UNITED NATIONS

ECONOMIC COMMISSION
FOR LATIN AMERICA
AND THE CARIBBEAN

Distr.
LIMITED
LC/WAS/L.13
23 Sep 1991

ORIGINAL: ENGLISH

LATIN AMERICAN AND CARIBBEAN TRADE AND INVESTMENT RELATIONS WITH THE UNITED STATES IN THE 1980s

Contents

Introduction

Latin American and Caribbean countries learned painful lessons from the economic depression of the 1980s. It is important to examine these learnings carefully: they have important consequences for the economic interdependence of the nations of the Western Hemisphere.

Of the hemisphere's many economic milestones during the decade, three stand out, in part because information about them is easily accessible: trade reforms undertaken unilaterally by countries in Latin America and the Caribbean, and changes in trade relations and changes in investment relations between Latin American and Caribbean countries and the United States. This paper presents information on trade reform, merchandise trade, and investment -- items that head the current agenda for Inter-American relations.

Most countries of Latin America and the Caribbean carried out impressive trade reforms in the 1980s. They moved from severe restrictions aimed at generating trade surpluses to regimes that are even more open than those in place at the beginning of the decade. The events of the 1980s reveal the importance of trade and investment issues in reversing general economic decline.

The region's merchandise trade with the United States grew slowly, a yearly average of only 4% compared to the 7% average annual growth of U.S global trade. The region's share of U.S. exports decreased from 17% in 1980 to 16% in 1989, and its share of U.S. imports fell from 15% in 1980 to 12% in 1989.

The U.S. trade surplus with Latin America and the Caribbean, $1.3 billion in 1981, became a deficit of $11 billion by 1989, mainly because of the drastic 42% reduction in imports that was one of the key elements of the adjustment process carried out by most of the Latin American and Caribbean countries.

The investment picture is equally bleak. The Latin American and Caribbean share of total U.S. direct investment declined from 20% in 1980 to 18% in 1989. Also, in 1980, 73% of all U.S direct investment in developing countries was in Latin America and the Caribbean, but by the end of 1989, this share had dropped to 68%. Meanwhile, the relative participation of Asia and the Pacific within all the U.S. direct investment located in developing countries increased from 15% in 1980 to 22% in 1989, growing during the same period at an average annual rate of 11%, double the 5.5% growth for Latin America and the Caribbean.

It becomes clear why the Enterprise of the Americas Initiative (EAI) emphasizes trade and investment relations within the Western Hemisphere. To overcome the recessive trends that have persisted throughout the eighties in Latin America and the Caribbean requires a turnaround in trade and investment relations with the United States, still by far the main trading partner and investor in the region.

ECLAC Washington has published this report in the hope that information on these critical variables will inform those who must make important choices in trade and investment policies in the Caribbean and the Americas.

1. Trade Policy in Latin America in the 1980s[1]

Latin America's record of trade reform in the 1980s is impressive. Most countries ended the decade with a more liberal and open trade regime than they had at the decade's beginning.

In 1982, the sudden collapse of foreign financing and the abrupt reversal of net capital flows led the Latin American countries to impose restrictive trade policies. The trade deficit had to be turned into a surplus to meet debt service obligations. Direct, quantitative restrictions (QRs) on imports, foreign exchange controls, and sharp devaluations were the fastest, most effective way to accomplish short-term results. Nontariff barriers to imports were expanded to cover, in some cases, 100% of imports. These restrictive policies accomplished what was intended, as Latin America's 1981 trade deficit of $13 billion became a $27 billion surplus in two years. This spectacular turnaround was mostly due to a 42% reduction in imports; exports declined, but not so sharply, during the same period.

The severe recession highlighted the need for change, and the trend toward unilateral liberalization in the second half of the decade was sparked by World Bank structural adjustment loans (SALs) and sector adjustment loans (SECALs), most of which included trade liberalization measures as a key part of loan conditions.[2]

Trade reform in the second half of the eighties

By the end of the dècade, most countries of Latin America had liberalized their trade policies, and some were even more open than they had been before the recession.

The tables show a trend toward unilateral trade liberalization in most countries, even though there are significant differences in the initial conditions under which adjustments were made. For example, Chile and Uruguay had fairly open trade regimes by the late seventies, and in the eighties they sought to consolidate and extend reforms already in place. Argentina, Colombia, Mexico, and Venezuela received World Bank

---

[1] Information for this section covers 18 countries: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Paraguay, Peru, Uruguay, and Venezuela. In what follows, "Latin America" refers to these 18 countries unless otherwise noted.

[2] See The World Bank, "Adjustment Lending: An Evaluation of Ten Years of Experience," *Policy and Research Series*, No.1, Washington D.C., December 1988, p.59.

Tariffs

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Average (% at year end)											
Bolivia	-	-	-	-	-	23	20	-	17	-	-
Mexico	-	-	27	-	24	29	25	12	11	13	-
Argentina[1]	-	-	-	-	-	-	43	-	-	-	15
Venezuela	-	-	-	-	-	-	34	-	37	-	25
Chile[2]	-	-	-	20	35	20	-	-	15	-	-
Uruguay[1]	-	69	-	-	-	30	-	-	-	-	-
Costa Rica[1]	-	-	-	-	-	53	32	-	26	16	-
Brazil	25	-	-	-	-	22	-	51	41	35	-
Colombia	-	-	-	-	57	-	48	-	27	-	-
Peru	34	-	-	-	57	63	-	67	-	-	-
Maximum Tariffs (%)											
Mexico	-	-	100	-	100	100	45	20	20	20	-
Argentina	-	-	-	-	-	-	115	-	-	-	24
Venezuela	-	-	-	-	-	-	-	-	135	80	50
Uruguay[1]	-	116	-	55	-	-	60	45	-	40	-
Costa Rica	-	-	-	-	-	220	100	-	-	80	-
Brazil	-	-	-	-	-	-	-	105	85	-	-
Colombia	-	-	-	-	220	-	220	-	200	-	-
Peru	61	-	-	94	-	136	-	141	-	-	-
Number of Tariff Rates											
Mexico	-	-	16	-	10	10	-	7	5	4	-
Venezuela	-	-	-	-	-	-	-	-	41	9	6
Uruguay	-	30	-	5	-	5	5	5	-	4	-
Brazil	-	-	-	-	-	-	-	29	18	-	-

1. Includes surcharge
2. Uniform tariff rate, not year-end.

SECALs that included specific trade policy reforms, and Chile, Uruguay, and Costa Rica received SALs that included conditions requiring liberalization.

Choice of policy instruments also varied. Some countries concentrated on eliminating nontariff barriers, but others focused on new tariff schedules and exchange rates. In general, trade policy reform programs have included measures to remove direct, administrative controls on trade and eliminate price distortions. The "typical" trade policy reform package included (a) devaluation, (b) decontrol of foreign exchange, (c) elimination of direct import controls and protective measures, (d) adoption of lower, relatively uniform ad valorem tariff schedules, and (e) elimination of export controls, taxes, and subsidies.

The most significant difference among countries was the pace of reform. Chile, Uruguay, Argentina, Mexico, Bolivia, Haiti, and Venezuela instituted reforms quickly, and the rest chose a slower, gradual approach.

The fast reformers

Mexico's trade reform has been much commented upon, in part because its swiftness and comprehensiveness contrasted sharply with the country's highly protective trade regime before 1985. In 1982, tariffs were both high and dispersed, with 16 rates ranging from zero to 100% and a weighted average of 27%. Starting in 1983, the Mexican authorities simplified the tariff schedule and reduced import license requirements and the use of reference prices. Mexico's accession to GATT in 1986 brought further reductions in trade restrictions. By 1988, trade reform was further accelerated with the reduction of import license requirements to 20% of imports and lowering of the maximum tariff to 20%.

Other fast reformers such as Bolivia and Haiti have received less attention. In the case of Bolivia, trade policy measures implemented unilaterally in 1985 included complete decontrol of foreign exchange, lifting of all import restrictions, and establishment of a uniform 20% tariff.[3] Beginning in July 1986, Haiti removed most QRs, leaving licensing requirements for only seven agricultural products. A new, lower tariff structure shifted from specific to ad valorem rates and lowered the average tariff to only 20%, with a maximum of only 40%.

Chile and Uruguay unilaterally initiated the opening of their trade regimes in the 1970s. In Chile, tariffs were lowered over several years with a further reduction in 1988 to a uniform 15%. Uruguay also implemented an extensive reform of its trade regime in the late 1970s by eliminating formerly pervasive import quotas, consolidating tariffs, surcharges and specific taxes into a single rate, and adopting a new tariff schedule. By 1989, new tariff reductions lowered the average tariff to less than 30% and the maximum tariff to 40%. In the same year, however, a temporary 5% import surcharge

---

[3] A preferential 2 percent tariff was retained for the state oil company YPFB until 1988.

was introduced for fiscal stabilization purposes. It covers only middle tariff rates (10-35%) and should be eliminated by 1991.

Argentina also made its first attempt at trade liberalization and tariff reduction in the late 1970s, but it was not until the signing of a trade policy SECAL with the World Bank in 1987 that its trade liberalization effort gained momentum. The system of import licenses was gradually dismantled, and by end-1989 it covered only 9% of domestic production. Tariffs were reduced in steps, and by 1990 the maximum tariff was 24% and the average was 15%.

Venezuela was a late starter, but it has also reformed its trade regime. The cornerstone of its trade reform, introduced unilaterally in 1989, was the unification and free float of the exchange rate and the end of all foreign exchange rationing, as well as a four-year plan for revamping the trade regime. So far, nontariff barriers have been reduced and the tariff structure rationalized into only six rates with a 50% maximum duty.

The gradual reformers

By contrast, in the other nine countries of Central and South America, the pace and extent of reform have been more gradual, and the governments have spread policy changes over a much longer time. However, most (the five Central American countries, Brazil, and Paraguay) have already overhauled their tariff schedule and reduced the coverage of other import restrictions.

In 1986, within the framework of the Central American Common Market (CACM), the Central American countries undertook extensive unilateral tariff reform which substantially reduced both the average level and the dispersion of tariffs. In addition, the nomenclature was modernized, specific rates were replaced by ad valorem rates, and most exemptions and surcharges were eliminated or sharply reduced. However, due to national differences in exchange rate policies, the effective extent of trade liberalization has varied from country to country.

In Costa Rica, the 1986 tariff reform went farther and globally eliminated surcharges on imports of consumer goods. The next year, remaining import surcharges were phased out or sharply reduced, and all tariffs over 40% were lowered by 10%. The export incentive system was streamlined, based more on free-trade zones and less on direct subsidies. In 1989, the authorities reduced the maximum tariff to 80% as the first step in a three-year program to reduce it eventually to 40%.

Honduras has taken substantial steps toward unilateral trade policy reform by adopting a new tariff schedule with a 90% maximum duty and a 20% average. In 1989, the currency was devalued for the first time in 30 years, and a year later a new tariff schedule with a 40% maximum rate was adopted.

In El Salvador, Guatemala, and Nicaragua, the pace of liberalization has been more restrained, though some progress is visible. The 1986 reform lowered tariffs, and in 1988 Salvadoran authorities also reduced import bans and further lowered tariffs and eliminated prior deposit requirements. In Guatemala and Nicaragua, trade reform attempts have focused mainly on making the exchange rate policy flexible.

Brazil and Paraguay elected to reform their trade policies gradually. Brazil made a modest attempt at trade liberalization in 1979, and in 1985 started a gradual opening of its trade regime. By 1989, the average tariff was 35%, down from 51% two years earlier. Brazil's new government (inaugurated in 1990) has declared that it intends to proceed with swift and comprehensive reform of its trade regime. In Paraguay, from 1989 to the present in particular, the authorities have approved a series of unrelated, selective modifications resulting in a relative, de facto opening of the trade regime rather than an explicit trade reform. It is estimated that Paraguay's average effective tariff in 1990 was only 10%.

Trade reforms in Colombia and Ecuador have been less uniform but still significant. The authorities have privileged negotiations with the affected domestic sectors in order to avoid undesired disruptions. Between 1984 and 1988, import restrictions in Colombia passed from 99% to 62% of tariff positions. Tariff levels and dispersion have also been lowered selectively. The average tariff was reduced from 57% to 27% and specific tariff surcharges were consolidated and selectively reduced. In 1990, Colombia announced a new program to lower nontariff barriers significantly over five years and reduce tariffs 25% over the same period. In Ecuador, the government cautiously reduced QRs in 1988. More decisive steps were taken in June 1990 when the maximum tariff was reduced and the duty surcharge lowered to between 5% and 15%.

Conclusions

Latin America's program of unilateral trade liberalization is well under way, and most countries have more open trade regimes than at the beginning of the eighties. These trade reform programs have met social and political resistance since the costs of such changes have a negative impact in the short run, while the benefits appear later.

Most of the Latin American economies are in the midst of macroeconomic crisis, and trade liberalization is cumbersome since policies and instruments aimed at liberalization often conflict with those aimed at stabilization. For instance, while liberalization may require devaluation of the real exchange rate, stabilization may call for a steady rate. Exchange rate depreciation can fuel inflation and worsen the budget deficits of governments burdened by foreign debt. In fact, devaluations in Latin America in the 1980s sometimes had serious inflationary impact because they increased the burden of public debt service payments.[4] External financing of imports has not completely eased the situation.

Similarly, while a reduction in export taxes or an increase in export subsidies may be necessary for trade liberalization, they may be detrimental to the tax systems of countries with fragile fiscal positions. In several Latin American countries, taxes on trade represent a sizeable share of government revenue. Reducing them can complicate efforts to attain fiscal equilibrium. Further, the introduction of new taxes as sources of additional revenue is not easy, given the depressed state of most of the region's economies. For this reason, many countries have been obliged to introduce temporary import surcharges as the fastest way to increase public revenues. In addition, in these recessive environments, the contractive impact of tariff reduction has often blunted the potential expansive effect of devaluations and higher import volumes.

In spite of difficulties, Latin American governments are making efforts aimed at both liberalization and stabilization to end the crisis that has overwhelmed them for nearly a decade. These governments are currently carrying out or consolidating large-scale adjustments to control the sharp deterioration of public sector investment and social welfare expenditures and high levels of inflation. As an indication, between 1989 and 1990 adjustments in public accounts ranged within an order of magnitude of 3-4% of gross domestic product (GDP).[5]

However, while the success of trade reform may hinge on the macroeconomic environment of the Latin American economies, it also depends on conditions external to those economies. Depressed prices for most of the region's exports and restrictive pressures in international markets compromise the sustainability of trade reforms since the region needs continued growth of exports if it is to reap the fruits of increased productivity and efficiency. New, larger, and less-restrictive markets for the region's exports would certainly accelerate the pace of trade liberalization and consolidate reforms. The success of trade liberalization and growth promoted on the basis of open and competitive participation in the world economy requires access to and expansion of foreign markets.

A receptive and expanding external environment is not only crucial to the region's growth and development, but it is also beneficial to its trading partners. To the extent that trade restrictions are beggar-thy-neighbor policies, from a global point of view unilateral liberalization may be defended as not only in the interest of the initiating countries but also in the interest of everyone else. Latin America and the rest of the world will both benefit from less-restrictive trade policies and expanded access to foreign markets.

---

[4] ECLAC, "The Transfer of Resources and Inflation," (Chapter X), *Economic Survey of Latin America and the Caribbean*, 1988 (LC/G.1577).

[5] ECLAC, *Preliminary Overview of the Economy of Latin America and the Caribbean*, (LC/G.1646), 19 December 1990, p.2.

