



International trade in Latin America and the Caribbean 2009

Crisis and recovery
Updated version



UNITED NATIONS

ECLAC



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Contents

Foreword	5
1. As a consequence of the crisis, Latin American and Caribbean imports and exports contracted drastically at the end of 2008 and beginning of 2009	7
2. Goods exports shrank, especially in the mining, oil and manufacturing sectors, while fuel imports plummeted	8
3. Services exports followed the trend of the crisis, but showed less volatility	9
4. While the contraction in exports was widespread, the specific impact of the crisis depends on the export basket of each country or area	11
5. The collapse in exports in 2009 was exceptional: the region had not seen a similar drop in 72 years	12
6. The decline in exports was similar to that recorded in other regions; the differences become apparent when the data is broken down by volume and price	13
7. Goods exports for the region as a whole fell sharply, but the situation varied from country to country	14
8. The contraction of imports in 2009 is similar to that recorded during the external debt crisis of 1982	15
9. In 2009 the value of imports dropped by 25%	16
10. Mineral and oil exports were the worst hit, while agricultural and livestock exports suffered the least	17
11. Agricultural and livestock exports to the United States fell less sharply than those to Europe	18
12. In year-on-year terms, mineral and oil exports to the United States and the European Union fell more steeply than those to other markets	19
13. The full-year manufacturing exports to the United States decreased less than those to other destinations	20
14. After slowing down dramatically in 2008, international trade has started to recover	21
15. The price boom during 2003-2008, which ended the volatility seen in the 1980s and 1990s, significantly boosted the value of exports for many commodities, particularly mineral and oil products	22
16. The drop in commodity prices was across the board; recovery, however, has been mixed	23

17.	Before the crisis, the high global demand —particularly from China— helped boost the volume and prices of the region’s exports.....	24
18.	In 2009, some Central American countries made gains in their net terms of trade.....	25
19.	Imports and exports to all countries have contracted, but trade with China shows greater signs of recovery and is nearing pre-crisis levels	26
20.	The economic dynamism of Asia, and China in particular, has rescued the exports of Latin America and the Caribbean	27
21.	Asia, led by China, has gained an important share of the region’s trade, while the United States has lost ground as a trading partner	28

Foreword

The financial crisis that began in the United States in mid-2007 (and spread very quickly to the real sector of the global economy beginning in September 2008) had a strong impact on growth in Latin America and the Caribbean in 2009. The Economic Commission for Latin America and the Caribbean (ECLAC) has estimated that in 2009 gross domestic product (GDP) fell by 1.9%, ending the cycle of high growth which characterized the period 2003-2008.

One of the main channels of transmission of the crisis to the region was international trade. Both imports and exports dropped dramatically across the region during the last quarter of 2008 and the first quarter of 2009, hit by falling demand in most of the world and by the restrictions in trade finance. Thus, the first half of 2009 ended with a decrease in the value of the region's exports and imports of 30% and 29%, respectively, as compared with the same period in 2008. This level of decline in export values had not been seen since the 1930s, and the drop in import values was similar to that observed during the external debt crisis of 1982.

In the second quarter of 2009, and more noticeably in the second half of the year, the global economy began to show a modest recovery, brought about mainly by the fiscal and monetary stimuli applied in industrialized countries and the continued economic dynamism of China. Although the recovery is still in its infancy and is characterized by several elements of uncertainty, the worst of the crisis seems to be behind us.

The foreign trade figures for Latin America and the Caribbean reflect the incipient recovery seen elsewhere in the world. The year 2009 ended with declines in the value of the region's exports and imports in the order of 23% and 25% respectively, as compared with 2008. This is indeed a significant reduction, but lower than the one observed at the end of the first half of the year, and hints at better prospects for 2010.

This publication presents recent foreign trade developments in the region, broken down by origin, destination and product group, and in terms of value and volume. It thus updates the analysis contained in the document Latin America and the Caribbean in the World Economy 2008-2009, published in August 2009 by ECLAC.

[Alicia Bárcena](#)

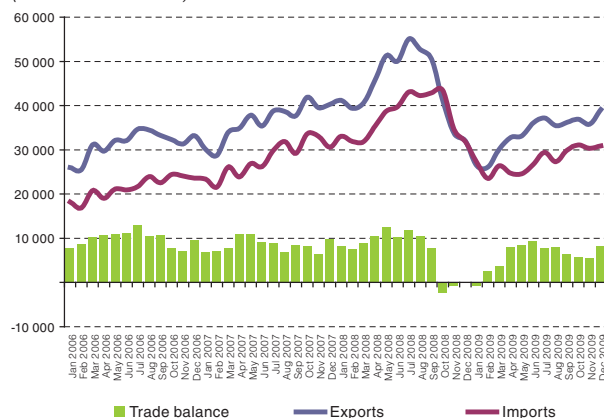
Executive Secretary

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and the Caribbean (ECLAC)

1. As a consequence of the crisis, Latin American and Caribbean imports and exports contracted drastically at the end of 2008 and beginning of 2009

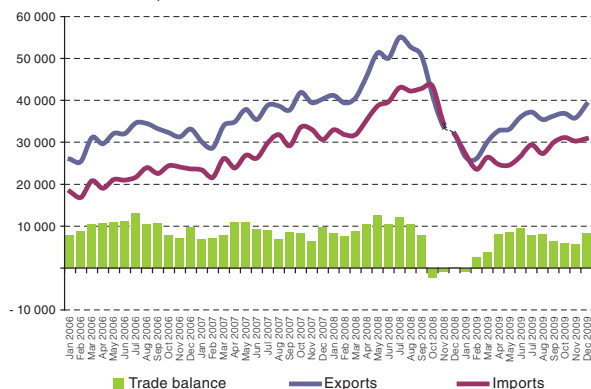
- The crisis translated into a major trade deficit in the countries of the region at the end of 2008 and beginning of 2009. The monthly change in the flows of the region's trade with its main partners shows a clear contraction in the value of both imports and exports, from the third quarter of 2008 until the end of the first quarter of 2009. From then on, flows returned to close to long-term trend levels and, in the last quarter of 2009, exceeded the monthly average for 2006.
- The recovery in exports was concentrated in South America owing to the high demand for primary products in China.

Figure 1
Latin America and the Caribbean: merchandise trade values, January 2006 to December 2009
(Millions of dollars)



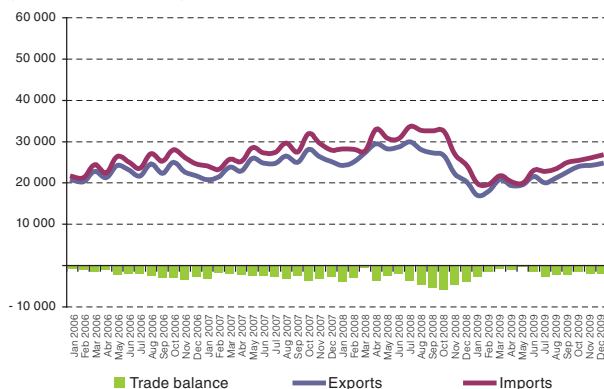
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the official statistical information available for Latin American and Caribbean countries.

Figure 2
South America: merchandise trade values, January 2006 to December 2009
(Millions of dollars)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the official statistical information available for Latin American and Caribbean countries.
Note: The information for the Caribbean was collected using mirror statistics. Data for the Bolivarian Republic of Venezuela correspond to national totals to which the structure of the International Monetary Fund Direction of Trade Statistics was applied; likewise, December was estimated projecting the structural trend of the last three months for which data was available.

Figure 3
Mexico and Central America: merchandise trade values, January 2006 to December 2009
(Millions of dollars)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the official statistical information available for Latin American and Caribbean countries.
Note: The information for the Caribbean was collected using mirror statistics. Data for the Bolivarian Republic of Venezuela correspond to national totals to which the structure of the International Monetary Fund Direction of Trade Statistics was applied; likewise, December was estimated projecting the structural trend of the last three months for which data was available.

2. Goods exports shrank, especially in the mining, oil and manufacturing sectors, while fuel imports plummeted

- Sectoral behaviour reflects the sharp decline in the prices of commodities, especially oil. Exports for all sectors stabilized and then picked up again from the second quarter of 2009 onward. This trend reversal led to a significant recovery in export levels in the last quarter of 2009 in all sectors and improved the figures for the year as a whole.

