

Latin America and the Caribbean:

Open regionalism and
linkages to the world economy



UNITED NATIONS

ECLAC

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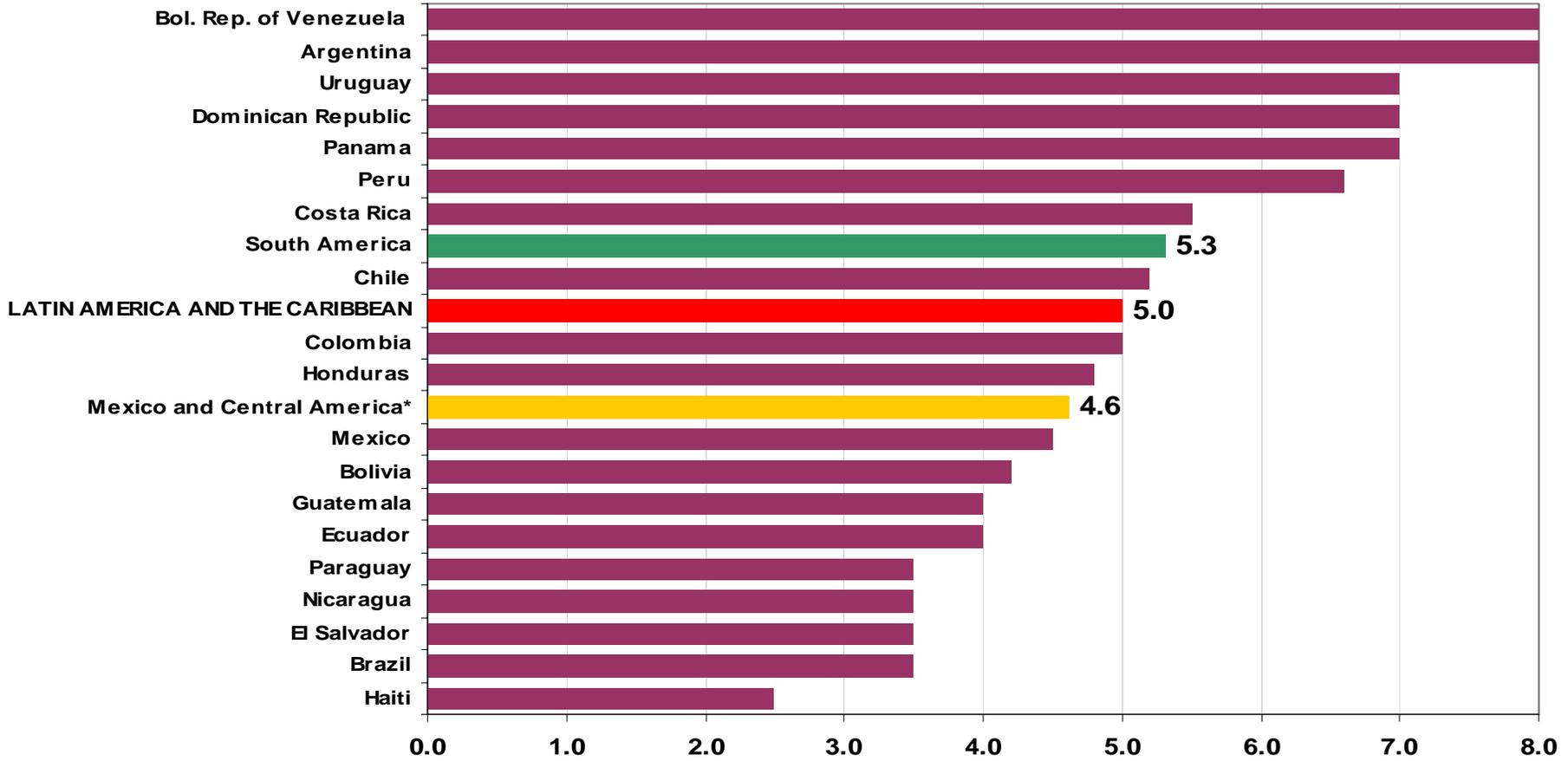
Institute for National Strategic Studies
National Defense University
30 November 2006

