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United States-Latin America and the Caribbean Trade Developments

2024

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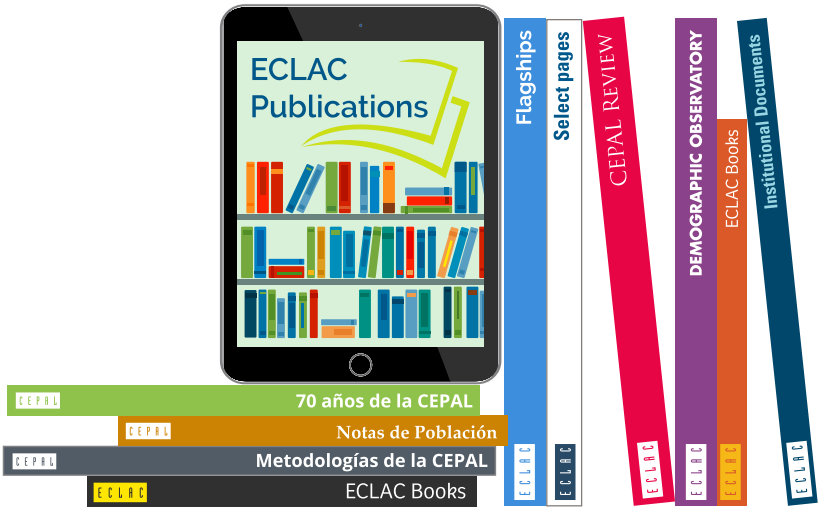

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Introduction

United States Trade Developments 2024 provides an overview of selected developments in United States trade relations with Latin America and the Caribbean. This is an annual report elaborated by the ECLAC Washington Office. . Following the global focus on the climate crisis and the specific emphasis on President Biden's trade policy on advancing a sustainable environment and climate path, the report includes a section on trade in circular economy goods. The environmental dimension is an integral part of ECLAC's proposed new growth strategy, which promotes productive development policies that go beyond traditional industrialization, also focusing on the service sectors, as well as on areas with the potential to contribute to the sustainability of the growth strategy such as the energy transition, electromobility, and the circular economy.

The year 2023 was characterized by contracting global trade, mostly due to weakened demand in developed nations, trade downturns in regions like East Asia and Latin America, and lower commodity prices (UNCTAD,2024). According to the latest IMF projections, the global trade outlook for 2024 is more optimistic as inflationary pressures continue to ease and global GDP growth forecasts remain at around 3.2%. However, this is likely to be offset by other factors, such as persistent geopolitical tensions, rising shipping costs, and high levels of debt.

Similarly, trade value slowed down in the United States in 2023, ending the recovery initiated after the COVID–19 pandemic. After the significant drop experienced during the global pandemic, the United States' trade in goods rebounded in 2021 to its pre–pandemic levels and reached a new record high in 2022. In 2023, the U.S. exports and imports of goods declined by 2.2% and 4.9% , respectively.

Most major economies experienced a decline in merchandise trade despite significant improvements in services trade and the United States was no exception – in 2023, U.S. exports and imports of services rose 8.2% and 4.8%, respectively. In recent years, exports of digitally enabled services – high–value sectors – have significantly outpaced those of other services and goods, underscoring their growing importance in the global market. However, despite this impressive growth, the share of Information and Communications Technology (ICT) and Digitally Deliverable Services (DDS) in the overall service trade has slightly declined. This trend suggests that other sectors,

particularly tourism, are beginning to recover from the pandemic's challenges. In 2023, trade in ICT and DDS contributed to nearly all of the U.S.'s trade surplus.

Latin America and the Caribbean's relative importance in total U.S. trade in goods has surpassed its pre–pandemic levels – in 2023, U.S. trade with the region was 21% of total U.S. trade in goods. Overall, the U.S. is a net importer of goods from Latin America and the Caribbean. The U.S. exports of goods to LAC dropped 5% in 2023, from US$527.06 billion to US$501.71 billion, while the U.S. imports of goods from the region rose 3.4% in 2023, from US$596.38 billion to US$617.54 billion. As a result, the trade deficit in goods with LAC deteriorated in 2023, reaching US$122.26 billion. The U.S. has a surplus in goods with most of the trading partners of the region, the widening of the trade deficit in goods is driven by the deterioration of the trade deficit with Mexico. In fact, the trade deficit in goods with Mexico has been widening since 2021, reaching US$161.38 billion in 2023.

Compared to the trade in goods, the U.S. total trade in services with the region represents a smaller fraction of the U.S. total trade in services, accounting for only 11.4%. Like in goods, Mexico is the region's major trading partner in services, representing 5% of the U.S. total trade in services, followed by Brazil with less than 2%.

The U.S. is a net exporter of services to LAC. Overall, the trade surplus with the region has progressively improved since 2021, recording US$27.15 billion in 2023. The trade surplus is mostly driven by the trade surplus of the U.S. with Brazil, which recorded US$18.35 billion in 2023 and has expanded since 2021. In contrast, the trade balance in services with Mexico suffered a major reversal in 2022 and further deteriorated in 2023, reaching a deficit of US$0.72 billion. The U.S. is also a net importer of services from Costa Rica and the Dominican Republic. While the U.S. is a net exporter of services in most sectors, it has trade deficits in transport and travel.

The persistence of U.S.–China tensions, a factor that contributed to the slowdown in global trade experienced in 2023, is expected to exacerbate the uncertainty regarding global trade patterns. In 2024, United States relations with China continued to be strained around issues including U.S. restrictions on high technology exports, tensions across the Taiwan Strait, and other geopolitical tensions. China's share in U.S. imports of goods has been declining since trade tensions started in 2018, from 21% to 14% in 2023. The same is true for services, although the decline is less marked. In 2023, China was the U.S.'s third–largest trading partner after Mexico and Canada.

The President's 2024 Trade Policy Agenda continued to center around workers' rights and sustainable trade practices, support for U.S. farmers, ranchers, fishers, and food manufacturers, bolstering supply chain resilience, addressing unfair policies and practices, and advancing inclusive, durable trade policy. In the words of USTR Katherine Tai: *"We are creating new and innovative trade arrangements with our allies and partners, enforcing existing ones, and bringing more diverse voices to the table—to drive inclusive economic growth for more people across our society."* (USTR, 2024).

In LAC, this is materialized in the Americas Partnership for Economic Prosperity (APEP)[1] , currently building on the first Leaders' Summit of the Americas Partnership held in Washington D.C. in November 2023, and the establishment of the Council on Trade and Competitiveness, which should meet regularly to implement the guidance with respect to trade matters in the East Room Declaration of the Leaders of the Americas Partnership (November 2023).

[1] The Americas Partnership for Economic Prosperity, launched in June 2022 at the Summit of the Americas in Los Angeles, is an initiative to deepen economic integration, tackle economic inequality, and enhance democracy. The current member countries are Barbados, Canada, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, Mexico, Panama, Peru, United States, and Uruguay.

On 17 July 2024, Secretary Blinken hosted the second Americas Partnership for Economic Prosperity Ministerial in Washington, D.C. The goal was to identify opportunities to foster innovation, broaden access to training in the digital economy, advance clean energy and decarbonization goals, and strengthen food security and sustainable food production.

At that meeting, the United States announced the commitment of up to US$30 million toward a new initiative, the Americas Partnership Platform, to accelerate international development projects in Latin America and the Caribbean and sustain the positive effects they deliver. This new technical assistance facility is a response to the need to enhance project development in the region.

Key to the Biden Administration's goal in the implementation of the CHIPS Act is building a secure semiconductor supply chain network in the Western Hemisphere. To this end, the U.S. is working with APEP countries to explore opportunities to grow and diversify the global semiconductor ecosystem. This includes the International Technology Security and Innovation (ITSI) Fund, created by the CHIPS Act of 2022, to enhance semiconductor assembly, testing, and packaging (ATP) capabilities in key partner countries, beginning with Mexico, Panama, and Costa Rica. The ITSI Fund has also supported a semiconductor–focused multilateral platform that advances America's Partnership for Economic Prosperity objectives.

The Administration's trade agenda also focuses on the continued enforcement of existing U.S. trade agreements. This includes utilizing the United States–Mexico–Canada Agreement's Rapid Response Mechanism (RRM) to raise labor standards across North America and address unfair trade practices that harm U.S. workers and businesses. The United States – Mexico – Canada Agreement (USMCA)'s Rapid Response Mechanism has been used extensively by the United States to bring benefits to workers, among others, the reinstatement and backpay to those who were terminated for participating in union activity. The RRM has been utilized a total of 27 times, mostly (18 times) in the automotive industry.

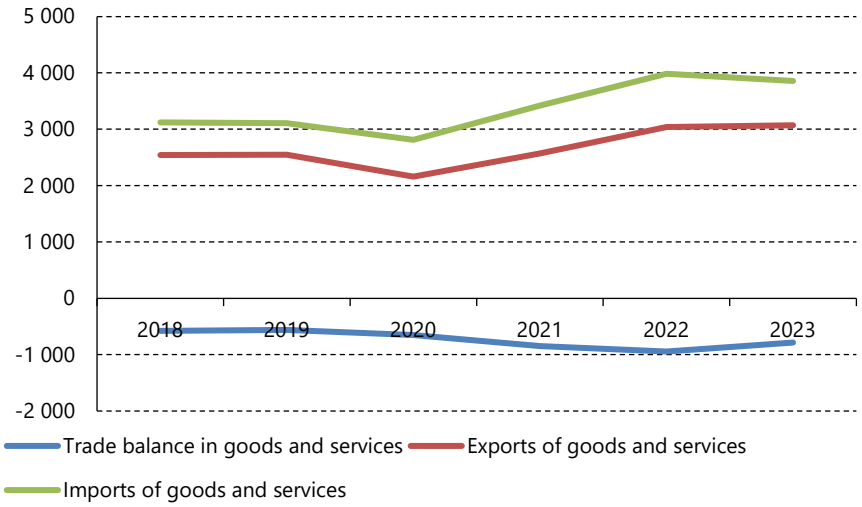
The report is organized as follows: the next section highlights United States trade flows, emphasizing the 2023 figures compared to previous years. Section II highlights the most significant developments in the United States–China bilateral trade relations. Section III reviews the main initiatives the governments and the private sector took to advance the circular economy in North America. Section IV describes some of the trade dispute cases under the United States–Mexico–Canada trade agreement.

I. United States trade

A. U.S. trade with the world

The value of global trade declined in 2023, mostly driven by reduced demand in developed nations, trade downturns in regions like East Asia and Latin America, and lower commodity prices (UNCTAD, 2024). The global trade outlook for 2024 is much more optimistic as inflationary pressures continue easing and global GDP growth forecasts remain at around 3%; however, this is likely to be offset by other factors such as persistent geopolitical tensions, rising shipping costs, and high levels of indebtedness. Most major economies experienced a downturn in merchandise trade despite significant improvements in services trade. In the case of the United States, representing about 9.6% of the world trade (8.5% of world trade in goods and 13% in services), trade in goods and services slowed down in 2023, ending the recovery initiated after the COVID–19 pandemic (Figure 1).

Figure 1
United States trade in goods and services
(In US billions of dollars)



Source: ECLAC based on Bureau of Economic Analysis (BEA).

After the double–digit growth experienced in 2022, where U.S. exports and imports recorded expansions of 18.2% and 16.5%, respectively, U.S. exports grew 1.1% to US$3.07 trillion, and U.S. imports contracted 3.2% to US$3.85 trillion in 2023 (Table 1). Consequently, the trade deficit, which was nearly US$1 trillion in 2022, was reduced to US$784.89 billion in 2023. Table 1 shows that the United States continues to run a trade deficit in goods (US$1,063.29 billion) and a trade surplus in services (US$278 billion).

Table 1
United States trade in goods and services
(In US billions of dollars)

	2018	2019	2020	2021	2022	2023
Balance						
Total	–578.59	–559.40	–653.69	–848.07	–944.76	–784.89
Goods	–878.75	–857.26	–912.88	–1,083.19	–1,179.94	–1,063.29
Services	300.16	297.87	259.19	235.12	235.18	278.40
Exports						
Total	2,542.46	2,546.28	2,160.15	2,570.80	3,039.41	3,071.82
Goods	1,676.91	1,655.10	1,433.85	1,765.85	2,090.34	2,045.22
Services	865.55	891.18	726.30	804.95	949.07	1,026.60
Imports						
Total	3,121.06	3,105.67	2,813.84	3,418.87	3,984.17	3,856.71
Goods	2,555.66	2,512.36	2,346.73	2,849.04	3,270.28	3,108.51
Services	565.40	593.31	467.11	569.83	713.89	748.20

Source: ECLAC based on Bureau of Economic Analysis (BEA).

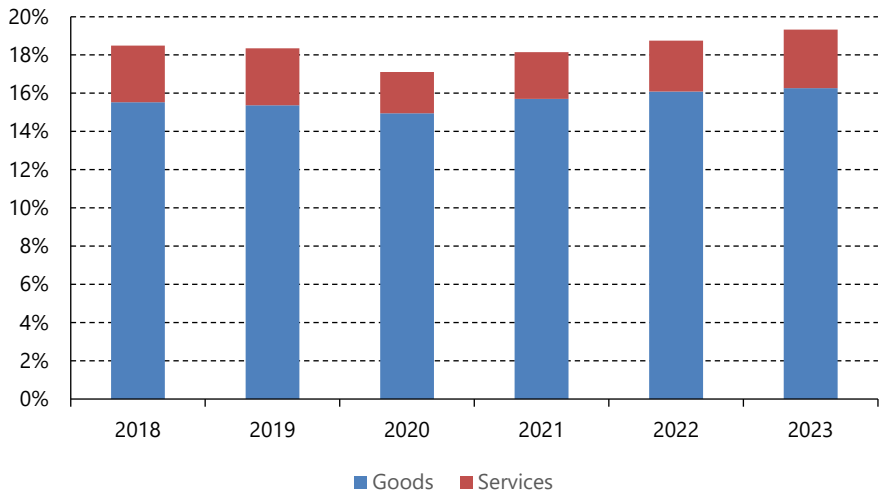
Although the United States continues to run a trade deficit, it is the first time since the COVID– 19 pandemic that the trade deficit narrowed, improving by US$159.87 billion relative to the preceding year. The enhancement of the trade balance in 2023 is the result of improvements in both the trade balances of goods (by US$116.65 billion) and services (by US$43.22 billion). The performance of U.S. exports and imports differed notably between goods and services. Exports and imports of goods declined by 2.2% and 4.9%, respectively, while services saw an increase, with exports up 8.2% and imports up 4.8%.