Table 1
Latin America and the Caribbean: year-on-year change in export values
(Percentages)

Products	2007	2008	2009
Agricultural and livestock	22.1	20.8	-11.2
Mining and oil	12.6	24.2	-30.4
Manufacturing	11.5	11.1	-20.4
TOTAL	12.9	16.1	-22.6

Table 2
Latin America and the Caribbean: year-on-year change in import values
(Percentages)

Economic use	2007	2008	2009
Capital goods	23.8	21.7	-16.1
Intermediate inputs	14.8	17.1	-23.0
Consumer goods	22.8	20.8	20.9
Fuels and lubricants	30.0	47.8	-46.8
TOTAL	19.1	21.8	-24.5

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the official statistical information available for Latin American and Caribbean countries; Statistical Office of the European Communities (EUROSTAT) and International Trade Commission (USITC).

Note: Data include Argentina, Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Paraguay, Peru, Plurinational State of Bolivia, Uruguay and the Caribbean. Imports do not include Paraguay.

Figure 4
Latin America and the Caribbean: merchandise exports index,
January 2006–November 2009
(Index: January 2006=100)

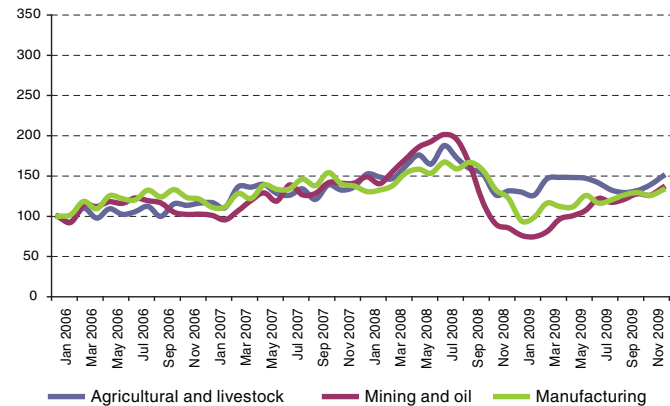
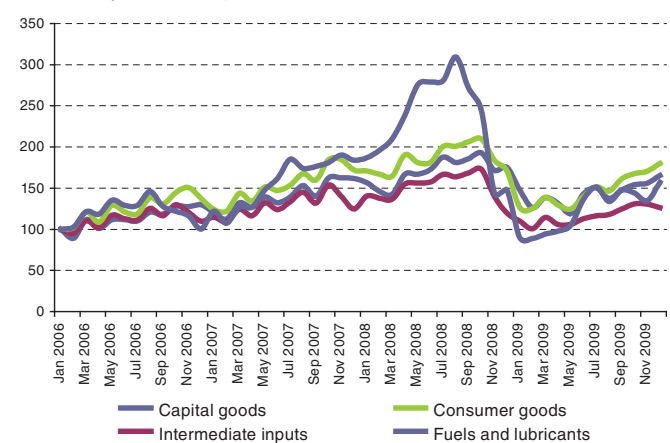


Figure 5
Latin America and the Caribbean: merchandise imports index,
January 2006–November 2009
(Index: January 2006=100)



3. Services exports followed the trend of the crisis, but showed less volatility

- Services exports decreased less than goods exports, although the latter rebounded sooner due to the recovery in commodity prices. In the fourth quarter of 2009, services were more dynamic than goods.
- The lower volatility of the value of services exports can be attributed, in large part, to the greater stability of the prices for services vis-à-vis commodity prices.
- Therefore, an export structure with a larger services component will tend to show greater stability in the flow of foreign exchange.
- The recovery of both goods and services exports in the third and fourth quarters of 2009 is noteworthy.

Figure 7
South America^a: quarterly value of goods and service exports, 2006-2009
(Index: first quarter of 2006=100)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of information from the International Monetary Fund (IMF) and of the countries' central banks.

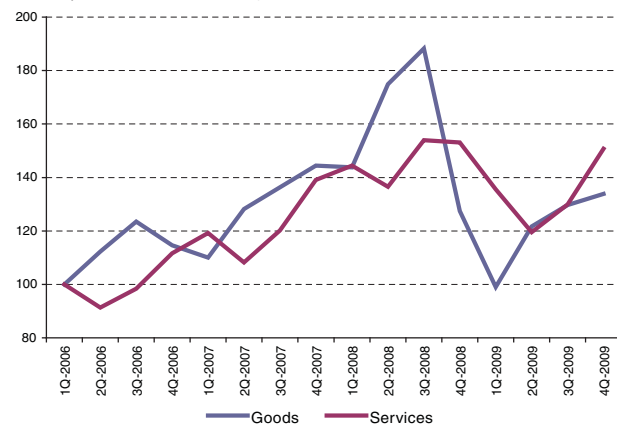
^a Does not include Guyana or Suriname.

Figure 6
Latin America: quarterly value of goods and services exports, 2006-2009
(Index: first quarter of 2006=100)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of information from the International Monetary Fund (IMF) and of the countries' central banks.

Figure 8
Mexico and Central America^a: quarterly value of goods and service exports, 2006-2009
(Index: first quarter of 2006=100)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of information from the International Monetary Fund (IMF) and of the countries' central banks.

^a Includes Panama but not Belize. The fourth-quarter exports of Honduras have been estimated using the growth rate of exports of general merchandise.

Table 3
Latin America: import and export values, by country and group, 2000-2009^a
(Millions of dollars)

	Exports				Imports			
	2000	2003	2008	2009	2000	2003	2008	2009
MERCOSUR	84 626	106 592	278 990	217 302	103 410	83 970	302 651	222 208
Argentina	26 341	29 939	70 635	55 752	25 280	13 851	57 362	38 852
Brazil	55 119	73 203	197 942	152 995	55 851	48 326	171 152	127 336
Paraguay	871	1 242	4 463	3 167	2 193	2 228	8 506	6 497
Uruguay	2 295	2 208	5 949	5 389	3 466	2 190	9 069	6 907
Chile	18 215	20 077	63 282	50 987	16 620	17 376	56 561	42 616
Andean Countries	57 251	54 505	188 768	134 783	39 051	38 871	142 585	112 287
Bolivia (Plurinational State of)	1 457	1 651	6 978	4 976	1 849	1 684	4 920	4 348
Colombia	13 158	13 092	37 607	32 853	11 757	13 881	39 669	32 898
Ecuador	4 822	6 038	18 511	13 797	3 446	6 534	18 686	15 093
Peru	6 866	8 749	30 534	25 562	7 415	8 414	29 829	21 507
Venezuela (Bolivarian Republic of)	30 948	24 974	95 138	57 595	14 584	8 358	49 482	38 442
Mexico	166 294	164 907	291 343	229 707	179 404	170 546	308 603	234 385
Central American Countries	17 611	18 997	27 063	24 365	24 132	29 390	59 823	46 339
Costa Rica	5 487	5 800	9 504	8 788	6 029	7 388	14 816	11 055
El Salvador	2 941	3 128	4 549	3 797	4 948	5 754	8 473	6 416
Guatemala	4 187	4 459	7 737	7 231	5 171	8 128	14 549	11 489
Honduras	3 343	3 754	2 640	2 336	2 885	3 276	8 607	6 136
Nicaragua	881	1 056	1 489	1 391	1 721	1 720	4 328	3 443
Panama	772	799	1 145	821	3 378	3 124	9 050	7 801
Dominican Republic	5 737	5 738	6 748	5 463	10 411	5 738	13 570	9 958
Subregional total	349 734	370 814	856 193	662 608	373 027	345 891	883 793	667 791

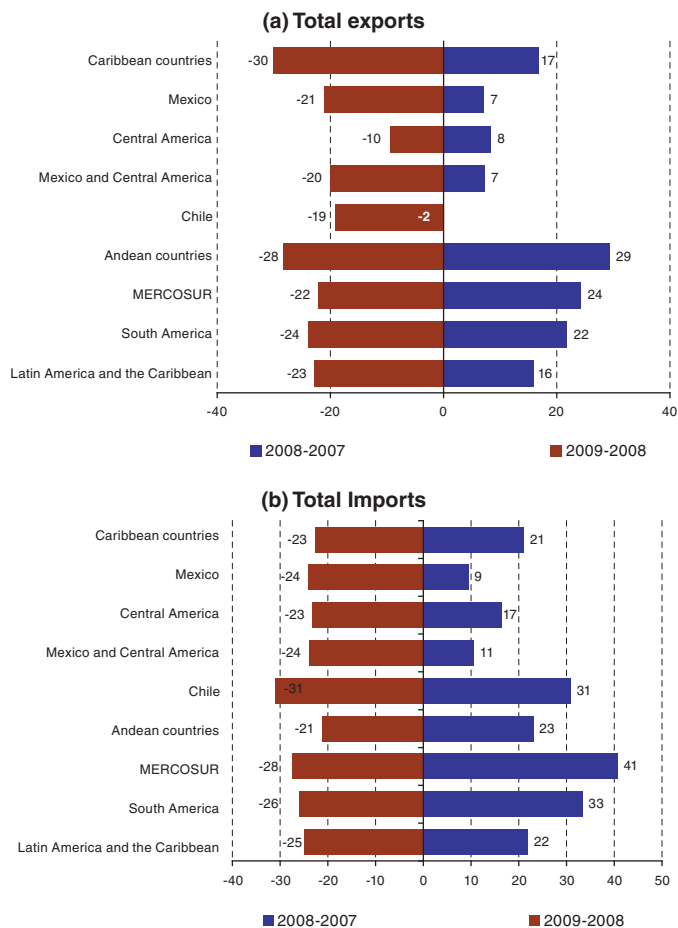
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of information from the United Nations Commodity Trade Database (COMTRADE) and national sources.

