

Distr.
RESTRICTED

LC/R.967/Rev.1
10 April 1991

ORIGINAL: ENGLISH

E C L A C

Economic Commission for Latin America and the Caribbean

LATIN AMERICA: TRADE OF CAPITAL GOODS AND THE
NEED FOR EXPORT FINANCING */

*/ This document was prepared by the Division of Statistics and Projections.

Document not subjected to editorial revision.

91-4-502

CONTENTS

	<u>Pages</u>
A. PRODUCTION	2
B. TRADE.....	9
C. THE ROLE OF TRADE FINANCING.....	53
BIBLIOGRAPHY.....	58
ANNEX.....	59

The poor performance of Latin American countries in the international markets last decade is often referred as explaining a good part of the mediocre economic results achieved in the 1980s. Significant fall in market prices for several commodities, coupled to lack of competitiveness in a number of specific manufactured products as well as the lack of financial conditions to overcome these difficulties have all contributed to reduce even more the possibilities of solving the crucial debt problem, with all the well known consequences.

As far as manufactured exports are concerned, in several countries the simultaneity of the fiscal ~~and the~~ external debts led to a sort of vicious circle in which the reduced export value worsens the financial constraints and these, on their turn, allow for smaller amounts of resources to finance trade.

As it is well known, for the export of several manufactured products credit conditions are often at least as important as price. Access to credit for the financing of working capital and the granting of supplier's credit are vital elements for the export activity.

Capital goods rank high among those products for which financing conditions determine a good part of the export possibilities. The production of custom-built goods often require long periods of time and depend heavily upon the availability of supplier's credit. Series-built products, too, depend on financial factors because the shorter periods of time required for their production do not eliminate the need to provide competitive conditions for commercialization, for products which often have relatively high unit value. If we take into account furthermore that international competition also often requires the provision of engineering projects and other items at favorable conditions, there remains little room for doubt about the need of financial resources to assure a minimum export performance for manufactures in general, and even more so for capital goods.

This work aims at providing the basic information that would be required if medium and long-term credit facilities to stimulate

exports of capital goods by Latin American countries were to be provided by an international agency. The two following sections discuss the available aggregate evidence of the basic structure of production of those goods and the recent trade flows. They are followed by an appraisal of the inferences that might be made from those data in order to inform the drawing of such a credit policy.

A. PRODUCTION

Industrialization policies have --among several other consequences for the Latin American (LA) productive sector-- led to a rather diversified structure of production. The capital goods sector, one of the frequent targets of these policies, has been particularly influenced by the adoption of specific stimuli. One of the outcomes of such process is that by 1980 over half of the regional needs of capital goods were met by local supply. Table P.1 illustrates the basic indicators.

A great diversity is found, however, with regard to the local content of production of capital goods in the several countries of the region. According to Table P.1, there seems to be a positive correlation between economic size and the local content of the supply of such goods. Brazil, Mexico, Argentina and Peru all depended upon domestic production to meet more than half of their needs of capital goods, whilst in every other country of the region import shares corresponded to at least two-thirds of consumption.

If one takes into account the fact that Argentina, Brazil and Mexico produce about 90% of all capital goods produced in the region ^{1/} it turns out that, first, there are marked differences at the individual countries level, and therefore figures for the region as a whole are likely to be misleading. Second, these discrepancies by themselves do give margin for trade among LA countries. Evidence presented later on will show that actually the regional market absorbs most of the Latin American exports of capital goods. But before we go into that some additional points about the production of these goods should be discussed.

It would be helpful --for the evaluation of the Latin American capital goods sector-- to give a rough idea of relative dimensions. The latest systematic figures refer to 1980. Based on the value of investment in machinery and equipment in 19 LA countries that year, plus the available data on imports of capital goods by other seven LA countries it has been estimated (UN/ECLAC (1989), pg.8-10) that in 1980 the Latin American market for capital goods was worth US\$ 67 billion. This means that if we disregard the demand for capital goods by the biggest five economies --the United States, the Soviet Union, Japan, West Germany and the United Kingdom-- the Latin American market for capital goods would have accounted in that year for over one-fourth of the market formed by the remaining economies.

That investment and in fact production as a whole are rather concentrated in sectoral terms. Table P.2 shows the percentage structure of value added in the capital goods sector in 10 selected countries of the region, by type of activity according to the International Standard Industrial Classification.

It is interesting to note that in most countries the activities 3829 and 3839 account for a large part of sectoral value added in the capital goods sector. These activities correspond by and large to the manufacture of Miscellaneous Electrical and Non-Electrical Equipment non specified elsewhere. The systematic high shares of these activities in total sectoral value added would be indicative of a lack of specialization of production at a regional level. This would be a negative aspect to the extent that it reflects inefficient programming, but it may turn out as a positive feature if the means are provided to allow for trade of the intraindustry type.

TABLE P.1 - LATIN AMERICA: PERCENTAGE COMPOSITION OF THE
DOMESTIC SUPPLY OF CAPITAL GOODS - 1980

	Domestic production	Imports
Argentina	52	48
Bolivia	29	71
Brazil	74	26
Colombia	36	64
Costa Rica	23	77
Chile	12	88
Ecuador	17	83
El Salvador	19	81
Guatemala	27	73
Haiti	31	69
Honduras	27	73
Mexico	62	38
Nicaragua	27	73
Panama	32	68
Paraguay	32	68
Peru	53	47
Dominican Republic	27	73
Uruguay	27	73
Venezuela	23	77
Total (19 countries)	57	43

Source: UN/ECLAC (1989), Cuadro 6, pg.19

TABLE P.2 - LATIN AMERICA: PERCENTAGE STRUCTURE OF VALUE ADDED IN THE CAPITAL GOODS SECTOR - 1980

ISIC	Activity	Argentina	Bolivia	Brazil	Chile	Colombia	Ecuador	Mexico	Peru	Uruguay	Venezuela
3813	Manufacture of Structural Metal Products	14.1	14.9	5.3	14.3	17.5	45.8	16.4	8.8	13.8	34.2
3821	Manufacture of Engines and Turbines	7.5	-	0.7	-	0.8	-	0.6	4.8	-	-
3822	Manufacture of Agricultural Machinery	8.9	0.8	3.4	1.6	4.2	-	7.0	3.3	2.5	1.1
3823	Manufacture of Metal and Wood working Machinery	1.5	-	4.5	2.6	1.3	1.0	2.2	0.8	-	1.7
3824	Manufacture of Special Industrial Machinery	14.6	0.3	8.5	1.0	2.5	1.6	10.5	3.9	2.5	1.6
3825	Manufacture of Office, Computing and Accounting Machinery	2.8	-	2.5	1.6	6.0	0.9	4.5	0.8	-	n.a.
3829	Manufacture of Machinery and Equipment Except Electrical, n.e.s.	12.1	65.9	43.3	28.1	7.6	8.5	20.3	22.9	22.5	26.9
3831	Manufacture of Electrical Industrial Machinery	4.2	1.5	9.1	5.5	17.0	4.6	15.3	16.5	11.3	11.8
3839	Manufacture of Electrical Apparatus, n.e.s	16.2	12.5	10.5	22.9	25.2	34.1	16.7	26.2	21.1	17.6
3841	Ship Building and Repairing	8.2	-	5.4	3.2	3.6	-	0.7	8.6	24.1	0.7
3842	Manufacture of Railroad Equipment	5.8	-	2.5	18.4	1.6	-	3.5	-	-	n.a.
3845	Manufacture of Aircraft	0.9	-	1.6	-	9.5	-	0.1	-	-	n.a.
3851	Manufacture of Professional and Scientific Equipment, n.e.s.	3.2	4.1	2.7	0.8	3.2	3.5	2.2	3.4	2.2	4.4
	TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: UN/ECLAC (1989), Cuadro 10, pag.30.

Other activities with relevant weight are the manufacture of Structural Metal Products and manufacture of Electrical Industrial Machinery. It may be argued that these four activities rank relatively low, if the degree of technological sophistication is to be considered. Indeed, data in Table P.2 show very limited participation of the production of goods like Professional and Scientific Equipment, Engines and Turbines or Metal and Wood Working Machinery.

It remains to see how important the capital goods sector is for the economies of the region.

Table P.3 presents some indicators of the relative weight of this sector for domestic production and in respect to total exports and imports, in 1980.

Except for Argentina, Brazil and Mexico the production of capital goods accounted in 1980 for less than 20% of value added in manufactures in every other country of Latin America listed in Table P.3. Furthermore, it is remarkable that the relative weight of that sector in total manufacturing varies markedly among different countries. The figures actually suggest three types of economies, as far as the production of capital goods is concerned: i) those countries where that sector accounts for over 20% of manufactured production (Argentina, Brazil and Mexico); ii) the countries where capital goods represent more than 10% of manufactures (Colombia, Chile, Ecuador, Paraguay, Peru, Uruguay and Venezuela) and iii) countries where the production of capital goods is less than 10% of manufacturing (Bolivia, Costa Rica, El Salvador and Dominican Republic). Policy recommendations with regard to the capital goods sector should vary in each case.

There are also differences in the share of capital goods imports in total import value for each country. In 1980 that share was higher than 22% in each of the countries in Table P.3 and in some cases (Paraguay) as high as 68%. There is a higher degree of homogeneity in these figures for the several countries and there is no immediate relation between these shares in total imports and the relative weight in manufactured production: rather concentrated

Table P.3 - LATIN AMERICA: SOME INDICATORS OF THE
CAPITAL GOODS INDUSTRY (*) - 1980

	I	II	III
Argentina	28.5	25.1	7.5
Bolivia	4.9	42.8	0.0
Brazil	34.8	23.3	18.2
Colombia	14.1	39.4	3.5
Costa Rica	9.9	30.7	3.6
Chile	15.0	28.1	1.3
Ecuador	12.2	53.3	1.2
El Salvador	7.4	24.2	2.0
México	22.8	36.5	4.5
Paraguay	16.6	67.6	0.0
Perú	14.6	30.3	1.8
Dominican Republic	7.1	22.2	0.7
Uruguay	16.7	48.2	5.0
Venezuela	15.4	29.7	0.3

Source: UN/ECLAC (1989), Cuadro 5, pg. 16.