Outline

- Economic performance: related indicators
- Trade, investment and strategic partnerships
- Reinforcement of integration and cooperation

Growth in the region is projected at 5% this year and 4.5% in 2007

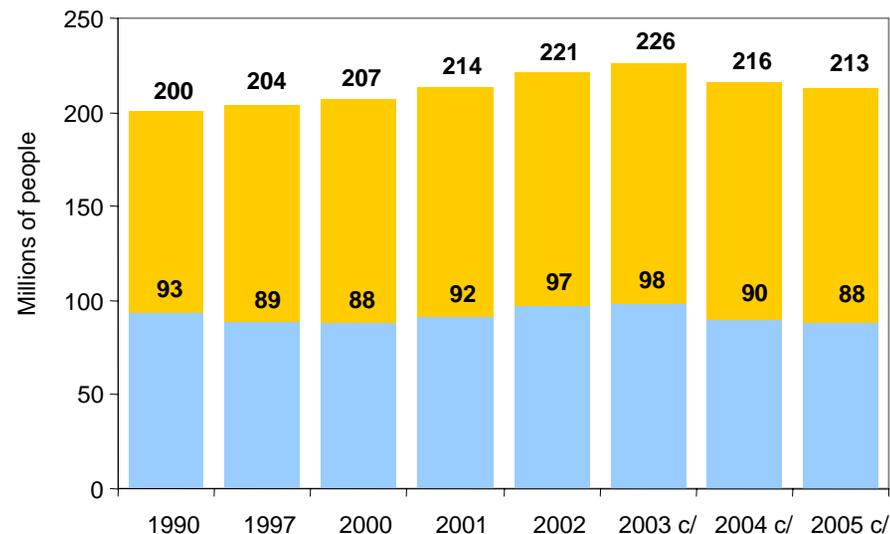
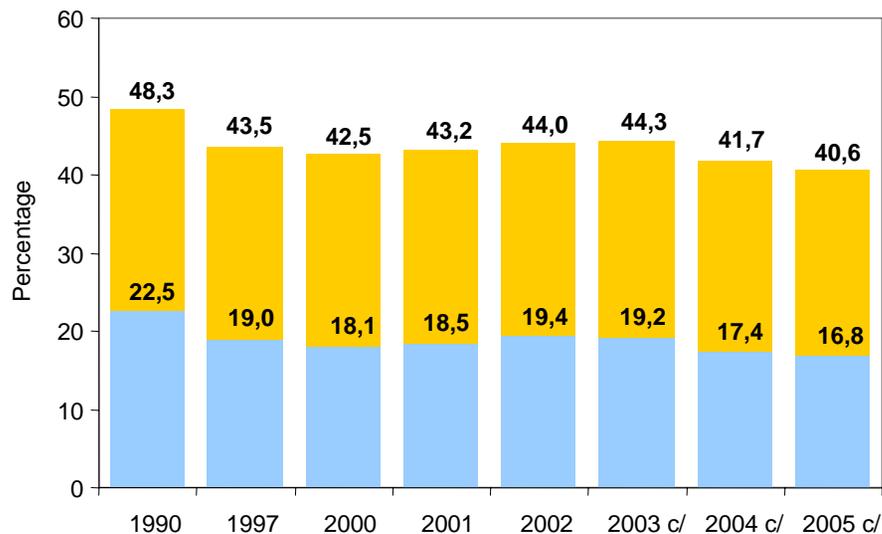
LATIN AMERICA AND THE CARIBBEAN: GDP GROWTH, 2006
(Annual growth rate)



(*) Central America includes Haiti and the Dominican Republic.