^a For 2000 and 2003; the data on the maquila sector in Guatemala, Honduras and Nicaragua is complemented with information from national sources. The 2000 figures for the Dominican Republic correspond to national data. 2008 and 2009 figures are taken from national sources. Panama does not include the Colon Free Zone. In the case of Paraguay, unregistered trade is not included. The figures presented here are not fully compatible with the balance of payments and correspond to those reported by countries in their customs records, updated to December 2009.

4. While the contraction in exports was widespread, the specific impact of the crisis depends on the export basket of each country or area

- Trade flows in the region fell by around 23% between 2008 and 2009, except in the Central American countries where they fell on average by 16.5% (exports by 10% and imports by 23%).

Figure 9
Latin America and the Caribbean: variation in merchandise trade with the world between 2007-2008 and 2008-2009 (Percentages)



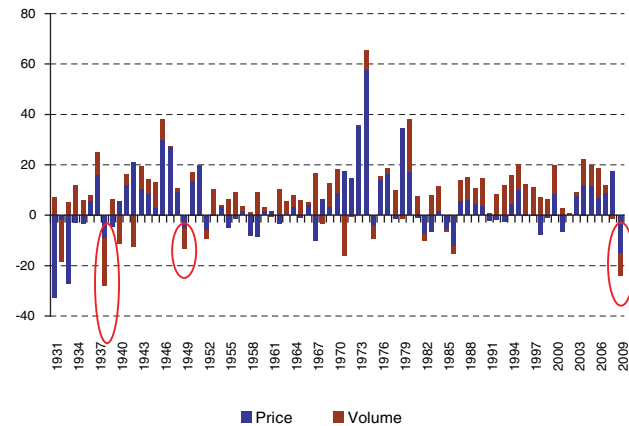
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of national data; Statistical Office of the European Communities (EUROSTAT) and International Trade Commission (USITC).

Note: Caribbean data are constructed with mirror statistics from the United States, the European Union and Latin American countries. Data for Central America include Panama (without the Colon Free Zone).

5. The collapse in exports in 2009 was exceptional: the region had not seen a similar drop in 72 years

- After growing, on average, at 17% per year between 2003 and 2008, the value of goods exports plummeted by 23% in 2009, through the combination of a 14% decline in prices and a 9% drop in the volume. A drop in exports of this magnitude, either in terms of price or volume, had not been recorded since 1937. It is, therefore, an historic record, surpassed only by the slump in trade that occurred as a result of the protectionist policies implemented by the United States and Europe in the period immediately following the 1929 crisis.

Figure 10
Latin America and the Caribbean: annual growth in goods exports, 1931-2009
(Percentages)

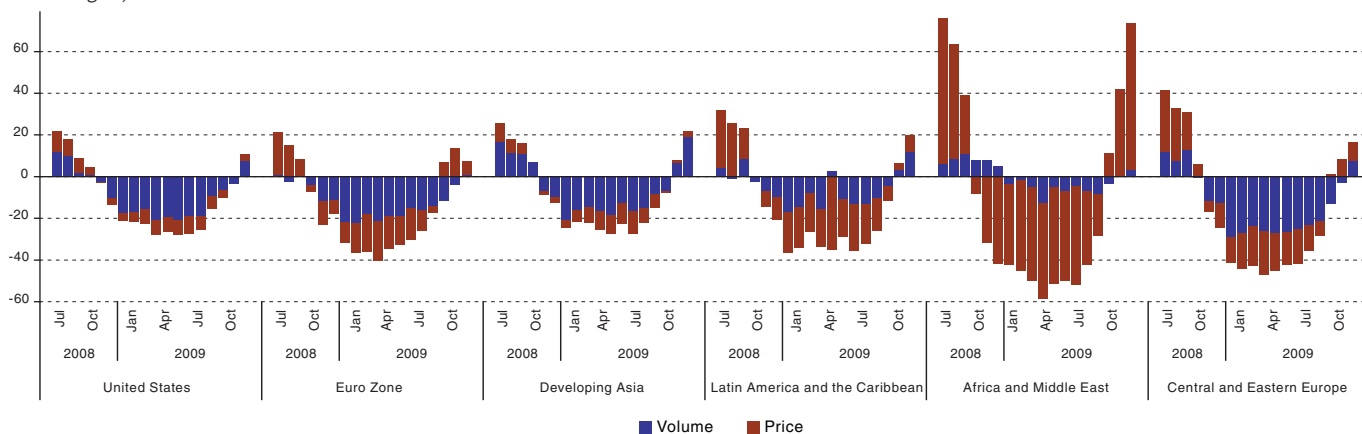


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of information from the United Nations Commodity Trade Database (COMTRADE) and countries' official figures.

6. The decline in exports was similar to that recorded in other regions; the differences become apparent when the data is broken down by volume and price

- In industrialized countries, the contraction mainly reflected the decrease in manufacturing export volumes. In developing countries, the contraction was mainly the result of falling commodity prices. The drop in export volumes was smaller thanks in part to persistent demand from China. Both export volumes and prices in Latin America began to recover in the last two months of 2009.

Figure 11
12-month variation in export volumes and prices, July 2008-December 2009
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of Netherlands Bureau of Economic Policy Analysis, "World Trade Monitor" and official data for Latin American and Caribbean countries.

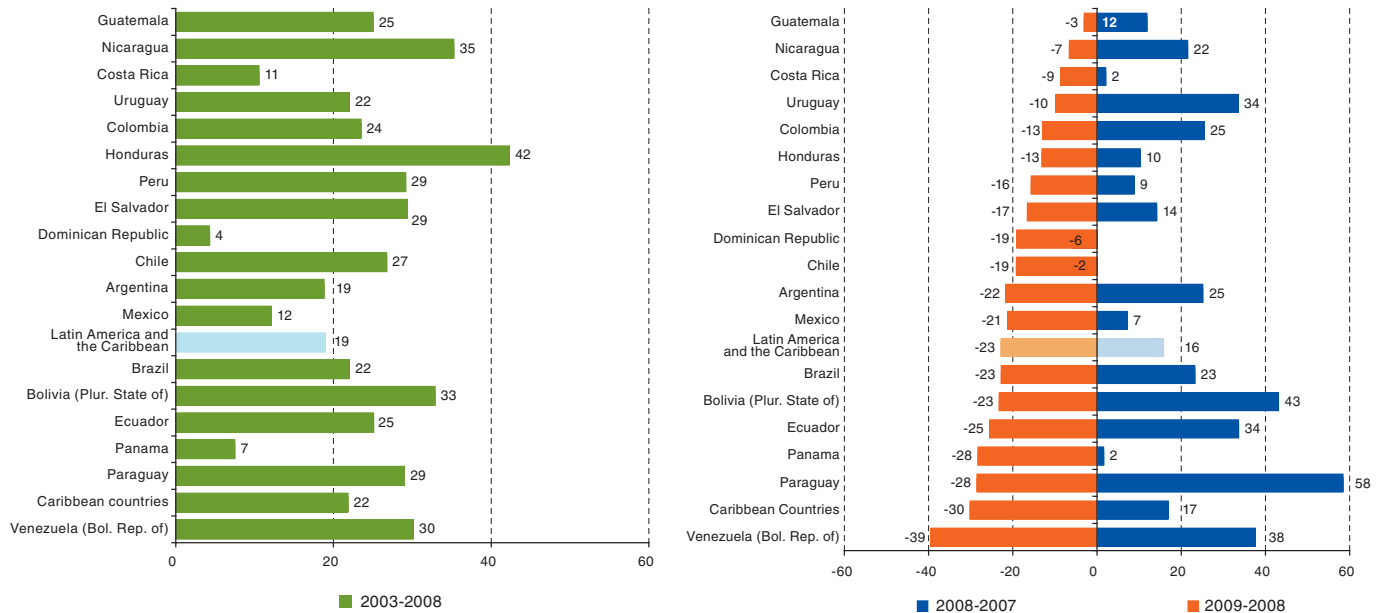
Note: Latin America and the Caribbean include Argentina, Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Paraguay, Peru, Plurinational State of Bolivia, Uruguay and the Caribbean.