(*) Group 38 (Manufacture of Metal Products, Machinery and Equipment) of ISIC, Revision 2.

- I - Value added by the Capital Goods Sector as a share of value added in manufactures.
- II - Share of Capital Goods imports in total import value.
- III - Share of Capital Goods exports in total export value.

import bills and the dependence upon the external supply of producers' goods make the biggest producers of capital goods in the region also dependent upon the imports of these goods.

The last column shows slightly different outcome, with Brazil and --to a lesser extent-- Argentina presenting the most expressive shares of capital goods in their total exports. But on the whole these shares are quite low and virtually nil in some cases. As the next Section will show, it is likely that these figures might have changed in more recent years for some countries, like Mexico, but their magnitude is certainly about the same as in 1980.

This brief picturing of the regional productive structure of the capital goods sector should be complemented by some indication about the local demand for these goods. It is estimated (UN/ECLAC (1989) pg.11-18) that almost one-tenth of the regional demand comes from the Electrical Energy supply plants, followed (5% each) by the Steel Sector and Basic Chemicals as well as by Oil and Gas plants, Oil Refineries and Shipbuilding. As far as the demand for imported equipment is concerned, most of it consist of Power Generating Machinery, Transportation Equipment and Equipment for the Mining and Building sectors.

Given the structure of capital ownership in the region, this by and large reflects a demand profile determined by large projects of public enterprises or projects with some participation by the public sector.

This lack of specialization and the apparently low degree of technical sophistication, coupled to the dependence upon local demand --largely affected by the financial constraints to the public sector-- as well as the lack of adequate external financial conditions and hence the limited possibilities to provide adequate (competitive) supplier's credit have contributed to reduce the participation of Latin America in the international market for capital goods in recent years, as will be shown in the next Section.

B. TRADE

Foreign trade by Latin American countries vary substantially according to the different sizes of the several economies as well as to the degree of openness of their domestic markets. Far from being an exception to this generic rule, trade in capital goods is diversified furthermore by the very fact that it depends upon investment decisions, which affect both supply and demand for these goods.

In order to illustrate the regional discrepancies, it could be recalled that in 1980 about 96% of all regional investment in machinery and equipment were made in the eleven countries that form the LAIA (Latin American Integration Association), and also that in 1987 these countries accounted for 92% of total regional exports (even though they account for only 85% of the regional population). There is therefore a case for concentrating the analysis on data for this subset of eleven countries.

Tables T.1 and T.2 show the total export and import values for these countries in 1970, 1983 and 1987. These years were chosen on the grounds that they represent a turning point (1970) when the export promotion policies adopted by most countries of the region started to show positive results, a downturn (1983) of the series of production and trade, largely resulting from the external financial constraints, and the latest year for which detailed data are available.^{2/}

According to Tables T.1 and T.2, the presence of the region in the international markets for capital goods is far more important as a buyer than as a supplier: in 1987 it imported almost US\$ 13 billion worth of capital goods, whilst its exports reached only US\$ 4 billion. These figures reflect a more favorable export/import ratio than at the beginning of the period; comparing the corresponding data for 1970 and 1987, it follows that LA exports of capital goods have increased (in nominal terms) at an

average annual rate of growth of almost 20%, compared with a corresponding 8% annual growth of its imports of these goods.

Table T.1 shows a strong regional concentration of exporters: in these three years over 90% of capital goods exports originated from Mexico, Brazil and Argentina. Their individual performance are nevertheless quite different. Argentina exported in 1970 about one-fifth of the capital goods exported by these eleven countries, whilst in 1987 its share was only 5%. Mexico increased its share from about 42% in 1970 to almost 60% in 1983, and to 44% in 1987. Meanwhile Brazil accounted in 1987 for 48% of the exports, a much more significant share than the 28% achieved in 1970.

Regional exports of capital goods in 1970 consisted mainly of general Industrial Machinery (27%) and Electrical Machinery (28%). Since 1983 one observes a different pattern of specialization, with the predominance of the exports of Power Generating Machinery, which represented in 1987 more than 50% of the exports of capital goods by these countries.

Table T.2 presents a slightly different picturing, from the import side. The three largest countries account for a much lower share (55-60%) of imports than their exports. Venezuela (importing over 18%) and Chile and Colombia (about 7% each in 1987) are also important importers.

The pattern of imports is also less clearly defined. Machinery for Particular Industries and General Industrial Machinery represented about half the value of capital goods imports in 1970 and a bit less (46%) in 1983. In 1987 the imports of Machinery for Particular Industries, of General Industrial Machinery and of Electrical Machinery together accounted for over three-quarters of regional imports of capital goods (with their individual shares varying between 24-28%).

Tables T.1 and T.2 show an asymmetric relationship of Latin American countries with the international markets for capital goods, with regional exports corresponding to about one-third of the value of its sectoral imports. Similar asymmetries and

differences among individual countries are also found in terms of geographical concentration of trade flows.

TABLE T.1. TOTAL EXPORTS OF CAPITAL GOODS
BY SELECTED LATIN AMERICAN COUNTRIES
(US\$ THOUSAND)

Year	Country	Power Generating Machinery (SITC 71)	Machinery Specialized for Particular Ind. (SITC 72)	Metalwork Machinery (SITC 73)	General Ind. Machinery (SITC 74)	Electrical Machinery (SITC 77)	TOTAL
1970*	Argentina	4253	12767	3209	9647	8451	38327
	Bolivia	-	-	-	-	-	-
	Brazil	2745	19577	8455	10896	14456	56129
	Chile	234	222	53	1040	853	2402
	Colombia	204	1618	134	734	883	3573
	Ecuador	-	49	-	-	1	50
	Mexico	17442	8334	625	26648	29667	82716
	Paraguay	-	-	-	-	-	-
	Peru	136	155	-	249	793	1333
	Uruguay	-	461	763	-	182	1406
	Venezuela	1716	2600	209	4781	1752	11058
	Total 11 Countries	26730	45783	13448	53995	57038	196994
1983	Argentina	10322	18307	3411	40976	28430	101446
	Bolivia	-	-	-	2	-	2
	Brazil*	478023	249794	84430	219619	300868	1332734
	Chile*	1215	5456	371	3465	3656	14163
	Colombia	4890	5227	2258	10951	7992	31318
	Ecuador	-	49	119	519	1205	1892
	Mexico*	659675	129839	177679	98701	998838	2064732
	Paraguay*	-	-	-	-	-	-
	Peru	2601	3293	51	7677	2179	15801
	Uruguay*	246	1013	20	965	4512	6756
	Venezuela	2299	4562	1466	12737	4094	25158
	Total 11 Countries	1159271	417540	203805	395612	1351774	3528002
1987	Argentina	31022	44024	18804	75030	39144	208024
	Bolivia	-	-	-	17	-	17
	Brazil	667829	431745	50130	455738	358298	1963740
	Chile	613	3010	116	4552	6551	14842
	Colombia	9668	9751	1037	13015	12898	46369
	Ecuador	-	1375	506	167	4285	6333
	Mexico*	1397333	75490	35972	144880	170354	1824029
	Paraguay	-	41	-	-	3	44
	Peru	1166	2057	94	5461	12061	20839
	Uruguay	378	506	173	1891	9060	12008
	Venezuela	167	989	389	7156	15739	24440
	Total 11 Countries	2108176	568988	107221	707907	628393	4120685

Source: UN/COMTRADE Database

*Data in SITC Revision 1 made compatible with SITC Revision 2 classification for capital goods

TABLE T.2 TOTAL IMPORTS OF CAPITAL GOODS
BY SELECTED LATIN AMERICAN COUNTRIES
(US\$ THOUSAND)

Year	Country	Power Generating Machinery (SITC 71)	Machinery Specialized for Particular Ind. (SITC 72)	Metalwork Machinery (SITC 73)	General Ind. Machinery (SITC 74)	Electrical Machinery (SITC 77)	TOTAL
1970*	Argentina	44276	147812	57375	109152	73954	437569
	Bolivia	5850	13203	1398	7619	7114	35184
	Brazil	100034	246441	71903	193005	149439	749942
	Chile	32646	82142	17494	79059	54631	265972
	Colombia	45424	81185	16698	65579	52526	261412
	Ecuador	8150	29294	1654	8728	11944	59770
	Mexico	126934	279727	90885	176046	214932	888524
	Paraguay	2789	6477	340	2389	3571	15566
	Peru	26319	69667	6503	41950	23750	168109
	Uruguay	3490	32337	342	10519	5633	52321
	Venezuela	57731	210329	24250	116498	80785	490193
	Total 11 Countries	453663	1199214	287942	800544	683279	3424642
1983	Argentina	103933	176239	68258	288174	261596	898600
	Bolivia	30051	59525	2870	42422	28595	163463
	Brazil*	417969	311974	206883	428592	770039	2135437
	Chile*	53046	94069	12150	135471	122171	416907
	Colombia	175156	364234	28677	320492	180797	1069356
	Ecuador	56021	129496	12509	120947	71908	398381
	Mexico*	433055	459073	504467	707033	1148940	3252568
	Paraguay*	21379	24470	16167	38591	41225	141832
	Peru	100656	154868	13550	164742	87827	521643
	Uruguay*	17733	29228	13888	43872	36492	141213
	Venezuela	154523	350376	56660	413816	336095	1311470
	Total 11 Countries	1563522	2153552	936079	2704152	3086085	10443390
1987	Argentina	178025	327322	132250	351395	349374	1338366
	Bolivia	22234	62649	2234	36964	29180	153261
	Brazil	509454	437558	197055	721628	1046867	2912562
	Chile	95528	328869	21898	317794	143995	908084
	Colombia	123678	252403	28487	281619	197127	883314
	Ecuador	59633	115575	12159	181779	118736	487882
	Mexico*	412382	599247	380989	759987	582588	2735193
	Paraguay	10179	27500	7651	26951	27869	100050
	Peru	84907	319381	15945	144073	99758	664064
	Uruguay	8495	62975	2405	41338	39308	154521
	Venezuela	344866	742991	148780	697322	455332	2389291
	Total 11 Countries	1849381	3276470	949853	3560750	3090134	12726588

Source: UN/COMTRADE Database

*Data in SITC Revision 1 made compatible with SITC Revision 2 classification for capital goods

In order to identify the main trade flows the analysis concentrates on the six most relevant traders, according to Tables T.1 and T.2: Argentina, Brazil, Chile, Colombia, Mexico and Venezuela. We selected their trade flows of the five SITC Sections considered throughout this work and treated separately their exports to and imports from the other 10 LAIA member countries as well as seven industrial countries: USA, Japan, France, West Germany, Italy, United Kingdom and Spain.

