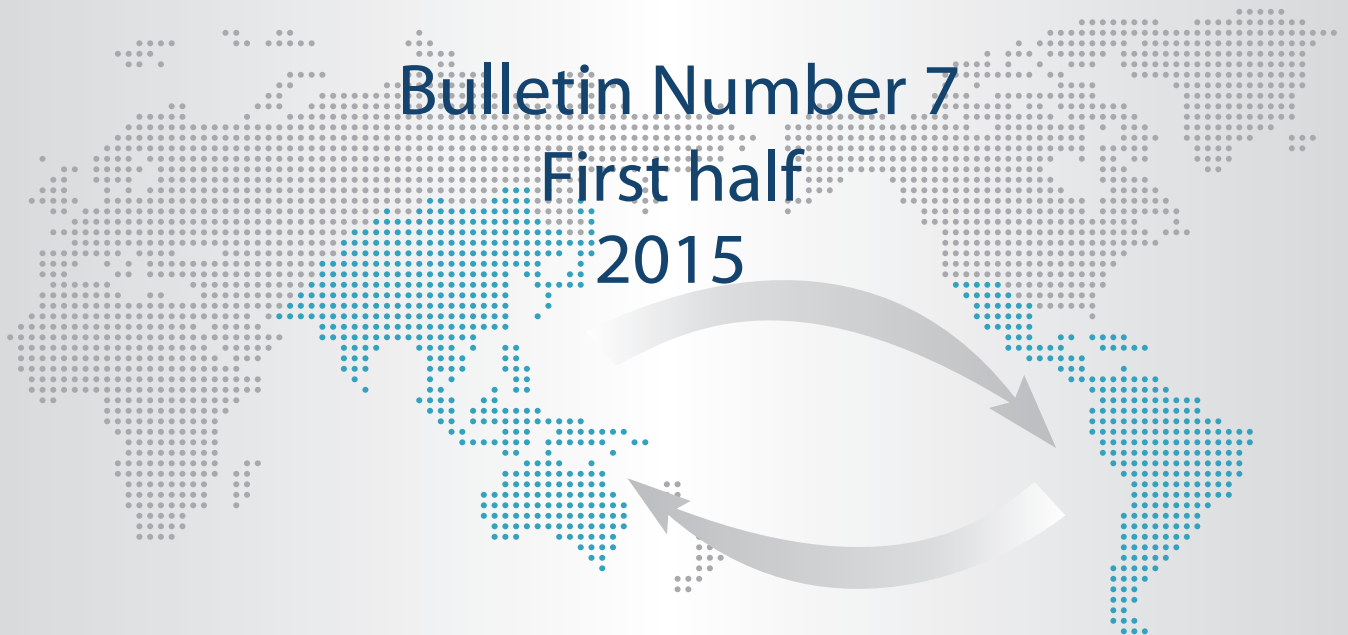




OBSERVATORY
LATIN AMERICA
ASIA PACIFIC

Statistical Bulletin
LATIN AMERICA - ASIA-PACIFIC

Bulletin Number 7
First half
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BULLETIN NUMBER 7

FIRST SEMESTER OF 2015

1. Progress in Foreign Trade

- In the first semester of 2015, the value of exports of goods from Latin America and the Caribbean to Asia-Pacific¹ decreased by 22% as compared to the same period in 2014. There was an abrupt de-acceleration in the growth rate as compared to the rate recorded in the first semester of 2014 (2.3%). Such fall is much greater than the one recorded in the exports from the region the rest of the world (refer to Chart 1).
- Also in the first semester of 2015, the value of regional imports of goods from Asia-Pacific showed an increase of 4.1%, a figure higher than the percentage recorded for the similar period in 2014. This resulted in almost the duplication of the region's trade deficit with Asia-Pacific in relation to the first semester of 2014, as it rose from just over 37 billion dollars to approximately 66 billion dollars.
- Of the main destination in the Asia-Pacific region, exports to Korea and Japan showed the least decrease. On the other hand, exports to China and other destinations in Asia-Pacific fell by around 25%. In the case of imports, the most significant acquisitions have come from China, showing an increase of 2.7%. The region's imports from Japan showed some recovery in relation to the same period in 2014. However, that was not the case of imports from Korea, which decreased by 19%.
- During the first semester of 2015, Asia-Pacific accounted for lesser amounts in the total exports from Latin America and the Caribbean, as it dropped from nearly 20% to 18%. The most significant fall relates to China, the main individual partner in that region. This may be explained, in part, by the strong fall in the prices of basic products exported to Asia (oil, copper, iron ore, and soy, among others). In the case of imports, their most significant growth in the first semester of 2015 led to an increase in the share of Asia-Pacific in the total imports, growing from 28% in January-June 2014 to 31% in the first semester of 2015 (refer to Graph 1).