2. United States Merchandise Trade With Latin America and the Caribbean

Trade between the United States and Latin America and the Caribbean (LAC) grew an average of only 4% per year during the 1980s, significantly lower than the 7% average annual growth of U.S. global trade. The relative importance of the region in U.S. total trade diminished: the Latin American and Caribbean share of U.S. exports fell from 17% in 1980 to 16% in 1989, and the region's share of U.S. imports dropped from 15% to 12% during the same period.

Overall, the U.S. trade balance with the region turned from a surplus to a deficit in part because the debt crisis and the collapse in commodity prices restricted the region's purchasing ability. However, trade with some countries grew significantly in the second half of the decade as a result of unilateral trade liberalization. Also, the composition of trade with the region changed substantially: the share of manufactured goods increased and that of agricultural products decreased.

Overview

The U.S. merchandise trade surplus with Latin America and the Caribbean of $1.3 billion in 1981 became a deficit of $20 billion by 1984, and it remained at $11 billion in 1989.

Merchandise exports to the region decreased during the early part of the decade and then recovered to reach $49 billion in 1989, a 27% increase from the 1980 level. Mexico played a decisive role in this shift since it purchased 51% of all U.S. exports to Latin America and the Caribbean. Due to severe economic constraints, exports to Mexico fell abruptly from almost $18 billion in 1981 to only $9 billion in 1983. Trade liberalization reforms and resumed growth helped U.S. exports reach $25 billion by 1989 (Appendix A, Table 1).

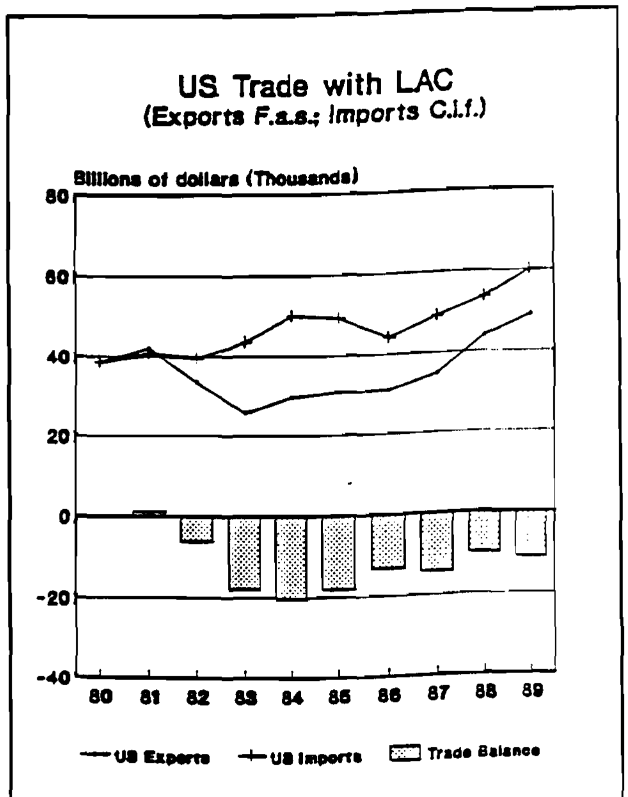
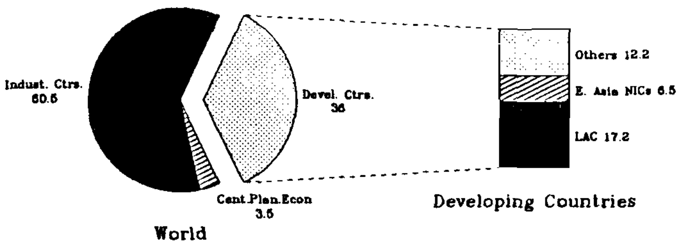
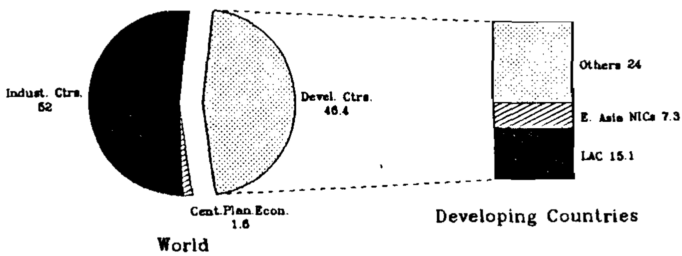


Figure 1

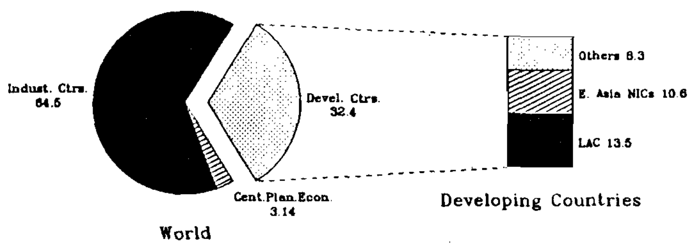
United States Exports
1980



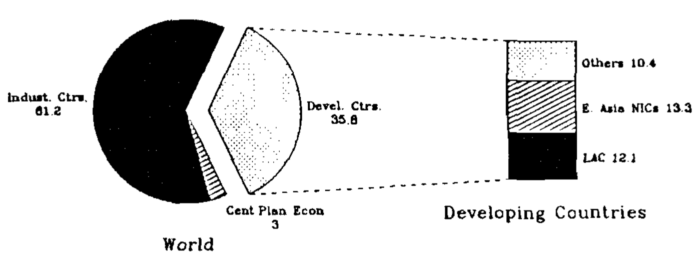
United States Imports
1980



United States Exports
1989



United States Imports
1989



Weak demand in Argentina, Ecuador, and Peru accounts for the sharp decrease in exports to South America, from $17 billion in 1980 to $14 billion in 1989. South America's share of U.S. exports fell from 44% in 1980 to 29% in 1989. Exports to Central America, stagnant for most of the decade because of the combined effects of depression, political turmoil, and the U.S. embargo against Nicaragua, fell from $2.7 billion in 1980 to $2.3 billion in 1985, and recovered modestly during the last half of the decade to $3.3 billion in 1989. Only exports to El Salvador grew significantly, because of the substantial commitment of the U.S. government to support the Salvadoran government. Exports to the Caribbean exhibited modest expansion, growing from $2.5 billion in 1980 to $4.2 billion in 1989 on the strength of exports to Jamaica and the Dominican Republic.

U.S. merchandise imports from Latin America and the Caribbean grew by 55%, from $38.7 billion in 1980 to $60 billion in 1989, and their composition changed drastically. At the beginning of the decade, the largest share accrued to energy imports, followed by agricultural products, and manufactured goods in last place with a 23% share. Due to the steady growth of manufactured goods and the decrease in the value of agricultural and energy imports, by 1986 manufactured goods had become the most important and increased their relative share, reaching 55% of the total in 1989 (Appendix A, Table 2).

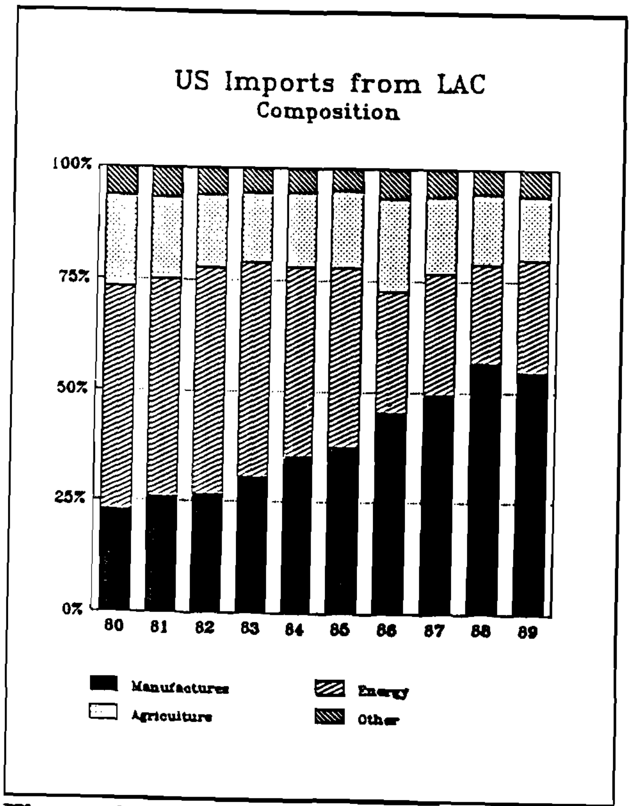


Figure 3A

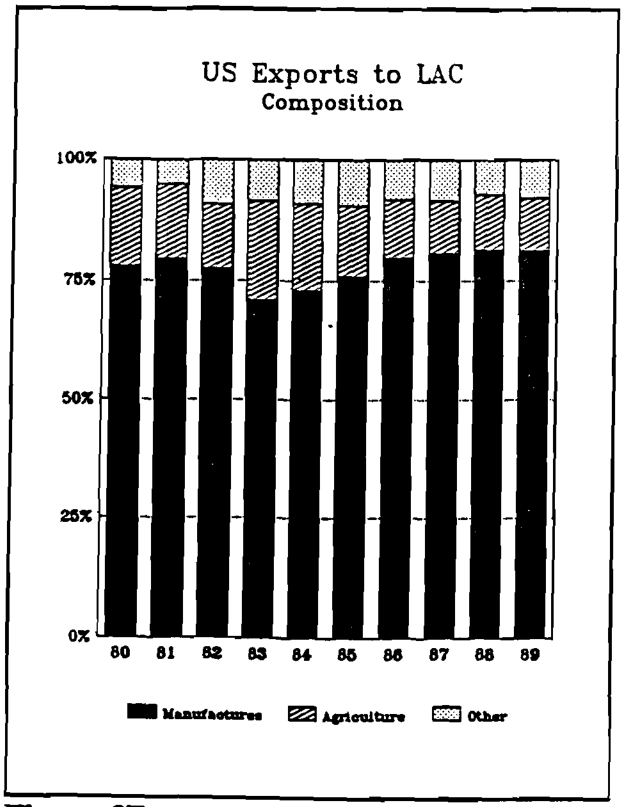


Figure 3B

As with exports, more than two thirds of U.S. imports came from Mexico, Brazil, and Venezuela. More than one third of U.S. imports from Mexico were from *maquiladoras*, which grew explosively during the decade. Imports from Mexico, which accounted for nearly half of the region's total, more than doubled during the decade and reached $27.6 billion in 1989. Imports from South America grew 66%, from $14.9 billion in 1980 to $24.8 billion in 1989. In particular, imports from Brazil more than doubled, from $4 billion in 1980 to $9 billion in 1989, and pushed the country's share of total U.S. imports from the region from 10% in 1980 to 15% in 1989. Imports from Venezuela remained relatively flat because lower international oil prices affected its terms of trade.

Merchandise imports from Central America initially lost ground but later recovered to reach $2.8 billion in 1989. Strong import growth from Costa Rica and modest growth from Guatemala and Honduras were offset by meager imports from El Salvador and Panama, due to economic and political instability in those countries and the U.S. embargo against the Sandinista regime.

Imports from the Caribbean fell from $4.4 billion in 1980 to $3.7 billion in 1989, in spite of the preferences granted through the Caribbean Basin Initiative in effect since 1984. This decline was due mostly to a decrease by two thirds in energy imports from Trinidad and Tobago, which at the beginning of the decade accounted for more than half of all imports from the Caribbean.

Sectoral composition

Manufactures

The U.S. trade balance in manufactures remained in surplus, but declined by more than 67% from a high of $23 billion in 1981 to only $7 billion in 1989. This decrease was caused by the nearly fourfold growth of U.S. imports of manufactured goods from the region.

After a sharp drop from $33.5 billion in 1981 to a record low of $18.3 billion in 1983, U.S exports of manufactures recovered to almost $40 billion in 1989. The share of manufactures in U.S. exports to the region increased from 78% in 1980 to 81% in 1989 (Appendix A, Table 3).

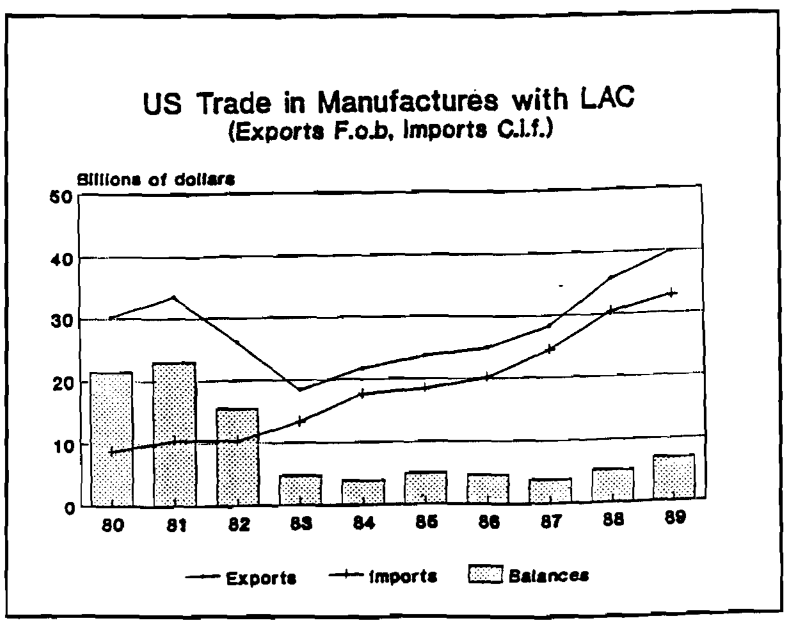


Figure 4

Manufactured imports from Latin America and the Caribbean, on the other hand, grew almost fourfold from $9 billion in 1980 to $33 billion in 1989. Mexican manufactures were largely responsible for this growth.

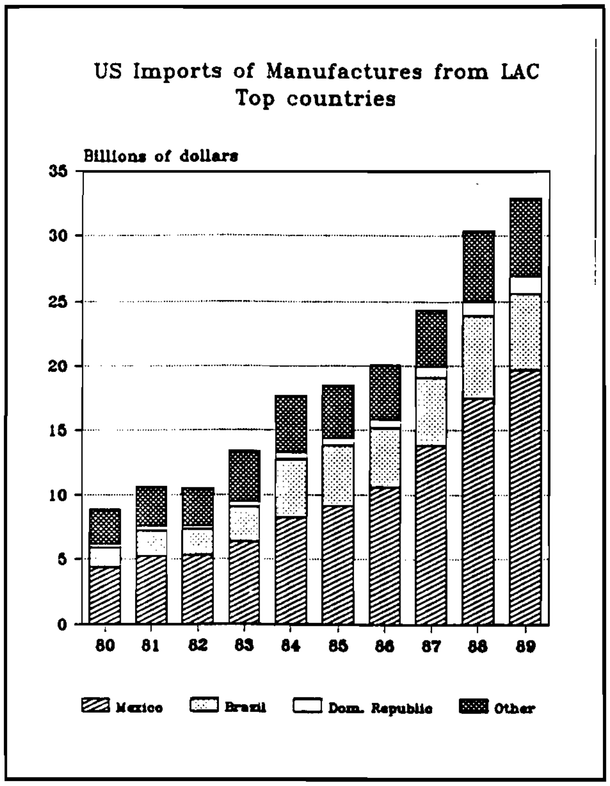


Figure 5

Manufactures became the largest component of Mexico's exports to the U.S., more than doubling their share from 35% in 1980 to over 70% in 1989. Imports from South America almost tripled, reaching $9.4 billion in 1989, while those from Central America and the Caribbean grew to $1 billion and to $2.2 billion, respectively, in 1989 (Appendix A, Table 4).