Tables T.3 to T.14 show the basic data.

It can be said that on the whole these Latin American countries depend upon the regional market more as a demander for its exports than as a supplier of the required goods. In all cases the relative weight of imports from regional partners is quite limited, often well below 10 percent of total sectoral imports.

As far as the relative role of the regional market for exports is concerned, however, there are significant differences among different countries. On the one hand, Argentina, Chile and Colombia concentrate most (half or more) of their sectoral exports on the regional market, which also plays a more expressive role on the import side than for the other three countries. In a different pattern, Mexico and Venezuela concentrate most of their trade (both exports and imports) in non-Latin American partners.^{3/} Brazil presents a mixed pattern: the shares of the regional markets for its exports are quite significant --though not as high as for Argentina, Chile and Colombia-- but have diminished significantly in this period for all the five items.

Hardly surprising, the most significant intraregional trade flows link the three largest economies of Argentina, Brazil and Mexico, followed by important flows between the former two countries and Chile and Peru.

Tables T.9 to T.14 show a quite different picturing. Industrial countries are responsible for three-quarters or more of the supply of capital goods imported by Latin America in the three years considered here. There is no exception to this generic rule,

but it is worth noting that Chile and Colombia have significantly reduced the relative share of the industrial countries in their imports of Metalworking Machinery.

The relative weight of industrial countries' markets for LA exports of capital goods varies for different countries and for different products. One finds different situations, ranging from the high dependence of Mexican exporters of capital goods in general upon the demand by industrial countries (USA in particular), to the low shares of the developed markets for the exports of Machinery for Particular Industries from Argentina or Metalworking Machinery from Colombia.

Evidence is also mixed with regard to the trends of these shares along time. There are examples of significant increase of the participation of industrial countries in the demand for Power Generating Machinery from Colombia and General Industrial Machinery from Brazil, at the same time that these shares have systematically fallen for the exports of Power Generating Machinery and General Industrial Machinery from Venezuela.

Two additional points are worth noting on Tables T.3 to T.14. First, for some products in some years there are indications of significant trade flows between two given countries in both directions, that is, one country exports and imports similar products from another at the same period of time. Among other examples, one could refer to the bilateral trade flows between Argentina and Brazil, between Mexico and the United States, as well as Mexico and other countries, like France and West Germany, or Brazil and these industrial countries. Discrepancies in national trade data do not allow more precision in evaluating these figures at this aggregate level, but it can be said that they are certainly indicative of the existence of intraindustry trade, by which countries tend to gain from exploiting their comparative advantages in exporting specific products whilst importing other products classified as belonging to the same category. It goes without saying that this also reflects specific production and trade strategies from the perspective of large firms that act on

a regional scale.

The second important point to stress from these 14 Tables is that on the whole the participation of the largest economies of Latin America in the international market for capital goods has not increased very significantly in the present decade (if not shrunk), both as exporters and as importers of these goods. This fall has been more intense in the regional exports to industrial countries, although intraregional performance has also been poor.

In order to complement this set of evidence, Tables T.15 and T.16 show the items that accounted --in 1983 and 1987-- for half or more of intraregional exports of each SITC Section. One can hardly talk of diversification of trade flows, since the number of items is quite similar in both years (18 in 1983, 16 in 1987). Instead, the presence of 10 products in both lists of items is indicative of a constant pattern of demand, largely concentrated (40%) in General Industrial Machinery.

These data suggest that specific policy action is required in a number of aspects. From a short to medium-term perspective, however, it looks as if the overcoming of financial constraints to trade would be very helpful for the region to resume its presence at the international markets for these goods, at levels comparable to those of the recent past. The following Section discusses this point.

Table T.3 - REGIONAL TRADE OF CAPITAL GOODS - ARGENTINA
(US\$ Thousand)

		E X P O R T S			I M P O R T S		
		1970*	1983	1987	1970*	1983	1987
Power generating machinery (SITC 71)							
	Bolivia	91	112	1105	-	18	21
	Brazil	308	114	9342	301	10242	17335
	Chile	2077	814	2238	36	80	9
	Colombia	13	781	1316	-	-	234
	Ecuador	8	399	233	-	-	-
	Mexico	181	-	455	449	-	60
	Paraguay	173	3	218	-	-	-
	Peru	6	712	2323	1	-	4
	Uruguay	490	373	4518	14	71	677
	Venezuela	23	105	496	-	24	3
Total 10 Countries		3370	3413	22244	801	10435	18343
10 Countries/TOTAL (%)		(79)	(33)	(72)	(2)	(10)	(10)
Machinery for Particular Industries (SITC 72)							
	Bolivia	635	2769	9363	4	-	3225
	Brazil	3256	687	3417	7870	14788	32524
	Chile	2274	1475	3500	122	645	385
	Colombia	87	863	1350	-	94	16
	Ecuador	225	612	161	-	-	62
	Mexico	300	89	112	114	8	265
	Paraguay	1702	1203	1011	62	6	-
	Peru	307	1376	6086	-	39	14
	Uruguay	1297	3321	10879	21	2505	636
	Venezuela	1010	119	610	13	153	-
Total 10 Countries		11093	12514	36489	8206	18238	37127
10 Countries/TOTAL (%)		(87)	(68)	(83)	(6)	(10)	(11)

Table T.3 - REGIONAL TRADE OF CAPITAL GOODS - ARGENTINA (Cont.)
(US\$ Thousand)

	E X P O R T S			I M P O R T S		
	1970*	1983	1987	1970*	1983	1987
Metalworking machinery (SITC 73)						
Bolivia	223	347	1010	66	1885	-
Brazil	130	35	12130	2272	-	11957
Chile	850	10	1020	4	175	14
Colombia	36	286	388	-	647	-
Ecuador	-	32	16	-	-	-
Mexico	665	213	185	890	-	71
Paraguay	411	138	68	5	-	-
Peru	79	904	1985	1	-	-
Uruguay	389	223	439	20	169	75
Venezuela	60	82	623	10	-	-
Total 10 Countries	2843	2270	17864	3268	2876	12117
10 Countries/TOTAL (%)	(88)	(66)	(95)	(6)	(4)	(9)
General industrial machinery (SITC 74)						
Bolivia	302	1466	5814	42	1	176
Brazil	1188	5943	16575	4222	28512	35437
Chile	1978	5498	6303	1096	252	221
Colombia	178	2020	2921	6	-	28
Ecuador	109	1805	1135	2	1	137
Mexico	553	632	1379	225	517	474
Paraguay	751	1388	1887	4	-	2
Peru	491	5091	7925	14	194	1
Uruguay	827	3366	7184	111	485	902
Venezuela	666	829	1425	21	43	126
Total 10 Countries	7043	28038	52548	5743	30005	37504
10 Countries/TOTAL (%)	(73)	(68)	(70)	(5)	(10)	(11)

Table T.3 - REGIONAL TRADE OF CAPITAL GOODS - ARGENTINA (Cont.)
(US\$ Thousand)

		E X P O R T S			I M P O R T S		
		1970*	1983	1987	1970*	1983	1987
Electrical Machinery (SITC 77)							
	Bolivia	527	314	2255	-	123	41
	Brazil	1969	5816	3728	4063	24897	32628
	Chile	1493	2760	2646	607	252	886
	Colombia	43	334	325	-	17	190
	Ecuador	34	137	332	-	48	462
	Mexico	1022	424	676	2250	2074	2394
	Paraguay	563	1261	1239	6	-	1
	Peru	121	427	2898	1	63	1
	Uruguay	2095	3401	5380	174	1575	4199
	Venezuela	32	250	833	4	-	-
Total 10 Countries		7899	15124	20312	7105	29049	40802
10 Countries/TOTAL (%)		(93)	(53)	(52)	(9)	(11)	(12)

Source: UN/COMTRADE Database

*SITC Revision 1 made compatible with SITC Revision 2 classification

Table T.4 - REGIONAL TRADE OF CAPITAL GOODS - BRAZIL
(US\$ Thousand)

		E X P O R T S			I M P O R T S		
		1970*	1983*	1987	1970*	1983*	1987
Power Generating Machinery (SITC 71)							
	Argentina	674	9455	4517	866	605	9387
	Bolivia	70	991	3830	89	-	-
	Chile	22	1842	4659	-	-	-
	Colombia	3	2677	501	-	-	4
	Ecuador	2	2432	2105	-	-	-
	Mexico	23	4231	19319	5	811	9871
	Paraguay	201	2874	6006	-	15	-
	Peru	36	1620	5445	4	-	-
	Uruguay	88	1717	2640	17	-	-
	Venezuela	44	1376	5347	-	-	-
Total 10 Countries		1163	29215	54369	981	1431	19262
10 Countries/TOTAL (%)		(42)	(6)	(8)	(1)	(0,3)	(4)
Machinery for Particular Industries (SITC 72)							
	Argentina	7039	10516	19272	3915	526	4117
	Bolivia	833	5316	20049	-	-	-
	Chile	5456	3538	19279	-	2	-
	Colombia	401	16738	10333	-	24	32
	Ecuador	494	3580	4529	-	-	-
	Mexico	1321	10761	4099	58	61	742
	Paraguay	511	10915	11321	5	2	-
	Peru	470	9226	22121	6	-	-
	Uruguay	1032	4047	15542	2	62	12
	Venezuela	623	16041	9666	23	-	-
Total 10 Countries		18180	90678	136211	4009	677	4903
10 Contries/TOTAL (%)		(93)	(36)	(31)	(2)	(0,2)	(1)