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

January-June 2013 to January-June 2015
(Millions of current dollars and growth rates)

	Exports					Imports				
	2013	2014	2015	Growth		2013	2014	2015	Growth	
				2014	2015				2014	2015
Asia-Pacific	102 142	104 467	81 572	2.3	-21.9	139 625	141 640	147 395	1.4	4.1
China	51 043	53 552	40 584	4.9	-24.2	76 635	80 468	82 617	5.0	2.7
Japan	12 107	11 204	9 836	-7.5	-12.2	15 862	14 538	14 866	-8.3	2.3
Korea	7 099	6 726	6 337	-5.2	-5.8	15 110	15 573	12 592	3.1	-19.1
Resto de Asia	31 893	32 985	24 815	3.4	-24.8	32 018	31 061	37 319	-3.0	20.1
Rest of the World	415 992	412 689	366 606	-0.8	-11.2	376 912	369 971	320 277	-1.8	-13.4
World	518 134	517 156	448 178	-0.2	-13.3	516 537	511 611	467 672	-1.0	-8.6

Source: ECLAC, based on data from ECLAC Statistical Bulletin N° 19

- The most significant falls in values of exports to Asia-Pacific during the first semester of 2015 were recorded in Colombia and Venezuela, with a respective decrease of 73% and 51%. Other countries with important falls in exports were Brazil (-18%), Peru (-14%), Mexico (-13%) and Chile (-9%). The reason for such falls were the decrease in prices of oil and minerals. Among soy exporters, only Argentina experienced a slight increase in exports. However, that has not been the case of Paraguay or Uruguay, whose exports went down. Some Central American

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

- countries have also experienced drawbacks in their exports to Asia-Pacific. In the few countries with increased exports to that region, two outstanding cases are Ecuador and El Salvador (refer to Chart 2).
- The region's exports to Asia-Pacific remain highly concentrated by origin. In the first semester of 2015, 93% of all exports corresponded to just six countries (Brazil, Chile, Venezuela, Mexico, Argentina and Peru). Brazil on its own stands for 39% of regional exports to Asia-Pacific, and almost 46% of exports to China (refer to Chart 2).
 - Only Brazil and Chile showed trade surplus with Asia-Pacific for the first semester of 2015. The highest surplus figures corresponded to Mexico (with almost 57 billion dollars) and Colombia. The most significant figures relative to both surplus and deficit refer to 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		
	Jan-Jun 2014	Jan-Jun 2015	Variation	Jan-Jun 2014	Jan-Jun 2015	Variation
Argentina	7 101	7 264	2.3	7 947	7 567	-4.8
Bolivia, Plurinational State of	726	704	-3.0	1 266	1 318	4.1
Brazil	38 638	31 709	-17.9	35 591	30 844	-13.3
Chile	18 311	16 714	-8.7	10 413	9 768	-6.2
Colombia	5 552	1 523	-72.6	6 060	5 515	-9.0
Costa Rica	742	220	-70.3	1 459	1 524	4.5
Ecuador	1 084	1 420	31.0	3 218	3 590	11.6
El Salvador	96	122	26.6	810	861	6.2
Guatemala	369	351	-4.8	1 212	1 283	5.9
Honduras	130	55	-58.0	495	1 095	121.1
Mexico	9 176	7 953	-13.3	59 054	64 428	9.1
Nicaragua	67	65	-3.7	603	664	10.1
Paraguay	744	461	-38.0	1 787	1 702	-4.8
Peru	5 344	4 605	-13.8	6 156	6 724	9.2
Uruguay	864	773	-10.6	1 427	1 401	-1.8
Venezuela, Bol. Rep.	15 522	7 634	-50.8	4 141	9 111	120.0
Latin America	104 467	81 572	-21.9	141 640	147 395	4.1

