



OBSERVATORY

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First year half

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LATIN AMERICA - ASIA PACIFIC Statistics bulletin

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BULLETIN NUMBER 13

FIRST YEAR HALF 2018

A. Foreign Trade

- During January-June 2018, goods exports from Latin America to Asia Pacific¹ rose by 16% over the same period in 2017. This increase was in line with the recovery trend in regional exports as of the second half of 2016, after four consecutive terms of decline between the second half of 2014 and the first half of 2016. Nevertheless, the regional exports growth in the first half of 2018 was much lower than in the first half of 2017 (27%). This trend was observed in the exports to all main Asian markets (except Korea).
- The imports of goods from Asia Pacific also rose (12.6%) in the first half of 2018. Although smaller than the expansion of exports, this rise surpassed the growth of imports from Asia in the first half of 2017 (5.7%). Imports from China registered the strongest growth in the first half of 2018, rising by 16.2%.
- Higher imports over exports widened the deficit the region has with Asia Pacific, changing the trend towards its reduction that started in 2016. Especially due to the high deficits registered in May and June, the regional deficit with Asia Pacific was around 42 billion US dollars in the first half of 2018, 4.5% higher than in the first half of 2017.

**Table 1. Latin America: Evolution of foreign trade with Asia Pacific and the rest of the world
January-June 2017 and 2018**
(Millions of US dollars and rates of change)

	Exports					Imports				
	Jan-June 2016	Jan-June 2017	Jan-June 2018	Change Jan-June		Jan-June 2016	Jan-June 2017	Jan-June 2018	Change Jan-June	
				2017	2018				2017	2018
Asia Pacific	75 195	95 751	111 048	27.3	16.0	128 215	135 546	152 637	5.7	12.6
China	39 005	51 039	61 382	30.9	20.3	72 617	75 897	88 192	4.5	16.2
Japan	8 176	9 535	10 086	16.6	5.8	14 075	14 653	15 042	4.1	2.7
Korea Republic	6 330	6 417	8 388	1.4	30.7	12 052	12 570	13 214	4.3	5.1
Rest of Asia	21 685	28 760	31 194	32.6	8.5	29 471	32 427	36 189	10.0	11.6
Rest of the world	332 792	371 326	409 043	11.6	10.2	280 832	305 198	342 288	8.7	12.2
World	407 987	467 077	520 092	14.5	11.4	409 047	440 744	494 925	7.7	12.3

Source: ECLAC based on data from statistical offices, customs, central banks, export promotion agencies, the United States International Trade Commission, EUROSTAT, and the Direction of Trade Statistics (DOTS) - IMF.

Note: Due to lack of information for the reporting period, this table does not include Cuba, Haiti, and Panama.

- Exports from the Asia Pacific region also grew in most Latin American countries in the first half of 2018. Argentina, Guatemala, Paraguay, Dominican Republic and Uruguay were the exceptions. With regard to Argentina, its exports to all Asian destinations dropped (except ASEAN). Although the deepest contraction in exports was to Japan (-35.5%), the most significant drop in exports was to China (-19.3%), as it represents 31% of its exports to the Asia-Pacific region.
- While imports from Asia Pacific to most Latin-American countries increased during the first half of 2018, Nicaragua and Venezuela experienced import declines as the drop in their GDP impacted negatively on their import demand.
- As in the first half of 2016 and 2017, Mexico had the highest trade deficit with Asia Pacific (63.4 billion US dollars), which grew by 9.5% over the first half of 2017. Likewise, the surplus of Venezuela rose from around 1.8 billion US dollars in the first half of 2014 to 9.5 billion US dollars in the first half of 2018. The largest deficits and surpluses

¹ For the purpose of this bulletin, Asia Pacific includes trade flows with Asia as a whole and Oceania.

with Asia are with China. In the case of Venezuela, it moved from a 28 million US dollars deficit with China in the first half of 2017 to a 2.879 billion US dollars surplus in January-June 2018.