Poverty trends

LATIN AMERICA: a/ Poverty b/ and indigence trends, 1990 - 2005 (percentage and millions of people)



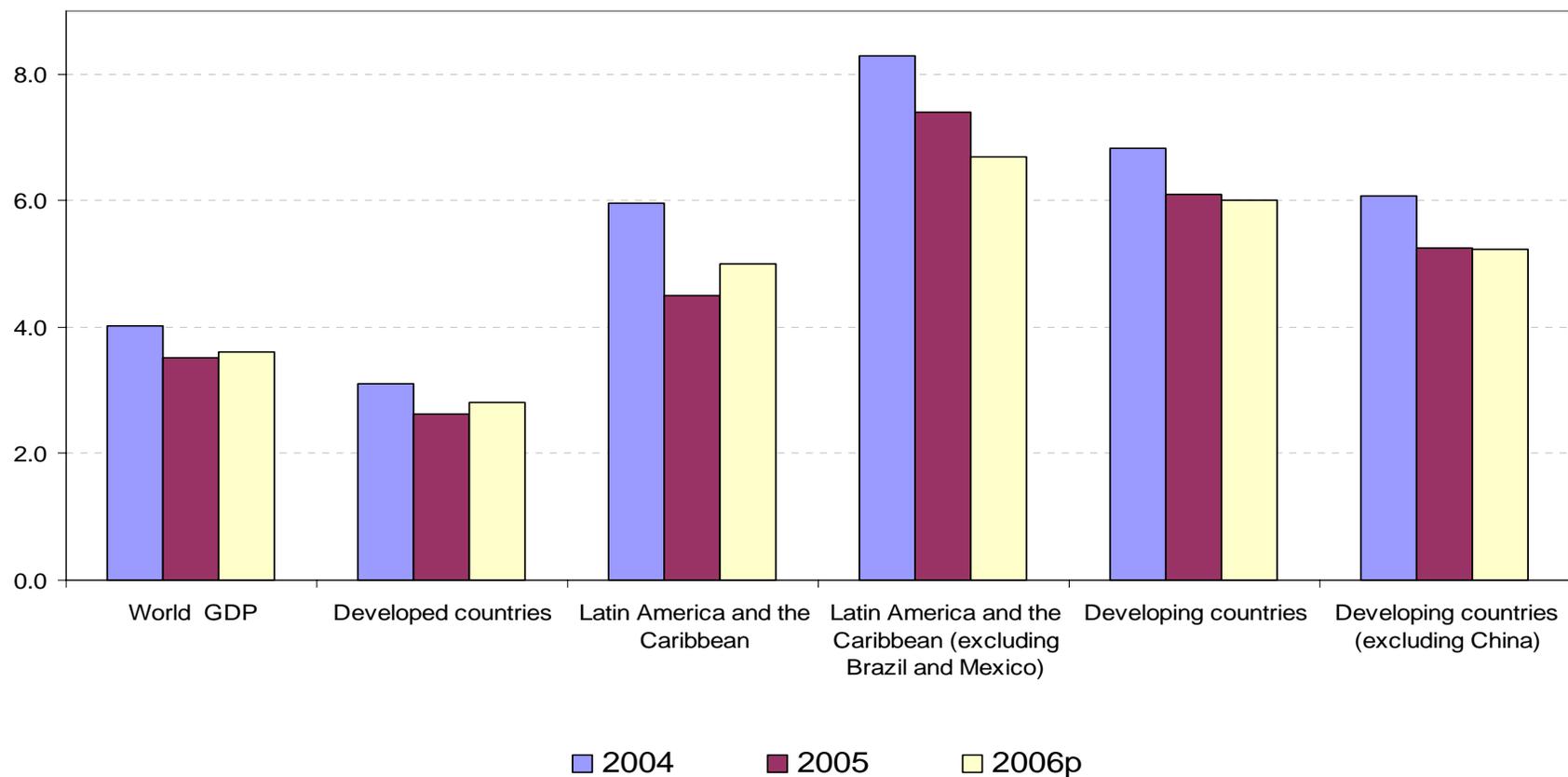
Source: ECLAC, on the basis of household surveys conducted in the respective countries.

a/ Estimate for 19 countries in the region.