As with Mexico, the relative importance of manufactures as a percentage of U.S. imports from Latin America and the Caribbean increased during the decade, from South American countries they increased from 21% in 1980 to 38% in 1989; from Central America, they more than doubled, growing from 16% to 38%; in the Caribbean they grew nearly fourfold, from 16% in 1980 to 61% in 1989, reflecting the role of production sharing operations.

Agriculture

As a result of a poor U.S. agricultural export performance and increased imports, the deficit in its agricultural trade balance with Latin America and the Caribbean grew 92%, from $1.6 billion in 1980 to $3 billion in 1989.

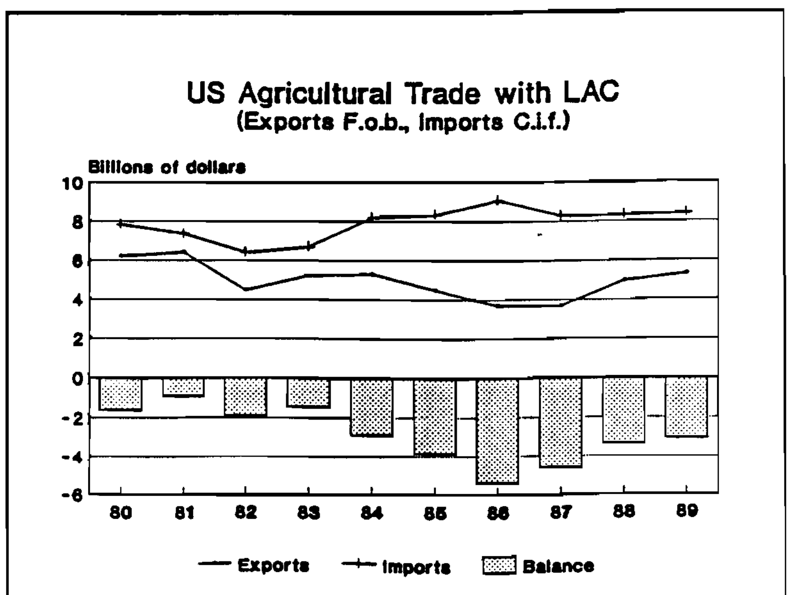


Figure 6

Because of cutbacks in Mexico's purchases of corn and cereals, U.S. exports of agricultural products to Latin America and the Caribbean fell sharply to $3.6 billion in 1986. Agricultural products as a percentage of total U.S. exports to the region declined from 16% to 11% during this period. Mexico's demand increased by 1989 and U.S. agricultural exports recovered, but they were still 17% lower than their 1981 level (Appendix A, Table 5).

By contrast, U.S. agricultural exports to South America fell 55% as most countries cut their purchases sharply. U.S. agricultural exports to Central America remained depressed, staging only a modest recovery during the late eighties to reach $423 million in 1989. Exports to the Caribbean increased modestly, from $564 million in 1980 to $700 million in 1989.

Compared with the triple-digit growth of manufactured imports, agricultural imports from the region increased a meager 7%, growing from $7.8 billion in 1980 to only $8.4 billion in 1989. This can be explained in part by the precipitous decline of key commodity prices. Coffee, fruits, crustaceans and other seafoods, vegetables, juices, and cocoa, the principal imported items, were affected by the decline in commodity prices. Further, U.S. import quotas reduced imports of sugar from the peak of 2.9 million tons in 1984 to the lowest level of the decade, 908,000 tons, in 1987.

Agricultural imports from Mexico doubled to $2.3 billion by the end of the decade, and Mexico's share of U.S. agricultural imports from the region grew from 14% in 1980 to 27% in 1989. By contrast, U.S. agricultural imports from South America fell slightly, to $4.1 billion in 1989, while declines in coffee prices and sugar quotas explain the 16% drop to $1.4 billion in agricultural imports from Central America. Finally, agricultural imports from the Caribbean fell by 35%, to $442 million in 1989. Because of all these changes, the relative share of agricultural imports as a percentage of total U.S. imports from Latin America and the Caribbean fell from 20% in 1980 to 14% in 1989 (Appendix A, Table 6).

Energy

Energy imports from Latin America and the Caribbean remained at an annual average of $20 billion from 1980 to 1985, fell drastically to $12 billion in 1986, and recovered only enough to reach $15 billion in 1989, still 23% lower than in 1980. Despite the fact that the relative importance of energy imports as a percentage of total regional imports fell by half, from 50% in 1980 to 25% in 1989, the region continued to be a major supplier of energy to the U.S. As a percentage of U.S. global energy imports, the region's share grew from 24% in 1980 to a decade high of 35% in 1985 and fell to 27% in 1989.

Mexico and Venezuela supplied about two thirds of regional energy imports. At the beginning of the decade, Mexico was the leading supplier of energy imports to the U.S., $6.7 billion or 53% of total imports. By 1989, energy imports from Mexico had fallen to $4.5 billion, 16% of total imports from the region. Energy imports from Venezuela kept a more even pace with only small variations during the decade, and its market share grew from 6% in 1980 to 11% in 1989.

U.S. imports under special regimes

Production sharing

Production sharing, known in Mexico as *maquila* operations, define activities in which parts of the production of an article take place in different countries. Production-sharing imports fall under the Harmonized Tariff Schedule of the United States Subheadings 9802.00.60 and 9802.00.80, formerly known as TSUS items 806 and 807. While subheading 9802.00.60 encompasses imports of articles of U.S. metal processed in a foreign location and returned to the U.S. for further processing, subheading 9802.00.80 refers to imports of goods assembled abroad and containing components made in the U.S. In both, duties are applied only to the value added by foreign processing and/or inputs, while the portion of U.S. origin is duty free. Since imports under subheading 9802.00.80 account for 99% of the combined total value of imports under both provisions, in this report HTS 9802 refers to all imports under production sharing.

Imports under HTS 9802 cannot be considered "trade preferences," as in the Generalized System of Preferences (GSP) or the Caribbean Basin Economic Recovery Act (CBI), although HTS 9802 reduces the tariff obligation through the duty-free treatment of the U.S. origin. This is particularly useful in imports of goods with high rates of duty such as apparel which carry an average duty of 20.3% ad valorem. In general, the growth of U.S. imports under HTS 9802 has been propelled by various motives, among them (1) to improve the price competitiveness of products by shifting labor intensive assembly operations to low-wage-rate countries; (2) to allow companies to rationalize production; and (3) to avoid payment of the customs user fee (CUF) imposed beginning in December 1986.

The value of U.S. imports from all countries under HTS 9802 almost tripled, from $28 billion (8% of total imports) in 1984 to $73 billion (18% of total imports) in 1988. Much of this growth, especially in the later years of the decade, was caused by importers seeking to avoid the CUF, which specifically excludes imports under HTS 9802. For example, many importers who chose to declare eligibility under HTS 9802 did not have an incentive to use this clause prior to the imposition of the CUF because their goods already entered duty-free, either under the most favored nation (MFN) treatment or other bilateral arrangements.

The value of U.S. imports from Latin America and the Caribbean under HTS 9802 doubled from $6 billion in 1984 to $13 billion in 1988. Similarly, production-sharing imports doubled their share of total imports from the region, from 12% in 1984 to 24% in 1988. However, due to fast growth in imports from developed countries that shifted their goods to 9802 to avoid the CUF, the region's share of world HTS 9802 imports declined from 21% in 1984 to 18% in 1988 (Appendix A, Table 7).

Imports from Mexico account for most U.S. regional imports under HTS 9802. They increased from $4.8 billion in 1984 to $10.7 billion in 1988, and from 80% to 84% of Latin America and Caribbean HTS 9802 imports during that period. By 1988, 46% of U.S. imports from Mexico were under this regime. The fastest-growing imports from Mexico's *maquiladoras* have been parts and subassemblies for the U.S. automobile industry, TV receivers, and other household appliances.

In South America, Brazil and Colombia were the most active participants in the HTS 9802 regime. Mostly on the strength of transportation equipment, internal combustion engines, and mechanical appliances, Brazilian imports grew from $299 million in 1984 to $844 million in 1988, though they are still a small fraction, 8.5% of the total. Imports from Colombia increased from $37 million to $85 million in the same period, 3.6% of the 1988 total.

On the strength of imports from Costa Rica, HTS 9802 imports from Central American countries, which by 1988 represented 14% of the total, almost doubled from $175 million in 1984 to $337 million in 1988. Imports from the Caribbean grew from $645 million in 1984 to $724 million in 1988, mainly on imports from the Dominican Republic and Haiti.

Central America and the Caribbean took advantage of the strong growth in U.S. imports of textiles, footwear, and apparel. The Dominican Republic, Jamaica, Costa Rica, and Haiti are the main exporters of apparel, items that are quantitatively restricted by the Multifiber Agreement (MFA) and are not eligible for duty-free treatment under GSP or CBI. In February 1986, a "special access program" under former TSUS 807, was approved for apparel and made-up textiles for eligible CBI countries. This program, better known as 807-A, was inaugurated in September 1986, with a bilateral textile agreement with Jamaica. Since then, similar bilateral agreements have been signed with the Dominican Republic, Costa Rica, Haiti, Trinidad, and Tobago. The program establishes guaranteed access levels (GALs), separate from and usually higher than other similar arrangements, that may be increased at the request of the exporting country. The average rate of duty for apparel was 20%, while the actual, or effective, rate of duty for apparel under GALs was 5% because 75% of the value of these imports consisted of US made components and was exempt from duty under HTS 9802. However, in spite of the potential benefits of the 807-A program, none of the five participating Caribbean countries filled more than a fraction of its GALs or other quotas.

Intra-industry links between the U.S. and Latin American and Caribbean countries, as reflected in the percentage of U.S.-made (duty-free) components embodied in HTS 9802 imports, are quite strong. The duty-free portion of HTS 9802 imports from Mexico averaged 52% during the 1980s. This percentage is particularly high compared to 29% on imports from Canada and only 2% on imports from Japan and Germany. (Altogether, Canada, Japan, Mexico, and Germany account for an average of 60-70% of total U.S. HTS 9802 imports). In the case of Latin America and the Caribbean, the level of U.S. content in HTS 9802 imports is relatively high, generally over 50%, except imports from Brazil, which average only 20%.

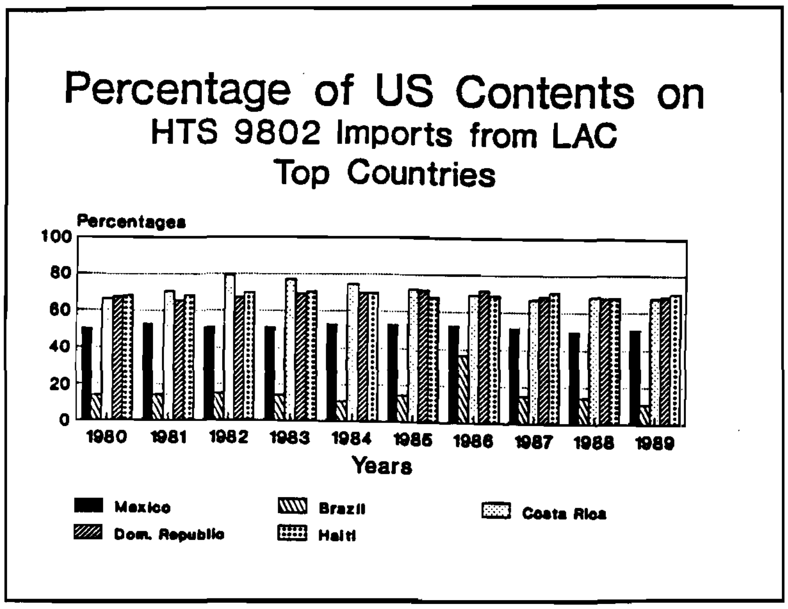


Figure 7

Preferential schemes

The United States has created two preferential schemes offering duty-free treatment for certain goods: the Generalized System of Preferences (GSP), which was initiated in 1976 for 10 years and later extended until July 4, 1993; and the Caribbean Basin Initiative (CBI), which was approved in 1985 and made permanent as CBI II in August 1990.

The CBI offers relatively broader preferences, and more flexible rules, but its benefits are limited to 24 eligible Central American and Caribbean countries. Since CBI beneficiaries are also beneficiaries of the GSP, there is substantial overlap in the number of products eligible for duty-free entry.

Generalized System of Preferences (GSP)

US imports of GSP-eligible goods originating in beneficiary countries of the Western Hemisphere grew at an average yearly rate of 15%, from $5 billion in 1980 to nearly $18 billion in 1989.

Comparison of
GSP and CBI

GSP	CBI
Coverage: Limited to a list of 2,800 eligible items	**Coverage:** All products from eligible countries
Exclusions: Textiles and apparel, watches, footwear and leather goods, other "import-sensitive" goods	**Exclusions:** Textiles, apparel, watches, footwear and leather goods, petroleum products, tuna
Limitations: Yearly reviews of competitive need limitations and graduation thresholds	**Limitations:** None
Eligibility: Goods must be imported directly from beneficiaries; minimum 35% of appraised value must be local, from a single beneficiary; no provision for U.S. content	**Eligibility:** Must be imported directly from beneficiaries; minimum 35% of appraised value must be local, from one or more beneficiaries. Beneficiaries may use U.S.-made materials for up to 15% of the 35% minimum local content requirement. Materials from Puerto Rico and the U.S. Virgin Islands may count as beneficiary country inputs.
Other benefits: None	**Other benefits:** Tax incentives for foreign investment. Goods made from 100% U.S. components (except textiles and apparel) may enter the U.S. duty- and quota-free
Expiration: 1993	**Expiration:** None

Throughout the eighties there was a net reduction of GSP benefits due to competitive need exclusions (CNE) against beneficiary countries.[1] Imports eligible for duty-free GSP benefits were reduced 40% in 1980 and an additional 49% in 1989, as the amount of CNEs affecting Western Hemisphere beneficiaries grew significantly during the eighties, from $2 billion in 1980 to almost $9 billion in 1989. Mexico, Brazil, and Chile have been the most affected by the CNEs.

Utilization of the GSP varied greatly. Most beneficiary countries did not take full advantage of GSP eligible imports. On average, only 68% of the amount left over after the reductions from CNEs actually entered duty-free under the GSP. Throughout the eighties, South America's average utilization rate was quite high, about 89%, while Mexico, the single largest

[1] Under administrative provisions governing the GSP, the program is subject to two types of review: an annual review to examine requests from beneficiaries and U.S. firms, leading to suspension or elimination of benefits, and other modifications; and a general review to examine articles deemed "sufficiently competitive" and evaluate mandatory and discretionary criteria for eligibility. These reviews result in substantial modifications of country benefits, by which products and countries are included on or withdrawn from the duty-free list.

beneficiary of the GSP, had an average utilization rate of only 49%. For Central America and the Caribbean in the eighties, the average utilization rates were 78% and 62%, respectively.