b) China

	Exports			Imports		
	Jan-Jun 2014	Jan-Jun 2015	Variation	Jan-Jun 2014	Jan-Jun 2015	Variation
Argentina	2 727	2 534	-7.1	5 285	5 109	-3.3
Bolivia, Plurinational State of	185	225	21.6	711	762	7.1
Brazil	23 880	18 475	-22.6	18 405	16 693	-9.3
Chile	8 914	8 590	-3.6	6 722	6 428	-4.4
Colombia	3 476	952	-72.6	5 326	4 853	-8.9
Costa Rica	186	43	-76.7	828	889	7.4
Ecuador	197	408	107.3	1 740	1 738	-0.1
El Salvador	3	41	1136.0			
Guatemala	29	159	455.9	762	889	16.6
Honduras	50	8	-83.3	255	714	180.3
Mexico	3 132	2 392	-23.6	30 247	32 809	8.5
Nicaragua						
Paraguay	24	20	-18.8	1 357	1 143	-15.8
Peru	3 476	3 181	-8.5	4 007	4 244	5.9
Uruguay	696	628	-9.8	1 013	908	-10.3
Venezuela, Bol. Rep.	6 579	2 928	-55.5	3 810	5 438	42.7
Latin America	53 552	40 584	-24.2	80 468	82 617	2.7

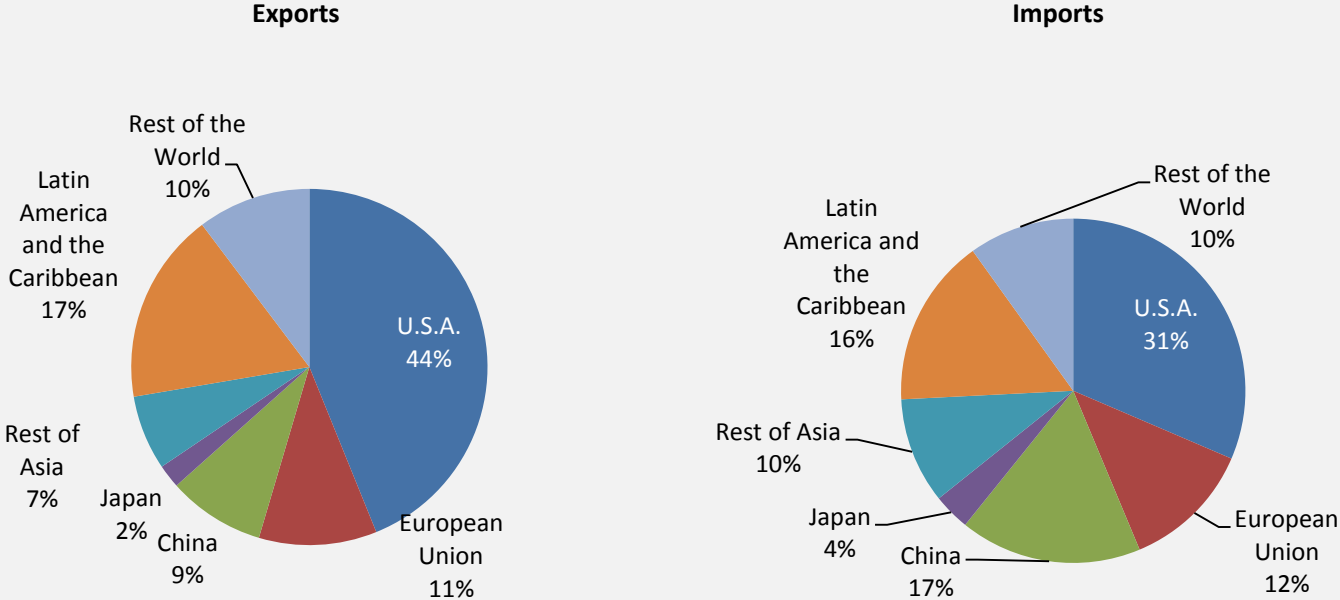
Source: ECLAC based on statistics institutes, central banks, exports promotion entities, USA International Trade Commission, the European Union's EUROSTAT, and the Direction of Trade Statistics (DOTS) of the International Monetary Fund.