The decline of goods trade and the robust performance of services trade in the U.S. is part of a global trade pattern.

Forecasts for 2024 are more optimistic, the latest UNCTAD projections indicated that global trade in goods was expected to expand by 2%, while services trade was expected to expand by 5%.

The participation of Latin America and the Caribbean[2] in the U.S. trade in goods and services has surpassed its pre–pandemic levels, reaching 19.3% in 2023 (Figure 2).

Figure 2
United States total trade in goods and services with Latin America and the Caribbean as a shareof the United States total trade in goods and services
(Percentages)

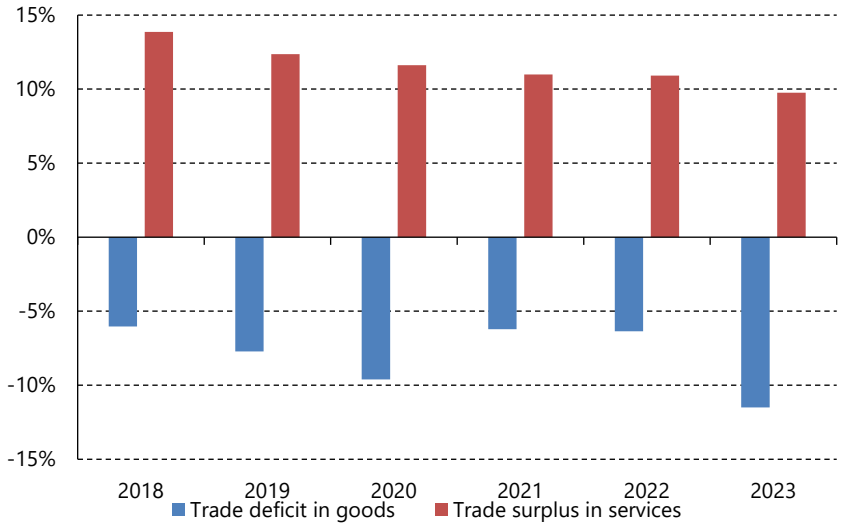


Source: ECLAC based on Bureau of Economic Analysis (BEA).

With respect to the trade balance of the U.S. with Latin America and the Caribbean, there is an important distinction between goods and services. As Figure 3 shows, on the one hand, there has been a gradual decline in the relative importance of the trade surplus in services with the region. In 2018 the trade surplus in services with the region represented 14% of the U.S. trade surplus in services, in 2023 it represented about 10%. On the other hand, , the decline of the share of the trade deficit in goods within the region observed in the last few years reached an inflection point in 2023 when it increased to 11.5%, up from 6% in 2018.

[2] In this report, the region of Latin American and the Caribbean includes South America, Central America and the Dominican Republic as in the geographic area definitions used by the Bureau of Economic Analysis.

Figure 3
United States trade balance in goods and services with Latin America and the Caribbean as a share of the United States total trade balance in goods and services
(Percentages)



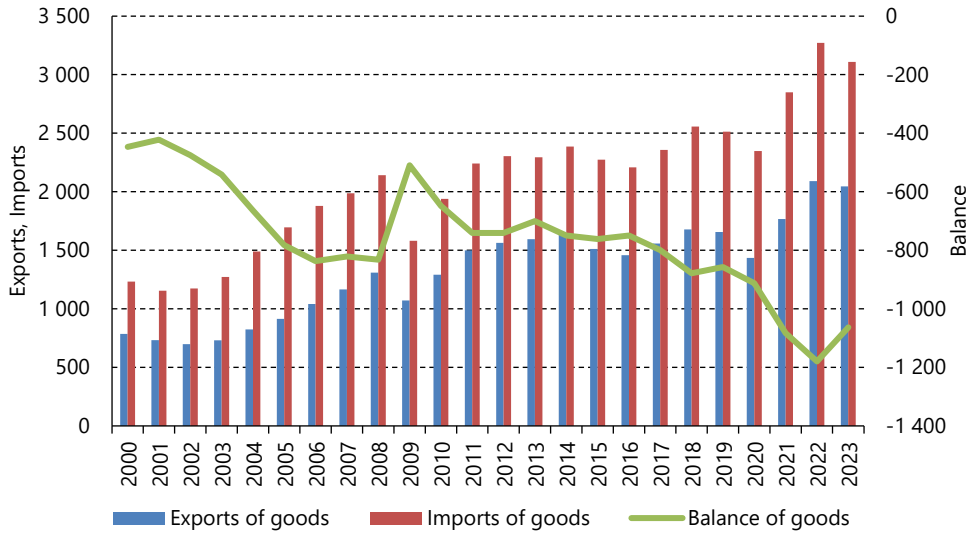
Source: ECLAC based on Bureau of Economic Analysis (BEA).

1. Trade in goods

The U.S. trade deficit in goods became a focus of attention during the Trump administration. Confronting countries that showed a significant trade deficit with the U.S., especially China, became a priority. The goal was to narrow the trade deficit to create jobs and strengthen national security. Most of the measures adopted by the Trump administration were maintained by the Biden administration. There is, however, substantial debate over how much the trade deficit is caused by foreign governments, and what policies, if any, should be pursued to reduce it.

In 2023, the trade balance in goods stood at US$1,063 billion. Even though the trade balance in goods continues to follow its long trend of deterioration, it showed one of the greatest improvements since the Global Financial Crisis, narrowing by approximately US$116.65 billion compared to 2022 (Figure 4).

Figure 4
United States trade in goods
(In US billions of dollars, balance in right axis)

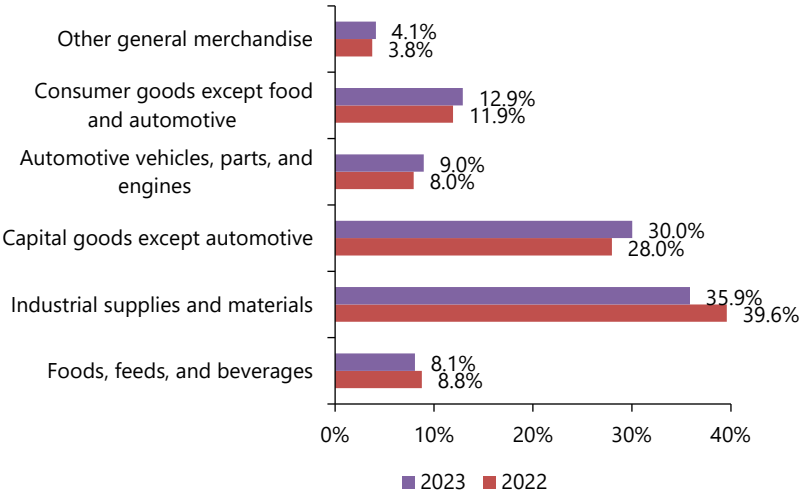


Source: ECLAC based on Bureau of Economic Analysis (BEA).

The slowdown of U.S. trade in goods is associated with the downturn in world merchandise trade in 2023. According to WTO (2024), the value of world merchandise trade as measured by exports fell 5% in current U.S. dollar terms to US$23.78 trillion in 2023. This decline is mostly attributed to reduced trade volumes and lower primary commodity prices.

In the case of the U.S., exports of goods declined 2.1% in 2023, from US$2.04 trillion to US$2 trillion (Table 2). Compared to 2022, the only two sectors that showed a contraction in their exports were foods, feeds, and beverages and industrial supplies and materials, going down 11.1% and 12.7%, respectively. The rest of the categories grew relative to the previous year, with U.S. exports of automotive vehicles, parts, and engines; and capital goods growing 9.4% and 4.8%, respectively. Capital goods and industrial supplies continue to be the largest components of U.S. exports of goods, accounting for more than 60% of exports (Figure 5).

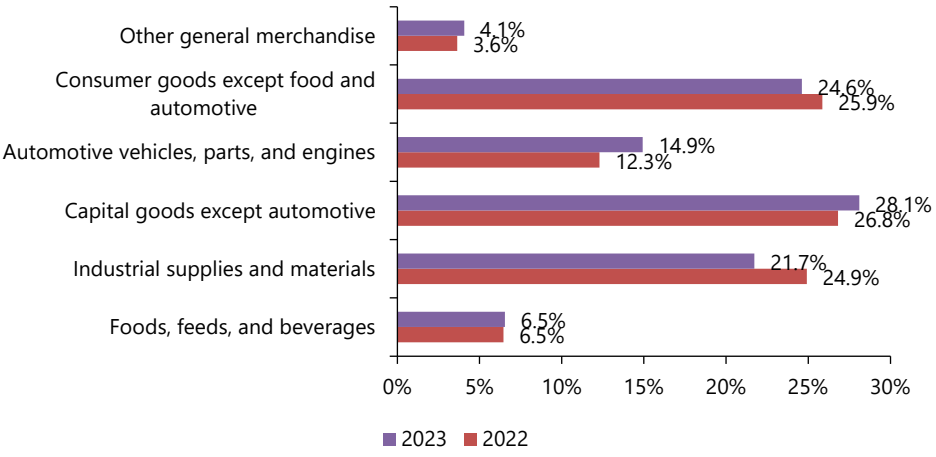
Figure 5
United States exports of goods: shares of major categories
(Percentages)



Source: ECLAC based on Bureau of Economic Analysis (BEA).

U.S. imports of goods declined 5.4% in 2023, from US$3.24 trillion to US$3.07 trillion (Table 2). Consumer goods, capital goods, and industrial supplies and materials remain as the main categories of U. S. imports of goods, representing more than 75% of imports (Figure 6). Imports of industrial supplies and materials, and consumer goods experienced the largest contractions, with both sectors decreasing 20.9% and 10.8%, respectively. The only major improvement compared to the previous year was for the automotive vehicles sector, which grew 13.1% and coincided with the strong growth in the world trade of automotive products experienced globally. According to WTO (2024), world trade, as measured by exports, was down in 2023 in most product categories, with some notable exceptions. The only product category to experience high growth in value terms was automotive products, which went up 17% after a surge in exports from China.

Figure 6
United States imports of goods: shares of major categories
(Percentages)



Source: ECLAC based on Bureau of Economic Analysis (BEA).

As Table 2 shows, the U.S. is a net importer of all categories of goods, except for industrial supplies and materials, recording a trade deficit in goods of US$1.07 trillion. In recent years, the largest trade deficit has been recorded in the consumer goods sector (US$498.43 billion). On the other hand, the trade balance of industrial supplies and materials has reversed, reaching a surplus of US$51.16 billion in 2023.

Table 2
United States trade in goods by principal end–use category
(In US billions of dollars)

	Balance of goods			Exports			Imports			Total trade in goods		
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Foods, feeds, and beverages	–18.81	–29.67	–39.59	164.49	179.87	161.89	183.30	209.53	201.47	347.79	389.40	363.36
Industrial supplies and materials	–23.28	2.54	51.16	617.64	810.95	719.56	640.92	808.41	668.40	1,258.56	1,619.35	1,387.95
Capital goods except automotive	–242.11	–296.89	–262.40	521.47	573.18	602.64	763.58	870.07	865.03	1,285.05	1,443.25	1,467.67
Automotive vehicles, parts, and engines	–199.89	–236.00	–279.37	146.41	162.98	180.04	346.30	398.97	459.40	492.71	561.95	639.44
Consumer goods except food and automotive	–546.28	–594.64	–498.43	221.80	244.45	259.03	768.09	839.09	757.46	989.89	1,083.53	1,016.49
Other general merchandise	–59.89	–41.03	–42.48	61.23	77.06	82.91	121.12	118.08	125.39	182.34	195.14	208.30
Total	1,090.26	1,195.67	1,071.10	1,733.05	2,048.47	2,006.06	2,823.30	3,244.15	3,077.16	4,556.35	5,292.62	5,083.22

Source: ECLAC based on Bureau of Economic Analysis (BEA).

Finally, Mexico, Canada, and China continue to be the top three trading partners of the U.S. in the goods market, accounting for more than 40% of the total U.S. trade in goods in 2023 (Table 3). However, while the share of Mexico and Canada in the total trade in goods with the U.S. has risen since 2021, China has experienced a decline in the share, falling from 14.2% in 2021 to 11.1% in 2023. As Torres (2023) claims, the emergence of Mexico and Canada as the top trading partners of the U.S. is mostly associated with the persistent geopolitical tensions between the U.S. and China, the supply chain disruptions after the COVID–19 pandemic, and the United States–Mexico–Canada Agreement (USMCA) that replaced the North American Free Trade Agreement (NAFTA) in 2020. Furthermore, the trade deficit in goods with China continues to be the largest among all trading partners (US$278.72 billion), but it has narrowed by US$102 billion relative to 2022. As Table 3 shows, the trade deficit in goods with Mexico has progressively deteriorated for the past three years and is currently the second largest trade deficit among all trading partners, reaching US$161.38 billion.