As a result, actual duty-free imports under the GSP grew from $2 billion in 1980 to almost $6 billion in 1989 (Appendix A, Table 8). Most of these benefits were used by Mexico, Brazil, and Argentina, which jointly accounted for two thirds of GSP imports from the Western Hemisphere. The relative importance of GSP imports varied among beneficiaries. U.S. duty-free GSP imports represented a yearly average of 9% of total imports from Latin America and the Caribbean, with lower degrees of relative importance for the larger countries. For example, duty-free imports under the GSP from Mexico represented an average of 7% of total US imports from that country, while GSP imports from Brazil and Argentina represented an average of 15% and 24%, respectively, of total US imports from those countries. (Appendix A, Table 9)

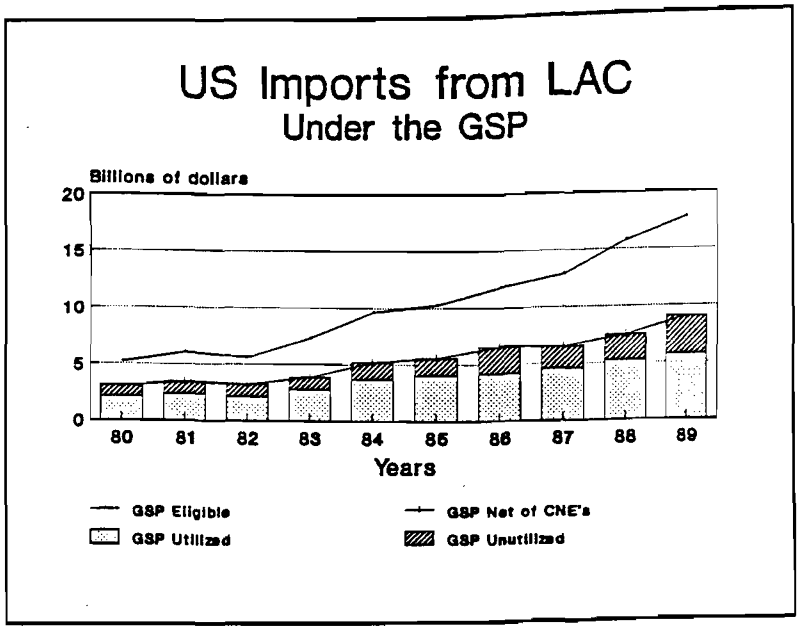


Figure 8

Caribbean Basin Initiative (CBI)

Except for a small number of goods formally excluded from duty-free entry under the program, all products from CBI beneficiary countries are eligible for duty-free entry. However, since that includes all products already eligible under the GSP, there is substantial overlap between programs. CBI countries can choose to export a duty-free product either under CBI or GSP. Since the CBI's limitations and eligibility rules are less restrictive, exporters may classify a product for duty-free entry under either scheme.

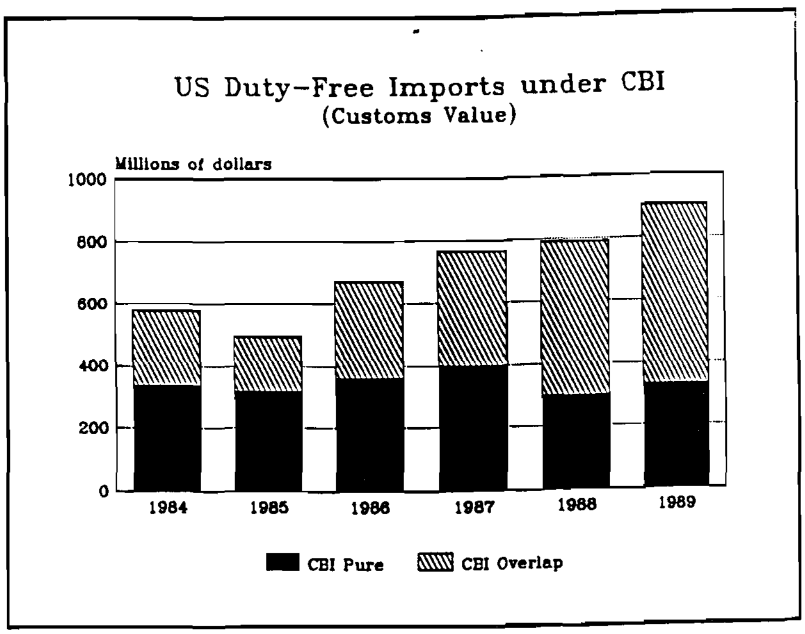


Figure 9

Total duty-free imports under the CBI amounted to $577 million in 1984 and grew on average 11% per year to reach $906 million in 1989 (Appendix A, Table 10). These totals include two different parts: (a) the real benefit from the CBI program ("CBI-pure," products not eligible for duty-free entry under the GSP, about sixty items in all); and (b) the remainder, "CBI overlap," which were duty-free under CBI classification but could have also qualified under the GSP.

The CBI-pure segment remained practically flat during the entire period, and the CBI program remains largely unused. Relative utilization declined from over 58% of total CBI duty-free imports in 1984 to less than 37% in 1989.

Most of the growth experienced over the decade was in the CBI-overlap segment. There has been no perceptible increase in real benefits but rather a shift from one method of duty-free entry to another.

From a global perspective, the relative importance of all CBI duty-free imports, both pure and overlap as a percentage of total U.S. merchandise imports from CBI countries doubled from 7% in 1984 to nearly 14% in 1989. However, taking into account only CBI-pure imports, this relative importance grew only marginally, from 4% in 1984 to 5% in 1989.

Utilization of the program has been highly concentrated in a few countries. Principal beneficiaries of the CBI program have been the Dominican Republic and Costa Rica, which together account for about 50% of CBI duty-free imports. Other major users are Honduras, Guatemala, Haiti, and Jamaica, which account for about 30% of duty-free imports (Appendix A, Table 10).

3. United States Direct Investment in Latin America and the Caribbean 1980-89

Overview

From 1980 through 1989, U.S. direct investment or stock (USDI) in Latin America and the Caribbean increased an annual average of 5.5 per cent, reaching $67.6 billion by the end of the decade.[1] This rate of increase was relatively slow compared to earlier periods, for instance, 1977-80, when the annual rate of growth was 14.9%. The effects of this slowdown went beyond Latin America and the Caribbean. The overall rate of growth of U.S. direct investment abroad (USDIA) dropped from about 14% during 1977-80 to 6.5% during 1980-89, reflecting the underlying worldwide slowdown of USDIA[2] (Appendix B, Table 1).

Overall, about two thirds of all U.S. direct investment has gone to developed countries. Developing countries received 25%, and the remainder went to affiliates of U.S. corporations whose operations span more than one country (mainly businesses engaged in shipping, trading of petroleum, and offshore drilling. The Latin American and the Caribbean share in total U.S. foreign direct investment abroad declined during the decade from 20% in 1980 to 18% by December 1989.

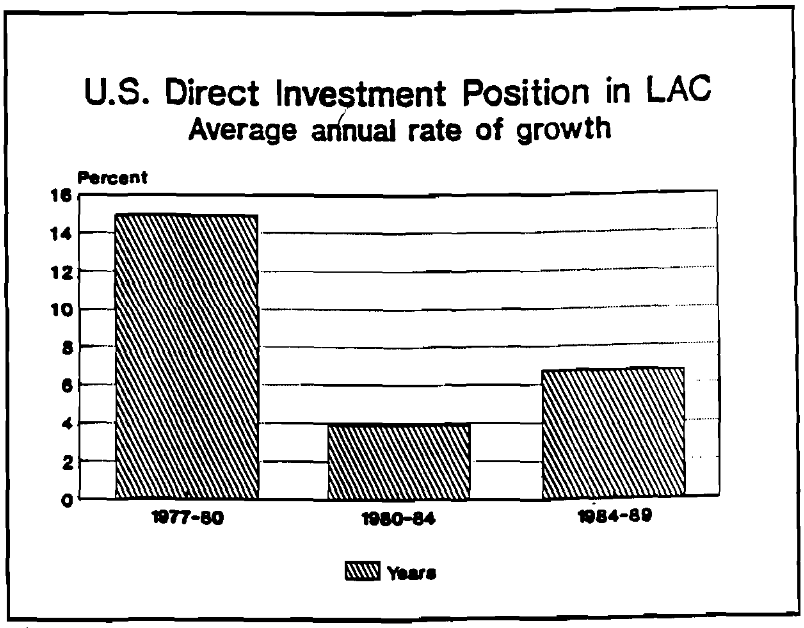


Figure 1.

1. U.S. direct investment or stock is the cumulative net book value of U.S. direct investors' equity in, and net outstanding loans to, their foreign affiliates (defined as business enterprises abroad in which a single U.S. investor owns at least 10 percent of the voting securities, or the equivalent).

2. Unless otherwise noted, figures in the text do not include investment in the Netherlands Antilles.

This loss can be appreciated more fully by comparing the U.S. position in the region with that in all developing countries. Of the total U.S. investment in developing countries in 1980, 73% was in Latin America and the Caribbean, but by the end of 1989 this share had declined to 68%. By contrast, the share accruing to Asian and Pacific region developing countries increased from about 15% to 22% over the same period. Further, the average annual rate of growth of U.S. investment in Asia and the Pacific was 11% during the period, double that for Latin America and the Caribbean.

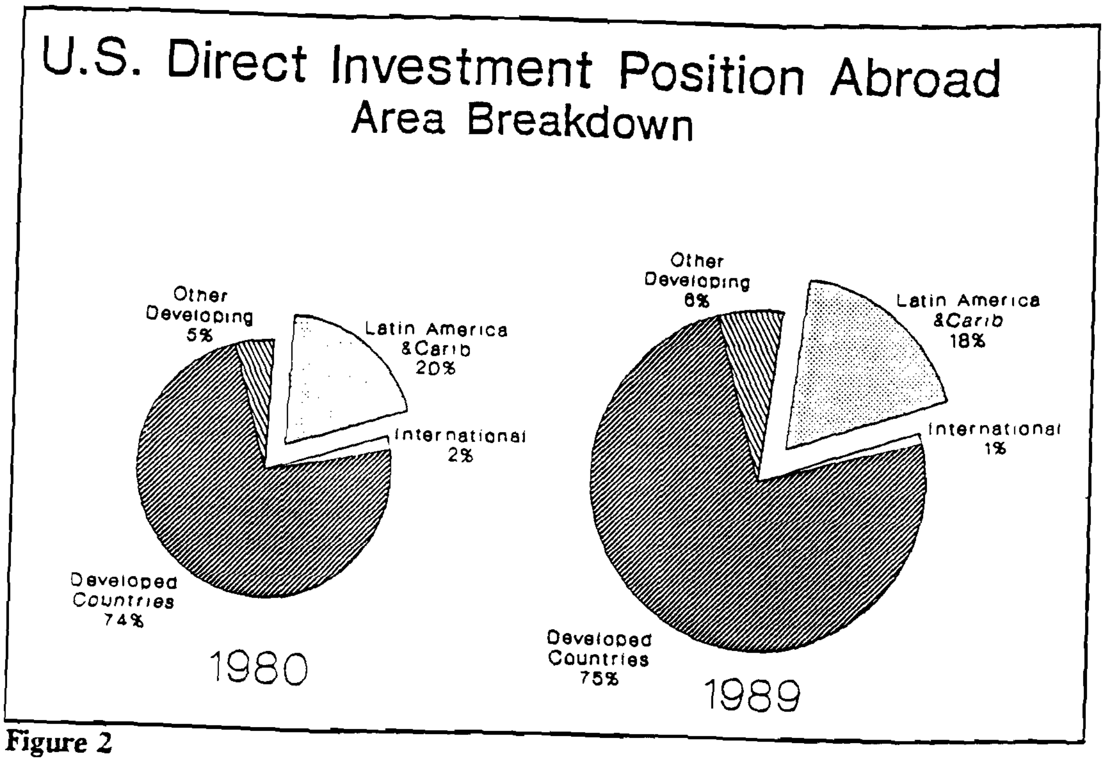


Figure 2

Industry composition and growth

U.S. investment by industry changed during the decade. Latin America and the Caribbean lost some share in several industries compared to other developing countries. The loss in wholesale trade was particularly large since the region's share decreased from more than 70% in 1980 to less than 50% by 1989. In manufacturing and petroleum, share losses were 10% and 4%, respectively, while in banking, the share increased from 72% in 1980 to more than 75% in 1989.

By the end of the eighties, the sectors that attracted most U.S. investment in Latin America and the Caribbean were finance and manufacturing, with over $25 billion and $21 billion stock in 1989, respectively, or 39% and 31% of the total position in the region. As indicated below, manufacturing lost ground during the period, while banking activities appear to be increasingly appealing.

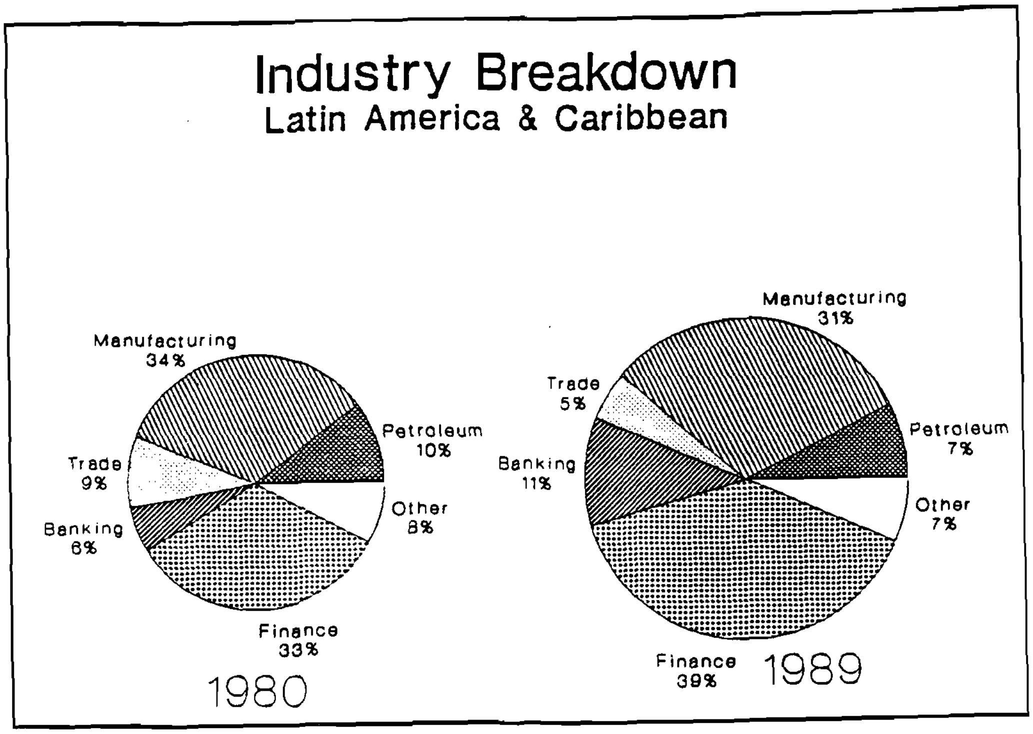


Figure 3

Distribution among industries varies within the region. U.S. direct investment in the Caribbean is concentrated in the finance industry, largely investments in Bermuda. The share accruing to other industries is very small, except for banking, whose share doubled during the period.

In South America and Mexico, by contrast, investment is predominantly in manufacturing, with U.S. investment in 1989 amounting to less than $15 billion and $6 billion, respectively. Petroleum and trade suffered losses in South America, as did manufacturing and trade in Central America and Mexico.

Finally, in the manufacturing industry, both at the beginning and the end of the decade, the shares of the various branches remained relatively stable, with exceptions like the chemical industry, which declined slightly even though it attracted most of the investment in manufacturing (Appendix B, Table 7).

Growth of U.S. direct investment was uneven. In banking and petroleum, U.S. investment in Latin America and the Caribbean grew at a higher rate than in other developing countries. By contrast, growth of investment in the region's wholesale trade and services was considerably lower than in other developing countries.

Within the region, however, Mexico and Central America experienced high growth in manufacturing and trade (36% and 43%, respectively). This can be explained by the dynamism of the export-oriented industry in Mexico and Panama's attractiveness for wholesale trade because of its banking and financial services. In Brazil and Chile, investment in manufacturing was also dynamic, particularly in the late eighties.

