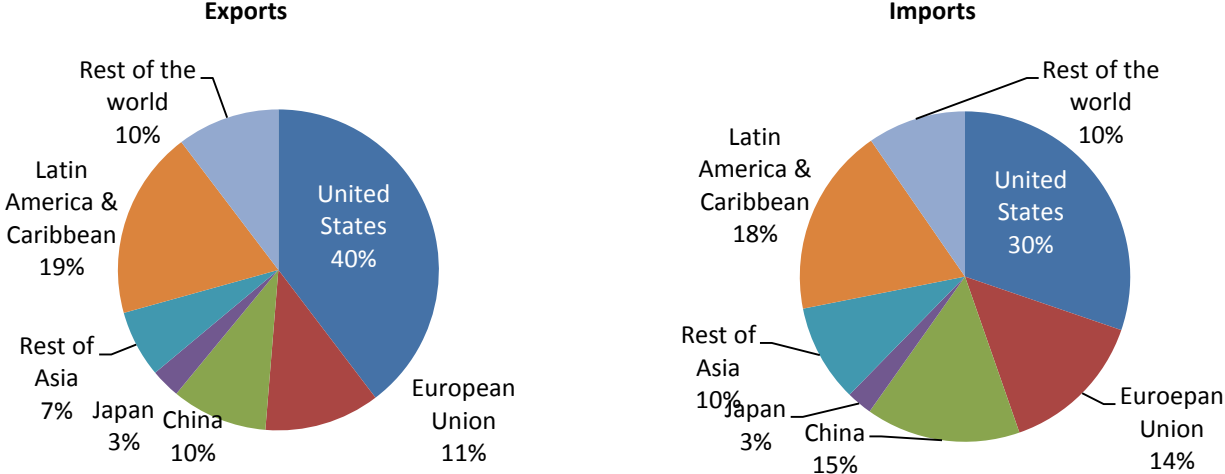
	Exports			Imports		
	2012	2013	Variation	2012	2013	Variation
Argentina	5 001	6 407	28,1	9 954	11 364	14,2
Bolivia, Plurinational State	311	313	0,6	973	1 145	17,7
Brazil	41 228	46 026	11,6	34 248	37 302	8,9
Chile	18 098	19 090	5,5	13 531	14 762	9,1
Colombia	3 343	5 100	52,6	9 791	10 363	5,8
Costa Rica	331	371	12,1	1 429	1 591	11,4
Ecuador	392	569	45,3	2 811	3 485	24,0
El Salvador	4	5	46,6	604	703	16,5
Guatemala	35	167	382,2	1 170	1 333	13,9
Honduras	114	140	22,8	436	587	34,7
Mexico	5 721	6 467	13,0	56 936	61 321	7,7
Nicaragua	nd	nd	nd	nd	nd	nd
Paraguay	42	57	36,0	2 979	3 217	8,0
Peru	7 719	7 331	-5,0	7 282	7 921	8,8
Uruguay	796	1 291	62,1	1 662	1 965	18,2
Venezuela, Bol. Rep.	13 068	11 814	-9,6	10 221	7 043	-31,1
Latin America	96 201	105 148	9,3	154 029	164 102	6,5

Source: CEPAL based on statistics institutes, central Banks, exports promotion entities, USA International Trade Commission, the European Union's EUROSTAT, and the Direction of Trade Statistics (DOTS) of the International Monetary Fund.

Notes: Data for the case of the Bolivarian Republic of Venezuela correspond to quarters, subjected to the DOTS monthly trend. No data is included regarding Cuba, Panama and the Dominican Republic due to lack of official statistical information for the referred period.

Despite its de-acceleration of the past two years, Latin American exports to the Asia-Pacific region continue to be highly dynamic, after experiencing a multiplication by 3.2 between 2006 and 2013. In fact, in the past year, the average monthly value of exports from the region to Asia-Pacific amounted to 17.5 billion dollars, as compared to the 5.4 billion dollars of 2006. And something similar occurs with imports, which were multiplied by 2.3 in the referred period. (Refer to Graph 3)

**Graph 1. Latin America and the Caribbean:
Distribution of trade of goods as per main partners, 2013**
(In percentages of total)