Table 2. Latin America: Evolution of trade in goods with Asia Pacific and China - January-June 2017 and 2018
(Millions of US dollars and %)

a) Asia Pacific

	Exports			Imports		
	2017	2018	Change	2017	2018	Change
Argentina	6 560	5 808	-11.5	7 698	9 330	21.2
Bolivia	1 098	1 466	33.5	1 246	1 315	5.5
Brazil	41 083	42 830	4.3	22 699	27 332	20.4
Chile	15 445	20 128	30.3	10 433	11 780	12.9
Colombia	1 360	1 978	45.4	4 698	5 437	15.7
Costa Rica	261	401	53.8	1 796	1 895	5.5
Ecuador	1 684	2 150	27.7	2 355	2 865	21.7
El Salvador	123	137	11.8	1 188	1 300	9.4
Guatemala	271	180	-33.8	1 244	1 356	9.0
Honduras	55	88	60.5	653	719	10.1
Mexico	10 370	11 930	15.0	68 611	75 324	9.8
Nicaragua	117	142	22.1	686	606	-11.6
Paraguay	923	795	-13.9	1 829	2 191	19.8
Peru	8 707	11 125	27.8	6 189	7 011	13.3
Dominican Republic	481	470	-2.3	1 938	1 964	1.3
Uruguay	876	875	-0.1	1 117	1 177	5.3
Venezuela	6 336	10 545	66.4	1 166	1 038	-11.0
Latin America	95 751	111 048	16.0	135 546	152 642	12.6

b) China

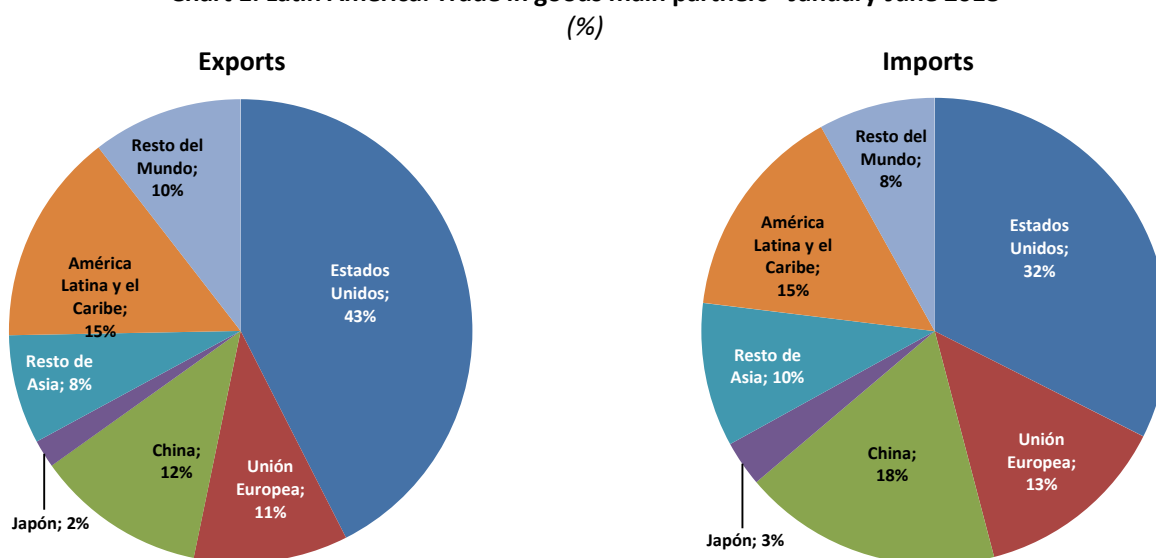
	Exports			Imports		
	2017	2018	Change	2017	2018	Change
Argentina	2 225	1 796	-19.3	5 153	6 386	23.9
Bolivia	189	225	18.7	889	889	0.0
Brazil	26 952	30 049	11.5	12 261	14 963	22.0
Chile	7 916	12 288	55.2	6 796	7 892	16.1
Colombia	898	1 411	57.1	4 069	4 802	18.0
Costa Rica	68	133	95.6	1 044	1 152	10.3
Ecuador	356	726	104.0	1 329	1 665	25.2
El Salvador	8	83	947.3	668	725	8.5
Guatemala	33	29	-10.5	909	999	9.8
Honduras	12	24	95.5	392	448	14.3
Mexico	3 474	3 409	-1.9	33 776	38 938	15.3
Nicaragua						
Paraguay	14	15	1.4	1 489	1 612	8.2
Peru	5 447	6 647	22.0	4 129	4 782	15.8
Dominican Republic	62	37	-40.4	1 213	1 271	4.7
Uruguay	752	765	1.6	785	804	2.5
Venezuela	2 632	3 745	42.3	995	866	-13.0
Latin America	51 039	61 382	20.3	75 897	88 191	16.2

Source: ECLAC based on data from statistical offices, customs, central banks, export promotion agencies, the United States International Trade Commission, EUROSTAT, and the Direction of Trade Statistics (DOTS) - IMF.