7. Goods exports for the region as a whole fell sharply, but the situation varied from country to country

- After growing steadily between 2003 and 2008, goods exports declined across the region in 2009, most notably in the Bolivarian Republic of Venezuela, Ecuador, Panama, Paraguay and the Caribbean.

Figure 12

Latin America and the Caribbean: goods exports (FOB), 2003-2008, 2008 -2007 and 2009-2008
(Percentages)



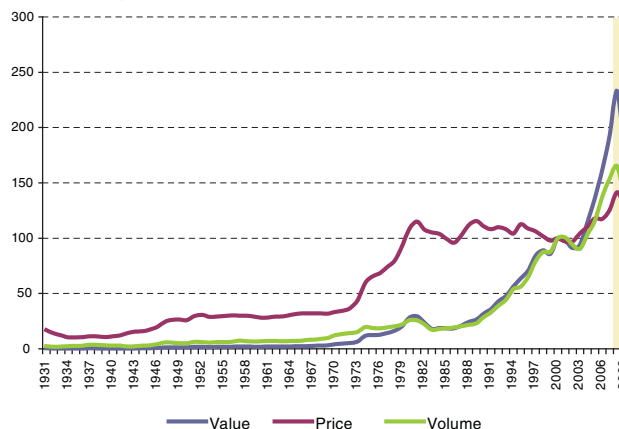
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of information from the United Nations Commodity Trade Database (COMTRADE), official data from individual countries; Statistical Office of the European Communities (EUROSTAT) and International Trade Commission (USITC).

Note: Data on the Dominican Republic for 2007-2008 and 2008-2009 are from national sources.

8. The contraction of imports in 2009 is similar to that recorded during the external debt crisis of 1982

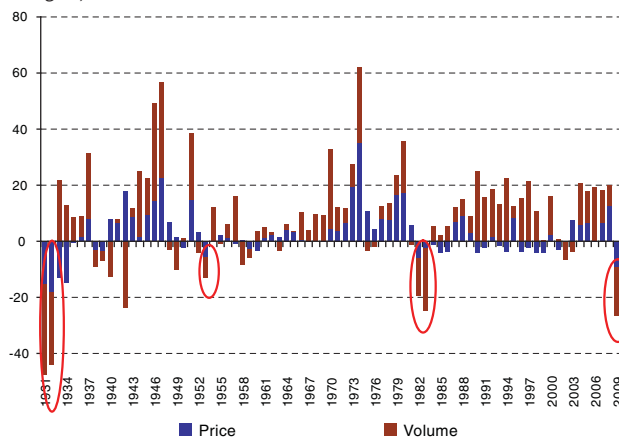
- Imports, which had increased considerably both in price and in volume almost every year for 20 years, also recorded a serious reverse in 2009 and plummeted 25% (9% in price and 16% in volume).
- Unlike the drop in exports, the drop in imports was mainly due to the change in volume.
- In response to the economic downturn, several countries in the region took measures to contain imports with a view to preventing possible imbalances in the balance of payments. This action undoubtedly had a negative impact on intra-regional trade.

Figure 13
Latin America and the Caribbean: goods imports, 1931-2009
(Index: 2000=100)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of information from the United Nations Commodity Trade Database (COMTRADE) data and countries' official figures.

Figure 14
Latin America and the Caribbean: annual variation in imports, 1931-2009
(Percentages)

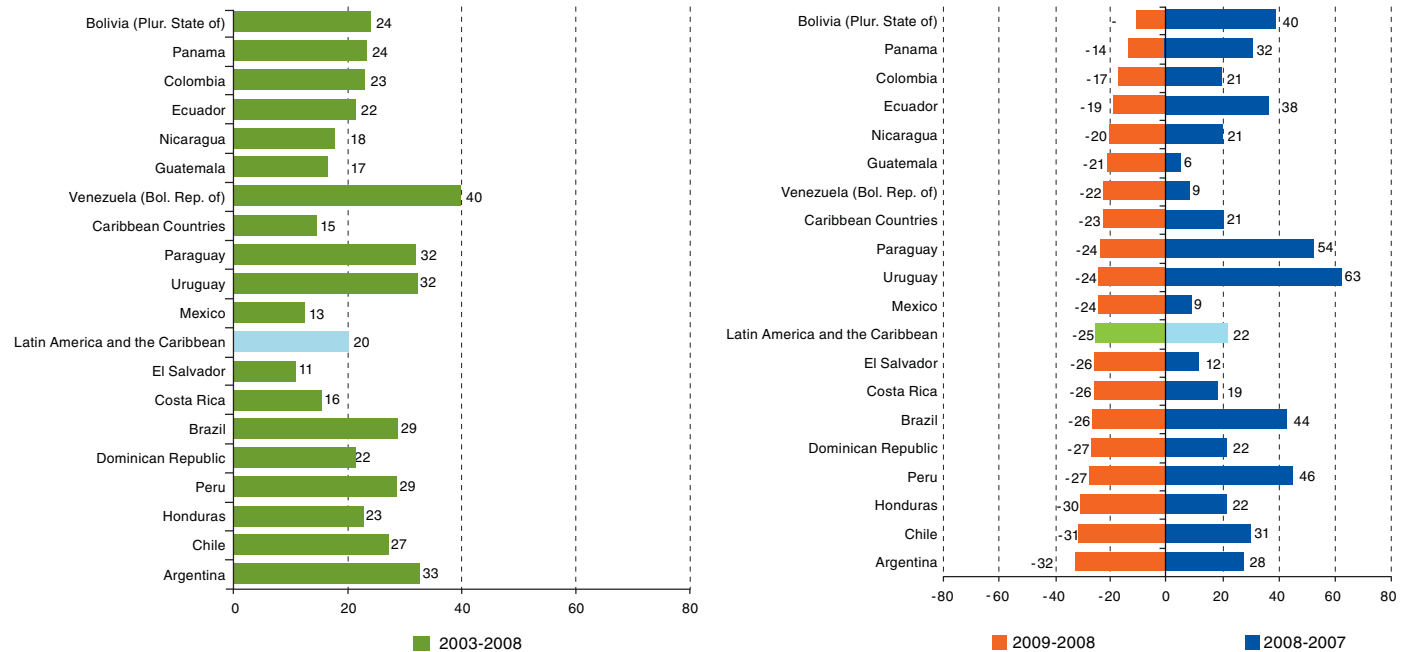


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of information from the United Nations Commodity Trade Database (COMTRADE) data and countries' official figures.

9. In 2009 the value of imports dropped by 25%

- As noted above, whereas the decline in exports can be attributed primarily to falling prices, the drop in imports was largely the result of the decrease in import volumes. The largest declines were observed in Argentina and Chile, while the smallest occurred in the Plurinational State of Bolivia and Panama.

Figure 15
Latin America and the Caribbean: variation in goods imports (FOB) 2003-2008, 2007-2008 and 2008-2009
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of information from the United Nations Commodity Trade Database (COMTRADE), official data from individual countries; Statistical Office of the European Communities (EUROSTAT) and International Trade Commission (USITC).

Note: Data for the Caribbean are constructed using mirror statistics from the United States, European Union, and Latin America. Data for Panama exclude the Colon Free Zone. In the case of Paraguay unregistered trade is not included. Growth rates shown are consistent with customs data for each country, which may differ from balance-of-payments data.