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.

Within the context described, the average monthly value of exports to Asia-Pacific –which by mid-2013 surpassed 20 billion dollars and was close to 17 billion in the first semester of 2014 – in the first semester of 2015 dropped to 13.6

billion dollars. In the case of imports, monthly average values continued on the rise and reached 25 billion dollars, a figure slightly lower than the region’s monthly average of imports from the U.S.A. for the same period (refer to Graph 3).

**Graph 1. Latin America and the Caribbean:
Distribution of trade of goods as per main partners, January – June 2015
(In percentages)**



Source: ECLAC, based on data for ECLAC Statistical Bulletin N° 18

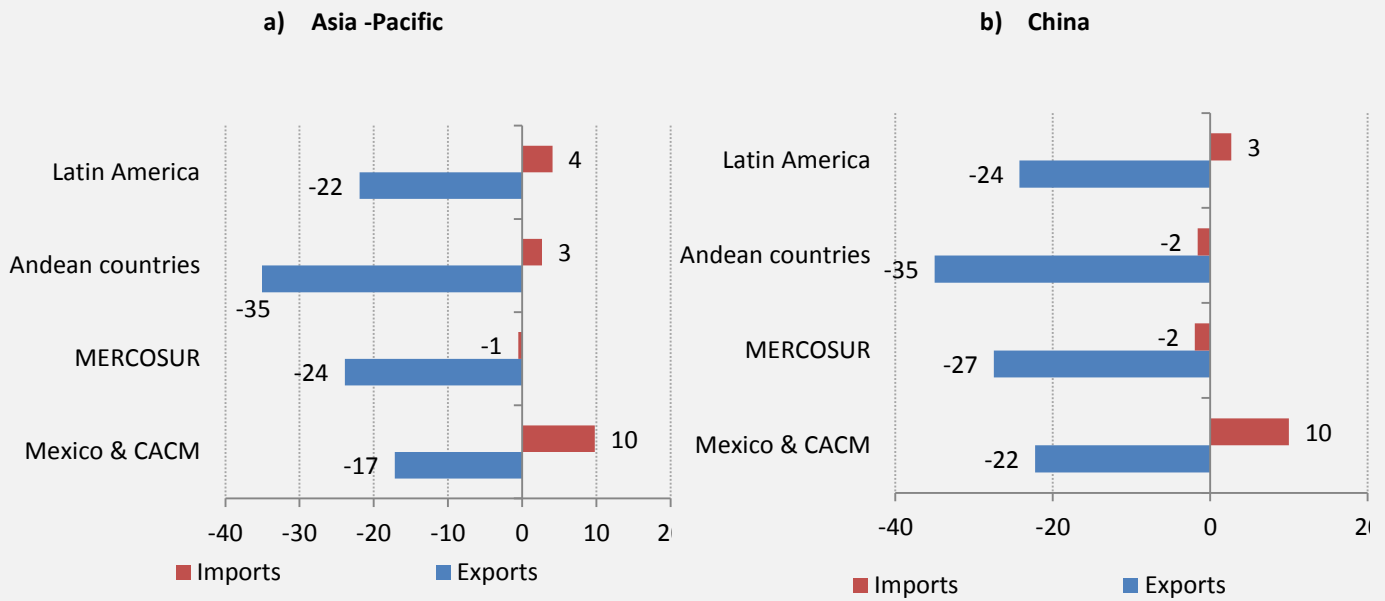
Ecuador, El Salvador and Guatemala experienced the most significant increases in exports to China during the first six months of 2015. Their recorded growth in exports is over 100%, and even greater than 1000% in the case of El Salvador. The reason for this are those countries’ reduced initial levels of exports to Asia. The exports to China from all other Latin American countries underwent strong falls, particularly in the cases of Brazil, Mexico and Venezuela (refer to Chart 2).