In both Panama and Bermuda, investment in finance companies increased substantially during the decade, mainly through reinvestment of earnings. Finally, the U.S. position in banking in the Caribbean expanded at an average annual rate of 18%, and offshore banking was particularly dynamic in The Bahamas (Appendix B, Table 8).

Trends and factors

Changes in USDI in Latin America and the Caribbean during the decade can be attributed to a number of factors, in particular financial intermediation, exchange rate fluctuations, and worldwide changes in economic growth.[3] For instance, from 1977 until 1984, Netherlands Antilles affiliates were used by U.S. companies to borrow funds in European capital markets to relend to their U.S. parent companies. The parent companies were prompted to borrow indirectly through these affiliates, rather than directly from European markets, because the associated interest payments were exempt from U.S. withholding taxes under a United States-Netherlands Antilles tax treaty. To realize this tax advantage, the affiliates were required to be incorporated separately in the Netherlands Antilles. In the third quarter of 1984, the repeal of the U.S. withholding tax on interest paid to foreigners ended the advantage to

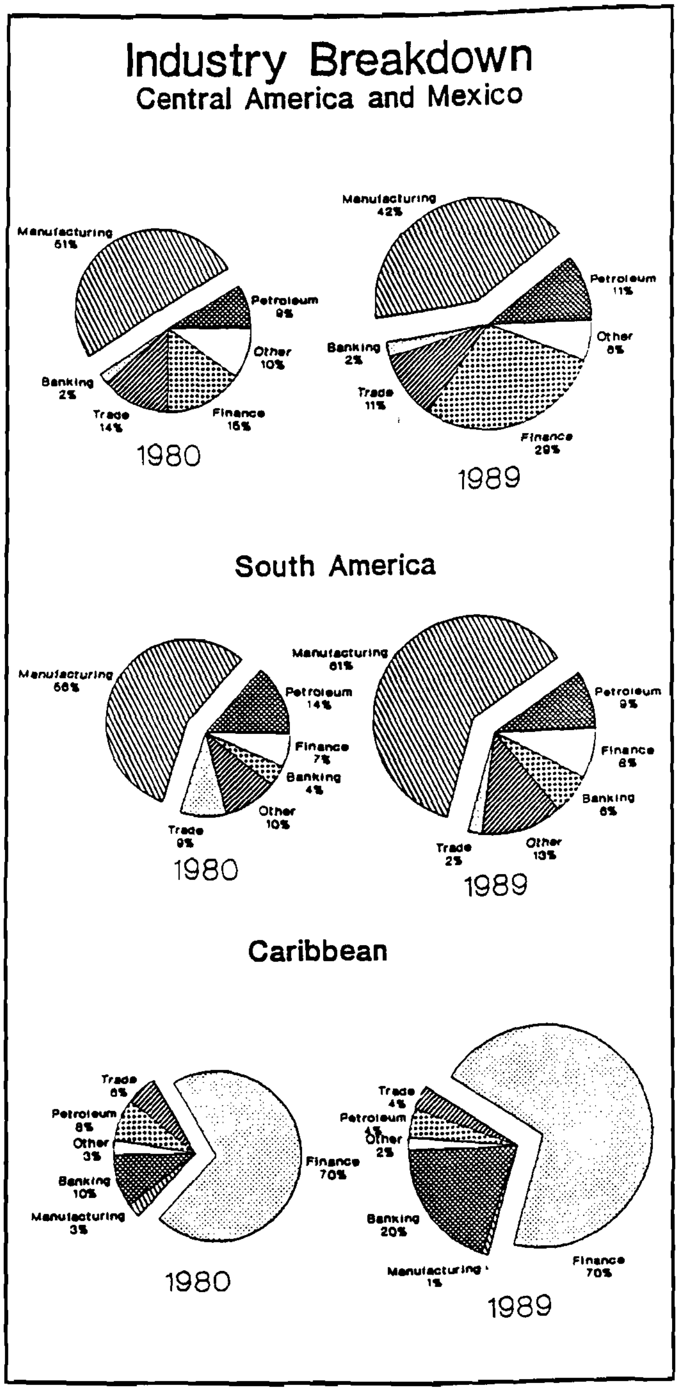


Figure 4

3. *International Direct Investment*, U.S. Department of Commerce, November 1988.

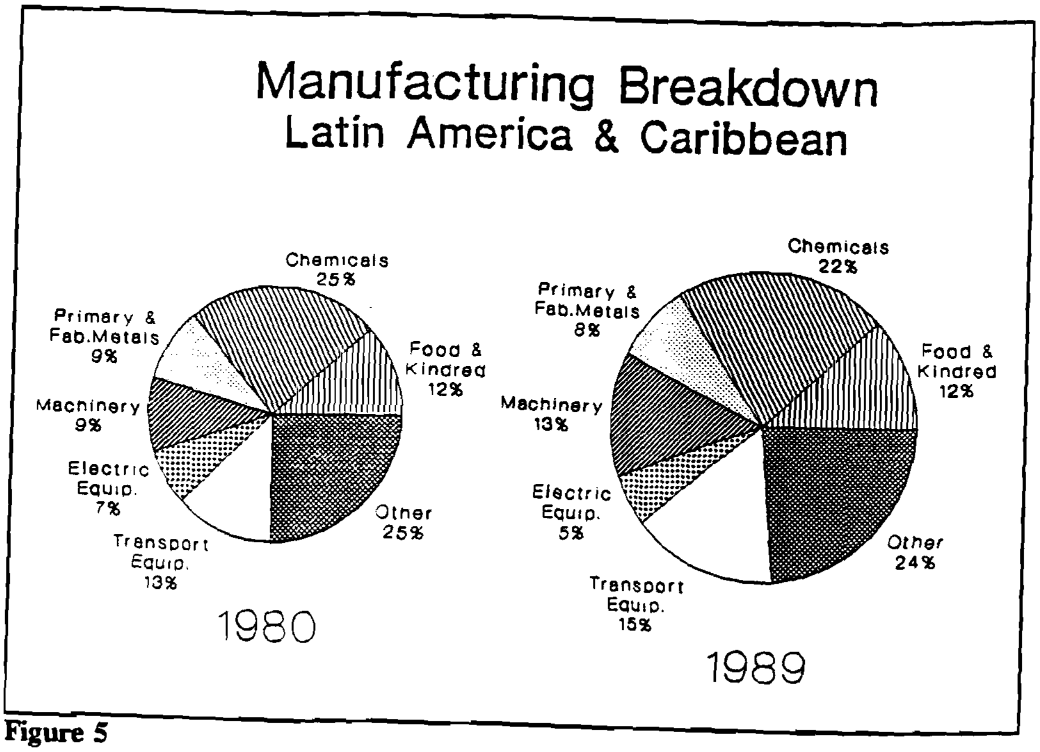


Figure 5

borrowing through Netherlands Antilles affiliates. Consequently, most borrowing from these affiliates ceased and repayment of previous borrowing has increased substantially. U.S. parent companies have been liquidating or otherwise reducing their equity in these affiliates since 1985.

Borrowing by parent companies from the Antilles affiliates appeared as a large negative direct investment in the Antilles, though it had no direct effect on physical production or other direct investment activities abroad. This financial intermediation distorted the underlying global pattern of USDIA, in particular in Latin America and the Caribbean. If U.S. investment in the Netherlands Antilles is included, the rate of growth of U.S. direct investment in the region is -9.6 and 20.4% during 1980-84 and 1984-89, respectively, as opposed to 3.9 and 6.7%, respectively, for the same periods.

The value of USDIA was also affected by the change in the value of the dollar. The major appreciation in the dollar exchange rate during 1980-85 and later sharp depreciation affected investment, mainly through foreign currency translation gains and losses.[4] For example, a dollar exchange rate appreciation such as that of 1980-85 caused capital losses from translating affiliates' foreign currency-denominated assets and liabilities into U.S. dollars. Currency translation gains and losses, although included in reinvestment earnings, represent accounting adjustments instead of actual investment flows or earnings in the

4. Ibid. for figures adjusted for capital gains and losses.

usual sense. However, significant exchange rate changes did have considerable impact on stock values.

Even after adjusting the growth rate of USDIA for capital gains and losses and excluding the negative direct investment position from Netherlands Antilles finance affiliates, growth rates of USDIA in the 1980s are below recent historical averages, both worldwide and in the region. Additional factors that contributed to this slowdown include, first, numerous mergers and buyouts in the U.S. during the decade were financed in part through intercompany lending by foreign affiliates; second, a reduction in the Federal corporate tax rate improved investment opportunities in the U.S. relative to other countries; third, increased depreciation allowances and lower inflation; and fourth, slow economic growth in many regions.

The slowdown and decline in U.S. direct investment in Latin America and the Caribbean can be attributed mainly to the economic depression and political uncertainty experienced by the latter during the eighties. In addition to large translation losses caused by currency devaluations in several host countries, the economic slowdown of the region reduced affiliates' earnings.

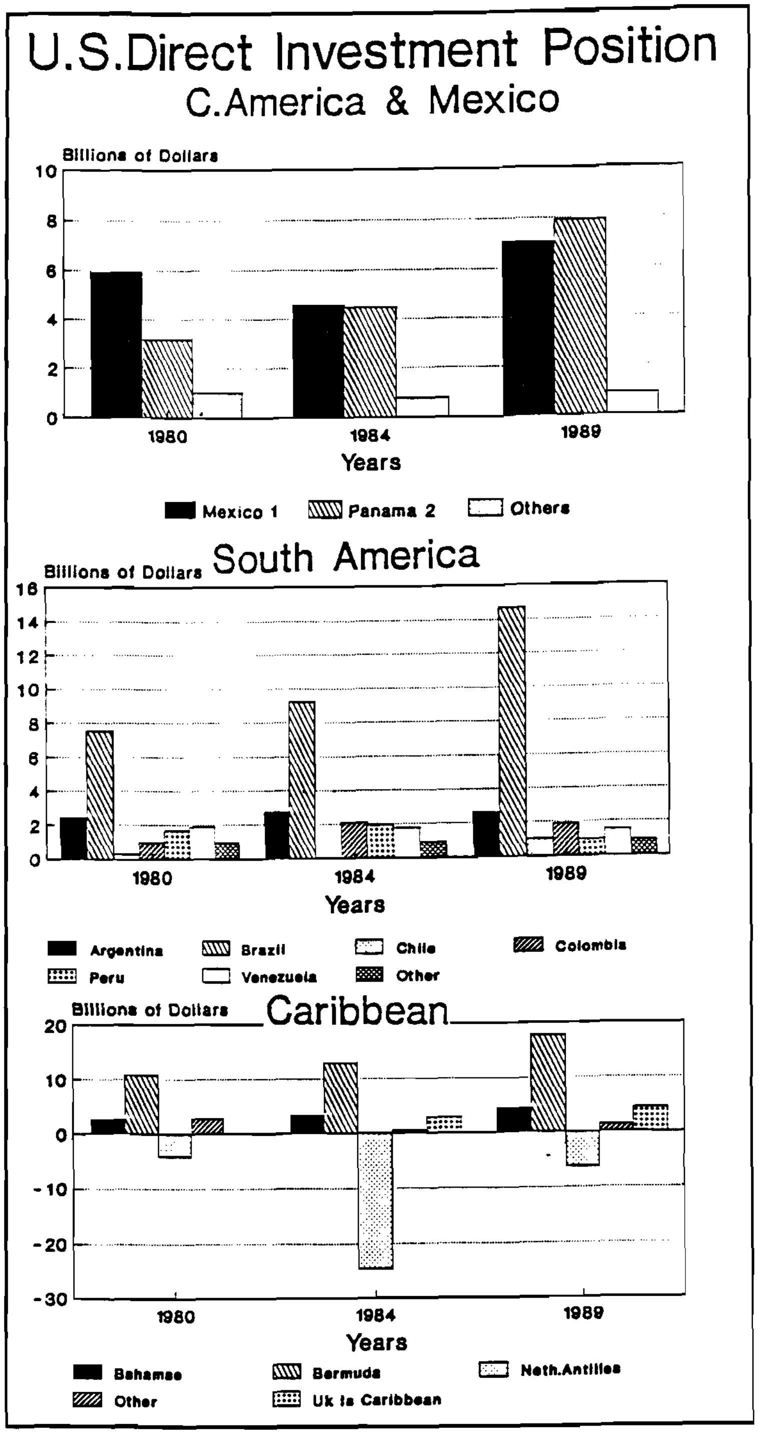


Figure 6

Growth of U.S. direct investment in Latin America and the Caribbean was the highest in Chile, an impressive 50.4% annual average, followed by the British Caribbean islands (British Antilles, British Virgin Islands, Cayman Islands, and Montserrat), 19.3%; Panama, 11.6%; Colombia, 10.9%; and Brazil, 8%. In Chile, Brazil, and Mexico, U.S. direct investment increased much faster in the second half of the eighties. Relatively lower labor costs due to devaluation of currencies, liberalization of trade and investment, and debt-equity swaps promoted faster investment in these countries. Simplified customs regulations and lower labor costs from peso devaluations have strengthened new investment in export-oriented *maquila* operations in Mexico.

The British Caribbean islands showed the second-largest rate of increase in the region's USDI since 1980. Most of this increase has been in finance and banking in the Cayman Islands which, because of low taxes and little regulation, has become a major offshore financial center. Growth of investment in banking and finance in Panama, The Bahamas, and Bermuda can be attributed to the absence of direct taxes on income and capital gains, few financial disclosure requirements, and lower reserve requirements.

By the end of the decade, about 40% of U.S. investment abroad was in the Caribbean, almost 35% in South America, and 25% in Mexico and Central America. Bermuda, with about 25%, has the largest share of investment, and Brazil, Panama, and Mexico have approximately 22%, 12%, and 11%, respectively (Appendix B, Table 9).

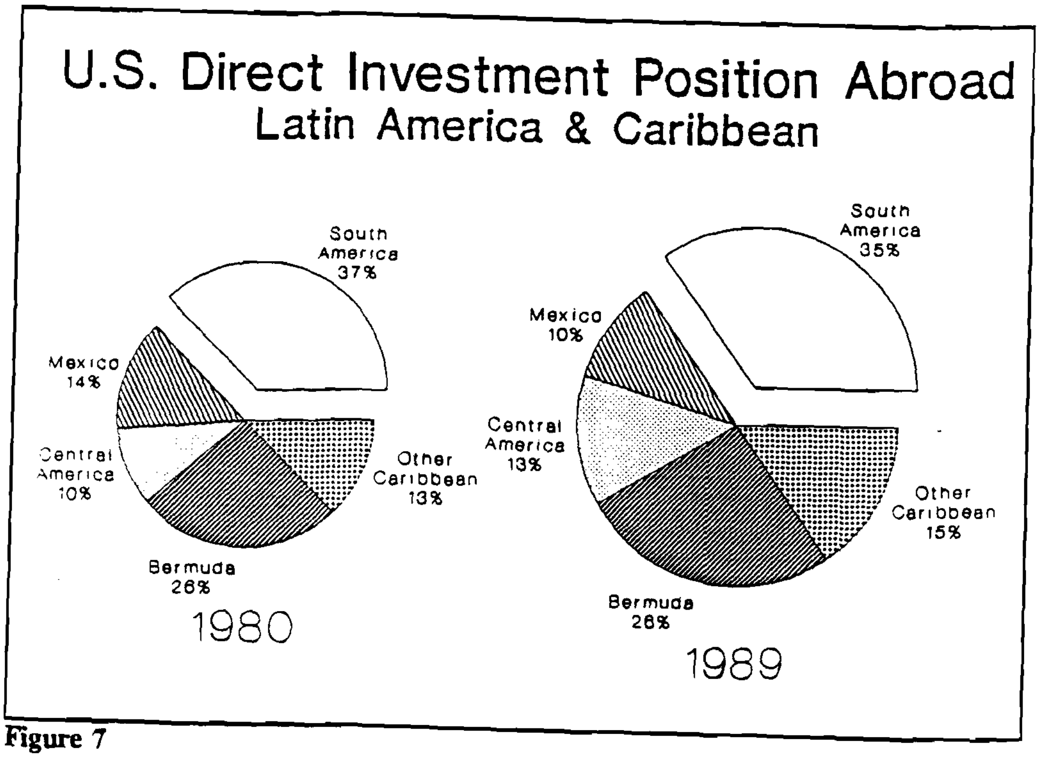


Figure 7

Sources of finance

The sources of finance of U.S. investment have changed over time. During the 1950s and 1960s, increases in USDIA were financed mainly by equity and intercompany flows from U.S parent companies. In the 1970s, however, two thirds of the increase in USDIA came from reinvested earnings of foreign affiliates. In Latin America, reinvested earnings accounted for 38% of the growth in investment in the latter part of the eighties.