10. Mineral and oil exports were the worst hit, while agricultural and livestock exports suffered the least

Table 4

Latin America (selected countries): variation in exports by selected sector, 2003-2008, 2007-2008 and 2008-2009

(Percentages)

Countries	Agricultural and livestock exports			Mineral and oil exports			Manufacturing exports		
	2003-2008	2007-2008	2008-2009	2003-2008	2007-2008	2008-2009	2003-2008	2007-2008	2008-2009
Argentina	24.7	35.4	-38.4	0.3	5.7	18.2	19.1	25.1	-17.1
Bolivia (Plurinational State of)	8.7	16.6	-7.4	44.6	48.9	-32.3	20.4	33.1	-19.7
Brazil	17.9	19.5	-4.6	46.7	48.5	-27.3	18.4	18.2	-26.8
Chile	29.2	13.8	-7.0	33.1	-11.5	-20.2	9.6	14.6	-23.1
Colombia	13.0	5.2	-10.0	28.6	45.7	-9.4	21.6	12.3	-17.2
Costa Rica	7.7	7.7	-7.5	n/a	n/a	n/a	34.8	0.2	-7.5
Ecuador	10.3	15.1	13.5	34.7	42.3	-40.5	21.9	15.3	-21.9
El Salvador	26.3	25.4	-7.5	20.2	38.4	-39.5	5.8	12.3	-16.3
Guatemala	22.1	13.6	10.9	24.1	39.1	-15.8	7.7	8.4	-12.3
Honduras	17.0	17.5	-11.8	8.6	-31.0	6.8	9.3	10.7	-13.1
Mexico	11.1	8.3	-1.8	22.4	17.5	-38.7	10.4	5.0	-17.9
Nicaragua	17.0	27.2	-15.5	15.1	28.4	-2.8	22.7	16.3	0.8
Paraguay	27.1	51.7	-26.1	...	...	...	32.6	69.2	-33.2
Peru	42.0	31.6	-11.8	28.0	6.6	-13.0	19.8	24.1	-28.0
Dominican Republic	1.7	-4.0	41.3	15.6	-55.2	-99.2	15.0	3.4	-14.3
Uruguay	17.6	50.0	11.8	37.4	-3.3	-23.1	28.3	29.4	-14.8
Venezuela (Bolivarian Republic of)	69.8	22.3	-39.5	33.9	42.5	-39.2	-5.1	-12.7	-44.2
Latin America and the Caribbean	17.9	20.8	-11.2	30.9	24.2	-30.4	13.4	11.1	-20.4

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official data.

11. Agricultural and livestock exports to the United States fell less sharply than those to Europe

Table 5

Latin America (selected countries): variation in agricultural exports, 2003-2008, 2007-2008 and 2008-2009

(Percentages)

Countries	World			United States			European Union		
	2003-2008	2007-2008	2008-2009	2003-2008	2007-2008	2008-2009	2003-2008	2007-2008	2008-2009
Argentina	24.7	35.4	-38.4	11.1	6.5	-17.8	11.7	24.8	-24.2
Bolivia (Plurinational State of)	8.7	16.6	-7.4	12.3	7.6	19.2	18.2	5.6	-3.5
Brazil	17.9	19.5	-4.6	8.0	-4.0	-12.2	8.7	6.9	-14.0
Chile	29.2	13.8	-7.0	8.5	1.7	-10.4	12.2	12.4	-8.2
Colombia	13.0	5.2	-10.0	11.1	14.3	0.9	9.3	13.4	-16.3
Costa Rica	7.7	7.7	-7.5	6.5	-1.6	-8.8	5.3	1.6	-10.6
Ecuador	10.3	15.1	13.5	5.8	7.3	11.7	10.6	19.3	-10.4
El Salvador	26.3	25.4	-7.5	17.3	25.9	-16.9	18.2	9.7	1.9
Guatemala	22.1	13.6	10.9	10.9	21.7	-1.1	3.5	7.9	-12.6
Honduras	17.0	17.5	-11.8	10.5	10.6	-10.6	11.9	15.4	3.7
Mexico	11.1	8.3	-1.8	11.7	8.2	5.7	11.5	20.3	-3.0
Nicaragua	17.0	27.2	-15.5	17.0	18.6	-8.0	18.4	16.7	-7.4
Paraguay	27.1	51.7	-26.1	16.9	26.5	-37.8	12.7	14.6	-23.8
Peru	42.0	31.6	-11.8	20.7	16.4	-1.7	13.2	7.4	2.0
Dominican Republic	1.7	-4.0	41.3	1.0	-7.8	31.1	15.1	2.5	22.5
Uruguay	17.6	50.0	11.8	1.8	-61.4	0.6	15.4	39.8	-18.2
Venezuela (Bolivarian Republic of)	69.8	22.3	-39.5	-2.2	-11.1	-34.9	-6.7	-13.8	-20.2
Latin America and the Caribbean	17.9	20.8	-11.2	10.1	5.5	-1.4	10.1	13.1	-14.7

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official data, Statistical Office of the European Communities (EUROSTAT) and International Trade Commission (USITC).

12. In year-on-year terms, mineral and oil exports to the United States and the European Union fell more steeply than those to other markets

Table 6

Latin America (selected countries): year-on-year variation in mineral and oil exports, 2003-2008, 2007-2008 and 2008-2009
(Percentages)

Countries	World			United States			European Union		
	2003-2008	2007-2008	2008-2009	2003-2008	2007-2008	2008-2009	2003-2008	2007-2008	2008-2009
Argentina	0.3	5.7	18.2	9.3	14.8	-31.7	9.7	-15.3	-16.4
Bolivia (Plurinational State of)	44.6	48.9	-32.3	124.4	100.2	-21.5	46.4	-27.0	15.3
Brazil	46.7	48.5	-27.3	34.6	83.0	-26.8	26.8	38.3	-49.5
Chile	33.1	-11.5	-20.2	12.6	-58.9	-24.2	30.1	-9.3	-39.4
Colombia	28.6	45.7	-9.4	21.1	59.1	-20.4	26.9	51.5	-21.3
Costa Rica	n/d	n/d	n/d	27.3	102.6	-31.1	39.4	27.6	-64.9
Ecuador	34.7	42.3	-40.5	37.8	61.7	-51.5	146.6	80.4	100.9
El Salvador	20.2	38.4	-39.5	21.4	35.2	-42.4	56.1	-47.1	40.3
Guatemala	24.1	39.1	-15.8	17.5	76.1	-48.9	114.8	19.4	-57.3
Honduras	8.6	-31.0	6.8	26.8	25.6	-50.2	-43.7	-97.5	177.6
Mexico	22.4	17.5	-38.7	22.1	23.2	-40.0	19.8	6.3	-52.3
Nicaragua	15.1	28.4	-2.8	2.1	-64.5	44.5	...	...	...
Paraguay	...	...	...	...	...	...	...	...	...
Peru	28.0	6.6	-13.0	38.9	36.0	-49.6	39.0	-18.0	-26.8
Dominican Republic	15.6	-55.2	-99.2	6.4	-0.4	11.7	79.0	62.1	-68.9
Uruguay	37.4	-3.3	-23.1	71.9	-86.6	86.0	2.0	-71.8	30.2
Venezuela (Bolivarian Republic of)	33.9	42.5	-39.2	26.1	28.8	-44.8	35.2	28.3	-38.0
Latin America and the Caribbean	30.9	24.2	-30.4	24.8	32.2	-40.2	27.5	20.3	-41.4

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official data, Statistical Office of the European Communities (EUROSTAT) and International Trade Commission (USITC).

13. The full-year manufacturing exports to the United States decreased less than those to other destinations

Table 7

Latin America (selected countries): year-on-year variation in manufacturing exports, 2003-2008, 2007-2008 and 2008-2009
(Percentages)

Countries	World			United States			European Union		
	2003-2008	2007-2008	2008-2009	2003-2008	2007-2008	2008-2009	2003-2008	2007-2008	2008-2009
Argentina	19.1	25.1	-17.1	17.1	56.1	-39.4	10.5	34.9	-21.1
Bolivia (Plurinational State of)	20.4	33.1	-19.7	12.0	23.1	8.8	20.2	160.8	-36.4
Brazil	18.4	18.2	-26.8	5.6	3.6	-41.2	12.2	-1.1	-29.1
Chile	9.6	14.6	-23.1	27.2	-6.8	-39.0	15.6	-19.6	-36.7
Colombia	21.6	12.3	-17.2	6.7	12.1	-2.7	8.2	-16.0	-34.3
Costa Rica	34.8	0.2	-7.5	1.6	-0.2	68.4	2.6	9.3	-13.8
Ecuador	21.9	15.3	-21.9	10.7	8.2	-44.9	-1.2	2.8	-34.5
El Salvador	5.8	12.3	-16.3	0.7	7.1	-18.3	-3.3	49.5	-53.1
Guatemala	7.7	8.4	-12.3	-2.6	0.5	-5.5	13.5	6.5	38.1
Honduras	9.3	10.7	-13.1	3.2	2.1	-18.8	-5.2	66.9	23.6
Mexico	10.4	5.0	-17.9	17.3	3.2	-4.7	15.0	15.5	-20.9
Nicaragua	22.7	16.3	0.8	17.3	3.2	-4.7	5.8	-31.2	132.1
Paraguay	32.6	69.2	-33.2	-1.8	-1.1	-9.8	-1.0	14.2	-49.2
Peru	19.8	24.1	-28.0	14.5	3.9	-26.7	-2.0	-12.3	-26.4
Dominican Republic	15.0	3.4	-14.3	-2.5	-5.7	-19.9	18.9	-3.8	-41.5
Uruguay	28.3	29.4	-14.8	-4.4	-10.1	-7.1	9.5	68.4	-20.5
Venezuela (Bolivarian Republic of)	-5.1	-12.7	-44.2	6.1	33.3	-57.8	9.1	-8.3	-44.7
Latin America and the Caribbean	13.4	11.1	-20.4	6.8	-0.6	-16.7	11.7	0.6	-27.5