Considered by subregions, the Andean countries and the MERCOSUR experienced their lowest exports to Asia-Pacific (more specifically to China) during the first half of 2015. In the case of imports from Asia-Pacific, the greatest increases corresponded to Mexico and the Central American countries (refer to Graph 2).

The main explanation for the strong decrease in exports to Asia-Pacific during the first half of 2015 is basically the basket of products exported to that region by Latin America and the Caribbean (particularly South America). The prices of the main exports to Asia has a most significant fall during that period: as oil and its by-products showed decreases over 45%, iron fell by almost 40%. Additionally, the prices of copper, nickel and tin fell between 20% and 30%. In the case of soy and some agricultural products (soy, wheat, hides, soy oil, and palm oil, among others), the scope of price decreases was from -20% to -25%, depending on the product. As a result of the strong fall in prices, the increase of volumes exported could not prevent the fall in the value exported. And because the fall in basic products has continued over the second semester of 2015, the prompt recovery of exports is not expected for the time being.

Graph 2. Subregiones in Latin America: Trade with China and Asia-Pacific, variation January –June 2015 as compared to January-June 2014

(In percentages)

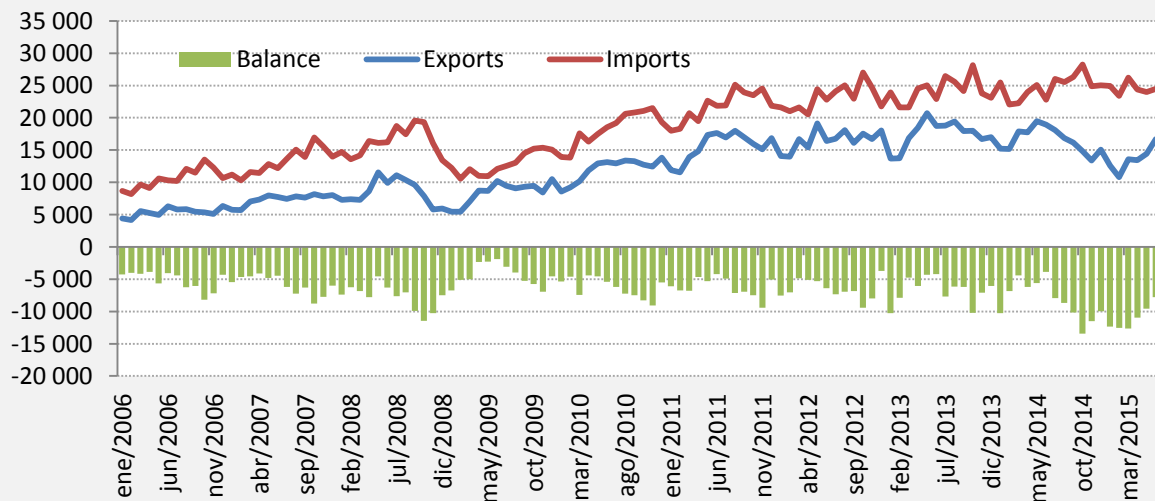


Source: ECLAC based on statistics institutes, central Banks, exports promotion entities, USA International Trade Commission, the European Union's EUROSTAT, and the Direction of Trade Statistics (DOTS) of the International Monetary Fund.

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

Graph 3. Latin America and the Caribbean: Advance of trade with the Asia-Pacific region, January 2006 to June 2015

(Millions of current dollars)



Source: ECLAC 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.