Table T.4 - REGIONAL TRADE OF CAPITAL GOODS - BRAZIL (Cont.)
(US\$ Thousand)

		E X P O R T S			I M P O R T S		
		1970*	1983*	1987	1970*	1983*	1987
Metalworking Machinery (SITC 73)							
	Argentina	2321	5769	19313	737	2007	12407
	Bolivia	70	604	1844	-	-	-
	Chile	342	551	1131	-	-	-
	Colombia	144	957	510	-	-	-
	Ecuador	44	477	635	-	-	-
	Mexico	2645	2396	6179	328	426	148
	Paraguay	14	19554	1498	-	-	-
	Peru	434	743	863	12	-	-
	Uruguay	163	580	492	250	3	11
	Venezuela	187	966	449	-	-	-
Total 10 Countries		6364	32597	32914	1327	2436	12566
10 Countries/TOTAL (%)		(75)	(39)	(66)	(2)	(1)	(6)
General Industrial Machinery (SITC 74)							
	Argentina	5020	25042	17984	2502	6157	18103
	Bolivia	275	4576	12393	-	-	-
	Chile	460	6497	13124	4	-	3
	Colombia	170	6869	9194	2	-	-
	Ecuador	17	3677	6350	-	-	-
	Mexico	975	5331	8679	95	-	2434
	Paraguay	413	27951	8771	-	-	-
	Peru	234	6151	13497	3	-	1
	Uruguay	548	4519	11444	132	1555	565
	Venezuela	518	7808	15672	37	-	390
Total 10 Countries		8630	98421	117108	2775	7712	21496
10 Countries/TOTAL (%)		(79)	(45)	(26)	(2)	(2)	(3)

Table T.4 - REGIONAL TRADE OF CAPITAL GOODS - BRAZIL (Cont.)
(US\$ Thousand)

		E X P O R T S			I M P O R T S		
		1970*	1983*	1987	1970*	1983*	1987
Electrical Machinery (SITC 77)							
	Argentina	4092	24399	19709	2161	7006	4230
	Bolivia	269	4490	11427	-	-	-
	Chile	903	7228	17630	18	-	3
	Colombia	128	6786	4633	29	12	552
	Ecuador	49	4490	9183	1	-	10
	Mexico	3151	8284	8495	848	3304	3693
	Paraguay	838	13783	10456	-	27	-
	Peru	259	2877	8837	45	-	4
	Uruguay	535	8235	6811	525	2083	4108
	Venezuela	420	7087	13662	5	2	-
Total 10 Countries		10644	87659	110843	3632	12434	12600
10 Countries/TOTAL (%)		(74)	(29)	(31)	(2)	(2)	(1)

Source: UN/COMTRADE Database

*SITC Revision 1 made compatible with SITC Revision 2 classification

Table T.5 - REGIONAL TRADE OF CAPITAL GOODS - CHILE
(US\$ Thousand)

		E X P O R T S			I M P O R T S		
		1970*	1983*	1987	1970*	1983*	1987
Power Generating Machines (SITC 71)							
	Argentina	92	5	1	344	800	2230
	Bolivia	-	67	83	-	-	-
	Brazil	-	10	-	48	1203	4855
	Colombia	-	160	-	1	1	2
	Ecuador	3	20	64	-	-	-
	Mexico	-	-	-	667	80	10
	Paraguay	-	-	1	-	-	-
	Peru	8	165	-	2	22	3
	Uruguay	-	2	-	-	9	31
	Venezuela	-	-	120	-	13	-
Total 10 Countries		103	429	269	1062	2128	7131
10 Countries/TOTAL (%)		(44)	(35)	(44)	(3)	(4)	(7)
Machinery for Particular Industries (SITC 72)							
	Argentina	36	222	214	1814	1611	4542
	Bolivia	7	84	262	-	-	-
	Brazil	8	142	11	3110	3973	25007
	Colombia	5	10	-	2	52	18
	Ecuador	-	55	122	-	-	1
	Mexico	11	-	9	7	24	205
	Paraguay	-	4	-	-	-	16
	Peru	106	1534	660	85	99	64
	Uruguay	2	7	57	8	-	33
	Venezuela	5	68	566	19	-	1
Total 10 Countries		180	2126	1901	5045	5759	29887
10 Countries/TOTAL (%)		(81)	(39)	(63)	(6)	(6)	(2)

Table T.5 - REGIONAL TRADE OF CAPITAL GOODS - CHILE (Cont.)
(US\$ Thousand)

		E X P O R T S			I M P O R T S		
		1970*	1983*	1987	1970*	1983*	1987
Metalworking Machinery (SITC 73)							
	Argentina	45	42	-	534	38	1242
	Bolivia	-	1	1	-	-	-
	Brazil	-	-	-	442	634	961
	Colombia	-	5	-	-	-	3
	Ecuador	2	59	59	-	-	-
	Mexico	-	-	1	98	233	22
	Paraguay	-	-	-	-	-	-
	Peru	1	4	5	-	-	-
	Uruguay	-	-	-	2	-	1
	Venezuela	-	37	-	-	3	-
Total 10 Countries		48	148	66	1076	908	2229
10 Countries/TOTAL (%)		(90)	(40)	(18)	(6)	(7)	(10)
General Industrial Machinery (SITC 74)							
	Argentina	612	273	270	1777	3309	6604
	Bolivia	1	265	460	-	-	6
	Brazil	-	27	37	544	7075	18714
	Colombia	9	55	15	9	78	61
	Ecuador	9	121	751	-	-	1
	Mexico	20	80	44	79	32	845
	Paraguay	-	-	30	-	-	7
	Peru	60	262	243	12	220	345
	Uruguay	5	-	90	20	100	176
	Venezuela	1	21	49	-	26	15
Total 10 Countries		717	1104	1989	2441	10840	26774
10 Countries/TOTAL (%)		(69)	(32)	(44)	(3)	(8)	(8)

Table T.5 - REGIONAL TRADE OF CAPITAL GOODS - CHILE (Cont.)
(US\$ Thousand)

		E X P O R T S			I M P O R T S		
		1970*	1983*	1987	1970*	1983*	1987
Electrical Machinery (SITC 77)							
	Argentina	322	509	249	1289	3566	2950
	Bolivia	-	159	531	-	1	-
	Brazil	11	10	17	890	8382	14638
	Colombia	33	214	304	190	48	26
	Ecuador	3	20	38	5	52	72
	Mexico	-	20	-	147	1900	721
	Paraguay	1	2	29	-	-	1
	Peru	137	439	957	3	19	77
	Uruguay	97	80	459	5	16	29
	Venezuela	-	55	2	6	13	-
Total 10 Countries		604	1508	2586	2535	13997	18514
10 Countries/TOTAL (%)		(71)	(41)	(39)	(5)	(11)	(13)

Source: UN/COMTRADE Database

*SITC Revision 1 made compatible with SITC Revision 2 classification

Table T.6 - REGIONAL TRADE OF CAPITAL GOODS - COLOMBIA
(US\$ Thousand)

		E X P O R T S			I M P O R T S		
		1970*	1983	1987	1970*	1983	1987
Power Generating Machinery (SITC 71)							
	Argentina	-	-	286	18	533	1304
	Bolivia	-	-	-	-	-	-
	Brazil	-	-	-	5	1845	3763
	Chile	1	-	-	-	160	-
	Ecuador	45	244	333	-	3	10
	Mexico	24	222	-	231	46	40
	Paraguay	-	-	-	-	7	-
	Peru	22	431	721	48	453	793
	Uruguay	-	-	-	11	-	-
	Venezuela	14	2971	1062	-	60	54
Total 10 Countries		106	3868	2402	313	3107	5964
10 Countries/TOTAL (%)		(52)	(79)	(25)	(1)	(2)	(5)
Machinery for Particula Industries (SITC 72)							
	Argentina	-	-	2	91	667	647
	Bolivia	37	3	-	-	-	-
	Brazil	-	14	30	348	16023	13931
	Chile	3	3	12	8	13	-
	Ecuador	621	1887	1022	-	274	192
	Mexico	2	-	-	191	4879	191
	Paraguay	-	-	-	-	3	-
	Peru	14	87	1015	-	89	133
	Uruguay	-	-	-	-	-	-
	Venezuela	414	1186	2010	57	2127	129
Total 10 Countries		1091	3180	4091	695	24075	15223
10 Countries/TOTAL (%)		(67)	(61)	(42)	(1)	(7)	(6)

Table T.6 - REGIONAL TRADE OF CAPITAL GOODS - COLOMBIA (Cont.)
(US\$ Thousand)

		E X P O R T S			I M P O R T S		
		1970*	1983	1987	1970*	1983	1987
Metalworking Machinery (SITC73)							
	Argentina	-	-	-	53	410	406
	Bolivia	1	-	-	-	-	-
	Brazil	-	-	-	159	916	970
	Chile	-	1	5	-	6	-
	Ecuador	29	218	485	-	57	156
	Mexico	-	17	5	472	103	32
	Paraguay	-	5	-	-	-	-
	Peru	-	-	223	-	31	-
	Uruguay	-	-	-	19	-	19
	Venezuela	81	1940	212	1	60	13
Total 10 Countries		111	2181	930	704	1583	1596
10 Countries/TOTAL (%)		(83)	(96)	(90)	(4)	(6)	(6)
General Industrial Machinery (SITC 74)							
	Argentina	4	-	-	84	2110	3160
	Bolivia	5	18	24	-	125	-
	Brazil	2	-	-	225	7212	10388
	Chile	24	59	63	42	70	12
	Ecuador	162	1936	2405	-	802	314
	Mexico	33	-	28	501	1283	1251
	Paraguay	2	3	-	-	15	-
	Peru	47	228	712	15	176	222
	Uruguay	-	-	-	12	81	38
	Venezuela	153	3035	3429	9	923	618
Total 10 Countries		432	5279	6661	888	12797	16003
10 Countries/TOTAL (%)		(59)	(48)	(51)	(1)	(4)	(6)