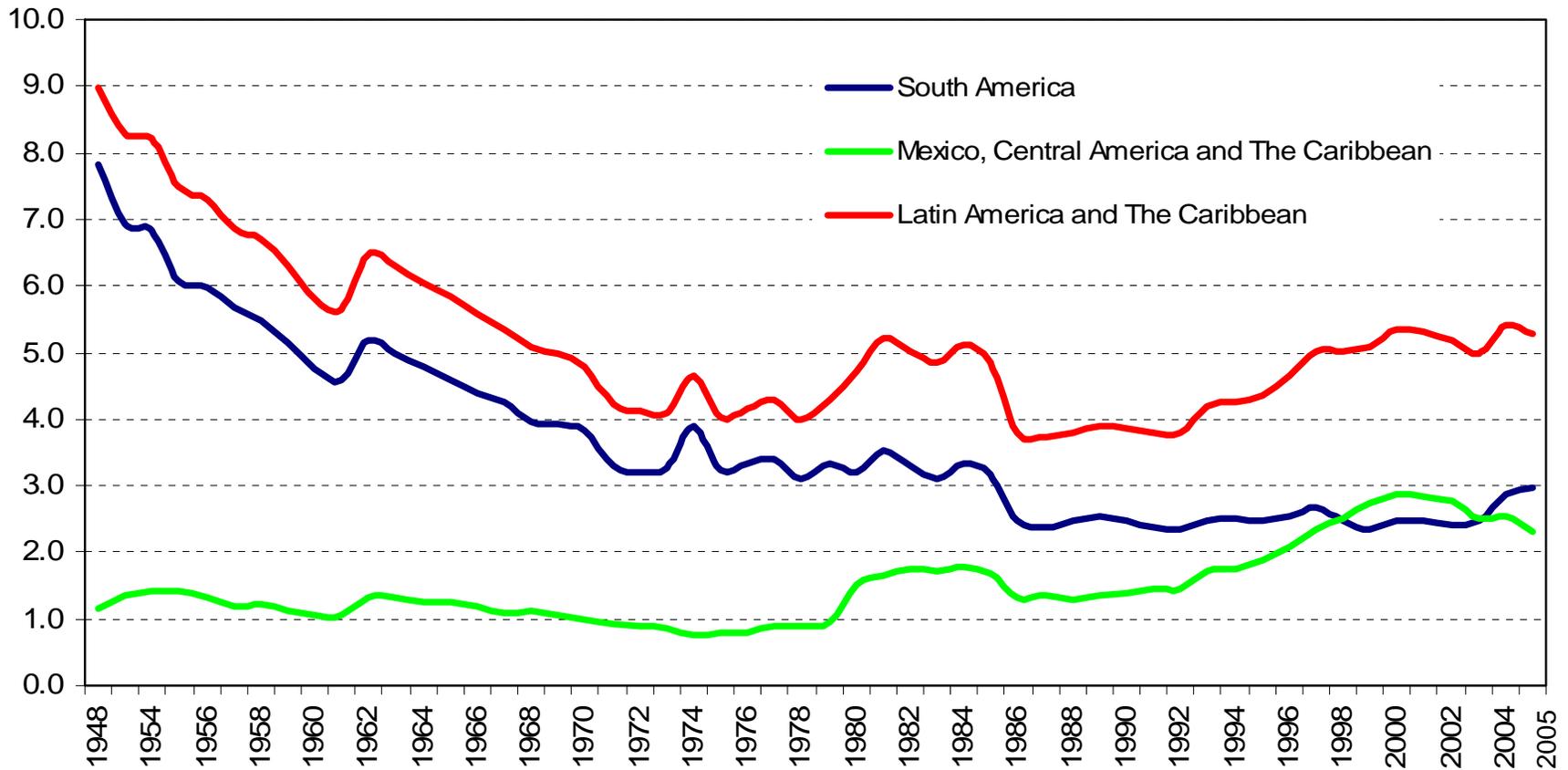
b/ Includes indigents.

c/ The figures for 2005 are forecasts for all countries; those for 2003 and 2004 are preliminary estimates for some countries and forecasts for others.