Table 3
United States trade in goods: top 15 partners by total trade in goods[a]
(In US billions of dollars)

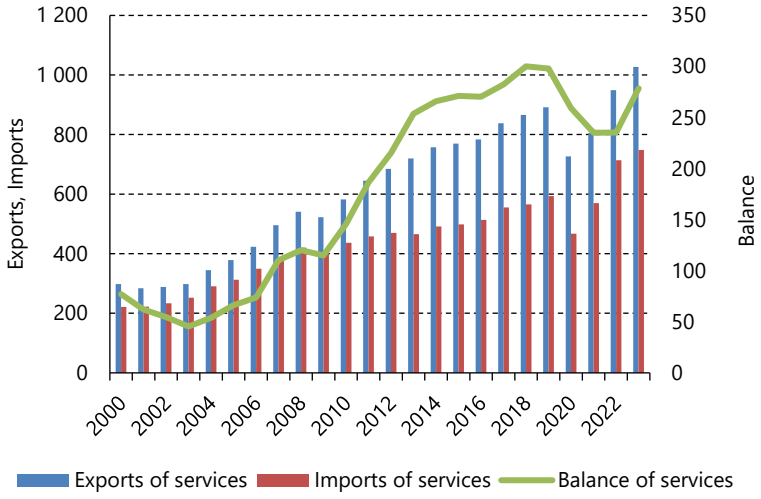
Rank	Country	Balance of goods		Exports		Imports		Total trade in goods		Percentage of total trade	
		2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
1	Mexico	–135.76	–161.38	324.68	323.15	460.45	484.53	785.13	807.67	14.6%	15.7%
2	Canada	–86.83	–72.33	360.08	354.96	446.91	427.29	806.99	782.25	15.1%	15.2%
3	China	–381.07	–278.72	155.90	148.81	536.97	427.53	692.88	576.33	12.9%	11.2%
4	Germany	–74.37	–83.23	73.17	76.85	147.54	160.09	220.71	236.94	4.1%	4.6%
5	Japan	–67.64	–71.88	81.59	76.74	149.23	148.62	230.82	225.36	4.3%	4.4%
6	South Korea	–43.10	–51.00	73.69	66.43	116.79	117.43	190.48	183.86	3.6%	3.6%
7	United Kingdom	11.80	9.69	77.19	75.09	65.39	65.40	142.58	140.49	2.7%	2.7%
8	Taiwan	–46.96	–47.33	44.77	40.46	91.74	87.79	136.51	128.26	2.5%	2.5%
9	Vietnam	–116.18	–104.60	11.34	9.84	127.52	114.43	138.86	124.27	2.6%	2.4%
10	India	–38.61	–43.23	46.98	40.48	85.59	83.71	132.56	124.19	2.5%	2.4%
11	Netherlands	37.92	42.49	72.84	81.37	34.92	38.88	107.76	120.26	2.0%	2.3%
12	Italy	–41.95	–44.45	27.52	28.89	69.46	73.34	96.98	102.23	1.8%	2.0%
13	France	–12.31	–14.14	46.10	44.03	58.41	58.18	104.51	102.21	1.9%	2.0%
14	Ireland	–66.62	–65.51	16.13	16.95	82.75	82.46	98.88	99.41	1.8%	1.9%
15	Brazil	14.69	5.28	53.98	44.37	39.29	39.09	93.27	83.46	1.7%	1.6%
	Total top 15	–1 046.99	–980.32	1 465.96	1 428.43	2 512.95	2 408.75	3 978.90	3 837.18	74.2%	74.5%
	Total all countries	–1 179.94	–1 063.29	2 090.34	2 045.22	3 270.28	3 108.51	5 360.62	5 153.73	100.0%	100.0%

Source: ECLAC based on Bureau of Economic Analysis (BEA).
[a] The countries are ranked according to the value of total trade in 2023.

2. Trade in services

Contrary to the trade balance in goods, the trade surplus in services returned to its long run expansion trend. Even though it deteriorated after the COVID–19 pandemic, the trade balance in services nearly recovered to its pre–pandemic levels in 2023, recording US$278.40 billion (Figure 7).

Figure 7
United States trade in services
(In US billions of dollars, balance in right axis)



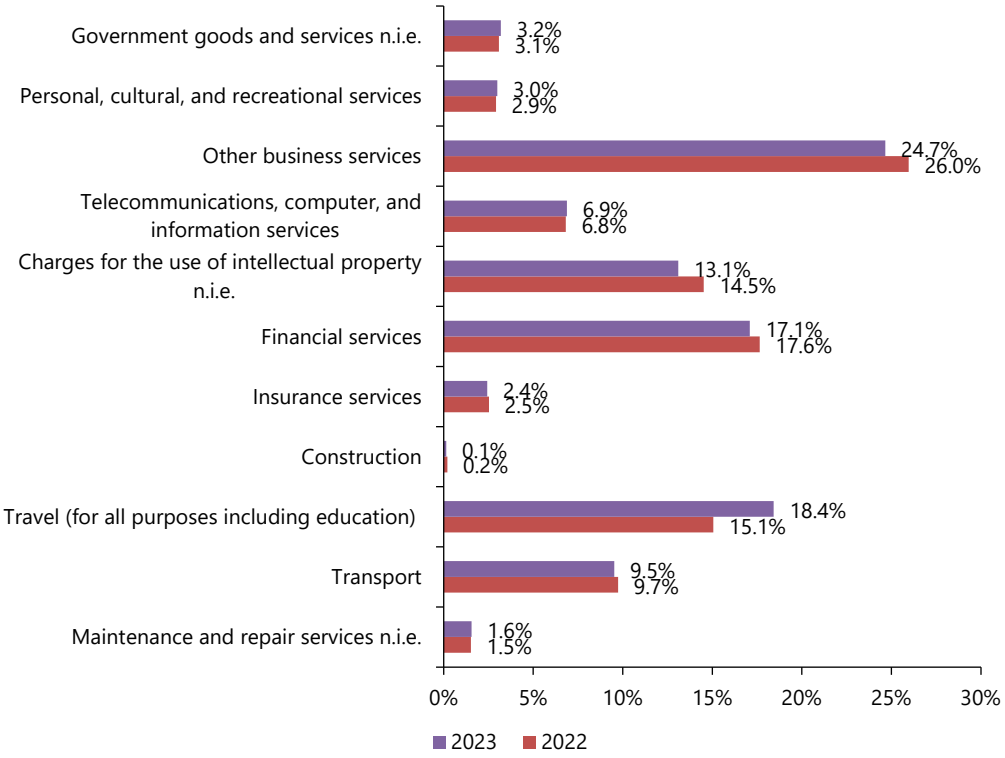
Source: ECLAC based on Bureau of Economic Analysis (BEA).

The robust performance of the services trade in the U.S. coincides with a global trend. According to the WTO (2024), commercial services trade reached US$7.54 trillion in 2023, up 9% from the previous year.

U.S. exports of services surged 7.5% in 2023, from US$949.06 billion to US$1.02 trillion, the highest on record. The composition of U.S. exports of services stayed the same: other business services accounted for approximately a quarter of U.S. exports of services, while the sectors of travel, financial services, and charges for the use of intellectual property together represented almost half of the exports (Figure 9). According to the WTO, North America's exports of passenger transport rose 7%, with air passenger transport in the U.S. surging by 30%. Even though the transport sector is expected to continue recovering in 2024, the dynamism in passenger transport is likely to be offset by adverse factors in shipping, as shipping rates increase moderately.

Moreover, as Figure 8 shows, most of the categories expanded compared to the previous year, with an important improvement in the travel sector, which grew 24%. The only two sectors that contracted in 2023 were construction and charges for the use of intellectual property, which shrank 27.4% and 2.5%, respectively. As discussed by WTO (2024), the construction sector still has not recovered from the impact of the pandemic, as labor shortages and the inflated cost of materials have caused projects to be canceled or delayed. However, the U.S. is likely to be unaffected since construction represents less than 1% of both exports and imports.

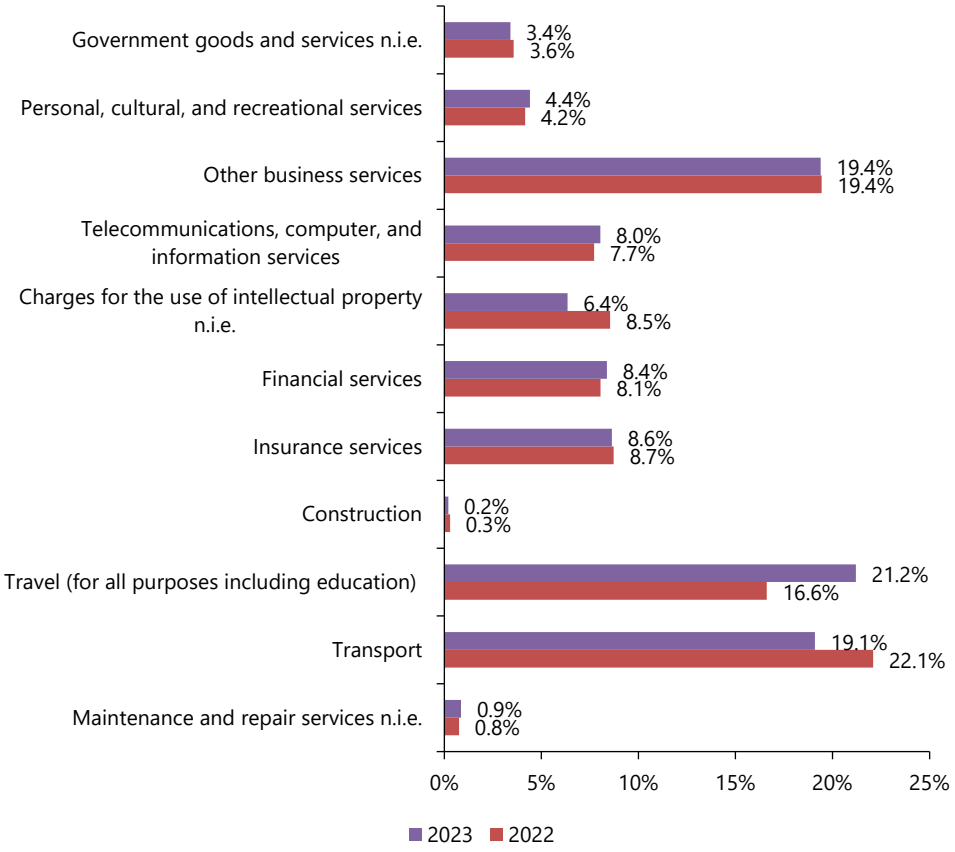
Figure 8
United States exports of services: shares of major categories
(Percentages)



Source: ECLAC based on Bureau of Economic Analysis (BEA).

U.S. imports of services rose 4.5% in 2023, from $713.88 billion to $748.19 billion. In contrast to the composition of U.S. exports, U.S. imports of services are concentrated in transport, travel, and other business services, accounting for almost 60% of imports (Figure 9). As in the case of exports, U.S. imports in the travel sector surged 25.2%, with charges for the use of intellectual property and transport showing contractions of 28.3% and 10.4%, respectively. The easing of inflationary pressures is expected to continue supporting tourism and travelers' expenditure abroad on accommodation, restaurants, entertainment, and other services such as education. (WTO 2024).

Figure 9
United States imports of services: shares of major categories
(Percentages)



Source: ECLAC based on Bureau of Economic Analysis (BEA).

The U.S. is a net exporter of most categories of services, recording a trade surplus of US$278.39 billion in 2023, the highest since 2019. The U.S. has sizable trade surpluses in financial services (US$112.77 billion) and other business services (US$108.11 billion), compared to the rest of categories (Table 4).

Table 4
United States trade in services by major category
(In US millions of dollars)

	Balance of services		Exports		Imports		Total trade in services	
	2022	2023	2022	2023	2022	2023	2022	2023
Maintenance and repair services n.i.e.	8 963.00	9 478.00	14 416.00	15 948.00	5 453.00	6 470.00	19 869.00	22 418.00
Transport	–65 306.00	–45 095.00	92 405.00	97 779.00	157 711.00	142 874.00	250 116.00	240 653.00
Travel (for all purposes including education)	24 286.00	30 456.00	142 909.00	189 134.00	118 623.00	158 678.00	261 532.00	347 812.00
Construction	–198.00	–65.00	1 948.00	1 529.00	2 146.00	1 594.00	4 094.00	3 123.00
Insurance services	–38 318.00	–39 622.00	23 987.00	24 985.00	62 305.00	64 607.00	86 292.00	89 592.00
Financial services	109 966.00	112 770.00	167 445.00	175 461.00	57 479.00	62 691.00	224 924.00	238 152.00
Charges for the use of intellectual property n.i.e.	76 845.00	86 905.00	137 833.00	134 442.00	60 988.00	47 537.00	198 821.00	181 979.00
Telecommunications, computer, and information services	9 610.00	10 487.00	64 717.00	70 629.00	55 107.00	60 142.00	119 824.00	130 771.00
Other business services	107 651.00	108 116.00	246 416.00	253 190.00	138 765.00	145 074.00	385 181.00	398 264.00
Personal, cultural, and recreational services	–2 050.00	–2 281.00	27 711.00	30 732.00	29 761.00	33 013.00	57 472.00	63 745.00
Government goods and services n.i.e.	3 732.00	7 250.00	29 279.00	32 767.00	25 547.00	25 517.00	54 826.00	58 284.00
Total	235 181.00	278 399.00	949 066.00	1 026 596.00	713 885.00	748 197.00	1 662 951.00	1 774 793.00

Source: ECLAC based on Bureau of Economic Analysis (BEA).