Note: Due to lack of information for the reporting period, this table does not include Cuba, Haiti, and Panama.

- Unlike the first half of 2017, when trade with Asia Pacific was more dynamic in Mexico and the Central American countries, during January-June 2018, the highest rates were in the Andean countries. Nonetheless, exports and imports of all subregions grew at rates above 9%.
- During January-June 2018, the Asia-Pacific share in the total regional exports and imports was 21.4% and 31.0%, respectively, with a higher relative share of China (11.9% and 17.9%, respectively). As a consequence, the Asian share in the exports of the region increased, especially China's, which was above the rest of Asia and Japan. Imports from Asia Pacific to the region did not change over the same period in 2017, although its internal composition did change slightly: trade with China decreased (from 17.9% to 17.3%) and trade with Japan increased (from 3.2% in the first half of 2017 to 3.6% in the second half of 2018).

Chart 1. Latin America: Trade in goods main partners - January-June 2018

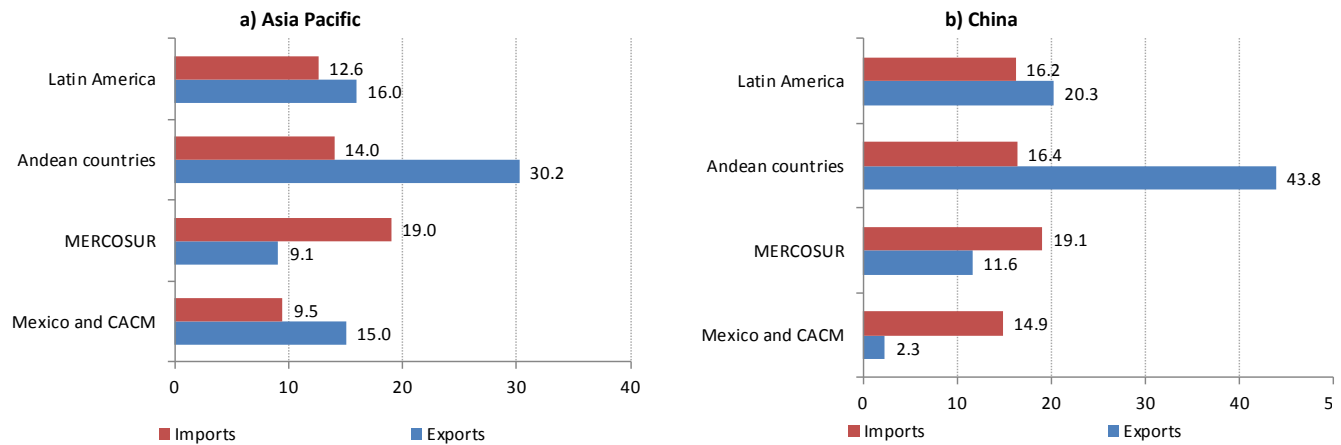


Source: ECLAC based on data from statistical offices, customs, central banks, export promotion agencies, the United States International Trade Commission, EUROSTAT, and the Direction of Trade Statistics (DOTS) - IMF.

Note: Due to lack of information for the reporting period, this table does not include Cuba, Haiti, and Panama.

- In the first half of 2018, Latin-American exports to the Asia-Pacific region were less dynamic than exports to the European Union. In fact, exports to Asia (16%) surpassed global exports (11.4%) but were lower than exports to the European Union (16.9%). This is partly due to the sharp slowdown in the exports to the rest of Asia, which grew by 8.5% in the first half of 2018, far below the 32.6% share in the same period of 2017.
- Imports from Asia Pacific (12.6%) were slightly higher than total imports from the region (12.3%). Notwithstanding, this trend was different among the main Asian partners: while imports from China grew by 16.2%, the growth of imports from Japan grew just by 2.7%.
- Analyzed by subregions, exports of goods to Asia Pacific -especially to China- increased dramatically and broadly. Exports from the Andean countries stand out (30.2%) almost doubling regional exports (16.0%). There was also a general rise in imports, but in this case, the most dynamic subregion has been the MERCOSUR with much more similar rates.