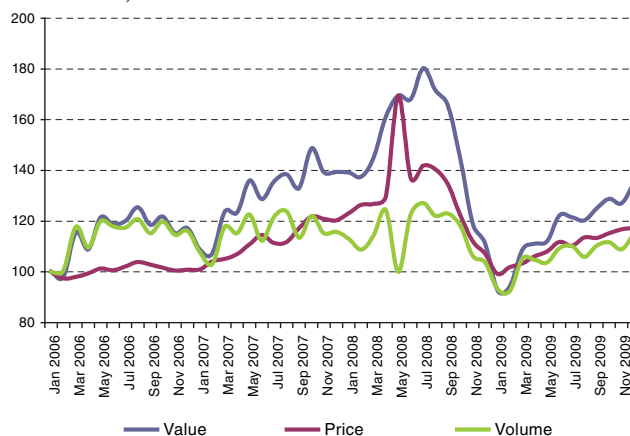
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official data, Statistical Office of the European Communities (EUROSTAT) and International Trade Commission (USITC).

14. After slowing down dramatically in 2008, international trade has started to recover

- Both imports and exports of goods recovered in 2009 and recorded a notable performance in the last quarter. The drop in export values shrank by five percentage points, from 28% through September to 23% for the year as a whole.
- The reasons for the recovery in the last quarter of 2009 are many, including:
 - (i) The partial recovery in the prices of several commodities such as copper, zinc, oil, wheat and soybeans driven by the continued strong demand from China as of the second quarter of 2009.
 - (ii) Low international interest rates and the depreciation of the dollar, which encouraged investors to include these commodities in their portfolios.
 - (iii) The gradual restoration of international capital flows.
 - (iv) The partial recovery of economic activity in several industrialized economies and in the region.

Figure 16
Latin America and the Caribbean: goods exports, January 2006 to November 2009

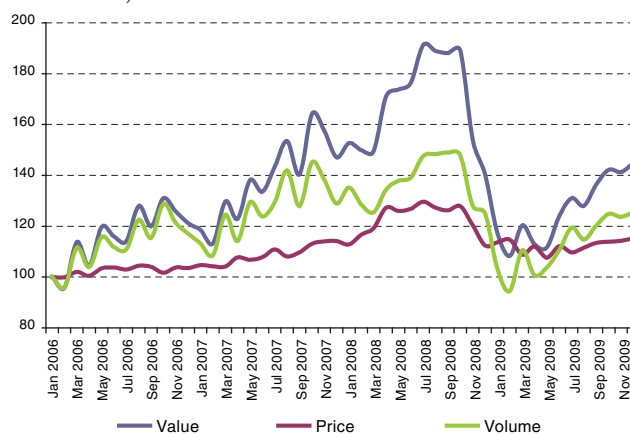
(Index: 2006=100)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official national data.

Figure 17
Latin America and the Caribbean: goods imports, January 2006 to November 2009

(Index: 2006=100)



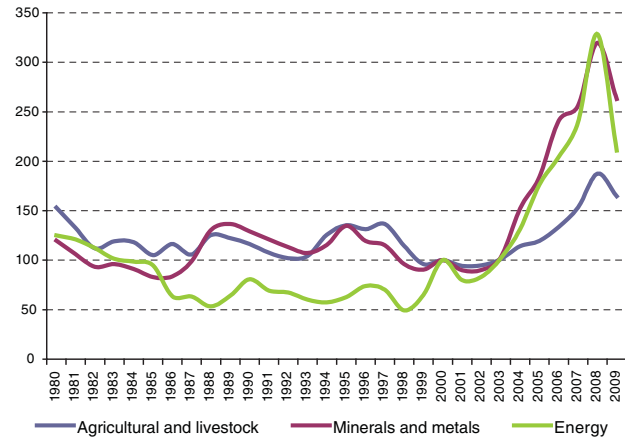
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official national data.

15. The price boom during 2003-2008, which ended the volatility seen in the 1980s and 1990s, significantly boosted the value of exports for many commodities, particularly mineral and oil products

- Figure 18 shows the general rise in prices that started in 2003. This was generated by the unusual global economic growth at the time, especially the considerable dynamism of Asia.
- This trend contrasts with the steep decline recorded in the second half of 2008, when the global crisis reverberated throughout the region. From the second quarter of 2009 onward, price indices have tended to stabilize, most notably in energy.
- The absence of a clear improvement is due largely to the economic stagnation of two of the biggest economies in the world: the United States and the European Union. According to data from the International Monetary Fund, growth in the United States in 2009 is expected to decrease by 2.5% in 2009, and then increase by a meagre 1.5% in 2010. In the case of the European Union, growth is expected to fall by 4.0% in 2009 and increase by only 0.5% in 2010.
- The positive figures that are being observed in the industrialized economies since the third quarter of 2009 are still not sufficient to induce a greater dynamism in international trade.

Figure 18

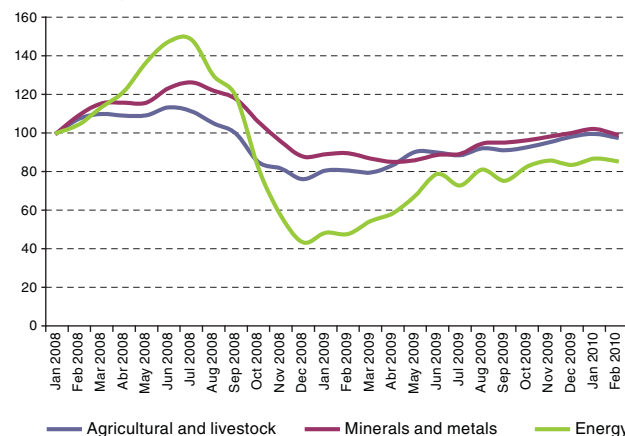
Latin America and the Caribbean: commodity price index, 1980-2009
(Index: 2000=100)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official data.

Figure 19

Latin America and the Caribbean: commodity price index, January 2008-February 2010
(Index: 2008=100)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official data.

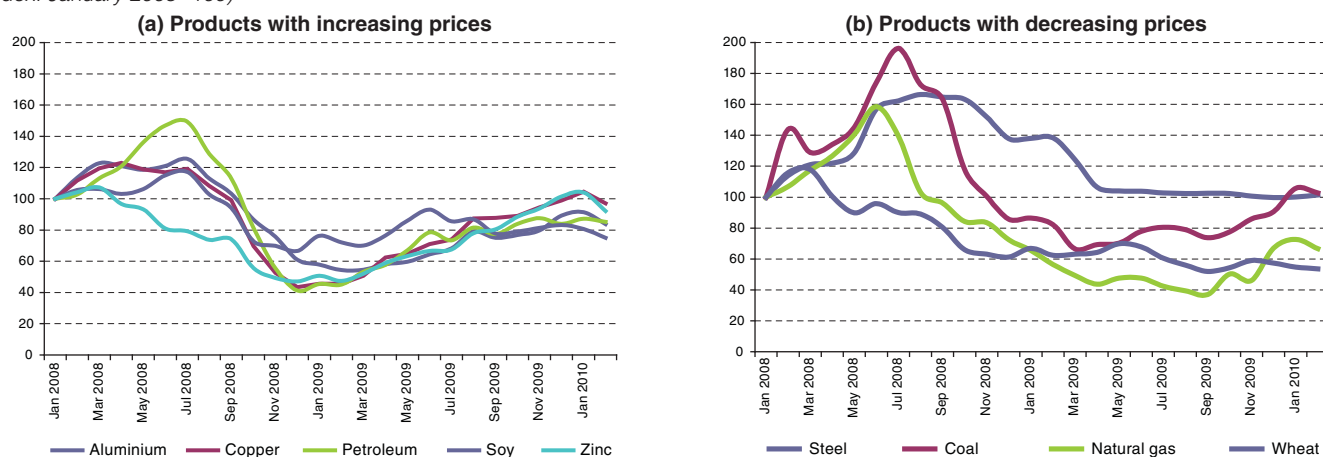
16. The drop in commodity prices was across the board; recovery, however, has been mixed

- After the general decline in 2008, the prices of some commodities have stabilized and are beginning to show signs of recovery.
- In the case of the products whose prices are increasing, the average improvement between the minimum price and the current one is 79%, while improvement for those with declining prices is on average 34%. Of the latter, coal and natural gas are the main sources of recovery while steel and wheat continue on a downward trend.
- These figures confirm the urgent need for countries to diversify their export baskets so that their economies are not affected by the international prices of a handful of products.