The United Kingdom, Canada, and Ireland are still the top three U.S. trading partners in the services market, with the U.S. importing approximately a quarter of its services from these countries (Table 5). The trade surplus with Ireland continues to be the largest among all trading partners, reaching US$58.08 billion. Also, as Table 5 shows, the trade surplus in services with China widened, from US$14.87 billion in 2022 to US$26.57 billion in 2023.

Table 5
United States trade in services: top 15 partners by total trade in services[a]
(In US billions of dollars)

Rank	Country	Balance of services			Exports			Imports			Total trade in services			Percentage of total trade		
		2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
1	United Kingdom	4.69	7.50	4.78	67.87	82.20	90.83	63.17	74.69	86.04	131.04	156.89	176.87	9.53%	9.43%	9.97%
2	Canada	18.25	29.26	31.70	57.56	76.64	85.98	39.31	47.38	54.28	96.88	124.02	140.26	7.05%	7.46%	7.90%
3	Ireland	55.22	61.57	58.08	76.61	84.99	84.33	21.39	23.42	26.25	98.00	108.41	110.58	7.13%	6.52%	6.23%
4	Mexico	2.58	–0.35	–0.72	31.26	38.42	44.05	28.68	38.77	44.77	59.95	77.18	88.82	4.36%	4.64%	5.00%
5	Germany	–1.64	–2.78	–3.77	31.91	39.91	42.03	33.55	42.69	45.80	65.45	82.60	87.83	4.76%	4.97%	4.95%
6	Japan	4.99	–1.27	5.73	36.33	38.31	43.62	31.34	39.58	37.90	67.67	77.88	81.52	4.92%	4.68%	4.59%
7	Switzerland	19.20	17.91	19.07	49.91	57.71	49.66	30.71	39.80	30.59	80.62	97.50	80.24	5.86%	5.86%	4.52%
8	India	–10.59	–6.50	–2.41	18.40	26.54	34.00	28.98	33.03	36.41	47.38	59.57	70.41	3.45%	3.58%	3.97%
9	China	17.89	14.87	26.57	39.65	41.46	46.72	21.76	26.59	20.14	61.41	68.04	66.86	4.47%	4.09%	3.77%
10	France	–1.81	–4.37	–3.24	16.79	22.09	24.06	18.60	26.46	27.30	35.39	48.55	51.36	2.57%	2.92%	2.89%
11	Netherlands	12.54	19.19	20.01	24.74	33.42	35.50	12.20	14.23	15.49	36.93	47.65	50.99	2.69%	2.87%	2.87%
12	Singapore	22.26	24.26	26.08	31.80	34.56	37.34	9.54	10.30	11.25	41.34	44.86	48.59	3.01%	2.70%	2.74%
13	Bermuda	–24.43	–27.38	–24.76	9.70	9.21	8.78	34.13	36.59	33.55	43.82	45.80	42.33	3.19%	2.75%	2.38%
14	South Korea	6.45	7.39	10.22	19.26	22.59	24.86	12.81	15.20	14.64	32.07	37.79	39.50	2.33%	2.27%	2.23%
15	Australia	10.17	12.55	14.32	16.46	21.35	24.48	6.29	8.80	10.16	22.75	30.15	34.64	1.65%	1.81%	1.95%
	Total top 15	135.78	151.87	181.65	528.24	629.38	676.22	392.46	477.51	494.56	920.70	1 106.89	1 170.78	66.97%	66.56%	65.97%
	Total all countries	235.12	235.18	278.40	804.95	949.07	1 026.60	569.83	713.89	748.20	1 374.78	1 662.95	1 774.79	100.00%	100.00%	100.00%

Source: ECLAC based on Bureau of Economic Analysis (BEA).
[a] The countries are ranked according to the value of total trade in 2023.

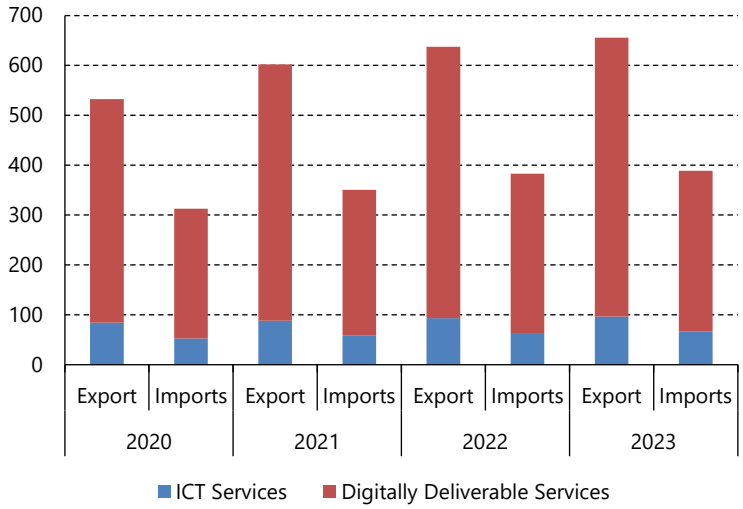
(a) Trade in digitally enabled services

Digitally–enabled services include services predominantly delivered over information and communication technologies (ICT) networks—digitally deliverable services (DDS)[3] including ICT[4] services[5].

At US$267 billion in 2023, U.S. trade in digitally–enabled services accounts for the majority (96%) of the surplus in U.S. trade in services. These categories have seen consistent growth in recent years, with exports reaching US$656 billion (US$97 billion for ICT services and US$559 billion for DDS) and imports amounting to US$389 billion (US$67 billion for ICT services and US$322 billion for DDS). (See Figure 10).

Both categories represent the bulk of trade in services, averaging 70% of exports and 63% of imports over the past four years. However, these shares have been affected by a diminishing trend. In 2020, exports and imports were 73% and 67%, respectively, while in 2023, they decreased to 64% and 52%. This pattern highlights the early stages of recovery in service sectors that were severely impacted during the pandemic, such as tourism. (See Figure 10).

Figure 10
ICT and Digitally Deliverable Services in total trade in services
(In US billions of dollars)



Source: ECLAC based on data from BEA's International Trade in Services.

[3] These services facilitate information processing and communication. However, it is not possible to precisely identify digitally deliverable services trade because the Bureau of Economic Analysis (BEA) collects data on trade–in services by type of service traded and not on the mode of delivery; in other words, for many types of services, the actual mode of delivery is unknown. BEA, therefore, measures a related but more broadly defined concept of digitally deliverable services, which includes services that can predominantly be delivered remotely over ICT networks.

[4] ITC refers to services that can predominantly be delivered remotely over ICT networks. It refers to the technologies and systems that facilitate the processing, storage, retrieval, and communication of information. ICT encompasses a wide range of technologies, including computers, software, telecommunications networks, the Internet, and other digital tools and devices. It plays a crucial role in enabling the collection, analysis, and dissemination of information, as well as facilitating communication and collaboration across different platforms and devices.

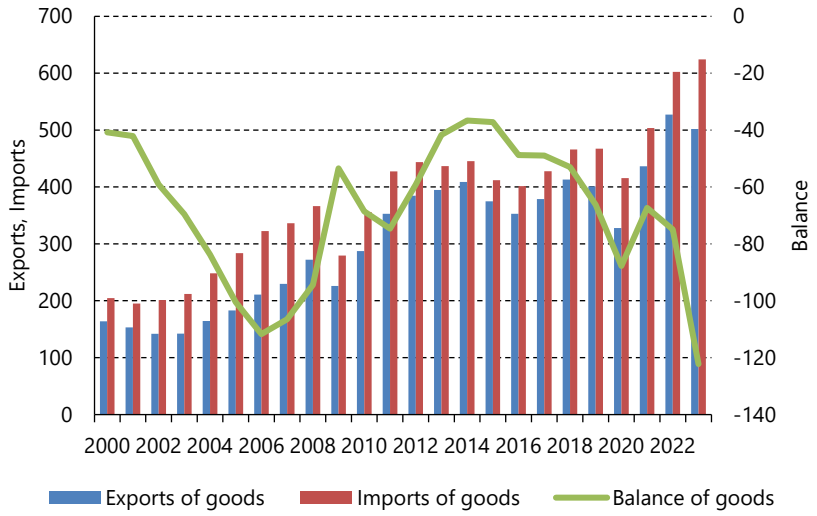
B. U.S. trade with Latin America and the Caribbean

1. Trade in goods

The region continues to be significant for the U.S. in terms of its economic relations, accounting for almost 21% of the U.S. total trade in goods – a total of US$ 807billion in 2023, Mexico is the top trading partner of the U.S. worldwide, representing about 16% of the U.S. total trade. The second trading partner in the region is Brazil, representing less than 2% of total U.S. trade.

The trade deficit in goods with the region has widened in the past ten years. Despite the improvement seen in 2021, the trade deficit in goods with Latin America and the Caribbean further deteriorated in 2023, reaching US$122.26 billion (Figure 11).

Figure 11
United States trade in goods with Latin America and the Caribbean
(In US billions of dollars, balance in right axis)



Source: ECLAC based on Bureau of Economic Analysis (BEA).

Although the U.S. has a surplus in goods with most of the region's trading partners, Table 6 shows that the deterioration of the trade deficit with Mexico drives the overall widening of the trade deficit in the goods market. In fact, the trade deficit in goods with Mexico has been widening since 2021, reaching US$161.38 billion in 2023.

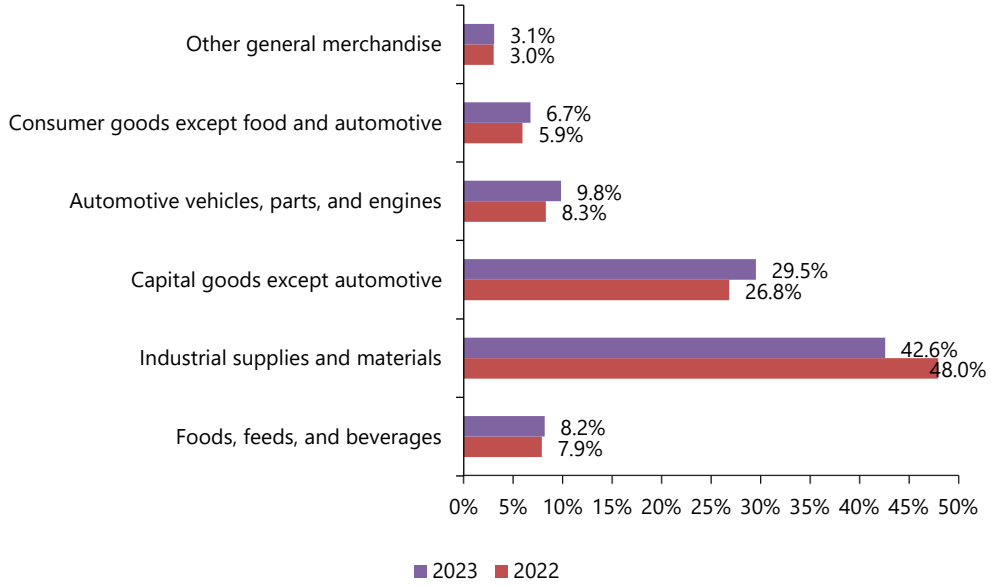
Table 6
United States trade in goods with Latin America and the Caribbean: top 14 partners by total trade in goods[a]
(*In US millions of dollars)*

Rank	Country	Balance of goods		Exports		Imports		Total trade of goods		Percentage of total trade	
		2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
1	Mexico	–135 764.00	–161 382.00	324 683.00	323 145.00	460 447.00	484 527.00	785 130.00	807 672.00	14.6%	15.7%
2	Brazil	14 691.00	5 284.00	53 981.00	44 373.00	39 290.00	39 089.00	93 271.00	83 462.00	1.7%	1.6%
3	Chile	7 035.00	3 431.00	22 707.00	19 102.00	15 672.00	15 671.00	38 379.00	34 773.00	0.7%	0.7%
4	Colombia	2 381.00	1 504.00	21 120.00	17 822.00	18 739.00	16 318.00	39 859.00	34 140.00	0.7%	0.7%
5	Peru	5 138.00	3 084.00	13 812.00	11 857.00	8 674.00	8 773.00	22 486.00	20 630.00	0.4%	0.4%
6	Dominican Republic	6 874.00	5 808.00	13 950.00	13 011.00	7 076.00	7 203.00	21 026.00	20 214.00	0.4%	0.4%
7	Costa Rica	68.00	–1 564.00	8 895.00	8 977.00	8 827.00	10 541.00	17 722.00	19 518.00	0.3%	0.4%
8	Argentina	5 753.00	4 839.00	12 834.00	11 401.00	7 081.00	6 562.00	19 915.00	17 963.00	0.4%	0.3%
9	Guatemala	4 768.00	4 844.00	10 135.00	9 725.00	5 367.00	4 881.00	15 502.00	14 606.00	0.3%	0.3%
10	Honduras	1 732.00	1 188.00	7 838.00	6 791.00	6 106.00	5 603.00	13 944.00	12 394.00	0.3%	0.2%
11	Panama	11 240.00	10 457.00	11 812.00	11 023.00	572.00	566.00	12 384.00	11 589.00	0.2%	0.2%
12	Nicaragua	–3 072.00	–2 376.00	2 647.00	2 365.00	5 719.00	4 741.00	8 366.00	7 106.00	0.2%	0.1%
13	El Salvador	1 939.00	1 800.00	4 879.00	4 289.00	2 940.00	2 489.00	7 819.00	6 778.00	0.1%	0.1%
14	Venezuela (Bolivarian Republic of)	1 718.00	–1 146.00	2 189.00	2 495.00	471.00	3 641.00	2 660.00	6 136.00	0.0%	0.1%
	Total LA	–75 499.00	–124 229.00	511 482.00	486 376.00	586 981.00	610 605.00	1 098 463.00	1 096 981.00	20.5%	21.3%
	Total all countries	–1 179 942.00	–1 063 288.00	2 090 339.00	2 045 221.00	3 270 281.00	3 108 509.00	5 360 620.00	5 153 730.00	100.0%	100.0%

Source: ECLAC based on Bureau of Economic Analysis (BEA).
[a] The countries are ranked according to the value of total trade in 2023.