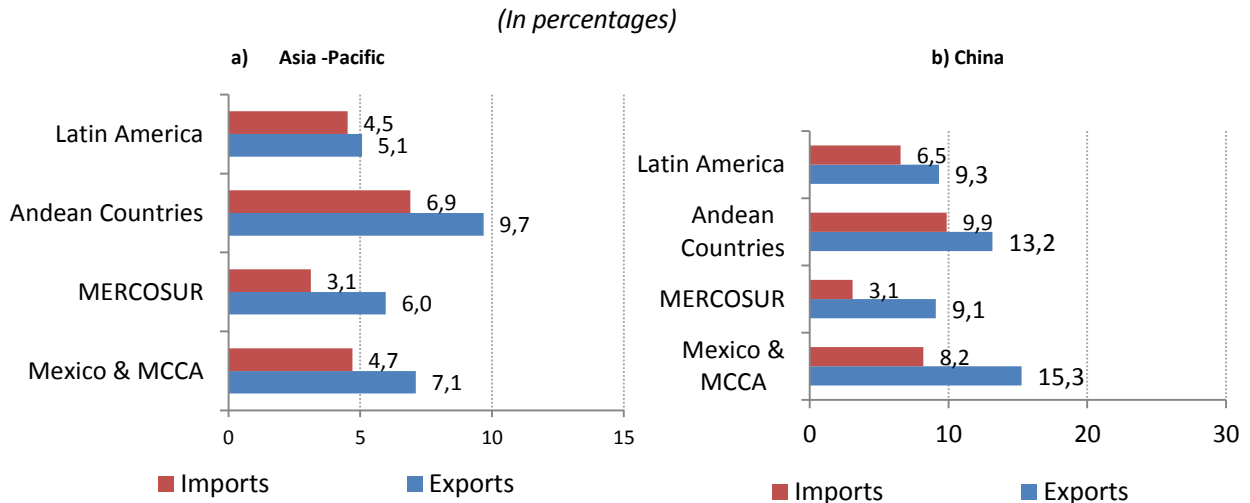


Source: CEPAL, based on data from CEPAL’s Statistical Bulletin N° 10

Guatemala, Uruguay and Colombia showed the highest increases in the value of exports to China in 2013. On the other end are Venezuela and Peru, with negative growth figures in their exports to China: -9.6% and -5%. Except these two countries, Bolivia and Chile, the other countries in the region showed increasing numbers in exports to China all higher than the regional average. In the case of imports, except for Venezuela, all other countries had figures on the rise. (Refer to Chart 2)

By sub-regions, the Andean countries, in addition to Mexico and the Central American countries, showed a greater dynamism in exports to China throughout 2013. In the case of imports in relation to the whole of the Asia-Pacific region, the more significant increase corresponded to Mexico and the Central American countries as well. (Refer to Graph 2).

Graph 2. Subregions in Latin America: Trade with China and Asia-Pacific, variation January-December 2013 as compared to same period of 2012

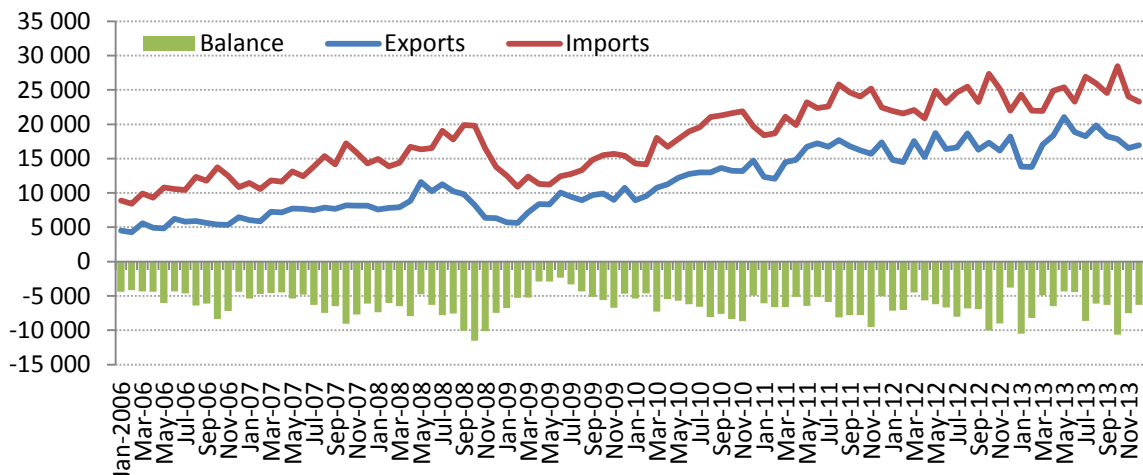


Source: CEPAL based on statistics institutes, central Banks, exports promotion entities, USA International Trade Commission, the European Union's EUROSTAT, and the Direction of Trade Statistics (DOTS) of the International Monetary Fund.