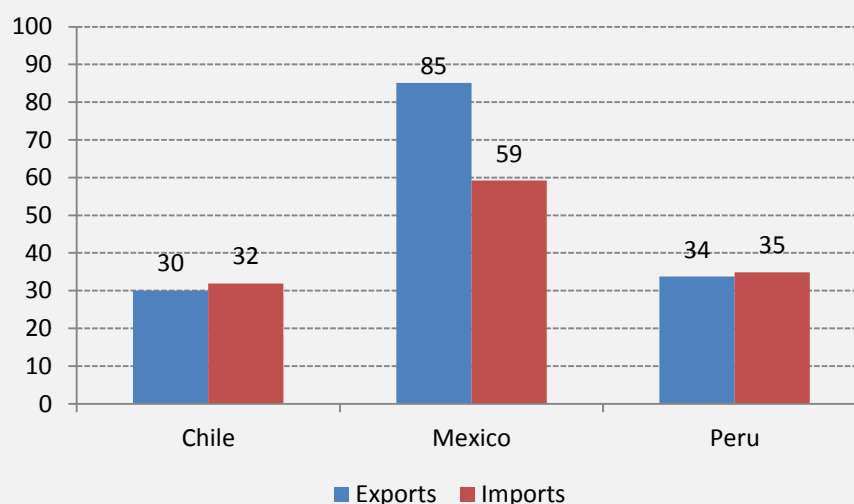
2. The Trans-Pacific Partnership

October 5th, 2015 was the date on which the successful outcome of negotiations relative to the TPP was announced for this partnership formally commenced in March 2010. This means the creation of the world's largest free trade area whose twelve member countries are: Australia, Brunei Darussalam, Canada, Chile, the U.S.A., Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam. In the year 2014, the whole group, which includes five of the twenty largest economies worldwide and 11% of the planet's population, stood for 36% of the world's GIP (in current dollars), 23% of all exports of goods and 26% of imports, and in relation to direct foreign investment, 28% of incoming flows and 43% of outgoing flows. The full text of the agreement was published on November 6th, 2015.²

In 2014, trade between TPP members reached 2.1 trillion dollars, representing 48% of all exports and 40% of all imports corresponding to that group of countries. The importance of the TPP as a business partner among its own member varies significantly, including the cases of the three Latin American member countries. While the TPP stands for approximately one third of the overall trade of Chile and Peru, measured in relation to both exports and imports, it is much more representative in the case of Mexico (refer to Graph 4). This is mainly because, in 2014, the United States of America absorbed 94% of all Mexican exports to the TPP and were the origin for 83% of Mexico's imports from the group.

The TPP covers a wide variety of topics, including not only the waiver of tariffs for most trade of goods amongst members, but also commitments towards a more open trade of services, investments and public contracts. Additionally, the agreement sets forth the rules relative to a number of topics that have yet to be regulated through the agreements of the World Trade Organization (WTO), or that have been considered only in a limited manner. Such is the case, among others, of e-commerce, State companies, regulatory consistency, and the protection of intellectual property in the Internet, in addition to a variety of labor and environmental aspects. The purpose of the main promoter of this agreement (the U.S.A.) behind all this is to establish the "rules of the game" for the operation of value chains in the region of Asia and the Pacific for coming decades (ECLAC, 2013). Petri, Plummer and Zhai (2012) have estimated that the culmination of the TPP could represent, for 2025, an increase in worldwide income of 295 billion dollars, and exports for the same year, increased in 444 billion dollars.

Graph 4. Chile, Mexico and Peru: share of the TPP in the overall trade of goods, 2014
(In percentages)



Source: ECLAC, sobre la base de COMTRADE.

² The text in Spanish and English is available at <http://www.economia.gob.mx/comunidad-negocios/comercio-exterior/tlc-acuerdos/asia-pacifico/tpp>

New countries could enter the TPP agreement by virtue of an adhesion clause, and this could represent a platform for the gradual creation of the Free Trade Area of Asia and the Pacific –a project that has been under study since 2005 as part of the APEC Forum framework. Nevertheless, this would probably imply the need for convergence by the TPP and other large-scale economic integration projects that are currently subject to negotiations in that area, such as the RCEP (Regional Comprehensive Economic Partnership) which includes Australia, China, India, Japan, New Zealand, the Republic of Korea, and the ten member countries of the ASEAN (Association of Southeast Asian Nations).

The subscription of the TPP agreement is expected for the first quarter of 2016, following which it should be ratified by the parliaments of the member countries. Once in force, the TPP will coexist with the numerous agreements already in place between its members, including the NAFTA (North American Free Trade Agreement) and numerous bilateral agreements subscribed by Chile, Mexico and Peru with the U.S., Canada, and different Asian countries. A specific case to be mentioned is Chile, which already has trade agreements in place with all TPP members. Regardless of the above, the three Latin American member countries would benefit from additional advantages with the TPP agreement, which better advantages than they currently have with the free trade agreements in place. An example of this is a more open agricultural sector in Canada and in Japan. As well, there possibility of accumulating origins with the twelve member countries would enable opportunities for productive integration, both amongst the three Latin American members and between them and the other member countries. For example, according to the TPP, a Chilean garment manufacturer will, in theory, be entitled to unrestricted use of Peruvian cotton for the garments to be exported the U.S. Such situation is not possible at present even when Chile has subscribed bilateral free trade agreements with both Peru and the U.S. This could improve the insertion of the three Latin American countries in regional and global value chains, besides helping to attract greater flows of foreign investments.