Table T.6 - REGIONAL TRADE OF CAPITAL GOODS - COLOMBIA (Cont.)
(US\$ Thousand)

		E X P O R T S			I M P O R T S		
		1970*	1983	1987	1970*	1983	1987
Electrical Machinery (SITC 77)							
	Argentina	6	14	-	44	617	280
	Bolivia	10	30	37	-	2	-
	Brazil	-	-	529	98	7880	5203
	Chile	199	-	20	37	186	319
	Ecuador	109	557	1185	1	736	798
	Mexico	-	-	13	545	3057	4412
	Paraguay	-	-	-	-	1	-
	Peru	19	2079	2865	48	196	130
	Uruguay	-	-	-	19	-	-
	Venezuela	90	2694	2749	173	918	1180
Total 10 Countries		433	5374	7398	965	13593	12322
10 Countries/TOTAL (%)		(59)	(49)	(57)	(2)	(8)	(6)

Source: UN/COMTRADE Database

*SITC Revision 1 made compatible with SITC Revision 2 classification

Table T.7 - REGIONAL TRADE OF CAPITAL GOODS - MEXICO
(US\$ Thousand)

		E X P O R T S			I M P O R T S		
		1970*	1983*	1987*	1970*	1983*	1987*
Power Generating Machinery (SITC 71)							
	Argentina	587	57	124	106	15	593
	Bolivia	-	-	-	-	-	-
	Brazil	3	772	8028	64	948	3999
	Chile	1092	45	40	-	-	-
	Colombia	94	209	117	3	138	4
	Ecuador	-	47	255	-	-	-
	Paraguay	-	-	36	-	-	-
	Peru	1	54	676	-	-	-
	Uruguay	-	-	-	-	-	-
	Venezuela	10044	2491	1535	36	20	-
Total 10 Countries		11821	3675	10811	209	1121	4596
10 Countries/TOTAL (%)		(68)	(0,5)	(1)	(0,1)	(0,2)	(1)
Machinery for Particular Industries (SITC 72)							
	Argentina	178	93	455	282	80	86
	Bolivia	17	-	6	-	-	33
	Brazil	238	291	239	1690	11054	4101
	Chile	97	25	416	1	1	39
	Colombia	492	4475	485	12	10	84
	Ecuador	10	26	263	-	10	-
	Paraguay	1	-	3	-	-	-
	Peru	94	42	1903	32	-	14
	Uruguay	-	-	1075	2	-	51
	Venezuela	253	834	-	16	8	40
Total 10 Countries		1380	5786	4845	2035	11163	4448
10 Countries/TOTAL (%)		(16)	(4)	(6)	(1)	(2)	(1)

Table T.7 - REGIONAL TRADE OF CAPITAL GOODS - MEXICO (Cont.)
(US\$ Thousand)

		E X P O R T S			I M P O R T S		
		1970*	1983*	1987*	1970*	1983*	1987*
Metalworking Machinery (SITC 73)							
	Argentina	-	1336	1324	652	262	84
	Bolivia	-	46	8	-	-	-
	Brazil	1	527	544	2594	2786	2861
	Chile	-	306	67	-	20	7
	Colombia	1	1803	3086	4	25	77
	Ecuador	-	504	408	5	-	-
	Paraguay	-	-	54	-	-	-
	Peru	-	1143	2364	3	-	12
	Uruguay	-	-	24	1	-	-
	Venezuela	5	230	967	9	36	58
Total 10 Countries		7	5895	8846	3268	3129	3099
10 Countries/TOTAL (%)		(1)	(3)	(12)	(3)	(1)	(1)
General Industrial Machinery (SITC 74)							
	Argentina	576	565	1310	255	483	572
	Bolivia	34	23	10	-	-	3
	Brazil	256	402	2174	803	2197	6615
	Chile	162	22	256	2	-	31
	Colombia	905	1169	1270	33	1	60
	Ecuador	117	299	1200	-	-	14
	Paraguay	-	-	3	-	-	-
	Peru	600	312	668	47	11	61
	Uruguay	1	34	55	19	-	19
	Venezuela	599	2629	789	28	17	50
Total 10 Countries		3250	5455	7735	1187	2709	7425
10 Countries/TOTAL (%)		(12)	(6)	(5)	(1)	(0,3)	(1)

Table T.7 - REGIONAL TRADE OF CAPITAL GOODS - MEXICO (Cont.)
(US\$ Thousand)

		E X P O R T S			I M P O R T S		
		1970*	1983*	1987*	1970*	1983*	1987*
Electrical Machinery (SITC 77)	Argentina	544	1822	1837	402	765	1236
	Bolivia	4	46	-	-	-	-
	Brazil	39	3454	2134	2094	8851	11297
	Chile	30	1396	523	288	-	13
	Colombia	71	2107	3559	7	139	18
	Ecuador	24	974	1195	-	31	100
	Paraguay	51	-	91	-	-	-
	Peru	117	1420	2805	3	14	5
	Uruguay	-	36	36	1	-	192
	Venezuela	189	2174	3490	50	16	44
Total 10 Countries		1069	13429	15670	2845	9816	12905
10 Countries/TOTAL (%)		(4)	(1)	(9)	(1)	(1)	(2)

Source: UN/COMTRADE Database

*SITC Revision 1 made compatible with SITC Revision 2 classification

Table T.8 - REGIONAL TRADE OF CAPITAL GOODS - VENEZUELA
(US\$ Thousand)

		E X P O R T S			I M P O R T S		
		1970*	1983	1987	1970*	1983	1987
Power Generating Machinery (SITC 71)							
	Argentina	-	-	-	14	111	492
	Bolivia	-	-	-	-	-	-
	Brazil	-	-	-	12	1533	10190
	Chile	-	-	-	-	1	92
	Colombia	3	701	51	16	2767	1150
	Ecuador	-	-	-	-	-	4
	Mexico	36	-	-	13844	104	1804
	Paraguay	-	-	-	-	-	-
	Peru	-	-	6	23	20	201
	Uruguay	-	-	-	-	-	-
Total 10 Countries		39	701	57	13909	4536	13933
10 Countries/TOTAL (%)		(2)	(30)	(34)	(24)	(3)	(4)
Machinery for Particular Industries (SITC 72)							
	Argentina	7	34	-	213	263	980
	Bolivia	-	-	-	-	2	-
	Brazil	-	42	-	579	11656	27084
	Chile	-	2	18	11	370	445
	Colombia	560	730	311	412	1141	1689
	Ecuador	13	1	-	-	1	25
	Mexico	75	-	3	604	348	376
	Paraguay	-	-	-	-	-	-
	Peru	1	243	10	103	130	632
	Uruguay	-	-	-	3	1	1
Total 10 Countries		656	1052	342	1925	13912	31232
10 Countries/TOTAL (%)		(25)	(23)	(34)	(1)	(4)	(4)

Table T.8 - REGIONAL TRADE OF CAPITAL GOODS - VENEZUELA (Cont.)
(US\$ Thousand)

		E X P O R T S			I M P O R T S		
		1970*	1983	1987	1970*	1983	1987
Metalworking Machinery (SITC 73)							
	Argentina	-	-	-	20	261	539
	Bolivia	-	-	-	-	-	-
	Brazil	-	-	-	132	352	932
	Chile	-	-	-	-	56	-
	Colombia	-	97	-	27	786	117
	Ecuador	-	-	-	-	81	237
	Mexico	-	-	-	214	106	271
	Paraguay	-	-	-	-	-	-
	Peru	5	-	-	12	-	69
	Uruguay	-	-	-	-	-	-
Total 10 Countries		5	97	-	405	1642	2165
10 Countries/TOTAL (%)		(2)	(7)	(-)	(2)	(3)	(1)
General Industrial Machinery (SITC 74)							
	Argentina	24	1	81	28	712	1112
	Bolivia	-	-	5	-	-	-
	Brazil	-	-	605	424	9464	16994
	Chile	-	34	19	1	15	20
	Colombia	43	280	545	267	2347	3392
	Ecuador	3	52	220	-	17	12
	Mexico	21	-	70	189	751	1034
	Paraguay	-	-	-	-	-	-
	Peru	3	28	129	3	537	596
	Uruguay	-	-	-	-	-	838
Total 10 Countries		94	395	1674	912	13843	23998
10 Countries/TOTAL (%)		(2)	(10)	(23)	(1)	(3)	(3)

Table T.8 - REGIONAL TRADE OF CAPITAL GOODS - VENEZUELA (Cont.)
(US\$ Thousand)

		E X P O R T S			I M P O R T S		
		1970*	1983	1987	1970*	1983	1987
Electrical Machinery (SITC 77)							
	Argentina	48	-	7	21	267	1041
	Bolivia	-	-	50	-	-	-
	Brazil	-	-	-	292	4754	17234
	Chile	-	5	-	-	61	5
	Colombia	207	54	646	272	2414	2654
	Ecuador	-	10	10	-	282	96
	Mexico	36	-	33	420	2249	3865
	Paraguay	23	-	-	-	-	-
	Peru	2	30	19	27	125	238
	Uruguay	-	-	-	-	6	-
Total 10 Countries		316	99	765	1032	10158	25133
10 Countries/TOTAL (%)		(18)	(2)	(5)	(1)	(3)	(6)

Source: UN/COMTRADE Database

*SITC Revision 1 made compatible with SITC Revision 2 classification

TABLE T.9 - TRADE OF CAPITAL GOODS WITH SELECTED COUNTRIES - ARGENTINA
(US\$ Thousand)