Notes: Data for the case of the Bolivarian Republic of Venezuela correspond to quarters, subjected to the DOTS monthly trend.

The brief de-acceleration in the increase of regional exports to the Asia-Pacific region experienced in 2013, as opposed to the reduced trade with other regions, is basically due to the specific products exported by Latin America and the Caribbean (more particularly South America) to China, Korea and the rest of Asian countries. Though the prices of the main exports to that region (copper, iron, tin, zinc, gas, petroleum and soy) experienced a slight fall, the increased volume of exports compensated such decrease.

Graph 3. Latin America and the Caribbean: Advance of trade with the Asia-Pacific region, January 2006 to December 2013
(Millions of current dollars)



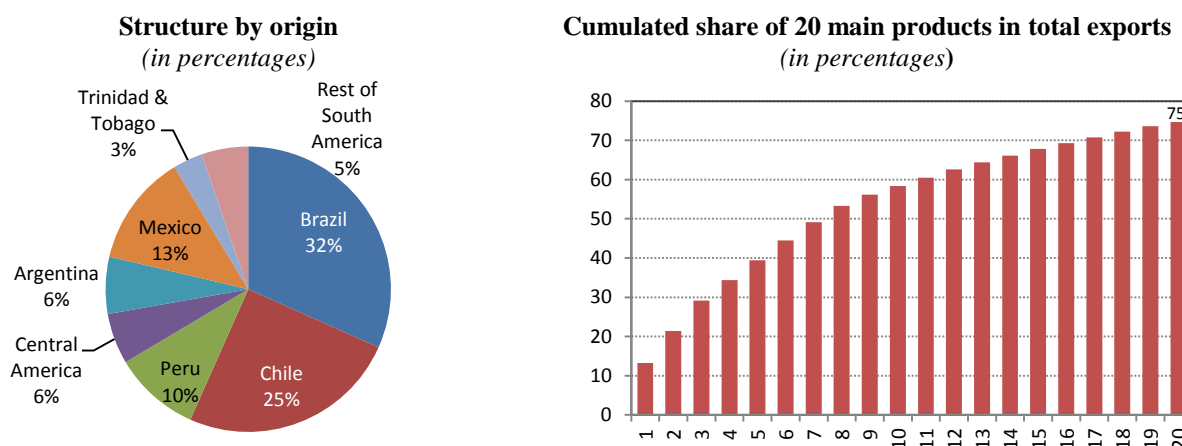
Source: CEPAL based on statistics institutes, central Banks, exports promotion entities, USA International Trade Commission, the European Union's EUROSTAT, and the Direction of Trade Statistics (DOTS) of the International Monetary Fund.

Notes: Data for the case of the Bolivarian Republic of Venezuela correspond to quarters, subjected to the DOTS monthly trend.

Brief analysis, by product, of trade with the Republic of Korea

This fourth bulletin points out the trade relation with the Republic of Korea, in relation to the main products exported and its main partners in Latin America and the Caribbean. Exports from the region to the Republic of Korea originate in just a few countries and products: Brazil, Chile, Mexico, Peru and Argentina, represent 85% of the total, and the first twenty products represent 75% of the total. (Refer to Graph 4). Most of such products are raw materials, particularly mining products and fuel (copper, iron, zinc, tin, and natural gas), in addition to some agricultural and forestry and livestock products.

Graph 4. Latin America and the Caribbean: Structure of exports to the Republic of Korea, 2011-2013



Source: CEPAL, from the COMTRADE database

^aMirror statistics taken from data supplied by the Republic of Korea.

Despite the surplus commercial balance at the primary product level, the overall balance figures of the trade balance are negative. This is due to the greater share of imports of manufactured products originating in Korea. Among them are: vehicles, small seacraft, liquid crystal screens, tank ships, telephones and spare parts, machinery and equipment such as excavators, spare parts for the vehicle industry, tires and electronic equipment.