U.S. exports of goods to Latin America and the Caribbean dropped 5% in 2023, from US$527.06 billion in 2022 to US$501.71 billion in 2023. Industrial supplies and materials and capital goods are the two main categories of U.S. exports to the region, representing more than 70% of exports (Figure 12). However, industrial supplies and materials contracted in 2023 by 18.3%, while the capital goods sector expanded by 4.5%. A noticeable improvement was also seen in the automotive vehicles, parts, and engines sector, which grew 11.3%.

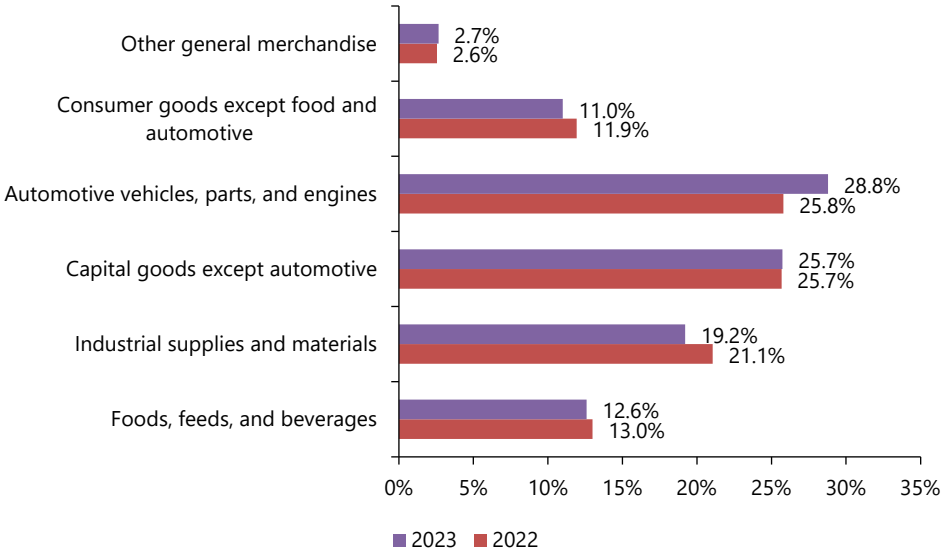
Figure 12
United States exports of goods to Latin America and the Caribbean: shares of major categories
(Percentages)



Source: ECLAC based on Bureau of Economic Analysis (BEA).

U.S. imports of goods from the region rose 3.4% in 2023, from US$596.38 billion to US$617.54 billion. The composition of U.S. imports of goods is not as concentrated as U.S. exports of goods. For instance, both automotive vehicles, parts and engines and capital goods represent separately a quarter of U.S. imports of goods. Also, almost 20% of imports correspond to the industrial supplies and materials sector (Figure 13). Relative to the previous year, automotive vehicles, parts and engines grew 13.5%. The sectors of industrials supplies and materials, and consumer goods shrank 5.9% and 4.7%, respectively.

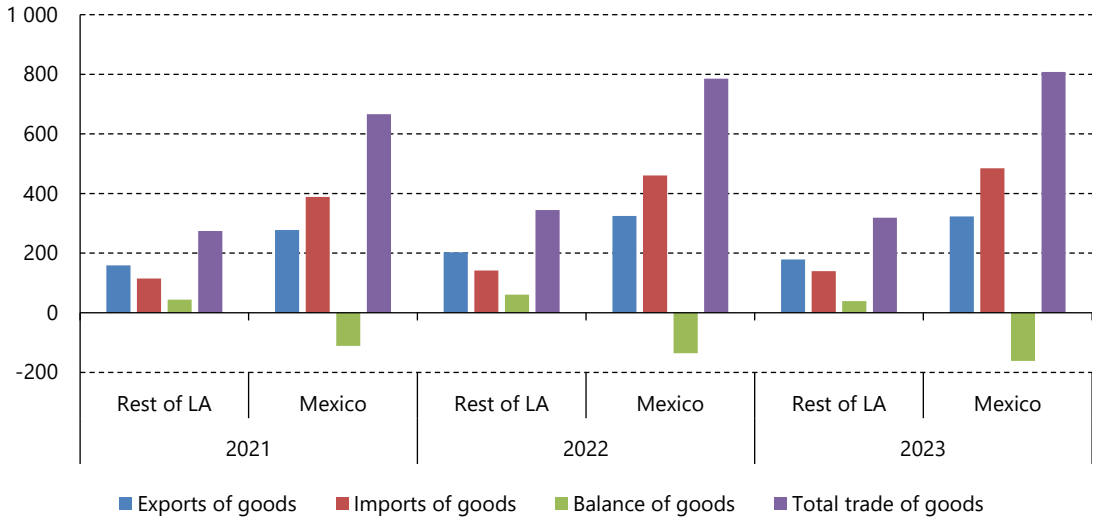
Figure 13
United States imports of goods from Latin America and the Caribbean: shares of major categories
(Percentages)



Source: ECLAC based on Bureau of Economic Analysis (BEA).

As explained previously, Mexico is the major trading partner of the U.S. in the goods market, both in the region and among all trading partners. As Figure 14 shows, the total trade in goods of the U.S. with Mexico is more than double the total trade of goods of the U.S. with the rest of the region. Furthermore, as discussed previously, Mexico is the only country in the region with which the U.S. has a trade deficit in goods.

Figure 14
United States trade in goods with Mexico and Latin America and the Caribbean
(In US billions of dollars)



Source: ECLAC based on Bureau of Economic Analysis (BEA).

The U.S. is a net importer from Latin America and the Caribbean in all end–use goods categories, except in the industrial supplies and materials sector, with a trade deficit of US$115.83 billion in 2023 (Table 7). The trade deficit in goods with the region widened drastically relative to the previous year, when it recorded US$69.32 billion, due to sizable deteriorations of the trade balance in the industrial supplies and materials (by US$32.08 billion), and automotive vehicles, parts and engines (by US$18.41 billion) sectors.

Table 7
United States trade in goods with Latin America and the Caribbean by principal end–use category
(In US millions of dollars)

	Balance of goods		Exports		Imports		Total trade in goods	
	2022	2023	2022	2023	2022	2023	2022	2023
Foods, feeds, and beverages	–35 853.00	–36 719.00	41 611.00	41 079.00	77 464.00	77 798.00	119 075.00	118 877.00
Industrial supplies and materials	127 297.00	95 222.00	252 856.00	213 821.00	125 559.00	118 599.00	378 415.00	332 420.00
Capital goods except automotive	–11 625.00	–10 719.00	141 499.00	148 194.00	153 124.00	158 913.00	294 623.00	307 107.00
Automotive vehicles, parts, and engines	–110 096.00	–128 501.00	43 782.00	49 335.00	153 878.00	177 836.00	197 660.00	227 171.00
Consumer goods except food and automotive	–39 775.00	–34 069.00	31 343.00	33 841.00	71 118.00	67 910.00	102 461.00	101 751.00
Other general merchandise	736.00	–1 052.00	15 970.00	15 436.00	15 234.00	16 488.00	31 204.00	31 924.00
Total LA	–69 316.00	–115 838.00	527 061.00	501 706.00	596 377.00	617 544.00	1 123 438.00	1 119 250.00
Total all countries	–1 195 673.00	–1 071 101.00	2 048 474.00	2 006 057.00	3 244 147.00	3 077 158.00	5 292 621.00	5 083 215.00
Share of LA relative to all countries	5.8%	10.8%	25.7%	25.0%	18.4%	20.1%	21.2%	22.0%

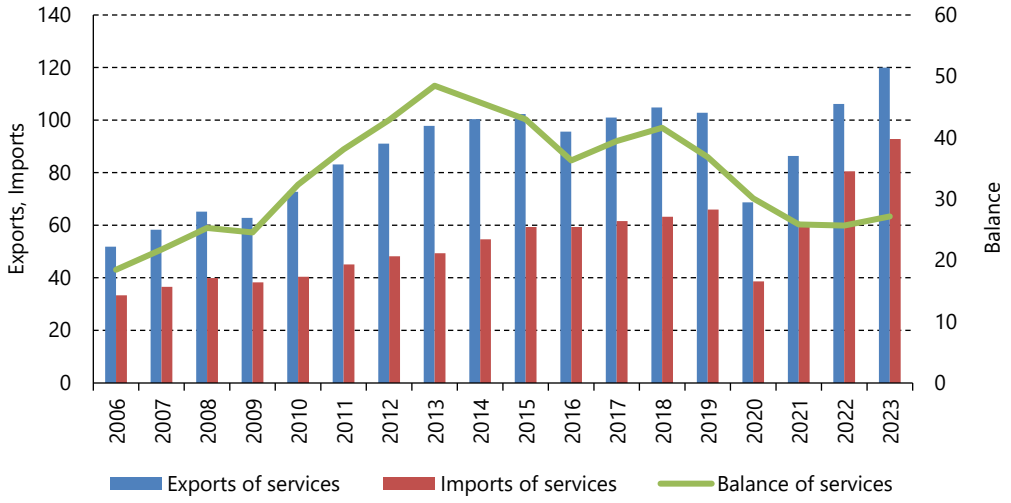
Source: ECLAC based on Bureau of Economic Analysis (BEA).

2. Trade in services

Compared to trade in goods, the U.S. total trade in services with the region represents a smaller fraction of the U.S. total trade in services, accounting for only 11.4%. Mexico is still the region's major trading partner in the services sector, representing 5% of the total U.S. trade in services, followed by Brazil, which is less than 2%.

The U.S. trade surplus in services with the region has been progressively deteriorating for the past ten years. After shrinking due to the COVID–19 pandemic, the U.S. trade surplus in services with Latin America and the Caribbean slightly improved in 2023 relative to the previous year, recording US$27.15 billion (Figure 15).

Figure 15
United States trade in services with Latin America and the Caribbean
(In US billions of dollars, balance in right axis)



Source: ECLAC based on Bureau of Economic Analysis (BEA).

As Table 8 shows, in contrast to the trade deficit in goods, the U.S. has a trade surplus in services with Latin America and the Caribbean. The trade surplus is mostly driven by the U.S. trade surplus with Brazil, which recorded US$18.35 billion in 2023 and has expanded since 2021. On the contrary, the U.S. has run a trade deficit in services with Mexico since 2022 and further deteriorated in 2023, reaching US$722 billion.

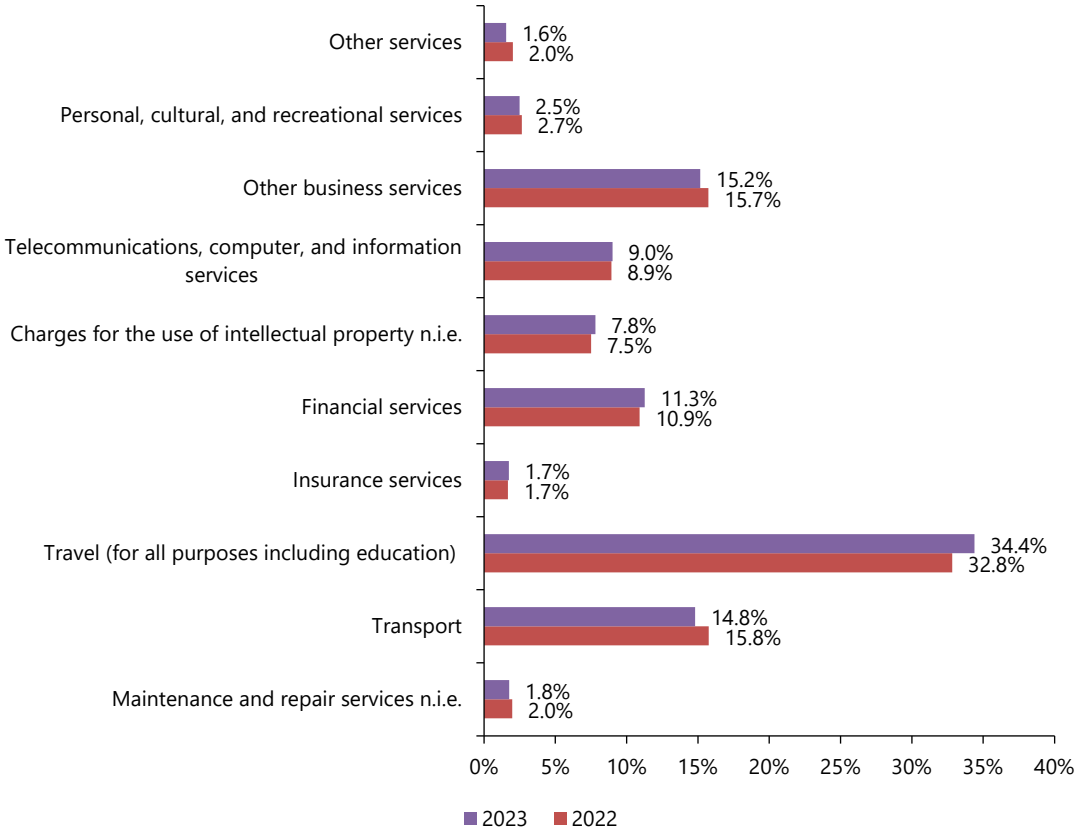
Table 8
United States trade in services with Latin America and the Caribbean: top 14 partners by total trade in services[a]
(In US millions of dollars)