		E X P O R T S			I M P O R T S		
		1970*	1983	1987	1970*	1983	1987
Power Generating Machinery (SITC 71)							
	United States	488	1762	3260	14717	22384	41043
	Japan	-	4	10	477	3223	4309
	France	39	2949	218	1954	19805	15259
	West Germany	145	591	745	8822	14184	59424
	Italy	66	59	-	9550	9473	14862
	United Kingdom	16	-	299	2238	117	109
	Spain	-	131	160	786	848	4090
Total 7 Countries		754	5496	4692	38544	70034	139096
7 Countries/TOTAL (%)		(18)	(53)	(15)	(87)	(67)	(78)
Machinery for Particular Industries (SITC 72)							
	United States	766	3909	2857	51524	44814	47889
	Japan	-	1	60	2525	3829	13205
	France	13	17	166	4402	6532	5375
	West Germany	-	44	23	29804	41599	98395
	Italy	1	2	902	20333	29897	59248
	United Kingdom	38	-	7	13631	1947	746
	Spain	-	23	20	989	3220	12462
Total 7 Countries		818	3996	4035	123208	131838	237320
7 Countries/TOTAL (%)		(6)	(22)	(9)	(83)	(75)	(72)

TABLE T.9 - TRADE OF CAPITAL GOODS WITH SELECTED COUNTRIES - ARGENTINA (Cont.)
(US\$ Thousand)

		E X P O R T S			I M P O R T S		
		1970*	1983	1987	1970*	1983	1987
Metalworking Machinery (SITC 73)							
	United States	69	491	383	14278	15036	8574
	Japan	-	-	-	863	4627	2964
	France	-	113	1	4405	1309	1348
	West Germany	-	210	-	9251	31334	17242
	Italy	5	-	19	15423	7257	70984
	United Kingdom	-	-	-	4256	22	181
	Spain	-	122	-	612	381	2258
Total 7 Countries		74	936	403	49088	59966	103551
7 Countries/TOTAL (%)		(2)	(27)	(2)	(86)	(88)	(78)
General Industrial Machinery (SITC 74)							
	United States	1439	3854	7351	42118	94413	72084
	Japan	-	4	377	2125	32131	30022
	France	16	1361	257	5660	19584	18558
	West Germany	78	559	586	19290	40827	70695
	Italy	13	371	40	9801	26182	50238
	United Kingdom	15	-	42	9983	495	259
	Spain	-	82	64	2360	9895	11280
Total 7 Countries		1561	6231	8717	91337	223527	253136
7 Countries/TOTAL (%)		(16)	(15)	(12)	(84)	(78)	(72)

TABLE T.9 - TRADE OF CAPITAL GOODS WITH SELECTED COUNTRIES - ARGENTINA (Cont.)
(US\$ Thousand)

		E X P O R T S			I M P O R T S		
		1970*	1983	1987	1970*	1983	1987
Electrical Machinery (SITC 77)	United States	128	4492	4755	19559	59333	54234
	Japan	1	324	898	4231	71558	69376
	France	1	1314	359	3412	13064	16676
	West Germany	24	612	402	18522	39395	93163
	Italy	62	568	136	10010	14086	17459
	United Kingdom	-	-	141	899	71	146
	Spain	4	437	106	3276	9446	7591
	Total 7 Countries	220	7747	6797	59909	206953	258645
7 Countries/TOTAL (%)		(3)	(27)	(17)	(76)	(79)	(74)

Source: UN/COMTRADE Database

*Data in SITC Revision 1 made compatible with SITC Revision 2 classification

TABLE T.10 - TRADE OF CAPITAL GOODS WITH SELECTED COUNTRIES - BRAZIL
(US\$ Thousand)

		E X P O R T S			I M P O R T S		
		1970*	1983*	1987	1970*	1983*	1987
Power Generating Machinery (SITC 71)							
	United States	376	302521	433884	36863	95781	114636
	Japan	-	1138	620	15050	82533	50216
	France	16	1981	900	1920	41916	54492
	West Germany	576	16369	27712	17746	56819	100868
	Italy	21	72547	75571	7990	26933	11149
	United Kingdom	35	5113	8249	6237	11014	63982
	Spain	4	186	378	78	180	366
Total 7 Countries		1028	399855	547314	85884	315176	395709
7 Countries/TOTAL (%)		(37)	(84)	(82)	(86)	(75)	(78)
Machinery for Particular Industries (SITC 72)							
	United States	420	44586	141596	76015	104471	60754
	Japan	-	1417	2251	6734	22917	49612
	France	3	6628	12981	9066	12611	15838
	West Germany	105	3646	5078	77598	65633	142515
	Italy	19	4308	11636	13068	35631	49329
	United Kingdom	30	6229	4458	24100	18889	10812
	Spain	1	812	1685	440	734	3167
Total 7 Countries		578	67626	179685	207021	260886	332027
7 Countries/TOTAL (%)		(3)	(27)	(42)	(84)	(84)	(76)

TABLE T.10 -TRADE OF CAPITAL GOODS WITH SELECTED COUNTRIES - BRAZIL (Cont.)
(US\$ Thousand)

		E X P O R T S			I M P O R T S		
		1970*	1983*	1987	1970*	1983*	1987
Metalworking Machinery (SITC 73)							
	United States	466	32160	9847	18286	65399	27271
	Japan	-	5	11	3795	36786	34542
	France	9	54	69	1724	4090	4186
	West Germany	1088	3643	2682	23368	42341	64812
	Italy	68	751	346	4818	20212	21395
	United Kingdom	3	339	49	5308	5443	5801
	Spain	88	23	213	284	590	3317
Total 7 Countries		1722	36975	13217	57583	174861	161324
7 Countries/TOTAL (%)		(20)	(44)	(26)	(81)	(84)	(82)
General Industrial Machinery (SITC 74)							
	United States	581	54803	175860	62069	139721	197135
	Japan	8	1387	1200	8758	45034	87719
	France	10	3631	2060	7176	19298	28542
	West Germany	425	9770	20851	37200	84357	173843
	Italy	190	3559	11512	7124	34133	57160
	United Kingdom	147	130	4147	25139	753	52251
	Spain	103	4422	1046	529	16367	2205
Total 7 Countries		1464	77702	216676	147995	339663	598855
7 Countries/TOTAL (%)		(13)	(35)	(47)	(81)	(79)	(83)

TABLE T.10 - TRADE OF CAPITAL GOODS WITH SELECTED COUNTRIES - BRAZIL (Cont.)
(US\$ Thousand)

		E X P O R T S			I M P O R T S		
		1970*	1983*	1987	1970*	1983*	1987
Electrical Machinery (SITC 77)	United States	1023	109674	126601	41485	216903	278103
	Japan	-	1779	1030	14943	146005	239493
	France	6	3450	3204	7372	69593	140332
	West Germany	326	12844	17617	29174	65947	172817
	Italy	116	7866	6532	12841	48683	41058
	United Kingdom	17	2815	1797	9058	12783	24886
	Spain	98	1882	2291	356	901	3010
	Total 7 Countries	1586	140310	159072	115229	560815	899699
7 Countries/TOTAL (%)		(11)	(47)	(44)	(77)	(73)	(86)

Source: UN/COMTRADE Database

*SITC Revision 1 made compatible with SITC Revision 2 classification

TABLE T.11 - TRADE OF CAPITAL GOODS WITH SELECTED COUNTRIES - CHILE
(US\$ Thousand)

		E X P O R T S			I M P O R T S		
		1970*	1983*	1987	1970*	1983*	1987
Power Generating Machinery (SITC 71)							
	United States	10	554	186	16948	15976	24519
	Japan	-	3	2	495	4702	13437
	France	-	-	-	701	1786	2542
	West Germany	1	6	8	6116	14893	17319
	Italy	-	8	-	2123	727	3374
	United Kingdom	89	-	8	2900	3911	14798
	Spain	-	95	-	245	760	2155
Total 7 Countries		100	666	204	29528	42755	78144
7 Countries/TOTAL (%)		(43)	(55)	(33)	(90)	(80)	(82)
Machinery for Particular Industries (SITC 72)							
	United States	15	1116	750	36798	29851	61577
	Japan	-	-	12	2495	10827	83863
	France	-	223	-	2432	2976	6286
	West Germany	-	18	2	13970	10377	45675
	Italy	-	25	10	5115	11942	20566
	United Kingdom	12	185	-	5900	2420	12688
	Spain	-	36	-	1148	3616	4990
Total 7 Countries		27	1603	774	67858	72009	235645
7 Countries/TOTAL (%)		(12)	(29)	(26)	(83)	(76)	(72)

TABLE T.11 - TRADE OF CAPITAL GOODS WITH SELECTED COUNTRIES - CHILE (Cont.)
(US\$ Thousand)

		E X P O R T S			I M P O R T S		
		1970*	1983*	1987	1970*	1983*	1987
Metalworking Machinery (SITC 73)							
	United States	-	29	48	6326	4974	2968
	Japan	-	-	2	784	1110	298
	France	-	3	-	1394	261	3165
	West Germany	-	-	-	3010	1609	1610
	Italy	-	-	-	1229	673	1885
	United Kingdom	-	148	-	936	543	749
	Spain	-	-	-	740	301	737
Total 7 Countries		-	180	50	14419	9471	11412
7 Countries/TOTAL (%)		(-)	(48)	(43)	(82)	(78)	(52)
General Industrial Machinery (SITC 74)							
	United States	256	1039	1913	42152	56250	92714
	Japan	-	216	24	2180	9068	29481
	France	-	2	5	2589	9156	11634
	West Germany	9	4	66	12965	16074	52298
	Italy	-	-	-	2747	6603	16157
	United Kingdom	2	413	65	4839	4780	13378
	Spain	-	1	2	1278	4649	11684
Total 7 Countries		267	1675	2075	68750	106580	227346
7 Countries/TOTAL (%)		(26)	(48)	(46)	(87)	(79)	(71)

TABLE T.11 - TRADE OF CAPITAL GOODS WITH SELECTED COUNTRIES - CHILE (Cont.)
(US\$ Thousand)