Growth of U.S. investment in the past decade depended to a large extent on the earnings of foreign affiliates and the economic performance of foreign countries rather than on flows of U.S. capital. It seems unlikely that this trend will be reversed soon, with new equity and intercompany flows attaining the level of previous decades.[5]

Rate of return

The rate of return on U.S. direct investment abroad and in Latin America and the Caribbean fluctuated sharply during the eighties in response to changes in inflation rates, foreign currency translation gains and losses, and rates of economic growth.[6] In Latin America and the Caribbean, the rate of return of U.S. investment fell in the second part of the 1980s compared to rates in the late 1970s and early 1980s. For instance, the rate of return fell from 13.2% in 1980-83 to 10.7% in 1984-86.[7] For the decade as a whole, the average annual rate of return was 12.2%, less than the 16.2% average for all developing countries.

As shown above, the rate of return on U.S. direct investment varied within the region. It was higher in the Caribbean because of the profitability of finance and banking industries in The Bahamas, Bermuda, and Cayman islands, than in Central and South America. The Bahamas had an average annual rate of return of 31.7%, the highest in the region. In this sense, U.S. direct investment in banking had the highest rate of return of any industry sector anywhere in the world in the 1970s and 1980s. The average annual

---

5. United States Department of Commerce, *op. cit.*, p. 27.

6. The rate of return on direct investment compares U.S. investors' share of the earnings of foreign affiliates (after foreign taxes) plus net receipts of interest on intercompany loans, to the net book value of U.S. investors' equity in, and net outstanding loans to, their foreign affiliates. The rate of return presented here is income receipts divided by the average of the beginning and year-end direct investment totals. See *International Direct Investment*, p.30.

7. Calculations of rates of return for later years are not presented since the figures include finance activities in the Netherlands Antilles and are therefore not comparable.

rate of return in banking was 26% for 1980-86, twice the worldwide average for USDIA.[8]

Within South and Central America, the highest rates of return were in Chile with 28.1%, and Panama, 14.7%. The rate in Chile increased substantially because direct investment (up to 1985) declined faster than income receipts. In Panama, the profitability of finance companies explains the rate of return. In Mexico, the rate of return fluctuated widely during the period because of devaluation of the peso.

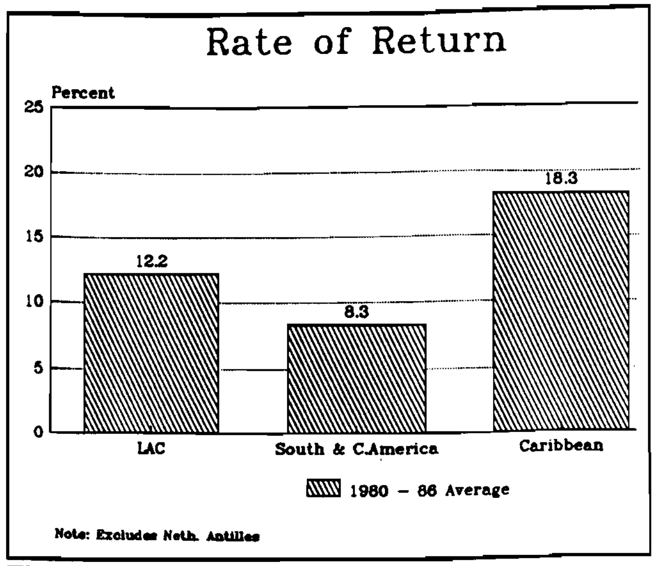


Figure 8

8. Ibid, p. 30

Statistical Appendixes

Appendix A

Appendix B

APPENDIX - A

Table 1
US Merchandise Exports to Latin America and the Caribbean
($ Millions, f.a.s)

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
Latin America & Carib . .	38718	42102	33591	25725	29683	31019	31077	34979	43856	49078
South America	17130	17471	15062	10297	10827	10780	11788	12774	14670	13990
Argentina	2625	2192	1294	965	900	721	944	1090	1054	1039
Bolivia	172	189	99	102	106	120	112	140	148	145
Brazil	4344	3798	3423	2557	2640	3140	3885	4040	4267	4804
Colombia	1736	1771	1903	1514	1450	1468	1319	1412	1754	1924
Chile	1354	1465	925	729	805	682	823	796	1066	1414
Ecuador	864	854	828	597	655	591	601	621	681	643
Paraguay	109	108	78	36	64	99	171	183	194	167
Peru	1171	1486	1117	900	751	496	693	814	795	695
Uruguay	183	163	190	86	80	64	100	92	99	134
Venezuela	4573	5445	5206	2811	3377	3399	3141	3586	4612	3025
Mexico	15145	17789	11817	9082	11992	13635	12392	14582	20628	24982
Central America	2650	2617	2243	2241	2416	2296	2479	2616	2889	3304
Costa Rica	498	373	330	382	423	422	483	582	696	882
El Salvador	272	308	292	365	426	445	518	390	483	520
Guatemala	553	559	390	316	377	405	400	480	590	662
Honduras	379	349	275	299	322	308	363	418	476	515
Nicaragua	250	184	118	132	112	42	3	3	6	2
Panama	699	844	839	748	757	675	711	742	638	723
Caribbean	2518	2702	2728	2561	2606	2404	2634	2900	3345	4185
Barbados	136	149	155	195	241	173	147	132	160	180
Belize	58	69	64	36	53	56	59	72	103	101
Dominican Republic . .	795	772	664	632	646	742	921	1142	1359	1645
Guyana	96	106	56	36	51	43	47	60	67	78
Haiti	311	301	299	366	419	396	387	459	475	472
Jamaica	305	479	468	452	495	404	457	601	762	1006
Suriname	136	138	128	117	100	86	84	72	93	140
Trinidad & Tobago . .	680	688	894	728	601	504	532	361	326	563
Other 1/	1275	1523	1740	1544	1841	1904	1784	2108	2324	2617

Source: ECLAC, on the basis of data from the US Department of Commerce.
1/ Include: Falkland Islands, French Guiana, Bahamas, Cayman Islands, Leeward & Widward Islands, Netherland Antilles Turk & Caicos Islands, Bermuda, French West Indies, Greenland, and St. Pierre & Miquelon. Excludes Cuba.

Table 2
US Merchandise Imports from Latin America and the Caribbean
($ Millions, c.i.f.)

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
Latin America & Carib . .	38713	40805	39603	43581	50063	49096	44112	49094	53560	60043
South America	14981	16209	15230	16923	22242	22283	19804	21720	23219	24894
Argentina	792	1215	1222	939	1041	1167	938	1176	1566	1531
Bolivia	189	184	113	172	159	101	127	113	123	122
Brazil	4000	4852	4643	5381	8273	8147	7340	8433	9944	9031
Colombia	1326	900	883	1058	1253	1456	2039	2414	2342	2768
Chile	559	661	729	1053	871	857	935	1105	1345	1488
Ecuador	938	1104	1227	1520	1803	1976	1603	1390	1365	1636
Paraguay	85	52	41	34	44	25	31	24	39	49
Peru	1443	1277	1150	1204	1402	1152	858	815	704	872
Uruguay	103	165	265	390	576	571	486	369	285	234
Venezuela	5547	5800	4957	5173	6820	6830	5446	5881	5506	7163
Mexico	12774	14013	15770	17019	18267	19392	17558	20520	23526	27559
Central America	2369	2055	1931	2140	2313	2380	2669	2560	2446	2815
Costa Rica	405	426	421	453	544	570	720	750	860	1058
El Salvador	444	270	333	362	406	413	401	300	298	258
Guatemala	465	384	364	404	479	448	647	542	479	669
Honduras	475	493	426	435	450	432	487	565	514	536
Nicaragua	226	152	98	109	69	50	1	1	1	0
Panama	353	329	289	378	365	467	412	402	294	294
Caribbean	4381	4378	3278	3249	3791	3406	2970	3137	3368	3706
Barbados	99	82	109	205	256	205	110	61	52	47
Belize	63	46	38	29	48	49	54	45	54	44
Dominican Republic . .	827	977	669	855	1067	1031	1138	1217	1472	1720
Guyana	135	119	79	76	88	54	71	66	56	66
Haiti	264	287	326	351	394	406	391	410	398	390
Jamaica	418	399	323	307	415	292	322	422	473	542
Suriname	126	199	68	69	112	64	44	57	92	77
Trinidad & Tobago . .	2449	2269	1667	1357	1411	1304	840	859	772	820
Other 1/	4209	4150	3392	4250	3450	1635	1111	1157	1001	1069

Source: ECLAC, on the basis of data from the US Department of Commerce.
1/ Include: Falkland Islands, French Guiana, Bahamas, Cayman Islands, Leeward & Widward Islands, Netherland Antilles Turk & Caicos Islands, Bermuda, French West Indies, Greenland, and St. Pierre & Miquelon. Excludes Cuba.

Table 3
US Manufactures Exports to Latin America and the Caribbean
($ Millions, f.a.s.)

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
Latin America & Carib . .	30208	33529	26042	18286	21679	23577	24816	28262	35703	39875
South America	13625	13899	12000	7356	7808	8164	9389	10490	12259	11668
Argentina	2433	2042	1169	862	794	651	840	948	962	944
Bolivia	132	168	79	51	79	88	78	93	99	104
Brazil	3301	2816	2539	1774	1764	2217	2859	3324	3790	4134
Colombia	1393	1485	1540	1209	1169	1112	1127	1221	1498	1673
Chile	951	1091	618	476	569	540	724	705	948	1274
Ecuador	724	712	665	345	422	446	504	517	553	489
Paraguay	92	90	64	32	55	90	160	166	171	142
Peru	821	1027	808	524	511	388	513	599	532	487
Uruguay	161	147	182	77	67	58	83	82	89	113
Venezuela	3617	4320	4336	2006	2377	2572	2500	2835	3617	2308
Mexico	11681	14421	9189	6496	9082	10846	10424	12245	17039	20533
Central America	2105	2104	1727	1620	1819	1695	1914	2040	2206	2559
Costa Rica	417	315	269	308	360	356	423	509	595	750
El Salvador	204	214	222	259	308	334	414	282	345	395
Guatemala	440	454	294	214	258	249	251	325	424	470
Honduras	317	296	228	243	263	248	293	333	392	422
Nicaragua	174	135	91	100	93	33	3	3	5	2
Panama	553	690	623	496	537	475	528	588	445	520
Caribbean	1865	1981	2038	1815	1870	1735	1942	2116	2522	3187
Barbados	101	109	119	159	204	140	113	100	124	134
Belize	46	55	54	28	43	35	35	49	86	81
Dominican Republic . .	545	508	459	429	441	531	706	877	1077	1305
Guyana	71	83	47	31	45	39	38	45	58	65
Haiti	230	223	218	281	332	313	301	338	356	343
Jamaica	215	353	328	282	299	249	281	391	506	698
Suriname	109	107	94	87	72	66	59	48	76	119
Trinidad & Tobago . .	547	542	719	519	434	361	409	268	239	442
Other 1/	932	1123	1088	999	1100	1138	1147	1371	1677	1928

Source: ECLAC, on the basis of data from the US Department of Commerce.
1/ Include: Falkland Islands, French Guiana, Bahamas, Cayman Islands, Leeward & Widward Islands, Netherland Antilles Turk & Caicos Islands, Bermuda, French West Indies, Greenland, and St. Pierre & Miquelon. Excludes Cuba.

Table 4
US Manufactures Imports from Latin America and the Caribbean
($ Millions, c.i.f.)

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
Latin America & Carib . .	8839	10594	10494	13372	17718	18464	20053	24344	30383	32895
South America	3194	4048	3924	5391	7449	7165	7235	7912	9741	9384
Argentina	347	469	522	433	452	468	456	679	974	830
Bolivia	110	136	78	104	121	80	104	91	86	91
Brazil	1469	1982	1977	2732	4535	4661	4567	5220	6436	5944
Colombia	177	184	174	240	280	283	356	356	470	540
Chile	383	413	434	675	462	394	447	502	659	754
Ecuador	30	13	12	11	16	18	21	28	32	37
Paraguay	33	13	10	6	16	8	7	11	22	37
Peru	451	514	378	422	497	323	330	303	290	423
Uruguay	71	119	227	356	531	535	440	300	245	184
Venezuela	123	205	112	412	539	396	507	422	527	545
Mexico	4407	5259	5331	6328	8246	9163	10625	13861	17470	19674
Central America	386	309	327	386	441	479	501	642	830	1068
Costa Rica	67	75	81	109	144	178	237	298	402	540
El Salvador	112	90	94	97	127	97	64	83	96	104
Guatemala	23	21	33	22	35	36	50	75	128	191
Honduras	37	43	45	43	46	53	64	81	104	126
Nicaragua	26	12	3	4	0	0	1	0	0	0
Panama	121	68	72	110	89	114	84	105	100	106
Caribbean	703	837	760	1080	1373	1418	1414	1668	1986	2247
Barbados	58	64	95	194	247	192	107	52	44	39
Belize	14	11	13	7	18	28	23	17	21	17
Dominican Republic . .	305	345	266	415	507	568	659	849	1097	1324
Guyana	11	12	11	11	9	10	10	9	11	11
Haiti	216	246	265	307	352	374	365	388	381	370
Jamaica	21	36	27	29	40	93	141	234	262	295
Suriname	3	23	3	4	12	6	7	4	4	19
Trinidad & Tobago . .	75	100	81	113	188	146	103	115	165	172
Other 1/	149	141	152	187	208	238	278	261	356	521

Source: ECLAC, on the basis of data from the US Department of Commerce.
1/ Include: Falkland Islands, French Guiana, Bahamas, Cayman Islands, Leeward & Widward Islands, Netherland Antilles Turk & Caicos Islands, Bermuda, French West Indies, Greenland, and St. Pierre & Miquelon. Excludes Cuba.

Table 5
US Agricultural Exports to Latin America and the Caribbean
($ Millions, f.a.s.)