Figure 20

Latin America and the Caribbean: price index of goods exports, January 2008-January 2010

(Index: January 2008=100)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official data for prices and information from the United Nations Commodity Trade Database (COMTRADE).

Table 8

Latin America and the Caribbean: variation in maximum, minimum, and current price indices^a

(Percentages)

	Product	Variation in minimum with respect to maximum	Variation in current in relation to minimum	Worst-hit country, by share	
				In the region	In country's total exports
Increasing	Aluminium	-57	54	Brazil (61)	Brazil (2)
	Copper	-65	123	Chile (66)	Chile (20)
	Petroleum	-72	107	Venezuela (Bolivarian Republic of) (40)	Venezuela (Bolivarian Republic of) (93)
	Soy	-43	13	Brazil (64)	Paraguay (31)
	Zinc	-56	96	Peru (65)	Bolivia (Plurinational State of) (12)
Decreasing	Steel	-38	-1	Brazil (49)	Dominican Republic (12)
	Coal	-66	54	Colombia (96)	Colombia (12)
	Natural Gas	-77	80	Trinidad and Tobago (60)	Bolivia (Plurinational State of) (43)
	Wheat	-56	3	Argentina (80)	Argentina (4)

Source: Economic Commission for Latin America and the Caribbean (ECLAC).

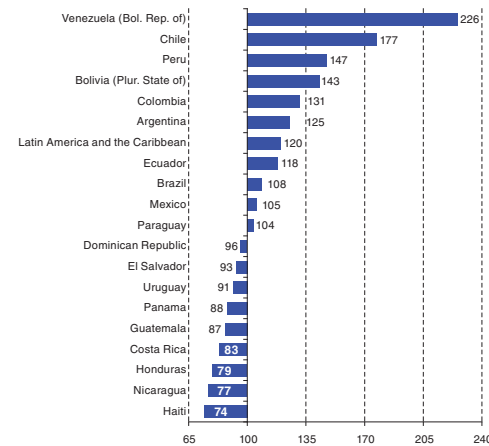
^a Shares were computed on the basis of average exports during 2006-2008.

17. Before the crisis, the high global demand —particularly from China— helped boost the volume and prices of the region's exports

- The growing demand for commodities in China boosted exports and improved terms of trade, especially for South American countries. The countries that gained the most were the exporters of oil and mineral products. In exports, the price effect has been larger than the volume effect, especially in the South American countries. In the case of Mexico and Central America (except Costa Rica) the pattern was reversed, with volume effects surpassing price effects. This is a clear sign of the important role that export patterns, and trade ties with China and Asia Pacific in particular, have played during the 2000-2008 period. The countries that strengthened their commercial links with China through commodities sales experienced the greatest gains in terms of trade. By contrast, the terms of trade for Central American countries deteriorated.

Figure 21
Latin America and the Caribbean: terms of trade for goods (FOB), 2007-2008

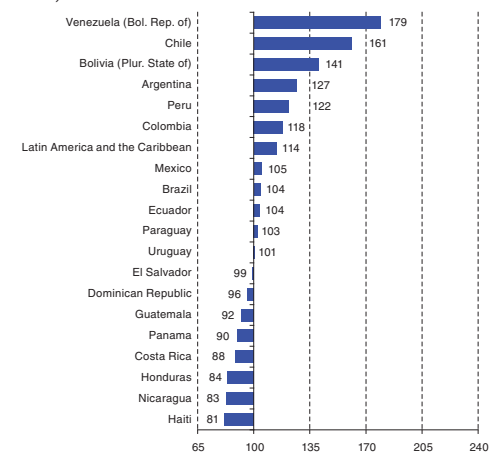
(Index: 2000=100)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), *Preliminary Overview of the Economies of Latin America and the Caribbean, 2009* (LC/G-2424-P), Santiago, Chile. United Nations publication, Sales No. E.09.II.G.149.

Figure 22
Latin America and the Caribbean: terms of trade for goods (FOB), 2009^a

(Index: 2000=100)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), *Preliminary Overview of the Economies of Latin America and the Caribbean, 2009* (LC/G-2424-P), Santiago, Chile. United Nations publication, Sales No. E.09.II.G.149.

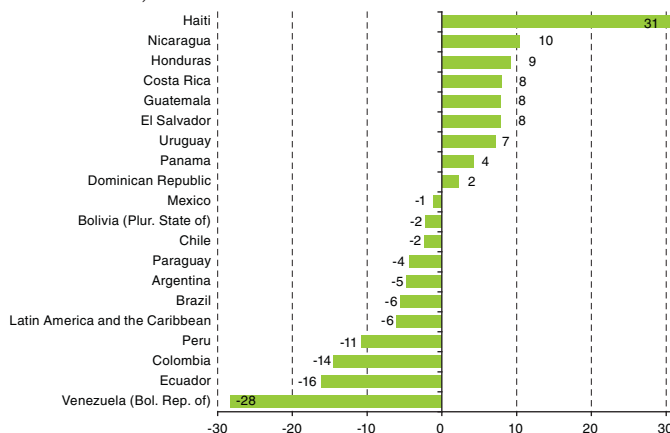
^a Projections.

18. In 2009, some Central American countries made gains in their net terms of trade

- Since mid-2008 some countries in the region that are net importers of raw materials, particularly those in Central America, benefited from the sharp decline in commodity prices, as this helped them reduce their trade deficits.
- Figure 23 shows the variation of the terms of trade. It should be noted that while on average the region suffered a 6.3% deterioration of these terms in 2009, nine countries experienced improvements in their terms of trade (all of Central America, except Haiti and the Dominican Republic). Uruguay was the exception in South America, where terms of trade fell, albeit moderately (except in the Andean subregion), inasmuch its terms improved.

Figure 23
Latin America and the Caribbean: terms of trade for goods (FOB), 2008-2009

(Index: 2000=100)

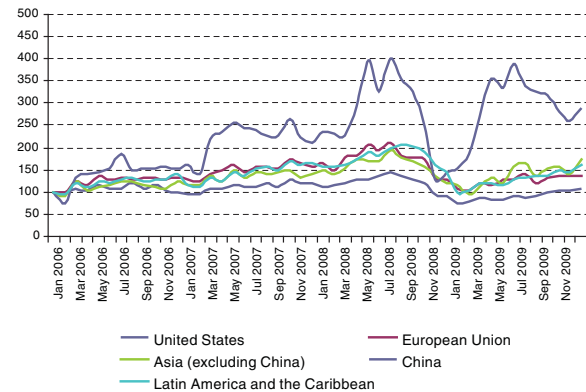


Source: Economic Commission for Latin America and the Caribbean (ECLAC), *Preliminary Overview of the Economies of Latin America and the Caribbean, 2009* (LC/G-2424-P), Santiago, Chile. United Nations publication, Sales No. E.09.II.G.149.

19. Imports and exports to all countries have contracted, but trade with China shows greater signs of recovery and is nearing pre-crisis levels

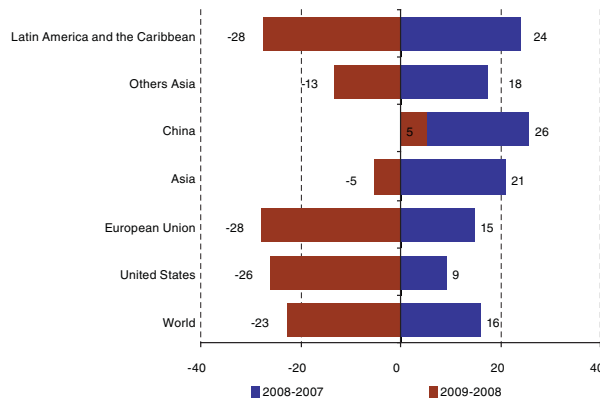
- While the figures for the first three quarters of 2009 show exports to the United States fell by 32%, to the European Union by 33%, and to Asia by 12%, those to China decreased by only 2%.
- Results in the last quarter of 2009 reduced the total year decline in exports to the United States, the European Union and Asia, and reversed the fall of exports to China, which ended up increasing by 5% over the year.
- This data confirms the growing importance of China as a destination for the region's exports.