Chart 3. Latin America and the Caribbean: main products exported to the Republic of Korea, 2011-2013

(In millions of average dollars and percentages of total)

Main products	% of total	Trade Balance	First	%	Second	%	Third	%	Three first ones
Copper and concentrates	13,2	2 522	Brazil	31,4	Chile	24,8	Mexico	12,6	68,8
Iron concentrates	13,2	2 518	Brazil	100,0					100,0
Copper cathodes	7,8	1 482	Chile	98,3	Peru	1,2	Mexico	0,5	100,0
Corn	5,2	997	Brazil	61,0	Argentina	37,6	Paraguay	1,0	100,0
Tin concentrate	5,1	969	Peru	42,9	Mexico	42,0	Bolivia	13,8	98,7
Natural gas	4,6	888	Trinidad Tobago	64,7	Peru	31,8	Panama	3,5	100,0
Zinc concentrates	4,2	804	Mexico	32,3	Peru	29,6	Bolivia, E.P,	26,2	88,1
Soy moulds	2,8	541	Brazil	72,2	Argentina	27,6	Antigua and Barbuda	0,2	100,0
Gross copper	2,2	423	Chile	98,7	Peru	1,3			100,0
Semi-manufactured iron products	2,2	412	Brazil	65,9	Mexico	34,1			100,0
Seacraft	2,1	-1 278	Panama	89,2	Brazil	10,8			100,0
Wood pulp	1,8	346	Brazil	48,9	Chile	47,9	Uruguay	3,2	100,0
Silver concentrate	1,7	329	Peru	45,9	Mexico	16,5	Argentina	14,1	76,5
Cotton	1,7	319	Brazil	99,0	Mexico	0,7	Argentina	0,3	100,0
Soy oil	1,5	289	Argentina	98,0	Brazil	1,6	Antigua and Barbuda	0,4	100,0

Main 15 products	69,3	11 272	Brazil	34,1	Chile	27,6	Peru	12,1	73,8
Other products	30,7	-27 164	Mexico	24,3	Brazil	24,2	Chile	17,6	66,1
Total	100,0	-1 5 893	Brazil	31,4	Chile	24,8	Mexico	12,6	68,8

Source: CEPAL based on COMTRADE's data.

Advances in the trade relations between Latin America and the Asia-Pacific region from July 2013 to May 2014

- In October 2013, Chile and Thailand subscribed a bilateral free trade agreement according to which 90% of Chile's exports offered to Thailand will be free from taxes.
- The free trade agreement subscribed by Chile and Vietnam started operating in February 2014. The proportion of reciprocal exports that will have benefits from such agreement is approximately 73% for Chilean products, and 75% for products from Vietnam. The process to unlevy taxes agreed will be in place for 15 years.
- In February 2014, at the 8th Summit of the Pacific Alliance, the member countries officially announced five new countries in their capacity as Observers: Finland, India, Israel, Morocco, and Singapore. At the summit, it was agreed to allow observer countries to request their becoming full members of the Alliance provided that they have trade agreements subscribed with at least half of the group's members.
- The Complementary Agreement on Investments of the Chile-China Free Trade Agreement started operating in April 2014, which will allow the protection of investments reciprocally established by the two countries, pursuant to the applicable regulations.
- In April 2014, the Parliament of the Republic of Korea ratified the free trade agreement subscribed by that country and Colombia. The agreement is still to be ratified by the Colombian parliament. Following the referred ratification, both countries are expected to unlevy 96% of the bilateral tax universe within a period of ten years.
- The four exports promotion agencies of the Pacific Alliance member countries (Chile, Colombia, Mexico and Peru) agreed upon the development of joint activities for promoting exports and attracting foreign investments and tourism. They specifically decided to implement a joint agenda for developing activities in eighteen countries, many of them in Asia.²
- Following the first round of negotiations of the *Regional Comprehensive Economic Partnership* (RCEP) held in May, three further rounds of negotiations were held, and a fourth will take place in June 2014 in Singapore. The countries expect for these negotiations to be concluded by the end of 2015.
- At the second round, held in September 2013 in Brisbane (Australia) the member countries agreed to create work groups to deal with "Origin Rules" and "Customs Procedures and Trade Facilitation". They also started discussions on policies relative to competitiveness, intellectual property, technical and economic cooperation, and a mechanism to settle disputes. All this, pursuant to the principles agreed at the start of the RCEP negotiations.
- The third round was held in January in Kuala Lumpur (Malaysia). The participants at this round decided to organize four new working groups: "Economic and Technical Cooperation", "Competitiveness", "Intellectual Property", and "Dispute Settlement".
- At the fourth round of negotiations held from March 31st to April 4th, 2014 in Nanning (China), sixteen countries advanced positively towards trade related to services, goods and investments. The new groups defined during the third round of negotiations also experienced positive advances. The countries decided to organize new groups in the future to deal with "Sanitary and Phytosanitary Measures", "Standards", "Technical Regulations", and "Conformity Procedures".