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
Latin America & Carib . .	6219	6408	4461	5240	5321	4490	3687	3712	4991	5325
South America	2517	2740	2158	2103	2038	1648	1445	1260	1348	1107
Argentina	50	39	17	19	19	16	27	38	28	24
Bolivia	34	13	18	48	24	27	30	45	45	38
Brazil	681	712	527	479	505	470	556	293	74	166
Colombia	267	223	285	251	214	219	112	132	186	148
Chile	325	304	246	206	155	94	45	36	54	31
Ecuador	121	123	105	115	152	100	70	75	105	120
Paraguay	3	3	2	1	1	2	1	2	3	4
Peru	318	420	278	310	176	76	139	132	163	127
Uruguay	8	7	4	6	8	2	10	4	3	4
Venezuela	709	897	676	668	784	641	455	503	687	445
Mexico	2503	2438	1159	1945	2039	1692	1098	1212	2265	2723
Central America	402	364	311	375	381	354	332	370	406	423
Costa Rica	67	47	45	53	42	44	39	53	79	88
El Salvador	50	73	55	86	101	94	80	89	110	90
Guatemala	81	77	68	68	90	81	78	92	77	85
Honduras	53	47	34	42	46	46	52	57	67	70
Nicaragua	65	40	23	24	15	5	0	0	1	0
Panama	85	80	87	101	86	84	83	79	73	90
Caribbean	564	613	574	566	591	530	500	552	618	700
Barbados	28	30	28	30	33	29	29	27	29	33
Belize	10	12	8	7	9	7	8	10	15	17
Dominican Republic . .	219	233	179	163	170	177	171	209	226	263
Guyana	24	20	8	4	5	3	7	11	10	10
Haiti	74	70	71	72	75	72	75	103	102	107
Jamaica	77	102	112	121	147	119	109	104	150	159
Suriname	18	22	21	20	20	12	12	10	13	15
Trinidad & Tobago . .	114	123	145	148	133	111	89	78	73	96
Other 1/	233	253	259	251	273	266	313	318	353	372

Source: ECLAC, on the basis of data from the US Department of Commerce.
1/ Include: Falkland Islands, French Guiana, Bahamas, Cayman Islands, Leeward & Widward Islands, Netherland Antilles Turk & Caicos Islands, Bermuda, French West Indies, Greenland, and St. Pierre & Miquelon. Excludes Cuba.

Table 6
US Agricultural Imports from Latin America and the Caribbean
($ Millions, c.i.f.)

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
Latin America & Carib . .	7826	7342	6373	6695	8230	8346	9066	8287	8333	8394
South America	4310	4039	3401	3427	4703	4747	4623	4387	4733	4163
Argentina	327	511	332	303	375	350	298	354	441	423
Bolivia	23	15	21	21	8	13	8	8	14	11
Brazil	2155	2190	1680	1737	2541	2362	1972	2085	2246	1611
Colombia	1085	669	617	643	813	868	1096	869	929	940
Chile	67	100	137	182	221	298	309	380	464	523
Ecuador	409	370	411	336	476	610	628	514	454	491
Paraguay	55	41	33	29	28	18	25	12	18	11
Peru	159	109	146	144	182	172	198	107	119	124
Uruguay	10	18	14	14	22	14	20	22	21	23
Venezuela	19	16	11	17	36	41	68	37	27	44
Mexico	1099	1143	1172	1269	1297	1456	2044	1899	1840	2297
Central America . . .	1717	1446	1312	1463	1553	1590	1829	1572	1312	1440
Costa Rica	328	337	321	330	377	358	434	414	409	471
El Salvador	309	153	210	244	252	293	311	188	173	133
Guatemala	409	319	269	321	390	377	559	412	309	433
Honduras	376	376	322	312	330	310	345	406	327	335
Nicaragua	167	120	79	90	58	43	--	1	1	--
Panama	129	140	112	165	146	208	181	150	94	69
Caribbean	685	698	478	525	659	538	547	420	435	442
Barbados	40	14	13	10	8	11	2	7	6	7
Belize	45	29	20	15	23	15	25	18	24	21
Dominican Republic . .	481	578	366	404	519	429	447	333	342	355
Guyana	39	40	20	16	20	4	9	6	1	4
Haiti	36	23	42	45	43	31	26	20	19	14
Jamaica	37	7	12	31	34	38	31	29	30	30
Suriname	1	--	--	--	--	--	--	--	--	--
Trinidad & Tobago . .	6	7	5	3	12	9	7	6	14	11
Other 1/	14	16	10	12	18	15	24	10	12	52

Source: ECLAC, on the basis of data from the US Department of Commerce.
1/ Include: Falkland Islands, French Guiana, Bahamas, Cayman Islands, Leeward & Widward Islands, Netherland Antilles Turk & Caicos Islands, Bermuda, French West Indies, Greenland, and St. Pierre & Miquelon. Excludes Cuba.

Table 7
US Imports under HTS 9802
($Millions, C.i.f.)

	1984	1985	1986	1987	1988
Total Latin America & Caribbean	5998	6719	8037	10411	12856
South America	344	339	468	673	931
Argentina	2	--	--	--	--
Bolivia	--	--	--	--	--
Brazil	299	305	427	624	844
Colombia	37	34	41	49	85
Chile	--	--	--	--	2
Ecuador	--	--	--	--	--
Paraguay	--	--	--	--	--
Peru	--	--	--	--	--
Uruguay	--	--	--	--	--
Venezuela	6	--	--	--	--
Mexico	4810	5565	6670	8728	10798
Cent. America	175	169	210	261	337
Costa Rica	100	102	136	150	199
El Salvador	38	23	23	31	34
Guatemala	5	10	14	33	49
Honduras	30	30	33	44	55
Nicaragua	--	--	--	--	--
Panama	2	4	4	3	--
Caribbean	645	646	660	749	724
Barbados	181	71	23	17	16
Belize	14	49	14	15	4
Dom. Republic	211	255	338	430	467
Guyana	--	--	--	--	--
Haiti	212	228	213	229	193
Jamaica	27	43	72	58	43
Suriname	--	--	--	--	--
Trin. & Tobago	--	--	--	--	1
Other	24	0	29	0	66

Source: ECLAC, on the basis of data from the U.S. Department of Commerce.

Table 8
US Imports from Latin America & Caribbean
Duty-Free Imports Under GSP
($ Thousands, Customs Value)

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
Latin America & Carib. Beneficiaries	2119798	2365127	2127652	2761122	3696963	4055280	4208135	4619855	5289000	5737000
South America	1145319	1246639	1167055	1475821	2016449	2028434	2096303	1843762	2241738	2268434
Argentina	213011	278933	173261	223872	232592	229008	200095	241430	313935	348816
Bolivia	44419	39425	28495	29846	16914	14344	7422	5958	9744	3385
Brazil	442298	515577	563936	624380	1196371	1281308	1318143	1057406	1319237	1173661
Colombia	138934	112952	63448	79897	94195	100205	109520	109404	146910	208118
Chile	119880	58282	150001	85631	56071	45644	64498	89244	19050	--
Ecuador	40843	33397	12946	9345	18718	23326	20444	23064	34840	44160
Paraguay	8522	11014	2862	7591	8440	3097	7962	539	--	--
Peru	99196	89051	103980	139453	217964	166438	122480	134285	155387	204098
Uruguay	26708	21407	21561	36825	39277	31166	35683	46992	50189	63799
Venezuela	11508	86601	46565	238981	135907	133898	210056	135440	192446	222397
Mexico	509196	633987	602125	716817	1095871	1240001	1443258	1721273	2186020	2470759
Central America	303938	289674	158303	276803	243337	242233	258741	393164	472730	536257
Costa Rica	57261	52486	36583	50525	57112	65037	115807	186129	234394	282852
El Salvador	19011	19095	26054	37789	33003	36975	12788	27780	38872	40611
Guatemala	86967	69338	23343	73100	71836	62777	58887	82958	108238	139598
Honduras	63133	76467	49929	48623	42686	42769	54345	64741	69899	73196
Nicaragua	14993	39796	16982	22016	6518	4087	41	--	--	--
Panama	62573	32492	5412	44750	32182	30588	16873	31556	21327	--
Caribbean	161345	163188	157716	231049	276351	450049	343644	542564	646415	747469
Barbados	41730	15072	8680	34976	47740	20169	10242	21086	22249	16939
Dominica	38	66	173	42	3	1080	496	1124	586	991
Dominican Republic	50844	72920	84698	95367	98945	267694	192144	303613	388976	489206
Grenada	--	--	--	--	23	9	39	32	254	2250
Haiti	35203	36746	40208	60988	80859	92553	60658	110540	112601	97233
Jamaica	29434	14515	20735	35431	28077	37554	51088	66853	51359	68721
Saint Lucia	59	120	239	29	16	68	2183	2590	3327	3535
Suriname	96	18593	72	69	7685	305	--	1514	1067	15662
Trinidad and Tobago	3941	5156	2911	4147	13003	30617	26794	35212	65996	52932

Source: ECLAC, on the basis of data from the US Department of Commerce

Table 9
US Imports from Latin America and the Caribbean
GSP Competitive Need Exclusions
($ Thousands, Customs Value)

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
Latin America & Carib. Beneficiaries.	2106876	2626478	2382087	3450126	4367031	4710113	5169407	6319955	8259000	8711000
South America	889436	1005113	646343	1022544	999893	1113667	1200865	1399323	1915717	1528970
Argentina	11634	86615	118821	76986	85615	104586	118462	155995	183350	151502
Bolivia	--	3262	878	--	--	--	--	--	--	--
Brazil	494488	514652	189172	423722	571703	647994	609723	889926	1239429	1242438
Colombia	63255	110380	87415	87039	101142	93129	95304	44167	102800	97510
Chile	233344	227105	234380	419096	223587	235675	264110	208574	293920	--
Ecuador	--	--	--	--	--	--	--	--	--	--
Paraguay	--	--	--	--	--	--	--	--	--	--
Peru	80481	60290	15677	6539	323	11420	59610	45713	36641	34555
Uruguay	--	--	--	--	--	--	--	--	--	--
Venezuela	6234	2809	--	9162	17523	20863	53656	54948	59577	2965
Mexico	863524	1169253	1533669	2208705	3121626	3596446	3799328	4914779	6281640	69034[illegible]
Central America	54583	81053	51414	14787	6745	--	--	--	--	--
Costa Rica	157	1016	2583	3352	3007	--	--	--	--	--
El Salvador	9430	1227	--	--	--	--	--	--	--	--
Guatemala	12589	43397	19238	2825	--	--	--	--	--	--
Honduras	6163	4075	3443	4135	3738	--	--	--	--	--
Nicaragua	15592	--	--	--	--	--	--	--	--	--
Panama	10652	31338	26150	4475	--	--	--	--	--	--
Caribbean	299333	371059	150661	204090	236767	--	116689	5771	--	798
Barbados	218	--	1561	1202	290	--	--	--	--	--
Dominica	--	--	--	--	--	--	--	--	--	--
Dominican Rep.	256544	338373	113346	171941	202149	--	85057	5771	--	798
Grenada	--	--	--	--	--	--	--	--	--	--
Haiti	29953	32686	35754	30947	32896	--	31632	--	--	--
Jamaica	6643	--	--	--	--	--	--	--	--	--
Saint Lucia	5975	--	--	--	--	--	--	--	--	--
Suriname	--	--	--	--	--	--	--	--	--	--
Trinidad and Tobago	--	--	--	--	1432	--	--	--	--	--

Source: ECLAC, on the basis of data from the US Dept. of Commerce.

Table 10
US Duty-Free Imports Under CBERA
($ Thousands, Customs Value)

	1984	1985	1986	1987	1988	1989
Total CBERA	577704	493024	670711	768467	790941	905762
Dominican Republic	222462	171566	189708	178938	242549	299173
Costa Rica	65756	72184	112710	129577	141076	190756
Guatemala	43442	42440	54143	57621	77256	112627
Haiti	21856	46460	60463	77906	83309	67548
Honduras	60198	44620	53765	53150	56181	52647
Jamaica	44737	40365	51017	58293	42022	51542
Trinidad & Tobago	6422	15791	26485	26044	41938	32368
El Salvador	71986	19217	12712	22135	22177	27606
Barbados	13376	11372	10223	20223	19125	14850
St. Kitts & Nevis	6757	5503	6192	9592	9417	14033
Belize	4621	8412	19200	11579	18845	14028
Bahamas	0	3089	53087	95488	10692	9085
St.Vincent & Grenadines	55	200	2089	4583	9990	5642
St. Lucia	1413	1556	2183	2568	3007	2971
Guyana	0	0	0	0	131	2769
Netherlands Antilles	2504	2828	1874	1199	2603	2529
Antigua	114	349	533	333	255	2309
Grenada	2	13	39	31	118	2200
Dominica	9	320	494	626	358	844
British Virgin Islands	207	21	18	28	56	138
Montserrat	0	98	3	0	118	96
Panama	11787	6619	13775	18539	9717	0

Source: ECLAC, on the basis of data from the US Department of Commerce.

Table 1
U.S. Direct Investment Position in All Industries
(millions of dollars)

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
All Countries	213468	227342	207752	207203	211480	230250	259800	314307	333501	373436
Developed Countries	157084	167112	154381	155736	157123	172058	194280	237508	252757	279310
Developing Countries	52684	56109	48058	45746	49153	52764	61072	73017	77560	90552
International	3701	4122	5314	5721	5204	5428	4448	3782	3184	3574
Latin America & Carib	38275	38883	28161	24133	24627	28261	36851	47551	51041	61364
South America	15801	18109	19834	18748	18714	17623	19813	21227	21690	23557
Argentina	2446	2735	2864	2702	2753	2705	2913	2744	2597	2624
Brazil	7546	8253	9290	9068	9237	8893	9268	10951	12460	14687
Chile	306	834	311	108	47	88	265	348	691	1018
Colombia	961	1178	1769	2123	2111	2148	3291	3104	2248	1900
Ecuador	321	277	388	442	371	361	413	466	431	395
Peru	1668	1928	1990	2042	1902	1243	1103	1022	986	912
Venezuela	1897	2175	2631	1711	1761	1588	1987	2095	1897	1537
Other	655	728	591	552	534	597	572	499	379	484
Mexico & C.America	10163	11675	10174	9904	9853	9658	10698	12218	13119	15880
Mexico	5940	6962	5019	4381	4597	5088	4623	4913	5694	7079
Panama	3190	3671	4413	4837	4474	3959	5525	6622	6632	7906
Other	1033	1042	742	686	782	611	549	683	793	895
Caribbean	12311	9099	-1847	-4519	-3941	980	6341	14106	16232	21928
Bahamas	2701	2987	3121	3762	3331	3795	2991	3814	4010	4463
Bermuda	10874	10353	11519	11056	13019	13116	15373	19215	19040	17849
Jamaica	-	-	386	310	257	122	106	103	134	167
Neth. Antilles	-4072	-6664	-19756	-22956	-24664	-20499	-16969	-14235	-11633	-6286
Trin. & Tobago	962	932	931	862	667	484	424	400	447	530
UK Isles Caribbean	-	-	1425	1960	2992	3490	3794	4243	3574	4404
Other	1847	1491	527	488	458	472	620	565	661	801

Source: ECLAC, based on data from the Department of Commerce.
(-) Data not available.