The region is recording less growth than the other developing economies



Market share in world trade: (LAC exports in percent of total world imports)



Main trading partners

Percentages of total exports, 2000-2004

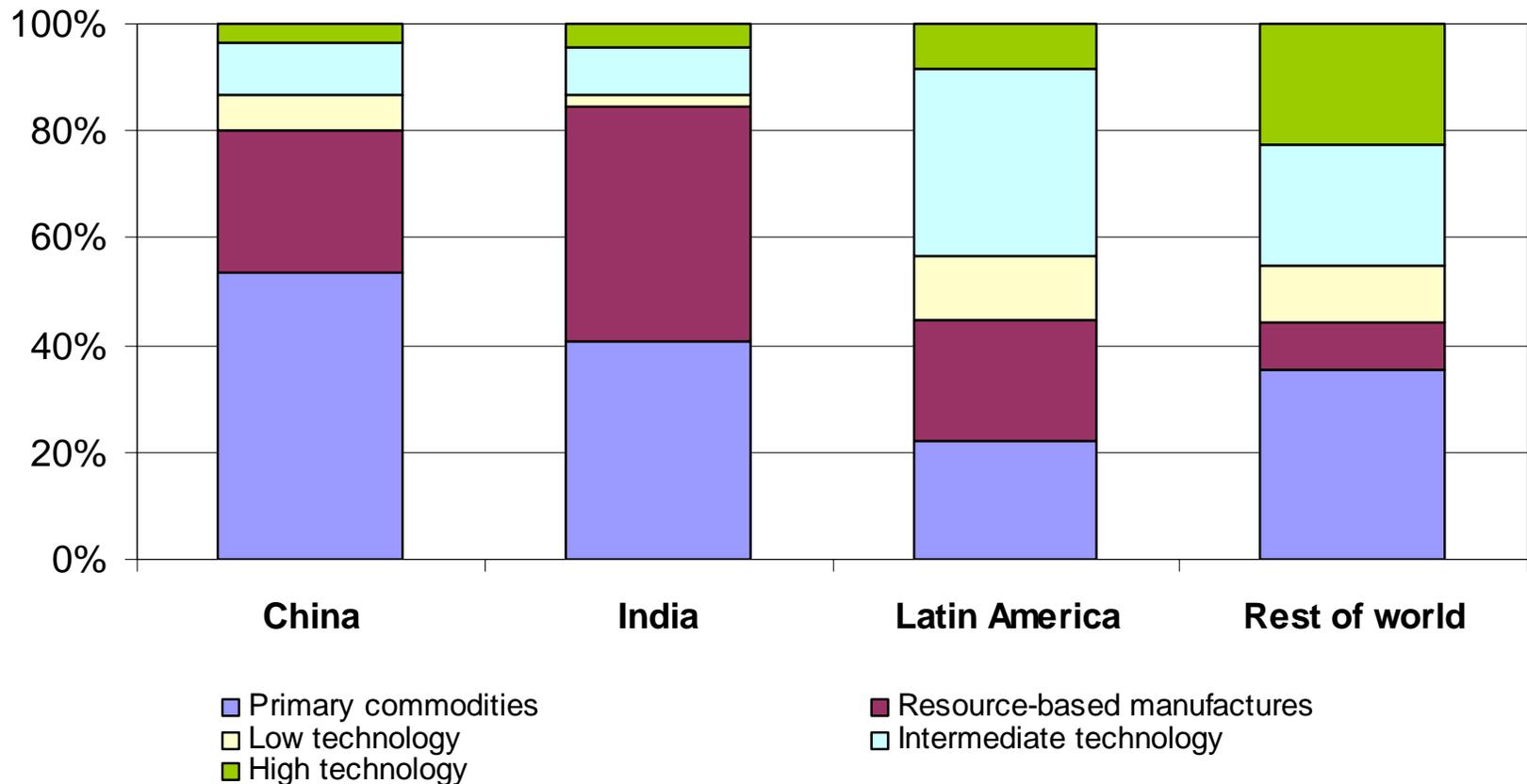
Countries	Latin America	United States	European Union	Asia
MERCOSUR	28.9	19.6	23.6	10.9
Paraguay	65.5	3.5	8.8	4.1
Uruguay	44.5	12.0	20.4	8.0
Andean Community	22.3	39.7	11.9	4.0
Bolivia	59.1	16.4	9.5	2.6
Central American Common Market	22.5	63.0	8.7	2.3
CARICOM	25.6	43.4	16.8	1.9
Mexico	3.2	88.8	3.4	1.0
Dominican Republic	3.1	88.5	3.6	0.2
Chile	20.3	17.2	24.8	22.4
Panama	21.6	48.3	22.1	2.5
Venezuela (Bolivarian Rep. of)	15.2	42.0	6.6	2.0
Cuba	9.6	0.0	39.5	6.7
Latin America and the Caribbean	15.3	56.4	12.0	5.4