Rank	Country	Balance of services		Exports		Imports		Total trade in services		Percentage of total trade	
		2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
1	Mexico	–351.00	–722.00	38 415.00	44 050.00	38 766.00	44 772.00	77 181.00	88 822.00	5.0%	5.0%
2	Brazil	15 899.00	18 353.00	21 983.00	25 186.00	6 084.00	6 833.00	28 067.00	32 019.00	1.8%	1.8%
3	Colombia	1 529.00	1 660.00	7 868.00	8 731.00	6 339.00	7 071.00	14 207.00	15 802.00	0.9%	0.9%
4	Chile	2 598.00	2 586.00	6 583.00	7 317.00	3 985.00	4 731.00	10 568.00	12 048.00	0.7%	0.7%
5	Dominican Republic	–3 714.00	–5 033.00	3 041.00	3 178.00	6 755.00	8 211.00	9 796.00	11 389.00	0.6%	0.6%
6	Argentina	4 034.00	4 415.00	6 676.00	7 308.00	2 642.00	2 893.00	9 318.00	10 201.00	0.6%	0.6%
7	Costa Rica	–2 335.00	–2 489.00	2 031.00	2 347.00	4 366.00	4 836.00	6 397.00	7 183.00	0.4%	0.4%
8	Peru	1 726.00	1 708.00	3 873.00	3 802.00	2 147.00	2 094.00	6 020.00	5 896.00	0.3%	0.3%
9	Panama	280.00	413.00	2 668.00	2 918.00	2 388.00	2 505.00	5 056.00	5 423.00	0.3%	0.3%
10	Guatemala	580.00	847.00	1 850.00	2 278.00	1 270.00	1 431.00	3 120.00	3 709.00	0.2%	0.2%
11	El Salvador	214.00	151.00	1 581.00	1 912.00	1 367.00	1 761.00	2 948.00	3 673.00	0.2%	0.2%
12	Honduras	548.00	702.00	1 446.00	1 757.00	898.00	1 055.00	2 344.00	2 812.00	0.2%	0.2%
13	Venezuela (Bolivarian Republic of)	1 500.00	1 582.00	1 585.00	1 688.00	85.00	106.00	1 670.00	1 794.00	0.1%	0.1%
14	Nicaragua	91.00	62.00	457.00	595.00	366.00	533.00	823.00	1 128.00	0.1%	0.1%
	Total LA	22 599.00	24 235.00	100 057.00	113 067.00	77 458.00	88 832.00	177 515.00	201 899.00	11.4%	11.4%
	Total all countries	235 179.00	278 398.00	949 065.00	1 026 596.00	713 886.00	748 198.00	1 662 951.00	1 774 794.00	100.0%	100.0%

Source: ECLAC based on Bureau of Economic Analysis (BEA).
[a] The countries are ranked according to the value of total trade in 2023.

U.S. exports of services to the region surged 11.5% in 2023, from US$106.17 billion to US$119.98 billion. In terms of the composition of exports, a third of U.S. exports of services to Latin America and the Caribbean correspond to the travel sector. Also, transport and other business services have an important share in U.S. exports of services, representing almost 30% of the total (Figure 16). The overall growth in U.S. services exports is explained by double–digit growth in sectors like travel, insurance, telecommunications, financial services, and charges for the use of intellectual property.

Figure 16
United States exports of services to Latin America and the Caribbean: shares of major categories[a]
(Percentages)

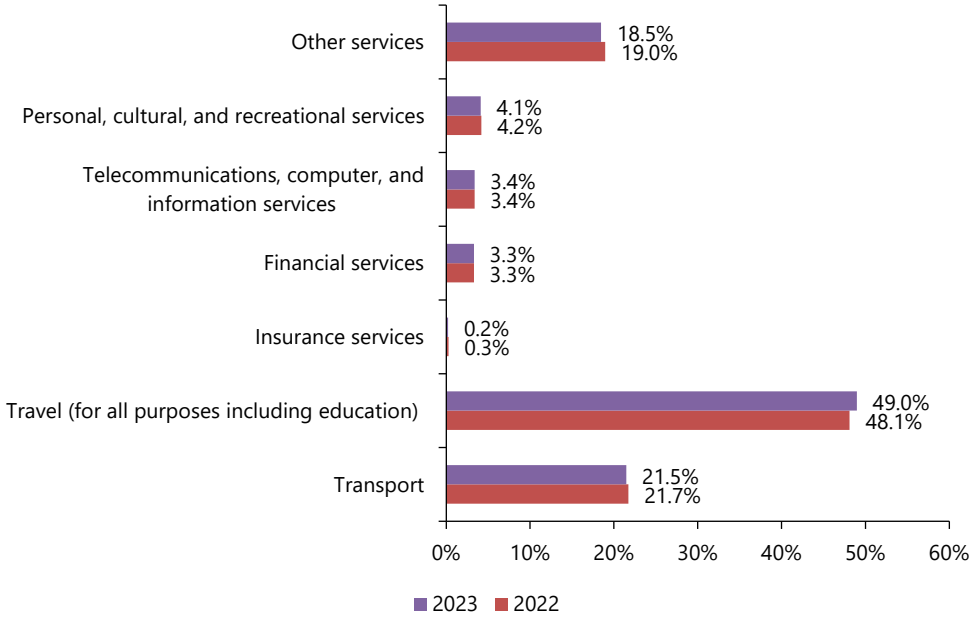


Source: ECLAC based on Bureau of Economic Analysis (BEA).

[a] The category "Other services" sums the categories "Construction" and "Government goods and services n.i.e." Data on these two categories contains transactions between zero and +/– $500,000 and transactions censored due to privacy issues.

The dynamism in U.S. exports of services was also experienced by U.S. imports of services, which rose 13.3% from US$80.51 billion in 2022 to US$92.83 billion in 2023. Contrary to the composition of exports, U.S. imports of services from the region were clearly dominated by the travel sector, which represented nearly half of U.S. imports, and the transport sector, which accounted for more than 20% (Figure 17). Apart from insurance services, all the categories of services showed double–digit growth in 2023.

Figure 17
United States imports of services from Latin America and the Caribbean: shares of major categories[a]
(Percentages)



Source: ECLAC based on Bureau of Economic Analysis (BEA).
[a] The category "Other services" sums the categories "Maintenance and repair services n.i.e" ,"Construction", "Charges for the use of intellectual property n.i.e", "Other business services" and "Government goods and services n.i.e". Data on these five categories contains transaction censored due to privacy issues.

The U.S. is a net exporter of services to Latin America and the Caribbean. Overall, the trade surplus with the region has progressively improved since 2021, recording US$27.15 billion in 2023. While the U.S. is a net exporter of services in most sectors, it has trade deficits in transport and travel. The trade deficit in these two sectors has widened considerably since 2021, reaching US$2.19 billion and US$4.21 billion in 2023, respectively (Table 9).

Table 9
United States trade in services with Latin America and the Caribbean by major category[a]
(In US millions of dollars)

	Balance of services		Exports		Imports		Total trade in services	
	2022	2023	2022	2023	2022	2023	2022	2023
Transport	–768.00	–2,197.00	16,723.00	17,754.00	17,491.00	19,951.00	34,214.00	37,705.00
Travel (for all purposes including education)	–3,888.00	–4,207.00	34,849.00	41,267.00	38,737.00	45,474.00	73,586.00	86,741.00
Insurance services	1,558.00	1,877.00	1,783.00	2,094.00	225.00	217.00	2,008.00	2,311.00
Financial services	8,910.00	10,447.00	11,587.00	13,521.00	2,677.00	3,074.00	14,264.00	16,595.00
Telecommunications, computer, and information services	6,750.00	7,662.00	9,485.00	10,808.00	2,735.00	3,146.00	12,220.00	13,954.00
Other services	13,088.00	13,568.00	31,741.00	34,537.00	18,653.00	20,969.00	50,394.00	55,506.00
Total LA	25,650.00	27,150.00	106,168.00	119,981.00	80,518.00	92,831.00	186,686.00	212,812.00
Total all countries	235,179.00	278,398.00	949,065.00	1,026,596.00	713,886.00	748,198.00	1,662,951.00	1,774,794.00
Share of LA in all countries	10.9%	9.8%	11.2%	11.7%	11.3%	12.4%	11.2%	12.0%

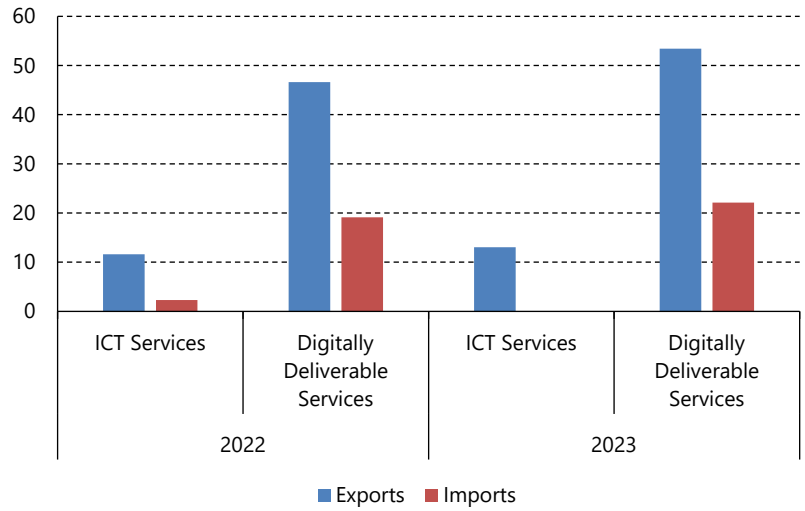
Source: ECLAC based on Bureau of Economic Analysis (BEA).
[a] The category "Other services" sums the categories "Maintenance and repair services n.i.e", "Construction", "Charges for the use of intellectual property n.i.e", "Other business services", "Personal cultural, and recreational services" and "Government goods and services n.i.e". Data on these six categories censored due to privacy issues.

(a) Trade in ICT and Digitally Deliverable services with South and Central America (SCA)[6]

In 2023, the U.S. exported US$66 billion to SCA, with US$13 billion in ICT services and US$53 billion in DDS. This marks an increase from 2022, when exports in these categories totaled US$59 billion. As for imports in 2023, data is only available for DDS, which amounted to US$22 billion (an increase of US$3 billion from 2022).

The available data (presented in Figure 18) indicates that, in both 2022 and 2023, U.S. trade in ICT and DDS with South and Central America follows a similar pattern to U.S. trade in these categories with the rest of the world.

Figure 18
ICT and Digitally Deliverable Services trade with Latin America and the Caribbean
(In US billions of dollars)



Source: ECLAC based on data from BEA's International Trade in Services.

C. U.S. trade with China

According to the WTO, China is currently the world's largest exporter (40 years ago, it ranked 32nd), with exports growing at an average of 9.1% a year for the past four decades. The rise of China and other emerging economies in Asia, Africa and South America has disrupted the old international order and caused a realignment of geopolitical power. In particular, the role of China in global supply chains and its complex relationship with the U.S. continue to shape the world's economic and political landscape. As the Council of Foreign Relations (2024) claims, besides the gains from engaging in trade with China, the U.S. has had several concerns since China joined the WTO in 2001: job losses in the U.S. manufacturing sector caused by increasing Chinese competition, the access of China to technology potentially harmful to U.S. national security, the provision of subsidies by the Chinese government to several industries, currency manipulation by China, among others. Motivated by these concerns, the U.S. has responded throughout time by adopting several counteracting measures: disputes at the WTO, imposition of tariffs on imports of Chinese goods, especially during the Trump administration, worth billions of dollars, the implementation of industrial policies by the Biden Administration (i.e., the Chips

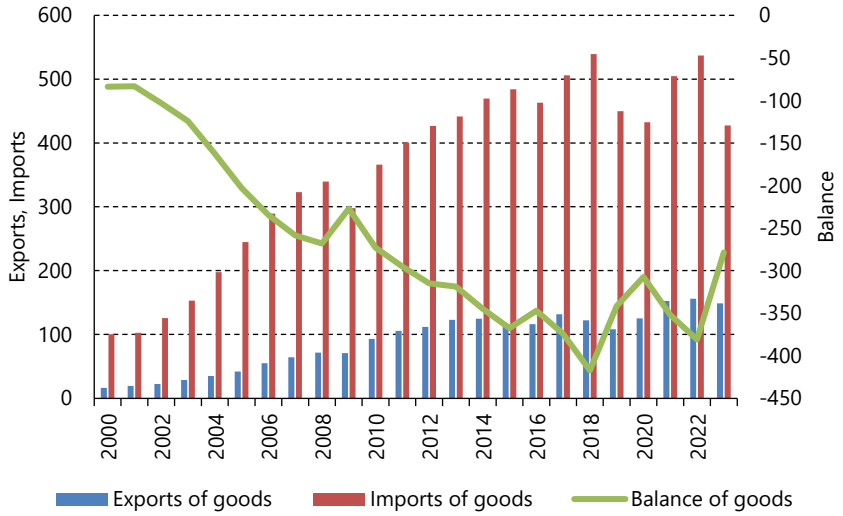
[6] Due to BEA's statistics suppression rules regarding disclosure of data, the information regarding U.S. trade in Information and Communications Technology (ICT) and Digitally Deliverable Services (DDS) is limited to South and Central America (SCA).

and Science Act and the Inflation Reduction Act), etc. The actions of both administrations highlight the persistence of U.S.–China tensions, a factor that contributed to the slowdown in global trade experienced in 2023 and which is also expected to exacerbate the uncertainty regarding global trade patterns for the foreseeable future.