Table 2
U.S. Direct Investment Position in Wholesale Trade
(millions of dollars)

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
All Countries	25752	28162	20788	21278	21117	22790	26214	31847	33812	37735
Developed Countries	20548	22352	16222	16151	15934	17117	21126	26270	27751	30725
Developing Countries	5204	5811	4566	5127	5183	5673	5088	5577	6062	7010
Latin America & Carib	**3830**	**4192**	**2780**	**2774**	**2642**	**2855**	**2563**	**2634**	**2689**	**3272**
South America	1420	1514	1176	1008	941	959	847	726	544	534
Argentina	213	202	116	167	134	135	168	135	94	127
Brazil	558	581	392	394	399	360	295	99	49	69
Chile	64	80	72	64	49	43	45	21	30	37
Colombia	97	98	109	91	78	58	57	58	d	d
Ecuador	32	45	26	27	18	21	28	41	41	42
Peru	66	76	67	61	68	63	64	79	67	63
Venezuela	366	406	374	180	172	253	166	267	180	127
Other	23	25	21	23	24	25	25	26	d	d
Mexico & C.America	1386	1637	933	1099	1178	1214	1074	1124	1242	1699
Mexico	719	878	339	352	443	541	350	262	351	395
Panama	581	672	548	704	693	640	703	835	858	1288
Other	85	87	45	43	42	33	22	27	33	16
Caribbean	1024	1041	671	668	523	682	642	784	903	1039
Bahamas	259	300	221	220	d	227	260	248	335	417
Bermuda	d	573	d	357	243	259	267	366	400	451
Jamaica	-	-	d	20	14	33	27	23	22	36
Neth. Antilles	16	17	d	d	51	44	6	3	-28	*
Trin. & Tobago	7	12	12	20	18	16	d	d	24	24
UK Isles Caribbean	-	-	d	21	d	d	27	66	64	1
Other	d	139	d	d	15	d	d	d	86	111

Table 3
U.S. Direct Investment Position in Banking
(millions of dollars)

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
All Countries	7193	9319	10317	12387	13516	14461	14510	18027	19072	19875
Developed Countries	3726	4179	5065	5962	6075	7394	8362	9406	10027	10072
Developing Countries	3466	5136	5252	6425	7441	7067	6149	8621	9045	9803
Latin America & Carib	**2505**	**3933**	**3412**	**4266**	**5266**	**5300**	**4682**	**7118**	**7073**	**7416**
South America	640	1021	912	867	979	604	635	1026	1201	1486
Argentina	129	276	264	290	340	335	355	361	373	380
Brazil	339	494	400	379	474	103	62	391	544	810
Chile	29	84	78	84	81	108	166	231	248	261
Colombia	12	16	34	d	d	d	d	d	7	8
Ecuador	d	d	19	15	3	-6	3	9	1	*
Peru	5	d	9	d	9	7	4	-2	-6	d
Venezuela	d	d	44	16	19	17	12	7	6	6
Other	59	75	64	45	d	d	d	d	30	d
Mexico & C.America	210	323	427	489	401	464	600	460	344	349
Mexico	d	d	7	*	-3	-1	d	d	d	d
Panama	d	186	402	467	380	455	574	422	295	294
Other	d	d	17	22	24	10	d	d	d	d
Caribbean	1655	2588	2072	2910	3887	4231	3447	5633	5527	5581
Bahamas	1338	1478	1303	1690	2168	2209	1190	2719	2700	2530
Bermuda	d	d	d	d	d	d	d	d	d	d
Jamaica	-	-	-4	3	6	5	6	6	7	7
Neth. Antilles	d	d	d	d	d	d	d	d	d	d
Trin. & Tobago	d	d	3	1	2	*	*	*	d	d
UK Isles Caribbean	-	-	651	1080	1530	1798	1961	2660	2622	2859
Other	d	266	36	36	22	17	68	21	18	-19

Source: ECLAC, based on data from the Department of Commerce.
(-) Data not available. (*) Less than $500,000. (d) Suppressed to avoid disclosure of data

Table 4
U.S. Direct Investment Position in Financing
(millions of dollars)

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
All Countries	27212	25745	18018	15075	15683	22501	36414	53046	60447	77112
Developed Countries	16712	18473	21487	21403	21275	23258	29726	38489	43668	53994
Developing Countries	10500	7272	-3469	-6328	-5591	-757	6687	14557	16808	23118
Latin America & Carib	9709	6246	-4499	-7298	-6711	-2189	4277	11888	13847	19856
South America	1046	1241	1480	1444	1423	1436	1494	1575	1780	1905
Argentina	16	28	37	36	46	77	177	159	176	177
Brazil	813	968	1231	1141	1102	1040	1053	1203	1324	1361
Chile	4	5	31	23	-11	15	74	77	181	282
Colombia	23	24	34	43	81	79	38	45	d	d
Ecuador	-1	2	4	13	12	12	13	d	d	d
Peru	4	4	4	4	5	5	5	d	d	d
Venezuela	156	174	138	184	190	212	143	47	31	24
Other	31	37	2	*	-1	-5	-10	-14	d	-18
Mexico & C.America	1548	1726	2286	2411	2623	2213	2940	3880	3835	4562
Mexico	157	176	181	148	195	185	158	208	-31	130
Panama	1375	1532	2074	2230	2394	2006	2763	3653	3841	4410
Other	17	18	31	33	35	22	18	19	26	23
Caribbean	7115	3279	-8265	-11152	-10757	-5838	-157	6433	8231	13389
Bahamas	622	682	445	538	127	450	429	657	733	929
Bermuda	10313	10190	10618	10771	12807	12988	14787	18710	18384	17368
Jamaica	-	-	d	d	d	-44	d	d	d	9
Neth. Antilles	-4534	-7878	-20089	-23300	-25078	-20784	-17230	-14496	-11893	-6600
Trin. & Tobago	3	d	3	3	3	3	3	3	4	4
UK Isles Caribbean	-	-	698	770	1316	1527	1708	1417	774	1410
Other	711	d	d	d	d	22	d	d	d	269

Table 5
U.S. Direct Investment Position in Services & Other Industries
(millions of dollars)

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
All Countries	17323	19533	17360	17982	17246	18104	19063	19968	22811	25065
Developed Countries	10526	11596	11830	11956	11067	12121	13171	13784	16562	18065
Developing Countries	4890	6442	4617	4970	5181	5112	5106	5510	5715	6206
Latin America & Carib	3406	4252	3054	3037	3098	2854	3577	4090	4101	4477
South America	1643	2228	1900	2041	2160	2076	2869	3175	4101	3019
Argentina	d	176	191	154	215	202	170	121	130	134
Brazil	350	368	d	345	267	253	236	839	722	918
Chile	7	d	173	166	160	152	185	108	151	216
Colombia	d	d	d	5	8	9	d	1	2	1
Ecuador	d	-8	d	1	19	9	15	*	*	1
Peru	20	21	d	d	d	d	d	d	d	d
Venezuela	*	*	200	137	230	217	192	143	195	142
Other	1	53	5	d	d	d	3	d	d	d
Mexico & C.America	994	1168	837	687	756	499	616	766	728	977
Mexico	98	77	78	359	242	258	130	125	161	138
Panama	*	377	187	146	69	104	134	205	48	171
Other	39	48	14	182	21	137	26	29	31	38
Caribbean	770	856	317	309	182	279	93	149	363	481
Bahamas	d	d	134	131	-43	25	7	30	1	d
Bermuda	d	d	-69	-81	-24	7	-186	-85	104	134
Jamaica	-	-	8	d	19	17	8	-7	10	35
Neth. Antilles	34	58	19	24	20	20	10	10	*	-1
Trin. & Tobago	47	d	d	d	d	d	2	d	15	11
UK Isles Caribbean	-	-	19	79	94	94	82	84	92	95
Other	292	291	d	49	48	50	64	d	d	15

Source: ECLAC, based on data from the Department of Commerce.
(-) Data not available. (*) Less than $500,000. (d) Suppressed to avoid disclosure of data

Table 6
U.S.Direct Investment Position in Petroleum
(millions of dollars)

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
All Countries	46920	52107	57817	57574	58051	57695	58497	59774	57745	57945
Developed Countries	34173	37348	35641	34917	35822	36605	36502	40016	40601	39986
Developing Countries	-	12132	17777	17991	18023	16533	18334	16650	14494	15179
Latin America & Carib	**4336**	**4499**	**7626**	**7359**	**5765**	**4708**	**6947**	**5664**	**4630**	**5057**
South America	2165	2714	3532	3791	3268	2712	3530	3245	2111	2185
Argentina	399	483	582	500	443	468	456	393	426	489
Brazil	353	422	436	358	247	233	237	234	278	506
Chile	70	98	69	59	44	50	53	59	71	51
Colombia	217	318	612	1010	918	1007	1286	1206	388	306
Ecuador	158	-	-	-	192	-	203	182	175	125
Peru	-	-	1268	1213	1083	496	411	353	348	320
Venezuela	39	126	197	245	202	76	660	626	295	274
Other	-	192	-	-	140	-	224	192	130	113
Mexico & C.America	868	960	1281	1256	691	696	1315	1529	1560	1691
Mexico	148	189	-	75	71	52	42	65	62	68
Panama	566	601	1024	1101	509	508	1149	1281	1342	1425
Other	154	170	-	80	112	136	124	183	156	198
Caribbean	1304	825	2812	2312	1806	1300	2103	890	959	1181
Bahamas	284	289	987	1148	869	843	1072	135	207	502
Bermuda	-203	-609	473	-79	-77	-203	409	123	114	-169
Jamaica	-	-	-	-	-	3	-	-	-	-
Neth. Antilles	-	209	-	-	-	40	37	-	-	57
Trin. & Tobago	-	808	777	753	567	405	369	356	-	-
UK Isles Caribbean	-	-	4	5	5	7	-	-	-	-
Other	138	129	-	204	201	206	203	-	199	294

Table 7
U.S. Direct Investment Position in Manufacturing
(millions of dollars)

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
All Countries	89063	92480	83452	82907	85865	94700	105101	131645	139584	155704
Developed Countries	71399	73164	64137	65347	66950	75564	85392	109543	114147	126468
Developing Countries	17664	19317	19315	17560	18915	19136	19709	22101	25437	29235
Latin America & Carib	**14489**	**15762**	**15789**	**13995**	**14566**	**14733**	**14805**	**16157**	**18702**	**21285**
S. America	8887	9391	10833	9599	9943	9836	10438	11482	13044	14427
Argentina	1548	1570	1674	1555	1576	1488	1586	1576	1398	1316
Brazil	5133	5420	6474	6451	6749	6904	7385	8185	9544	11023
Chile	-	112	-112	-289	-275	-280	-259	-148	9	170
Colombia	547	574	609	637	659	656	629	548	593	626
Ecuador	114	107	105	117	126	140	152	155	154	168
Peru	-	106	98	127	110	56	49	60	66	67
Venezuela	1035	1156	1679	949	949	814	814	1004	1191	964
Other	307	347	306	52	49	58	82	101	88	94
Mexico & C.America	5157	960	4411	3962	4204	4572	4153	4458	5409	6600
Mexico	4501	189	3921	3446	3650	4053	3654	3925	4776	5837
Panama	240	601	178	189	-	245	202	224	248	318
Other	417	170	312	326	-	273	296	309	385	445
Caribbean	444	825	545	435	418	326	214	217	248	258
Bahamas	40	289	31	34	38	40	33	26	33	50
Bermuda	15	-609	0	0	-	-	0	0	0	0
Jamaica	-	-	279	195	183	108	49	60	71	55
Neth.Antilles	-	209	9	13	17	21	25	21	24	28
Trin. & Tob.	-	808	109	59	54	37	11	7	10	11
UK Isles Caribbean	-	-	4	5	-	-	-	-	-	-
Other	-	129	112	128	121	112	-	-	-	-

Source: ECLAC, based on data from the Department of Commerce.
(-) Data not available. (*) Less than $500,000.

Table 8
U.S. Direct Investment Position by Industry
Average Annual Rate of Growth
(percent)

	Petroleum			Manufacturing			Trade			Banking			Financing 1			Services & Other Industries		
	1980-84	84-89	80-89	1980-84	84-89	80-89	1980-84	84-89	80-89	1980-84	84-89	80-89	1980-84	84-89	80-89	1980-84	84-89	80-89
All Countries	5.6	0.0	2.5	-0.8	12.8	6.8	-3.8	12.4	5.2	17.4	8.3	12.3	6.5	15.8	11.7	0.3	7.8	4.5
Developed Countries	1.3	2.3	1.9	-1.4	13.8	7.1	-5.1	14.3	5.7	13.2	10.9	11.9	6.5	20.7	14.4	1.5	10.4	6.4
Developing Countries		-3.0	4.1	2.0	9.3	6.0	0.9	6.6	4.1	22.1	7.1	13.8	6.9	9.2	8.2	3.8	3.8	3.8
Latin America	12.0	0.3	5.5	0.4	8.1	4.7	-7.3	4.9	-4.8	23.1	9.0	15.3	6.7	8.0	7.4	-0.5	8.2	4.4
South America	12.3	-5.3	2.5	3.3	7.9	5.8	-9.2	-10.2	-87.6	14.2	13.8	14.0	3.8	9.1	7.2	8.5	9.6	9.1
Mexico & C.America	-0.7	23.3	12.6	68.5	10.1	36.0	0.0	8.7	43.6	20.6	-0.4	8.9	5.7	16.7	13.9	-4.7	8.6	2.7
Caribbean	41.1	1.4	19.0	6.9	-7.3	-1.0	-14.0	15.4	20.9	27.6	10.6	18.1	5.6	7.3	6.6	-23.9	44.6	14.2

Source: ECLAC, based on data from the Department of Commerce.
(1) Excluding Netherland Antilles

Table 9

U.S. Direct Investment Position in Latin America & Caribbean

	Distribution (percent)			Average Annual Rate of Growth (percent)		
	1980	1984	1989	1980-84	1984-89	1980-89
Latin America & Carib. w/out Neth.Antilles	100.0	100.0	100.0	3.9	6.7	5.5
South America	37.3	38.0	34.8	4.6	4.9	4.8
Argentina	5.8	5.6	3.9	3.2	-0.8	1.0
Brazil	17.8	18.7	21.7	5.4	10.1	8.0
Chile	0.7	0.1	1.5	-3.0	93.1	50.4
Colombia	2.3	4.3	2.8	23.0	1.2	10.9
Ecuador	0.8	0.8	0.6	6.1	1.7	3.7
Peru	3.9	3.9	1.3	3.6	-12.9	-5.5
Venezuela	4.5	3.6	2.3	0.9	-1.5	-0.5
Other	1.5	1.1	0.7	-4.4	-0.3	-2.1
Mexico & C.America	24.0	20.0	23.5	-0.3	10.3	5.6
Mexico	14.0	9.3	10.5	-4.6	9.6	3.3
Panama	7.5	9.1	11.7	9.3	13.5	11.6
Other	2.4	1.6	1.3	-5.4	4.3	0.0
Other West.Hemisphere w/out Neth.Antilles	38.7	42.0	41.7	6.3	6.7	6.5
Bahamas	6.4	6.8	6.6	6.0	7.3	6.8
Bermuda	25.7	26.4	26.4	5.1	7.2	6.2
Jamaica	-	0.5	0.2	-	-2.8	-7.2
Trin. & Tobago	2.3	1.4	0.8	-8.3	-3.0	-5.4
Uk Isles Caribbean	-	6.1	6.5	-	8.9	19.3
Other	4.4	0.9	1.2	-24.4	12.7	-3.8

Source: ECLAC, based on data from the Department of Commerce.

Table 10

U.S. Direct Investment Abroad: Reinvestment Ratios 1/

	1980 2	1981	1982	1983	1984	1985	1986	1987	1988	1989
All Countries	0.59	0.56	0.31	0.37	0.38	0.49	0.46	0.59	0.23	0.41
Developed Countries	0.59	0.51	0.21	0.4	0.33	0.61	0.57	0.64	0.26	0.44
Developing Countries	0.61	0.62	0.46	0.3	0.47	0.21	0.15	0.41	0.19	0.34
Latin America & other West. Hemisphere	0.73	0.69	0.53	0.36	0.46	0.22	0.26	0.45	0.24	0.31

Source: ECLAC, Based on data from the Department of Commerce.
1/ Ratio: Reinvested Earnings divided by Earnings.
2/ 1980,1981 and 1982 data includes only Incorporated Affiliates.