NOTE: blue: > 40%; green: 20% - 39%; red: 8% - 19%; grey: < 8%.

Source: ECLAC, on the basis of information from the United Nations Commodity Trade Database (COMTRADE). Figures for Central America have been adjusted for maquila and EPZ exports.

Structure of Latin American exports to China, India and the rest of the world

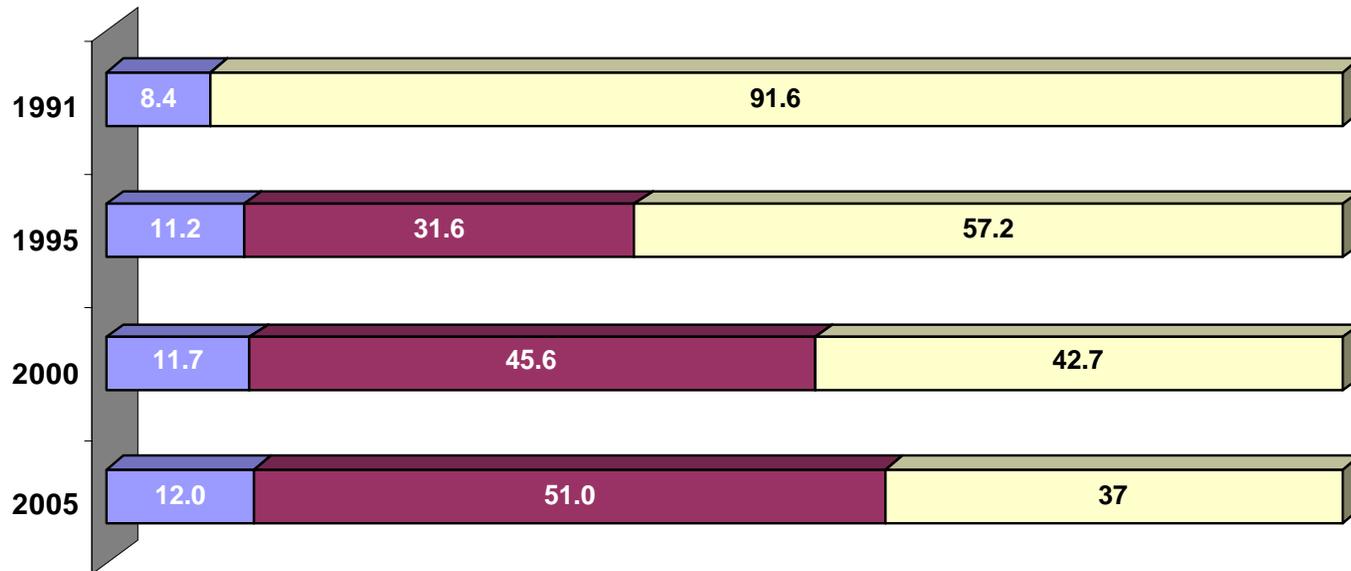
(Percentages of total exports) Annual averages, 2003-2005



Source: ECLAC, on the basis of information from the United Nations Commodity Trade Database (COMTRADE).