1. Trade in goods

Even though the trade deficit in goods with China has been deteriorating since the early 2000s, it shrank considerably in 2023, like the improvement seen before the COVID–19 pandemic, from US$381.07 billion to US$278.72 billion. (See Figure 19).

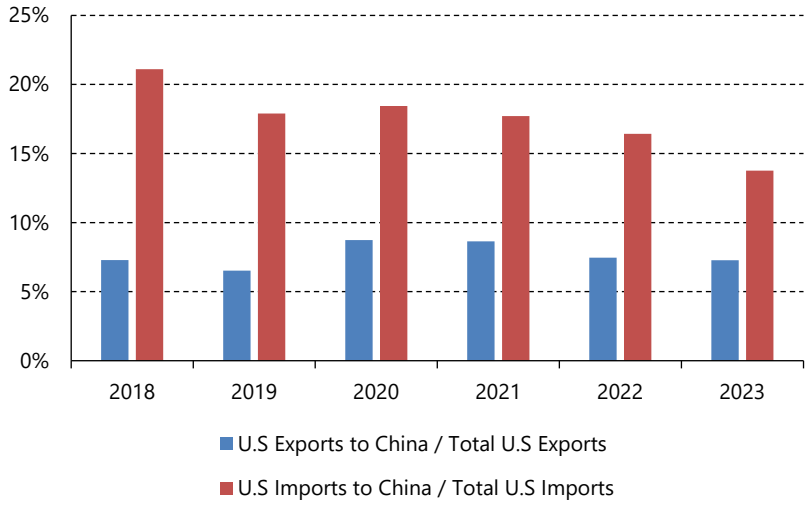
Figure 19
United States trade in goods with China
(In US billions of dollars, balance in right axis)



Source: ECLAC based on Bureau of Economic Analysis (BEA).

Although the trade deficit in goods with China improved, China's relative importance in U.S. trade continued to drop in 2023. As Figure 20 shows, the share of US imports from China has decreased by almost five percentage points since 2020, accounting for 13.8% in 2023. The share of US exports to China has also declined, but less than two percentage points, to 7.3%.

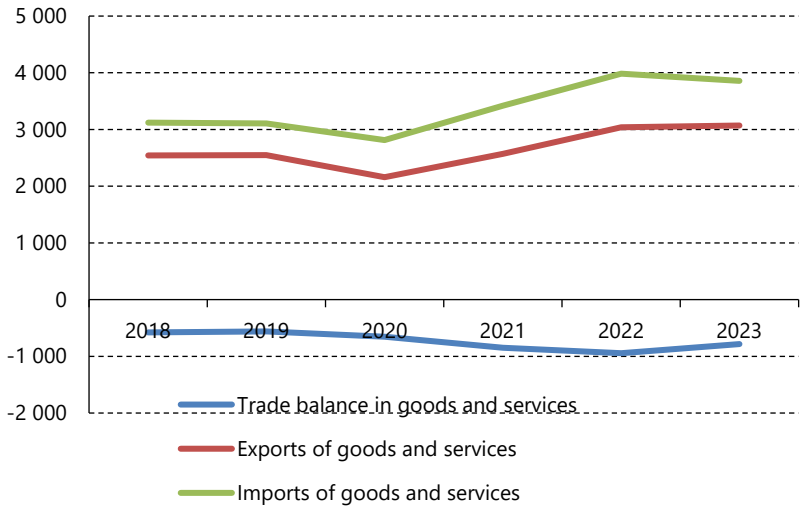
Figure 20
Shares of United States trade with China relative to total United States trade
(Percentages)



Source: ECLAC based on Bureau of Economic Analysis (BEA).

The U.S. trade balance with China has shown different patterns; while it has dramatically improved in the goods market, it has partially deteriorated in services. Since 2018, the trade deficit with China relative to the trade balance in goods has improved by more than 20 percentage points, reaching 26.2% in 2023. On the other hand, the trade surplus in services with China relative to the trade balance in services improved by three percentage points, from 6.3% in 2022 to 9.5% in 2023. (See Figure 21).

Figure 21
United States trade balance in goods and services with China as a share of the United States total trade balance in goods and services
(Percentages)



Source: ECLAC based on Bureau of Economic Analysis (BEA).

According to the most recent data, the total trade in goods between the U.S. and China represented 11.3% of the total U.S. trade in goods in 2023. However, as noted previously, its relative importance in U.S. total trade has declined in recent years. Furthermore, the overall trade deficit in goods with China is mostly explained by deficits in the capital goods and consumer goods sectors. As Table 10 shows, with the exception of foods, feeds and beverages; and industrial supplies, the U.S. runs a trade deficit in goods with China in all categories. However, the shrinking of the trade deficit in goods in 2023 relative to the preceding years has been a result of major improvements in the capital goods sector (by US$29.51 billion) and the consumer goods sector (by US$57.33 billion).

Table 10
United States trade in goods with China by principal end–use category
(In US billions of dollars)

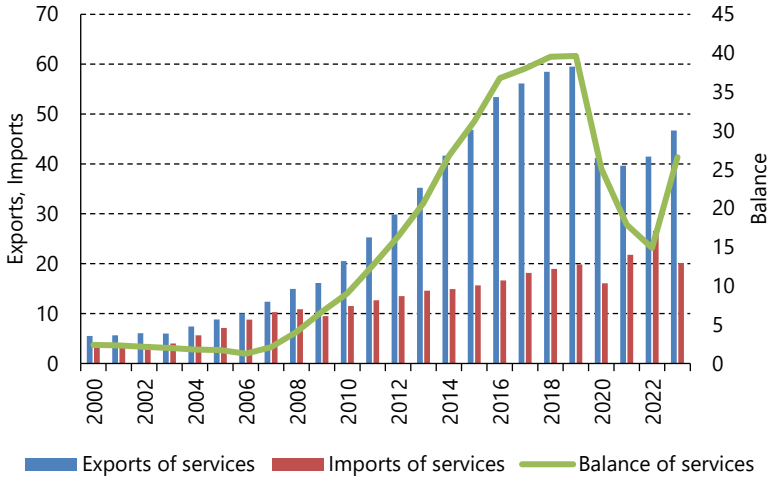
	Balance of goods			Exports			Imports			Total trade in goods		
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Foods, feeds, and beverages	26.04	29.61	22.50	30.72	35.08	27.00	4.68	5.47	4.51	35.40	40.55	31.51
Industrial supplies and materials	3.90	–6.84	13.40	49.97	51.30	53.74	46.07	58.14	40.33	96.03	109.43	94.07
Capital goods except automotive	–124.02	–131.65	–102.14	49.36	45.29	41.28	173.38	176.93	143.43	222.74	222.22	184.71
Automotive vehicles, parts, and engines	–8.74	–13.42	–11.01	9.50	8.24	8.99	18.24	21.66	20.00	27.75	29.89	28.99
Consumer goods except food and automotive	–241.93	–251.39	–194.06	12.01	14.69	16.15	253.94	266.08	210.20	265.95	280.77	226.35
Other general merchandise	–7.36	–7.39	–7.41	0.99	1.30	1.64	8.35	8.69	9.05	9.34	9.99	10.69
Total China	–352.10	–381.07	–278.72	152.55	155.89	148.80	504.65	536.96	427.52	657.20	692.85	576.31
Total all countries	–1,090.26	–1,195.67	–1,071.10	1,733.05	2,048.47	2,006.06	2,823.30	3,244.15	3,077.16	4,556.35	5,292.62	5,083.22
Share of China relative to all countries	32.3%	31.9%	26.0%	8.8%	7.6%	7.4%	17.9%	16.6%	13.9%	14.4%	13.1%	11.3%

Source: ECLAC based on Bureau of Economic Analysis (BEA).

2. Trade in services

Since the dramatic deterioration experienced in the aftermath of the COVID–19 pandemic, the trade surplus in services expanded for the first time in 2023, from US$14.87 billion to US$26.57 billion (Figure 22).

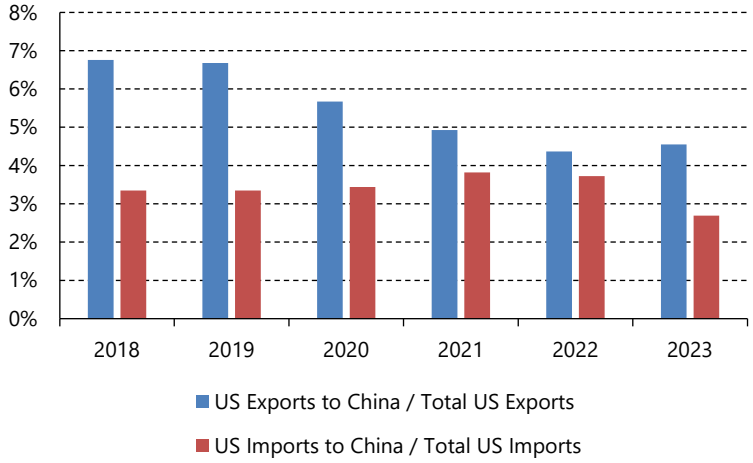
Figure 22
United States trade in services with China
(In US billions of dollars, balance in right axis)



Source: ECLAC based on Bureau of Economic Analysis (BEA).

China's relative importance in U.S. total exports and imports of services remains below pre–pandemic levels. Although the share of U.S. imports from China slightly improved after the COVID– 19 pandemic, it declined to 2.7% in 2023. In contrast, the share of U.S. exports to China, which has progressively declined in recent years, went up to 4.6% in 2023. (See Figure 23).

Figure 23
Shares of United States trade in services with China relative to total United States trade in services
(Percentages)



Source: ECLAC based on Bureau of Economic Analysis (BEA).

Finally, the total U.S. trade in services with China constituted 3.8% of the total trade in 2023. Nonetheless, as in the case of goods, China's share in total U.S. trade has diminished in recent years. The U.S. runs a trade surplus in services with China, driven mostly by a trade surplus of US$19.13 billion in the travel sector. Table 11 shows that except for transport and other business services, the U.S. is a net exporter of services to China in all categories. Furthermore, major expansions of the trade balance in transport (by US$4.51 billion), travel (by US$5.35 billion), and other business services (by US$2.86 billion) have contributed to the overall widening of the trade balance in services with China in 2023.

Table 11
United States trade in services with China by major category[a]
(In US millions of dollars)

	Balance of services		Exports		Imports		Total trade in services	
	2022	2023	2022	2023	2022	2023	2022	2023
Maintenance and repair services n.i.e.	460.00	621.00	738.00	892.00	278.00	271.00	1,016.00	1,163.00
Transport	–7,111.00	–2,605.00	3,349.00	3,916.00	10,460.00	6,521.00	13,809.00	10,437.00
Travel (for all purposes including education)	13,781.00	19,131.00	14,136.00	20,227.00	355.00	1,096.00	14,491.00	21,323.00
Insurance services	114.00	142.00	321.00	338.00	207.00	196.00	528.00	534.00
Financial services	2,476.00	2,474.00	4,198.00	4,182.00	1,722.00	1,708.00	5,920.00	5,890.00
Charges for the use of intellectual property n.i.e.	7,269.00	6,564.00	8,263.00	7,100.00	994.00	536.00	9,257.00	7,636.00
Telecommunications, computer, and information services	1,726.00	1,562.00	2,344.00	2,260.00	618.00	698.00	2,962.00	2,958.00
Other business services	–5,333.00	–2,472.00	5,484.00	5,352.00	10,817.00	7,824.00	16,301.00	13,176.00
Personal, cultural, and recreational services	1,179.00	746.00	2,158.00	1,897.00	979.00	1,151.00	3,137.00	3,048.00
Other services	310.00	409.00	465.00	551.00	155.00	142.00	620.00	693.00
Total China	14,871.00	26,572.00	41,456.00	46,715.00	26,585.00	20,143.00	68,041.00	66,858.00
Total all countries	235,179.00	278,398.00	949,065.00	1,026,596.00	713,886.00	748,198.00	1,662,951.00	1,774,794.00
Share of China relative to all countries	6.3%	9.5%	4.4%	4.6%	3.7%	2.7%	4.1%	3.8%

Source: ECLAC based on Bureau of Economic Analysis (BEA).
[a] The category "Other services" sums the categories "Construction" and "Government goods and services n.i.e". Data on these two categories contains censored due to privacy issues.

II. United States Trade relations with China

This chapter describes the evolution of the escalating tensions in the relationship between the two largest economies in the world that started in 2018.

A. Chronology of escalating tensions between the United States and China

The Biden administration has increased restrictions on trade with China with respect to the Trump administration, including limiting sales of U.S. technology to China, such as semiconductors and chip– making materials (Bureau of Industry and Security announcements October 2022 and October 2023), channeling federal subsidies to U.S. manufacturers trying to compete with Chinese production (Bipartisan Infrastructure Law, the Defense Production Act, and the Inflation Reduction Act). Additionally, on 14 May 2024, President Biden directed the U.S. Trade Representative to increase tariffs under Section 301 of the Trade Act of 1974 on US$18 billion of imports from China. The administration said it was maintaining tariffs on most imports from China while raising them steeply on electric vehicles (EVs), semiconductors, solar products, steel and aluminum, among other goods. The action, which followed the Office of the U.S. Trade Representative's mandatory four–year review of tariffs imposed on Chinese goods under Section 301 of the Trade Act of 1974, triggered a range of reactions, including a strong condemnation from China.

The Administration argues that China's unfair, non–market practices are the reason behind this decision. According to the White House brief[7] China's forced technology transfers and intellectual property theft have contributed to its control of between 70 and 90 percent of global production for the critical inputs necessary for U.S. technologies, infrastructure, energy, and health care—creating unacceptable risks to U.S. supply chains and economic security. China's non–market policies and

[7] https://www.whitehouse.gov/briefing–room/statements–releases/2024/05/14/fact–sheet–president–biden–takes–action–to–protect–american–workers–and–businesses–from–chinas–unfair–trade–practices/

practices also contribute to its growing overcapacity and export surges that threaten to harm the U.S. economy significantly. The goods being subjected to new or increased tariffs are mainly products associated with the transition to green energy, electric vehicles and batteries.