		E X P O R T S			I M P O R T S		
		1970*	1983*	1987	1970*	1983*	1987
Electrical Machinery (SITC 77)	United States	175	776	2904	23429	33252	37766
	Japan	-	-	12	3839	17788	19162
	France	-	-	2	2867	6825	13216
	West Germany	12	216	58	10718	21885	14947
	Italy	-	5	3	2878	4390	7678
	United Kingdom	-	102	10	2980	4551	5564
	Spain	-	376	4	1455	5873	5999
	Total 7 Countries	187	1475	2993	48166	94564	104332
7 Countries/TOTAL (%)		(22)	(40)	(46)	(88)	(77)	(72)

Source: UN/COMTRADE Database

*SITC Revision 1 made compatible with SITC Revision 2 classification

TABLE T.12 - TRADE OF CAPITAL GOODS WITH SELECTED COUNTRIES - COLOMBIA
(US\$ Thousand)

		E X P O R T S			I M P O R T S		
		1970*	1983	1987	1970*	1983	1987
Power Generating Machinery (SITC 71)							
	United States	69	328	5258	25489	59388	54322
	Japan	-	8	-	6164	53648	21262
	France	-	442	1110	3685	20745	12729
	West Germany	-	-	-	3830	7039	5714
	Italy	-	2	-	870	6821	2418
	United Kingdom	-	-	-	1915	4134	11946
	Spain	-	-	-	836	3322	3185
Total 7 Countries		69	780	6368	42789	155097	111576
7 Countries/TOTAL (%)		(34)	(16)	(66)	(94)	(89)	(90)
Machinery for Particular Industries (SITC 72)							
	United States	193	665	459	32583	145599	81322
	Japan	-	-	-	1876	29122	22705
	France	-	-	-	2364	33758	8305
	West Germany	-	1	-	14856	32631	46321
	Italy	-	3	2	4431	23840	21311
	United Kingdom	-	6	5	10435	7395	8244
	Spain	-	-	30	3226	9004	10602
Total 7 Countries		193	675	496	69771	281349	198810
7 Countries/TOTAL (%)		(12)	(13)	(5)	(86)	(77)	(79)

TABLE T.12 - TRADE OF CAPITAL GOODS WITH SELECTED COUNTRIES - COLOMBIA (Cont.)
(US\$ Thousand)

		E X P O R T S			I M P O R T S		
		1970*	1983	1987	1970*	1983	1987
Metalworking Machinery (SITC 73)							
	United States	2	15	-	7154	10460	6721
	Japan	-	-	-	433	1125	1212
	France	-	-	-	290	813	497
	West Germany	-	-	-	1532	2925	3461
	Italy	-	-	-	1347	2449	2075
	United Kingdom	-	-	-	428	322	1424
	Spain	-	-	10	1888	4038	3693
Total 7 Countries		2	15	10	13072	22132	19083
7 Countries/TOTAL (%)		(1)	(1)	(1)	(78)	(77)	(67)
General Industrial Machinery (SITC 74)							
	United States	25	1655	2554	38547	178442	114552
	Japan	-	-	-	1558	32916	22769
	France	-	-	70	1124	18138	12295
	West Germany	-	-	1	8157	20320	39392
	Italy	-	-	6	3906	14000	11840
	United Kingdom	-	-	-	2990	4433	9316
	Spain	-	-	17	1790	7350	7465
Total 7 Countries		25	1655	2648	58072	275599	217629
7 Countries/TOTAL (%)		(3)	(15)	(20)	(89)	(86)	(77)

TABLE T.12 - TRADE OF CAPITAL GOODS WITH SELECTED COUNTRIES - COLOMBIA (Cont.)
(US\$ Thousand)

		E X P O R T S			I M P O R T S		
		1970*	1983	1987	1970*	1983	1987
Electrical Machinery (SITC 77)	United States	43	908	398	20215	62337	52214
	Japan	-	-	-	7591	29568	30549
	France	-	78	10	4486	5433	9474
	West Germany	-	-	-	6948	21561	42888
	Italy	-	-	2	1858	4580	3859
	United Kingdom	-	-	-	1679	2123	2509
	Spain	-	-	19	1579	4030	5799
	Total 7 Countries	43	986	429	44356	129632	147292
7 Countries/TOTAL (%)		(5)	(12)	(3)	(84)	(72)	(75)

Source: UN/COMTRADE Database

*SITC Revision 1 made compatible with SITC Revision 2 classification

TABLE T.13 - TRADE OF CAPITAL GOODS WITH SELECTED COUNTRIES - MEXICO
(US\$ Thousand)

		E X P O R T S			I M P O R T S		
		1970*	1983*	1987*	1970*	1983*	1987*
Power Generating Machinery (SITC 71)							
	United States	5187	584301	1149070	84944	255387	230491
	Japan	-	6640	2727	8745	86169	100344
	France	-	44	38046	2190	10617	9379
	West Germany	12	22116	89212	5431	10624	26609
	Italy	-	31	-	1893	10436	10526
	United Kingdom	3	334	4287	7723	5227	10051
	Spain	13	255	17652	2421	3675	833
Total 7 Countries		5215	613721	1300994	113347	382135	388233
7 Countries/TOTAL (%)		(30)	(93)	(93)	(89)	(88)	(94)
Machinery for Particular Industries (SITC 72)							
	United States	4888	96635	56314	145300	263622	311889
	Japan	-	15317	945	9397	6548	17898
	France	23	256	883	8150	17430	28269
	West Germany	437	2039	305	49611	74461	93762
	Italy	16	182	1177	18038	17976	43536
	United Kingdom	56	131	111	17276	6824	23251
	Spain	6	87	109	3919	15519	13748
Total 7 Countries		5426	114647	59844	251691	402380	532353
7 Countries/TOTAL (%)		(65)	(88)	(79)	(90)	(88)	(89)

TABLE T.13 - TRADE OF CAPITAL GOODS WITH SELECTED COUNTRIES - MEXICO (Cont.)
(US\$ Thousand)

		E X P O R T S			I M P O R T S		
		1970*	1983*	1987*	1970*	1983*	1987*
Metalworking Machinery (SITC 73)							
	United States	527	165241	22145	52721	225207	232287
	Japan	-	790	24	1896	47402	26137
	France	3	327	859	2300	81171	14807
	West Germany	10	1224	312	13575	34718	50536
	Italy	1	78	2	2902	64061	18118
	United Kingdom	-	327	94	5361	20105	5082
	Spain	-	309	84	1743	9302	5262
Total 7 Countries		541	168296	23520	80498	481966	352229
7 Countries/TOTAL (%)		(86)	(95)	(65)	(89)	(96)	(92)
General Industrial Machinery (SITC 74)							
	United States	21766	75341	102965	120333	473794	492932
	Japan	2	1630	789	4829	33817	43266
	France	111	1777	3021	5232	49150	23801
	West Germany	37	794	4159	18027	49082	83125
	Italy	6	921	71	5857	15798	19525
	United Kingdom	26	226	286	5253	31924	12580
	Spain	-	1774	461	562	10426	16627
Total 7 Countries		21948	82463	111752	160093	663991	691856
7 Countries/TOTAL (%)		(82)	(83)	(77)	(91)	(94)	(91)

TABLE T.13 - TRADE OF CAPITAL GOODS WITH SELECTED COUNTRIES - MEXICO (Cont.)
(US\$ Thousand)

		E X P O R T S			I M P O R T S		
		1970*	1983*	1987*	1970*	1983*	1987*
Electrical Machinery (SITC 77)	United States	27756	965031	129524	144133	902717	307158
	Japan	4	84	568	15564	104537	67134
	France	64	640	318	5526	14934	39755
	West Germany	4	1221	1259	17520	29847	65492
	Italy	-	183	138	2111	17190	11532
	United Kingdom	-	668	99	5358	4935	6289
	Spain	1	146	1102	2926	9704	6209
	Total 7 Countries	27829	967973	133008	193138	1083864	503569
7 Countries/TOTAL (%)		(94)	(97)	(78)	(90)	(94)	(86)

Source: UN/COMTRADE Database

*SITC Revision 1 made compatible with SITC Revision 2 classification

TABLE T.14 - TRADE OF CAPITAL GOODS WITH SELECTED COUNTRIES - VENEZUELA
(US\$ Thousand)

		E X P O R T S			I M P O R T S		
		1970*	1983	1987	1970*	1983	1987
Power Generating Machinery (SITC 71)							
	United States	1433	1134	85	28996	98261	197778
	Japan	-	-	-	1082	10097	30002
	France	13	-	-	271	3666	4565
	West Germany	78	8	-	5056	6839	50904
	Italy	-	406	-	1094	5549	13921
	United Kingdom	25	-	-	3972	3826	11365
	Spain	2	1	-	213	1589	6866
Total 7 Countries		1551	1549	85	40684	129827	315401
7 Countries/TOTAL (%)		(90)	(67)	(51)	(70)	(84)	(91)
Machinery for Particular Industries (SITC 72)							
	United States	1524	1650	244	107285	178572	300542
	Japan	9	-	-	4552	7423	14500
	France	2	3	-	5791	13237	23127
	West Germany	40	763	-	23685	47454	128534
	Italy	9	236	-	21287	36714	126221
	United Kingdom	60	44	196	14056	6688	21061
	Spain	-	5	-	9841	9257	22631
Total 7 Countries		1644	2701	440	186497	299345	636616
7 Countries/TOTAL (%)		(63)	(59)	(44)	(88)	(85)	(86)

TABLE T.14 - TRADE OF CAPITAL GOODS WITH SELECTED COUNTRIES - VENEZUELA (Cont.)
(US\$ Thousand)