Figure 24
Latin America and the Caribbean: value of goods exports by main destination, January 2006 to November 2009
(Index: January 2006=100)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the official data.

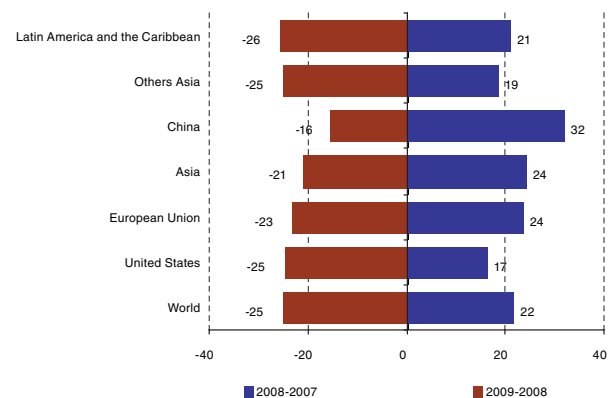
Figure 25
Latin America and the Caribbean: variation in exports, by selected destination, 2007-2008 and 2008-2009



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the official data; Statistical Office of the European Communities (EUROSTAT); International Trade Commission (USITC) and IMF Direction of Trade Statistics (DOTS).

Note: Data for the Caribbean are constructed using mirror statistics from the United States, the European Union and Latin America. Data for the Bolivarian Republic of Venezuela for December are estimated using the trade structure for the previous three months and correspond to national totals adjusted for trade structure as reported by the IMF-DOTs database. December data were projected based on the structural tendency of the last three months of available data.

Figure 26
Latin America and the Caribbean: variation in imports, by selected destination, 2007-2008 and 2008-2009



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the official data; Statistical Office of the European Communities (EUROSTAT); International Trade Commission (USITC) and IMF Direction of Trade Statistics (DOTS).

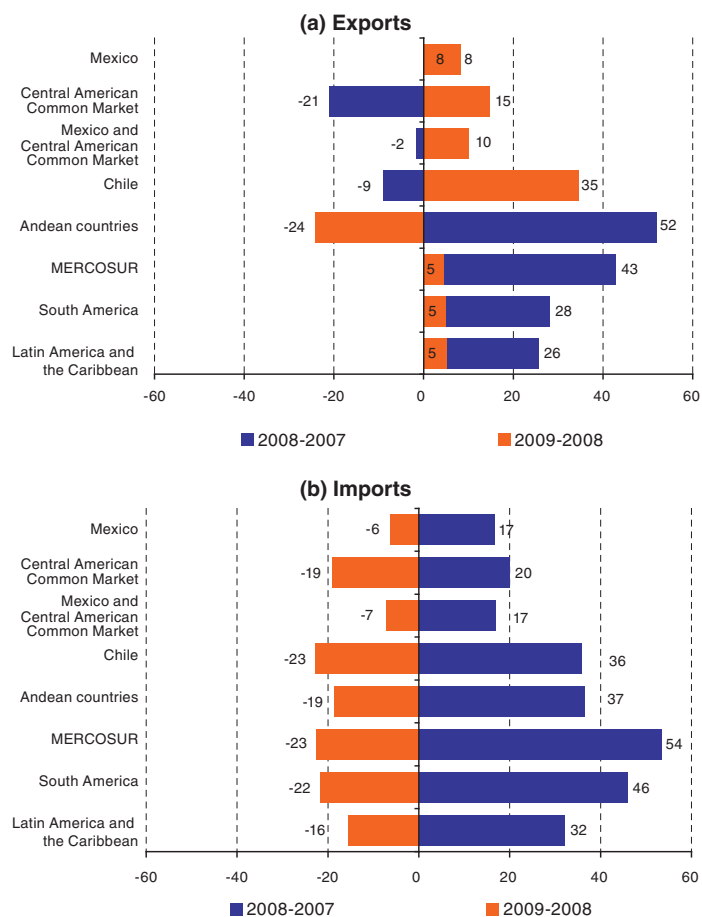
Note: Data for the Caribbean are constructed using mirror statistics from the United States, the European Union and Latin America. Data for the Bolivarian Republic of Venezuela for December are estimated using the trade structure for the previous three months and correspond to national totals adjusted for trade structure as reported by the IMF-DOTs database. December data were projected based on the structural tendency of the last three months of available data.

20. The economic dynamism of Asia, and China in particular, has rescued the exports of Latin America and the Caribbean

- The figures for trade between the various subregions of Latin America and China show that it is China's imports of certain commodities that are driving the region's total exports to that country, where demand for raw materials remains high.
- This phenomenon has mainly benefited several South American countries that are net exporters of raw materials, and the subregion has once again posted a surplus in its bilateral trade with China. In contrast, the asymmetry in China's trade with Mexico and Central America (whose exports consist of a higher proportion of manufactures), mean that this subregion continues to exhibit a deficit in its trade with China.

Figure 27

Latin America and the Caribbean: year-on-year variation in goods trade with China, 2007-2008 and 2008-2009



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the official data; Statistical Office of the European Communities (EUROSTAT); International Trade Commission (USITC) and IMF Direction of Trade Statistics (DOTS).

Note: Data for the Caribbean are constructed using mirror statistics from the United States, the European Union and Latin America. Data for the Bolivarian Republic of Venezuela for December are estimated using the trade structure for the previous three months and correspond to national totals adjusted for trade structure as reported by the IMF-DOTS database. December data were projected based on the structural tendency of the last three months of available data.

21. Asia, led by China, has gained an important share of the region's trade, while the United States has lost ground as a trading partner

- In 2008 the value of the region's exports to Asia reached US\$ 105 billion, which amounted to 12% of the region's total exports, while exports to the United States reached 41% and those to the European Union 14%.
- The 2008-2009 economic slowdown resulted in the acceleration of change that had been occurring in the regions export structure. The importance of Asia, especially China, as a trading partner increased, after the sharp drop in the participation of the United States in the region's trade. In ten years China increased its weight in the region's trade almost sevenfold.
- After two years of stagnation (1998-1999) that occurred as a result of the Asian crisis, trade between Latin America and the Caribbean and Asia recovered. From then on, trade between the regions grew steadily until the current international financial crisis.
- The importance of Asia as a trading partner is even greater in the imports of Latin America and the Caribbean, whose trade deficit with Asia has been growing as a result.
- This has encouraged several countries in the region to explore the possibility of pursuing trade agreements with Asian countries. The region's heavy dependence on Asian imports is also raising concerns owing to its negative effect on the competitiveness of domestic industries in Latin America and the Caribbean.

Table 9

Latin America and the Caribbean: destination of exports

(Percentage of total exports)

	2000	2006	2007	2008	2009
Latin America and the Caribbean	19.0	16.4	17.2	18.4	17.2
Asia	5.0	9.7	11.3	11.8	14.5
China	1.1	3.4	4.6	5.0	6.8
United States	61.0	47.6	44.0	41.4	39.7
European Union	11.8	12.8	13.8	13.7	12.8

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the official data; Statistical Office of the European Communities (EUROSTAT); International Trade Commission (USITC) and IMF Direction of Trade Statistics (DOTS).

Note: The figures for 2000 are from the United Nations Commodity Trade Database (COMTRADE). The figures for 2006, 2007, 2008 and 2009 are based on official data. Data for the Caribbean are constructed using mirror statistics from the United States, the European Union and Latin America. Data for the Bolivarian Republic of Venezuela for December are estimated using the trade structure for the previous three months and correspond to national totals adjusted for trade structure as reported by the IMF-DOTS database. December data were projected based on the structural tendency of the last three months of available data.

Table 10

Latin America and the Caribbean: origin of imports

(Percentage of total imports)

	2000	2006	2007	2008	2009
Latin America and the Caribbean	15.1	18.9	19.1	19.0	18.9
Asia	10.9	21.9	22.9	23.4	24.7
China	1.8	8.4	9.6	10.4	11.7
United States	55.0	32.4	30.3	29.0	29.2
European Union	12.1	12.8	13.3	13.5	13.8

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the official data; Statistical Office of the European Communities (EUROSTAT); International Trade Commission (USITC) and IMF Direction of Trade Statistics (DOTS).

Note: The figures for 2000 are from the United Nations Commodity Trade Database (COMTRADE). The figures for 2006, 2007, 2008 and 2009 are based on official data. Data for the Caribbean are constructed using mirror statistics from the United States, the European Union and Latin America. Data for the Bolivarian Republic of Venezuela for December are estimated using the trade structure for the previous three months and correspond to national totals adjusted for trade structure as reported by the IMF-DOTS database. December data were projected based on the structural tendency of the last three months of available data.