It should be noted that the three Latin American members of the TPP are also members of the Pacific Alliance, and the fourth member –Colombia- has also made known its interest in becoming a TPP member.

Source: ECLAC, based on ECLAC's *"Panorama de la inserción internacional de América Latina y el Caribe"* 2015 and 2013 (chapter II), the Office of the United States Trade Representative (USTR), "Summary of the Trans-Pacific Partnership Agreement" [online] <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2015/october/summary-trans-pacific-partnership>, and Peter A. Petri, Michael G. Plummer and Fan Zhai (2012), *The Trans-Pacific Partnership and Asia-Pacific Integration: A Quantitative Assessment*, Peterson Institute for International Economics, Washington, DC.

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

Publications

[Outlook on the international insertion of Latin America and the Caribbean - 2015](#)

[Latin America – Asia Pacific Observatory: tool for bringing the two regions closer](#)

[Report on activities by the Latin America - Asia-Pacific Observatory for the 2012 - 2015 period](#)

[Article: "The Association of Southeast Asian Nations and their business environment"](#)

["Effects of the TPP in Asia-Pacific and Latin America"](#)

[Asia-Pacific News Bulletin](#)

[Asia – Pacific Economic Cooperation \(APEC\) Forum](#)

[29th Annual Meeting of AMEI \(Mexican Foreign Studies Association\) - "Culture, governance and globalization: the crisis of institutions in a complex world"](#)

Events

[5th National Meeting of ABRI \(Brazilian Association of International Relations\)](#)

[An approach to BRICS in the 21st Century](#)

[Work meeting: "International trade agreements and incentives for productive integration" and 70th Anniversary of Independence of the Republic of Indonesia](#)

[6th International Conference of the Latin American Social Economy Network on Market](#)

[Trip to Australia and New Zealand](#)

["6th India – Latin America & Caribbean \(LAC\) Conclave](#)

[7th Chain of Latin American and Caribbean Integration of AUALCPI \(Association of Universities of Latin America and the](#)

Caribbean for Integration)

Visit by the Korea Trade Investment Promotion Agency (KOTRA)

Presentation of book: “*Política Exterior de China: relaciones regionales y cooperación*” (China’s Foreign Policy: regional relations and cooperation)

Presentation of book: “*Crisis Global Respuestas Nacionales. La gran recesión en América Latina y Asia-Pacífico*” (Global Crisis and National Answers. The great recession in Latin America and Asia-Pacific)

ANNEX 1: TRADE AGREEMENTS BETWEEN LATIN AMERICA and ASIA-PACIFIC as of 9 NOVEMBER 2015

Countries	Australia	Brunei	Cambodia	China	Republic of Korea	The Philippines	Hong Kong, Special Admin. Region of China	India	Indonesia	Japan	Laos	Malaysia	Myanmar	New Zealand	Singapore	Thailand	Chinese Province of Taiwan	Vietnam	TPP
Argentina								PSA											
Bolivia (P.S.)																			
Brazil								PSA											
Chile	FTA	FTA		FTA	FTA		SN	PSA		PA		FTA		FTA	FTA	FTA		FTA	X
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	X
Nicaragua																	FTA		
Panama					UC										FTA		FTA		
Paraguay								PSA											
Peru	SN	SN		FTA	FTA					PA		SN		SN	FTA	FTA		SN	X
Dominican Republic																			
Uruguay								PSA											
Venezuela (R.B.)																			

Source: LAIA, CAF and ECLAC, 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 Agreement, PA = Partnership Agreement, PSA = Partial Scope Agreement, SN = Subject to negotiation, UC = Under Consideration.