Chart 2. Subregions of Latin America: Trade with Asia-Pacific and China
January-June 2018 - January-June 2017
 (%)

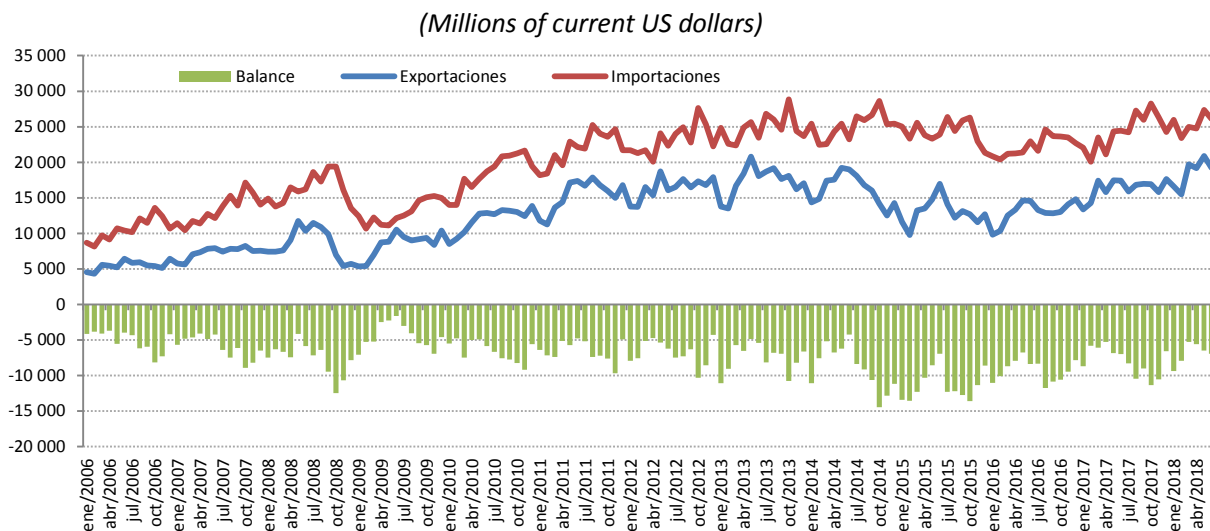


Source: ECLAC based on data from statistical offices, customs, central banks, export promotion agencies, the United States International Trade Commission, EUROSTAT, and the Direction of Trade Statistics (DOTS) - IMF.

Note: Due to lack of information for the reporting period, this table does not include Cuba, Haiti, and Panama.

- Trade between Latin America and Asia Pacific grew from a monthly export average of approximately 13 billion US dollars in the first half of 2016 to more than 18.5 billion US dollars in the first half of 2018. Thus, the region finally manages to exceed the monthly average in the first half of 2014 (17 billion US dollars).
- As regards imports, their higher growth led to an increase in the deficit that the region has with Asia Pacific. The relevant monthly average was close to 6.9 billion US dollars between January and June 2018. This represents a 300-million-US dollars monthly increase in the deficit compared to the same period in 2017, placing monthly imbalances close to the levels of the first half of 2014.
- The increase in the regional deficit with Asia is partly explained by the sharp difference between exports and imports growth rates of Argentina and Brazil, which together represent more than 30% of the trade between Latin America and Asia Pacific. The amount of Argentina and Brazil exports to Asia in the first half of 2018 changed by -11.5% and 4.3%, respectively, and the amount of their imports changed by 21.2% and 20.4%, respectively. On the other hand, Mexico, which by itself represents 30% of the trade of the region with Asia Pacific, expanded its exports (15.0%) at a higher rate than its imports (9.8%). Nevertheless, that was not enough to avoid a deficit increase in the region.

Chart 3. Latin America: Evolution of trade with Asia Pacific - January 2006 - June 2018



Source: ECLAC based on data from statistical offices, central banks, export promotion agencies, the United States International Trade Commission, EUROSTAT, and the Direction of Trade Statistics (DOTS) - IMF.

Note: Quarterly data were provided for Venezuela, to which the DOTS monthly trend was applied.