Trends in preferential tariffs granted by subregional and bilateral agreements

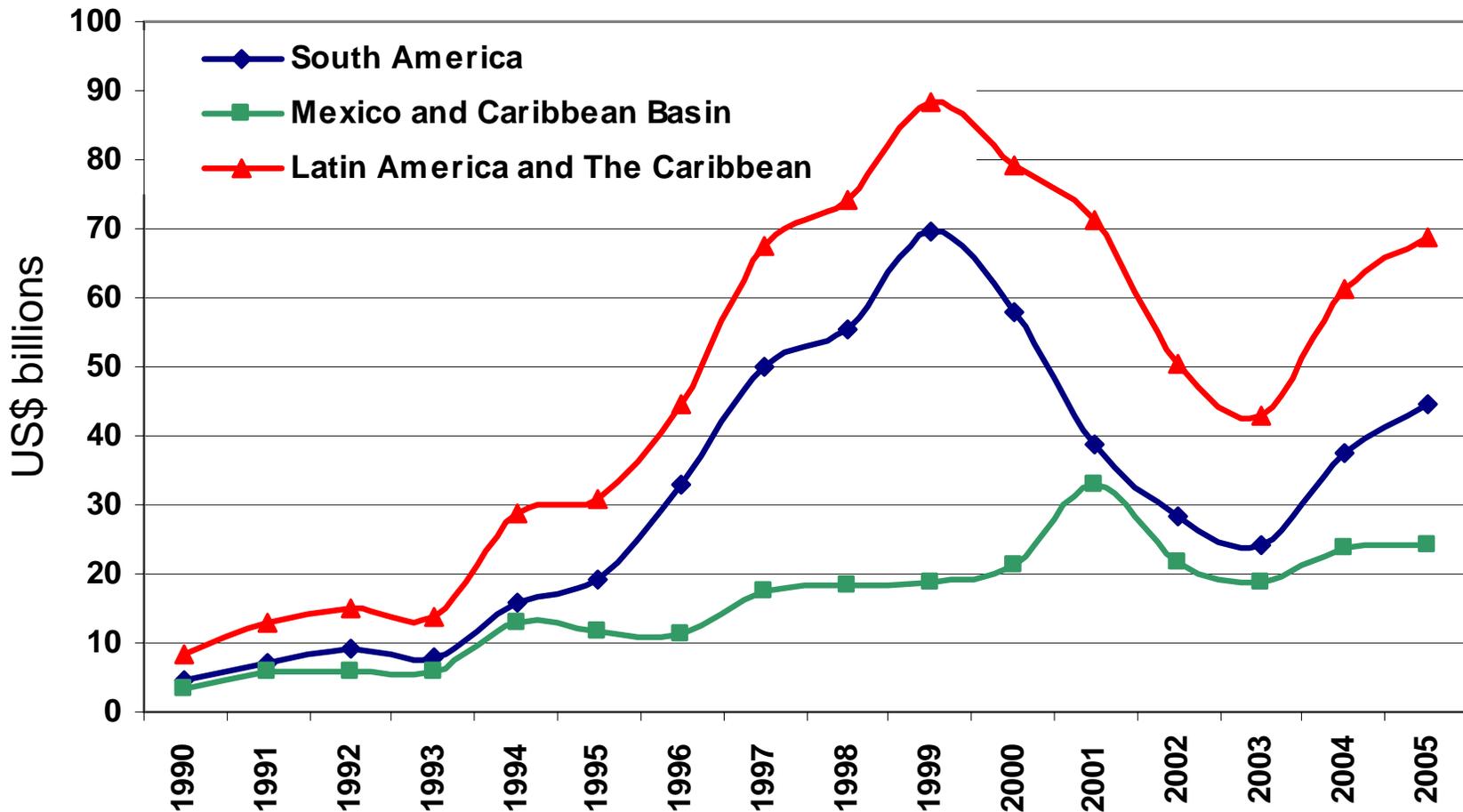
As percentages of total exports



■ Intraregional preferential tariffs
 ■ Extraregional preferential tariffs
 ■ Without preferential tariffs