		E X P O R T S			I M P O R T S		
		1970*	1983	1987	1970*	1983	1987
Metalworking Machinery (SITC 73)	United States	88	1295	1	10	19604	41326
	Japan	-	-	-	1079	2793	7792
	France	-	-	-	625	894	4400
	West Germany	8	-	-	2929	7304	19697
	Italy	4	-	-	4869	14416	22797
	United Kingdom	-	8	-	444	216	1615
	Spain	-	-	383	1186	6223	22724
	Total 7 Countries	100	1303	384	11142	51450	120351
7 Countries/TOTAL (%)		(48)	(89)	(99)	(46)	(91)	(81)
General Industrial Machinery (SITC 74)	United States	3314	8466	1470	80229	262016	367464
	Japan	5	-	-	2241	17508	31433
	France	-	1	5	3690	13493	24539
	West Germany	46	204	5	6453	29792	82942
	Italy	1	2	43	7940	29145	64919
	United Kingdom	2	-	52	4312	6344	15966
	Spain	11	16	7	989	13988	17221
	Total 7 Countries	3379	8689	1582	105854	372286	604484
7 Countries/TOTAL (%)		(71)	(68)	(22)	(91)	(90)	(87)

TABLE T.14 - TRADE OF CAPITAL GOODS WITH SELECTED COUNTRIES - VENEZUELA (Cont.)
(US\$ Thousand)

		E X P O R T S			I M P O R T S		
		1970*	1983	1987	1970*	1983	1987
Electrical Machinery (SITC 77)	United States	627	1972	7023	44798	124477	164087
	Japan	4	-	-	5891	45130	63815
	France	17	2	-	2161	45715	35685
	West Germany	107	15	-	10562	45675	65161
	Italy	13	2	-	3760	18313	27674
	United Kingdom	2	-	-	734	3536	4965
	Spain	15	16	188	2916	7188	10503
Total 7 Countries		785	2007	7211	70822	290034	371890
7 Countries/TOTAL (%)		(45)	(49)	(46)	(88)	(86)	(82)

Source: UN/COMTRADE Database

*SITC Revision 1 made compatible with SITC Revision 2 classification

C. THE ROLE OF TRADE FINANCING.

Economic planning and economic policy making in Latin America have a long standing tradition of stimulating investment and production in specific sectors, often selected on the basis of evidence that the domestic demand was satisfied by imports.

This approach has oriented a large part of the process of industrialization in the region and has led, over time, to an increasingly more elaborated productive structure, with local production of basic inputs and other producer's goods.

The capital goods sector is perhaps the best example of such procedure. Although the origin of the first units may be traced back to the eighteenth century, there is little dispute about the fact that most of the present productive structure results from the stimuli provided under a more recent, deliberate import substitution approach.

From the viewpoint of the region as a whole, similar policy recommendations to stimulate the domestic production of producers' goods were given to every country. At the same time, the lack of a regional approach that might have avoided, say, investment in similar plants in different countries, aiming at the same markets, has led to a regional productive structure with several segments that are hardly efficient. (Complementary recommendations to Latin American countries, regarding the provision of stimuli to non-traditional exports simultaneously to the substitution of imports, as well as more rational integration processes were often disregarded by local authorities). On top of that, differences in the sizes of individual countries have led to a disproportionate concentration of most of the production of capital goods in a few countries.

The demand for capital goods is, broadly speaking, a derived demand. One of the characteristics of production and investment in Latin America --as distinct to other regions-- is that the public sector plays a determining role, and a large part of capital

formation is public investment, either directly (large public enterprises in basic sectors) or indirectly (investment by enterprises where the state has a significant participation). This leads to an additional peculiarity of the capital goods sector in Latin America, which is the relative weight of large plants, to meet the demand derived from large projects.

As a consequence, a significant part of the capital goods sector in Latin America consists of large units, aiming at the provision of machinery and equipment to large projects in the region, where they concentrate most of their sales.

These segments are largely dependent upon investment decisions by the public sector, and are therefore highly sensible to the postponement or lack of such decisions. The binding financial constraint that was the common characteristic of most countries of the region in the 1980s has actually led to sharp falls in investment ratios regionwise ^{4/} and to levels of capacity utilization that in some cases (manufactures of Fabricated Metal Products, for instance) are reported to be close to only 20 percent.

Other segments of the capital goods sector are less specialized (like Metalworking Machinery or General Industrial Machinery) and the demand for its production is determined by both private and public producers. The agents that may have negative influence on the demand for these products are less easily identifiable, and have to do with the dynamism of the local economy and with external demand.

In both segments of the capital goods sector, it goes without saying that technological updating is an essential part of competitiveness. However, the available information about recent trade performance does not show a very positive record in that regard.

On the one hand, both exports and imports of capital goods have fallen significantly in recent years. On the other hand, exports remain largely concentrated in the regional market, which seems indicative of low capacity of penetration in more competitive

markets. Furthermore, most of recent intraregional trade of capital goods (the core of external demand for local production) is concentrated on rather miscellaneous products, a strong indication of lack of specialization. The apparently positive outcome from the available data is that there is an increasing margin for trade of an intraindustry type both on an intraregional level and with some industrial countries, and this could induce a higher degree of specialization.

What seems vital is the creation of the basic conditions to make local production competitive to meet existing demand.

From the viewpoint of the producers of large, custom-built machinery and equipment that are typically demanded by large public sector projects the regional market does not seem to present very favorable perspectives in the short run, given the fragile economic conditions of the countries in this region. One alternative would be to explore other markets, and the opportunities to be created by the necessary rebuilding of East European economies look as natural candidates. The lack of resources to allow a competitive position is clearly one of the main limiting factor.

As far as series-built capital goods are concerned, the demand perspectives both at a regional level and from an international standpoint look less bleak. With regard to the former, cautious, well-designed regional integration schedules may actually stimulate quite significantly trade of this type of goods ⁵/, whilst there is indication that local production of some types of goods could compete (i.e., are technologically updated) if trade conditions were assured.

For both types of capital goods, then, export financing is a major determining factor. The regional experience in this regard is not very rewarding. The amount of resources available to finance trade has always been quite limited: in 1987 investment banks in Latin America have allocated only about 10% of their deposits to finance external trade. Part of the explanation for

this limited involvement with trade is found in the very fact that external trade is a very risky activity (and the insurance schemes available in the region for export credit are not too efficient (Baumann/Braga (1986)) and part is due to the domestic legislation in several countries, which tend to limit the participation of investment banks in the export financing activity.

Some mechanisms have actually been designed to finance intraregional trade, but shortage of hard currency by trade partners have often been one of the limiting factors when it comes to clearing bilateral surpluses and deficits. For example, the mechanism of Reciprocal Credit (Convenio de Crédito Recíproco) led Brazil to accumulate in 1980-88 unpaid credits totalling US\$ 3 billion. Similar difficulties are met by the FONPLATA - Fondo Financiero para el Desarrollo de la Cuenca del Plata, a fund created in 1976 to finance projects, studies and other works that would help foster regional integration.

On a national basis, some experiences have succeeded in actually making viable the exports of non-traditional, increasingly sophisticated manufactures. Brazil's FINEX is a good example of it (Baumann/Braga (1986)). But these schemes have often relied upon budgetary resources, which tend to disappear as a consequence of the fiscal crisis having become a common characteristic of most countries in the region since the mid-1980s. ^{6/}

Other schemes have been tried, like the formation, in 1985, of an association between three local banks of Argentina, Brazil and Mexico (Latinequip) to finance trade of capital goods among these three countries.

But again the amount of resources available is limited and clearly not sufficient and the existing schemes seem to be not adequate for the region as a whole.

Given the above scenario of shortage of resources, and the limited perspectives for overcoming this shortage due to the narrow and selective access that Latin American countries have to international voluntary capital markets, it might be expected that

international organizations would help to provide part of the resources required for the region to at least resume the levels of trade in manufactures --and capital goods in particular-- achieved in the recent past.

NOTES

1/ UN/ECLAC (1989), "La Industria de Bienes de Capital en América Latina: Realidad y Potencialidades", Doc. LC/R.768.

2/ As shown in the Tables, data for these three years are available at both Revisions 1 and 2 of SITC (Standard International Trade Classification). In order to make them comparable at the two-digit level it was necessary to make specific correspondence of products classified at a five-digit level. The criteria adopted here are shown in the Annex, at the end of the work.

3/ Although Venezuelan exports of capital goods seem to be increasingly directed to the regional market.

4/ For the region as a whole, it is estimated that investment in machinery and equipment corresponded in 1987 to only 70% of the value invested in 1980 (UN/ECLAC (1989), Anexo 2, pag.144).

5/ As the Brazil-Argentina integration process clearly indicates: bilateral trade in the items included in the Agreement increased from US\$26 million in 1985 (one year before the signing of the protocols) to US\$51 million in 1987 (a year after the protocols were implemented (R.Baumann (1989))).

6/ The disappearance of FINEX in 1990 is again a good example.

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ANNEX

**CAPITAL GOODS: CORRESPONDENCE BETWEEN CLASSIFICATIONS
ACCORDING TO SITC-REVISION 2 AND SITC-REVISION 1**

	<u>REVISION 2</u>	<u>REVISION 1</u>
Power Generating Machinery and Equipment	71	7111+7112+7113+71141+ 71142+7115+7116+7117+ 71181+71189+7221
Machinery Specialized for Particular Industries	72	7121+7122+71239+ 71291+71299+7125+71841+ 71842+7198+7173+71711+ 71713+71712+71714+71715+ 7172+71811+71812+71822+ 71829+71821+71831+71839+ 71951+71952+71954+71851+ 71852+7198
Metalworking Machinery	73	7151+71954+71521+71522+ 7299+71523+72992
General Industrial Machinery and Equipment, N.E.S.	74	71911+71913+72992+71914+ 71915+71912+71919+71921+ 71922+71923+71932+71931+ 71953+71961+71962+71965+ 71963+71964+7197+71992+ 71993+71991+71994+71999
Electrical Machinery, Aparatus and Appliances, N.E.S.	77	7221+7222+7231+72321+ 72322+72323+7261+7262+ 72502+71715+72501+71962+ 72504+72503+72505+6566+ 7293+72911+72912+7292+ 72941+72942+7296+72991+ 72993+72994+72995+7297+ 72996+72998