B. The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTTP) enters into force

On December 30, 2018, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTTP) entered into force among the six countries that had ratified it: Australia, Canada, Japan, Mexico, New Zealand, and Singapore. The other five signing countries, which are completing their internal ratification procedures are Brunei Darussalam, Chile, Malaysia, Peru, and Vietnam. The agreement, signed in March 2018 in Santiago de Chile, also known as TPP-11, was built on the Trans-Pacific Partnership or TPP, which was signed in February 2016 by the eleven aforementioned countries and the United States, main promoter of the agreement. Nevertheless, before its entry into force, the United States withdrew from the agreement in January 2017 – one of the first actions taken by the Donald Trump administration.

In spite of the withdrawal of the United States, the TPP-11 has major economic importance. In 2017, the GDP of all its members was of 10.6 billion current US dollars, 13% of the global GDP. In that same year, the TPP-11 members represented 15% of the global goods exports and imports. The TPP-11 is a sui generis agreement, as it includes countries from different regions and very different in size (economic, geographic, and demographic), development level, and language, among others. It may be noted that its members are already related through a wide network of bilateral and multilateral trade agreements. Notwithstanding, with the entry into force of the TPP-11, a true free-trade area among those countries will be established, enabling full accumulation of origin, and favoring multinational productive chains.

The TPP-11 also stands out due to its wide scope. Therefore, it is considered one of the most modern existing trade agreements. It consists of 30 chapters that regulate traditional trade in goods related matters (tariffs, rules of origin, trade defense instruments, customs valuation, among others), as well as several services, foreign investment regulations, public procurement, intellectual property, e-commerce, competition policy, State-owned enterprises, regulatory coherence, labor and environmental issues, and SMEs, among other subject matters.²

² The chapters of the agreement are available in <https://www.direcon.gob.cl/tpp/capitulos-del-acuerdo/>.

The TPP-11 subject areas are almost identical to those in the original TPP, from which only 22 provisions were suspended, most of them related to commitments on intellectual property, investment, and public procurement, which were mainly demands of the United States.³ In fact, many provisions of the TPP-11 on items like e-commerce, intellectual property, and State-owned enterprises, among others, were included in the new Treaty between Mexico, the United States, and Canada (USMCA). This Treaty was subscribed in November 2018 and, once in force, it will replace the North American Free Trade Agreement (NAFTA), signed in 1991 and in force since 1994. In other words, the TPP-11 substantially served as a model for the update of the NAFTA now included in the USMCA.

Accession to TPP-11 is potentially open to any country and, in fact, many countries of Asia and Latin America have expressed their interest in joining the agreement in the future. In this sense, the TPP-11 has been acknowledged as one of the main “*building blocks*” for the proposed Free Trade Area of the Asia-Pacific (FTAAP) among the 21 members of the Asia-Pacific Economic Cooperation (APEC).

ALADI, CAF, and ECLAC recent works and events related to the bi-regional relation

Publications

- A. Oropeza García (cord.) (2018). *China: BRI o el nuevo camino de la seda*. (China: BRI or the New Silk Road). Mexico: Instituto de [Investigaciones Jurídicas, Universidad Nacional Autónoma de México](#).
- ECLAC (2018). *Explorando nuevos espacios de cooperación entre América Latina y el Caribe y China* (Exploring new cooperation spheres between Latin America and the Caribbean and China). Santiago de Chile: ECLAC.
- J.-H. Lee, A. Lee, and A. Lee (2018). *Non-refundable and co-financing instruments: Promoting export innovation among SMEs in the Republic of Korea*. Santiago de Chile: [ECLAC](#).
- S. Herreros, K. Inoue, and N. Mulder (2018). *Innovation and SME internationalization in Korea and Latin America and the Caribbean. Policy experiences and areas for cooperation*. Santiago de Chile: ECLAC.

Events

- Third academic seminar of the Latin America - Asia Pacific Observatory ALADI-CAF-ECLAC, Montevideo, 7-8 November, 2018. For further information, visit <https://www.observatorioasiapacifico.org/en/news/item/observatorio-america-latina-asia-pacifico-hacia-una-relacion-integral-entre-america-latina-y-asia-pacifico.html>.
- Between February and November 2019, Chile will be the host country for the Asia-Pacific Economic Cooperation (APEC). For further information, visit <https://www.apecchile2019.cl/apec>.

³ See Ministry of Foreign Affairs & Trade of New Zealand, “CPTPP vs TPP” <https://www.mfat.govt.nz/en/trade/free-trade-agreements/free-trade-agreements-in-force/cptpp/understanding-cptpp/tpp-and-cptpp-the-differences-explained#what> (consulted on March 11, 2019).