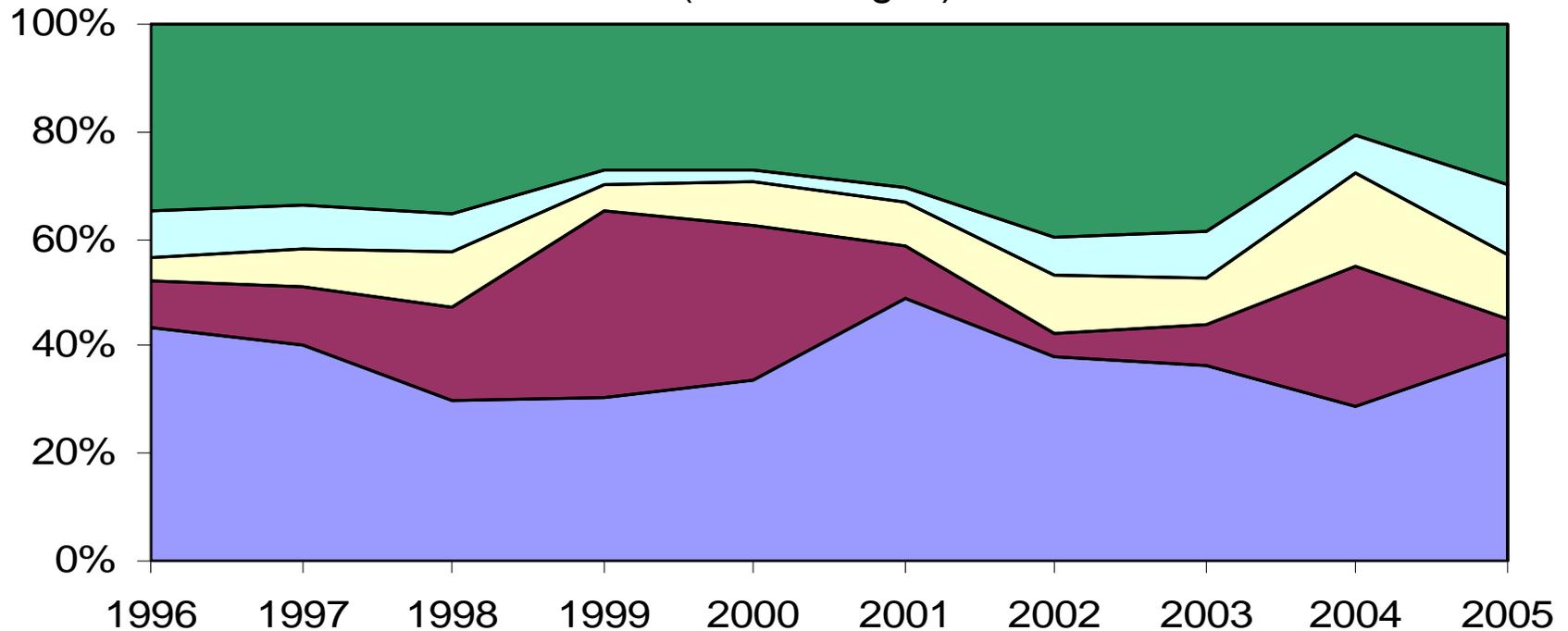
Source: ECLAC, on the basis of information from M. Kuwayama, J. Durán and V. Silva (2005) *“Bilateralism and regionalism: re-establishing the primacy of multilateralisms: a Latin American and Caribbean perspective”*, Comercio internacional series No. 58.

FDI inflows to the Latin American and the Caribbean Region



Latin America and the Caribbean: FDI sources, 1996-2005

(Percentages)



■ United States
 ■ Spain
 ■ Netherlands
 ■ Intraregional flows
 ■ Other

- ➡ United States and Europe are still the largest investors
- ➡ Spain is contributing a smaller proportion
- ➡ Intraregional flows are small but on the rise

Need for renewal of integration processes

- Convergence of trade agreements:
 - Access
 - Customs discipline
 - Origin
 - SPS
 - Dispute Settlement
 - Trade Facilitation

- Complement trade strategies with gains in competitiveness and technological innovation

Trust and Cooperation

- Asymmetries
- Trade – Cooperation Nexus
- Leadership and Consensus-Building