² Australia, Canada, Colombia, France, Germany, India, Japan, Republic of Korea, Mexico, Holland, Peru, Russia, Spain, Switzerland, the Chinese Province of Taiwan, Turkey and the United Arab Emirates.

Documents and events of LAIA, CAF, and ECLAC, relative to bi-regional relations

Publications

- *Promoción del comercio y la inversión con China. Desafíos y oportunidades en la experiencia de las cámaras empresariales latinoamericanas.* (Promoting Trade and Investments with China. Challenges and opportunities in the experience of Latin American entrepreneurial chambers.)
- Chinese foreign direct investment in Latin America and the Caribbean.
- Strengthening biregional cooperation between Latin America and Asia-Pacific. The role of FEALAC.
- *La República Popular China y América Latina y el Caribe: Diálogo y cooperación ante los nuevos desafíos de la economía global* (The People's Republic of China and the Latin American & Caribbean region: dialog and cooperation for the new challenges in global economy).
- *La Economía Coreana. Seis décadas de crecimiento y desarrollo* (Korean Economy. Six decades of growth and development).
- *China y América Latina y el Caribe. Hacia una relación económica y comercial estratégica* (Towards a strategic economic and business relation).
- Economic Cooperation Between Korea and Latin America and the Caribbean.
- *La India y América Latina y el Caribe. Oportunidades y desafíos en sus relaciones comerciales y de inversión* (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* (The People's Republic of China and Latin America and the Caribbean. Towards a new stage in the economic and business relation).
- Forum for East Asia-Latin America Cooperation (FEALAC). New biregional trade and investment relations in a changing world economic environment.
- Trade relations between Latin America and Asia-Pacific: challenges and opportunities.
- Report: debate "Mega Agreements of Asia Pacific".
- Presentation by the Coordinator of the Latin America - Asia Pacific Observatory.

Events

- Seminar on the relations of the ASEAN and Japan with Latin America.
- Release of web portal of the Latin America – Asia-Pacific Observatory.
- Participation of the Latin America – Asia-Pacific Observatory at the FOCALAE Entrepreneurial Meeting.
- Participation of the Observatory at the 2nd Meeting of the FOCALAE "Vision Group".
- Book presentation seminar: *Tejiendo Redes. Estrategias de las empresas transnacionales asiáticas en América Latina* (Weaving Networks. Strategies of Asian transnational companies in Latin America).
- The New India and the New Latin America - Synergies and Complementarities.
- Academic Seminar "Trade relations between Latin America and Asia Pacific: Challenges and opportunities".
- Conference " Balance and prospects of the Observatory Latin America – Asia Pacific" and the presentation of the book "Trade relations between Latin America and Asia-Pacific: challenges and opportunities".
- Call for essays 2014.

ANNEX 1: TRADE AGREEMENTS BETWEEN LATIN AMERICA and ASIA-PACIFIC AS OF 30 May 2014

Countries	Australia	Brunei	Cambodia	China	Republic of Korea	Philippines	Hong Kong, Special Admin. Region of China	India	Indonesia	Japan	Laos	Malaysia	Myanmar	New Zealand	Singapore	Thailand	Chinese Province of Taiwan	Vietnam
Argentina								PSA										
Bolivia (P.S.)																		
Brazil								PSA										
Chile	FTA	FTA		FTA	FTA		SN	PSA		PA		FTA		FTA	FTA	FTA ^a		FTA
Colombia				UC	FTA ^a					SN								
Costa Rica				FTA	UC										FTA			
Cuba																		
Ecuador																		
El Salvador					UC													FTA
Guatemala					UC													FTA
Honduras					UC													FTA
Mexico	SN	SN								PA		SN		SN	SN			SN
Nicaragua																		FTA
Panama					UC										FTA			FTA
Paraguay								PSA										
Peru	SN	SN		FTA	FTA					AA		SN		SN	FTA	FTA		SN
Dominican Rep.																		
Uruguay								PSA										
Venezuela (B.R.)																		

Source: ALADI, CAF and CEPAL, based on data from the OAS, Foreign Trade Information System (SICE), and data from the Ministries of Commerce and Foreign Affairs of Latin American Countries.^a Agreement subscribed not yet in force. FTA = Free Trade Agreements, PA = Partnership Agreements, PSA = Partial Scope Agreements, SN = Subject to Negotiation, UC = Under Consideration.