Just two days later, on 16 May 2024, President Biden announced a new plan to boost domestic solar production while protecting U.S. manufacturers from China's competition.

According to a White House, "China's anticompetitive subsidization and trade practices, decimated the U.S. solar manufacturing industry in the 2000s and 2010s. Recently, as solar manufacturing has made a comeback in the U.S. thanks to President Biden's leadership, China has further ramped up solar overcapacity, dumping artificially cheap modules and components onto the global market and circumventing trade enforcement measures in an attempt to put other countries' manufacturers out of business."

The new actions include:

- Removal of the bifacial module exclusion under Section 201. Bifacial solar panels generally used in utility–scale solar projects are not currently subject to safeguard tariffs under Section 201 of the Trade Act of 1974. Since this exclusion was implemented (2018), imports of bifacial panels have surged, now making up nearly all U.S. solar panel imports and undercutting the effectiveness of the Section 201 safeguard.

- Ending the solar bridge and cracking down on stockpiling. In June 2022, President Biden initiated a temporary, 24–month bridge to facilitate certain imports from Cambodia, Malaysia, Thailand, and Vietnam duty–free to ensure robust deployment while the domestic solar manufacturing base ramped up. Since then, U.S. solar manufacturing and deployment have both grown dramatically. The bridge will end as scheduled on June 6, 2024, and producers in Southeast Asia that have been found to be circumventing antidumping and countervailing duties on solar manufacturers from the People's Republic of China (PRC) will be subject to those duties. Additionally, in implementing the solar bridge, the Department of Commerce requires that panels imported duty–free must be installed within 180 days to prevent stockpiling. Customs and Border Protection (CBP) will vigorously enforce this provision.

- Monitoring import surges and oversupply. Imports of solar modules from Southeast Asia, where PRC manufacturers have been found to be circumventing antidumping and countervailing duties have surged over the last year. PRC companies have recently built new capacity in these countries, targeting the U.S. market. The Department of Energy and the Department of Commerce will closely monitor import patterns to ensure the U.S. market does not become oversaturated and will explore all available measures to act against unfair practices.

- Providing additional guidance on the domestic content bonus. The Inflation Reduction Act contains a bonus tax credit available to developers of clean energy projects that meet certain statutory requirements for sourcing iron and steel products and manufactured products from domestic producers. The Department of Treasury is issuing further guidance concerning the domestic content bonus to enable more clean energy developers and manufacturers in the U.S. to take advantage of the bonus. While the domestic content bonus is already driving partnerships between developers and manufacturers in the U.S., stakeholders have raised concerns about challenges in determining eligibility. Today's Notice creates a new elective safe harbor that gives clean energy developers the option of relying on the Department of Energy–provided default cost percentages to determine bonus eligibility. Treasury and IRS, along with DOE and other agencies continue

to evaluate potential options to further the IRA's goal of incentivizing U.S. solar manufacturing, including solar wafer production.

- Supporting technology development for onshore solar wafer and cell manufacturing. The Department of Energy is announcing more than US$70 million in research and development selections to seed new technologies across the solar supply chain. Funding from the President's Bipartisan Infrastructure Law will enable new entrants to the solar manufacturing market to establish their technologies and access more capital.
- Managing the tariff–rate quota for solar cells under Section 201 to support expanded solar manufacturing. Currently, there is a 5–gigawatt tariff–rate quota for imported solar cells under Section 201. The Administration will closely monitor the level of imported solar cells used to manufacture panels in the U.S. and will work to raise the quota by 7.5–gigawatts if imports approach the current quota level, to ensure domestic module manufacturing continues to grow while manufacturers scale production throughout the supply chain.

III. Trade in the circular economy

The circular economy (C.E.) aims to ensure that products, components, and materials always maintain their maximum utility and value. The C.E. plays a relevant role in promoting green/low carbon growth, technological change and innovation, job creation, reducing external restrictions, and reducing environmental footprint. In turn, international trade could significantly contribute to the development of C.E.

To promote the great productive transformation that the countries of the region need to move towards a more productive, inclusive, and sustainable future, ECLAC has identified a portfolio of 15 strategic sectors. These sectors were selected for their potential to dynamize growth and enhance productivity, create quality jobs, and improve environmental sustainability. Among these, the circular economy stands out as a key driver of this vision.

This section briefly describes some of the initiatives taken at different levels of government as well as in the private sector and local communities to promote the development of the C.E. in the United States and Canada and reviews the evolution of United States trade flows in goods related to the C.E. to assess its current significance and that of the region in the United States trade in C.E. goods.

A. Circular economy initiatives in North America

The initiatives are divided into five issue areas: plastic pollution, food loss and waste, textiles and clothing, metals and minerals, and energy production and storage.

There are three reasons for the focus on initiatives from these specific issue areas and sectors. Firstly, these sectors collectively constitute more than a third of the share of world exports, accounting for 36.5% in 2022 (Table 12). Notably, they represent an even greater share, approximately 63 %, of all exports from Latin America, with the food and beverages sector alone accounting for exports three times larger than the global average (McKinsey's Global Institute, 2024).

Secondly, the environmental impact of these sectors, including their contributions to global greenhouse gas emissions, in most cases exceeds their export shares (Table 12). Thus, addressing initiatives within the C.E. in these sectors is crucial for significantly reducing greenhouse gas emissions.

Thirdly, the imperative to reduce global emissions in these sectors aligns with economic opportunities for Latin America and the Caribbean. For instance, the metals and minerals sector, featuring resources such as lithium, holds the potential to attract Foreign Direct Investments (FDI) and enhance manufacturing activities in energy storage, particularly through batteries and electric vehicles. Similarly, the food and beverage sector presents a key opportunity for the region to diversify its exports to China, as highlighted in ECLAC's International Trade Outlook for Latin America and the Caribbean (2023a).

Table 12
World exports and greenhouse gas emissions by sector
(Percentages)

Sector	Shares of global exports in 2022[a]	Contributions to global greenhouse gas emissions
Plastics	1.8	3[b]
Food and beverages	5.3	34[c]
Textiles	4.8	2–8[d]
Metals and minerals	11.5	4–7[e]
Energy resources	13.1	75[f]
Total	36.5	

Sources: ECLAC on the basis of (a) McKinsey Global Institute, 2024; (b) Ritchie, 2023; (c) Crippa et al., 2021; (d) UNEP, 2023; (e) Global Data, 2022; (f) IEA, 2023.
Note: Given the diversity of methodologies used to quantify global greenhouse gas emissions, various estimations exist for the shares of emissions attributed to different sectors, sometimes resulting in overlaps among these estimations. For a comprehensive overview over all sectors and their respective contributions to global greenhouse gas emissions, consult Our World in Data.[8]

1. Plastic pollution

In 2022, plastic products were responsible for 1.8% of world exports and approximately 3% of global greenhouse gas emissions (McKinsey Global Institute, 2024; Ritchie, 2023). Aside from emissions, plastic pollution can drastically change natural habitats, reducing the ability of ecosystems to adapt to climate change. Global plastic waste leaking into lakes, rivers and seas amounts to 19–23 million tons annually, thereby contributing significantly to ecosystem degradation as well as posing social and health risks, the United Nations Environment Programme reports (2024).

Recycling plastic waste is therefore vital for reducing plastics' environmental footprint and its impact on climate change. In the United States, various C.E. initiatives on the governmental, private or local level promote plastic waste recycling. These include the 2020 Save Our Seas 2.0 Act and the Mississippi River Cities and Towns Initiative (MRCTI), which were described in the United States–Latin America and the Caribbean Trade Developments 2023 report (ECLAC, 2023b)

2. Food loss and waste (FLW)

The food and beverages sector's exports, totaling US$ 1,234 billion, accounted for 5.3% of total world exports in 2022, as reported by the McKinsey Global Institute (2024).9 However, the sector's impact on climate change is disproportionally higher. The entire food supply chain – comprising food harvesting, manufacturing, distribution, and preparation – is responsible for a third of global greenhouse gas

[8] See [online] https://ourworldindata.org/ghg–emissions–by–sector.
[9] The estimations exclude tobacco products, which amount to US$ 40 billion in global exports.

emissions, while food loss and waste (FLW) contributes about 7% to these emissions (Crippa et al., 2021; UN, n.d.). In the United States alone, around 66 million tons of wasted food are generated yearly across retail, food services and residential sectors, with roughly 60% ending in landfills, according to the United States Environmental Protection Agency (USEPA, 2023).

(a) Standardized date labels and product shelf–life extension

Given the large impact of the food supply chain on global greenhouse gases, reducing or recycling food loss and waste, particularly at the consumption stage, holds the potential for improving the sector's environmental footprint and contributing to the C.E. Additionally, redirecting edible FLW to food banks can aid households experiencing food insecurity, underscoring both the social and the environmental implications of FLW.

The United States Department of Energy advocates for two strategies to reduce FLW. The first focusses on prolonging the perishable product shelf life. This involves exploring innovative pasteurization or sterilization technologies, reducing package portion sizes, or implementing active packaging solutions, such as scavengers that remove undesirable compounds like moisture or oxygen (U.S. Dept. of Energy, 2023). These measures help maintain food freshness, providing retailers with more time and flexibility to sell their food before it spoils and is sent to landfills.

The second strategy concerns food date labels. Currently, these labels include, for example, "Best By", "Use By", and "Sell By", each conveying different concepts such as food safety, quality, or flavor – often leading to confusion among consumers. Standardizing these labels could help customers in making informed decisions, potentially reducing over–purchasing and premature disposal of edible food. According to estimates from the United States Department of Energy, this could save up to 25% of food waste at the consumption stage (2023).

Both strategies aim to reduce FLW, thereby reducing the demand for (surplus) food. While this goal is more efficient than recycling FWL, as per the Food Recovery Hierarchy of the United States Environmental Protection Agency, there is a caveat to this objective. Certain industries, especially in agriculture, rely on FLW as fertilizer or animal feed. Consequently, reducing FLW may lead to increased production of raw materials, placing additional strain on natural resources.

(b) The United States 2030 Food Loss and Waste Reduction Goal[10]

In 2015, the United States Environmental Protection Agency (USEPA) and the U.S. Department of Agriculture (USDA) jointly announced the U.S. 2030 Food Loss and Waste Reduction Goal, with the aim of cutting FLW in half by the year 2030. This objective aligns with the United Nations' Sustainable Development Goal (SDG) Target 12.3, which seeks to halve per capita global food waste at the retail and consumption stage, while also reducing food losses throughout production and supply chains by 2030. For the United States, achieving this goal entails reducing the amount of food waste per person from 328 pounds in 2016 – defined as food sent to landfill, controlled combustion, sewer, compost, aerobic digestion, and land application – to 164 pounds per person by 2030.

To achieve the Food Loss and Waste Reduction goal, the USEPA and USDA are collaborating with leaders across the food system, thereby engaging with stakeholders from the private sector, government agencies, non–profits, academia, and faith–based organizations. The USEPA's support measures include providing information material for individuals, offering guidelines for communities to help households save food, and developing a Food Stewards Toolkit for faith–based organizations to enhance their food recovery and donation efforts.

[10] Based on the information of the Unites States Environmental Protection Agency's official website.

Moreover, businesses and organizations are encouraged to join the U.S. Food Loss and Waste 2030 Champions by publicly committing to reducing food waste in their operations in the United States by 50 % by the year 2030. To date, 50 food businesses representing food manufacturers, food processors, food service, grocery stores, restaurants, hospitality, and entertainment companies, have pledged their commitment to this initiative and have been recognized as 2030 Champions.

(c). The zero food waste coalition by leading NGOs[11]

The U.S. governmental agencies can rely on support from leading NGOs for their FLW reduction goal. In 2020, the Natural Resources Defense Council (NRDC), the World Wildlife Fund (WWF), the Harvard Law School Food Law and Policy Clinic (FLPC), and ReFED, a national nonprofit, partnered to form the Zero Food Waste Coalition. The coalition's objective is to "*engage with and inform policymakers on opportunities to prevent and reduce food loss and waste*." Endorsed by companies, NGOs, and local and state governments, the informal coalition developed the U.S. Food Waste Action Plan in 2021. This plan aimed to identify five key actions as recommendations for the federal government to achieve a 50% reduction of FLW by 2030. These recommendations encompass investing in prevention and diverting waste from landfills, facilitating surplus food donations, educating and activating consumers, and standardizing national date labeling practices.

The Zero Food Waste Coalition has outlined more specific recommendations for the 2023 Farm Bill.[12] Firstly, the coalition proposes the creation of a food loss and waste reduction office within the USDA, building on the Food Loss and Waste Reduction Liaison established in the 2018 Farm Bill. Authorized with fundings, this office could offer grants and support food waste reduction efforts. The second recommendation involves increasing funding to assist state and local governments in addressing the significant costs associated with planning and introducing beneficial policies. These policies could include organic waste disposal bans, recycling requirements, landfill taxes on food waste, or mandates for food donations, along with investments in food recycling infrastructure. Thirdly, the coalition advocates for additional funding for research into food waste prevention, upcycling, and recycling solutions. For example, turning food byproducts and scraps into animal feed or compost could be explored further. Lastly, the Zero Food Waste Coalition recommends standardizing and clarifying date labels. They endorse a dual date–labeling scheme for all food products, proposing the use of either "Best If Used By" to indicate food quality or "Use By" for food safety purposes.

(d). U.S. Food loss and waste 2030 champions in the private sector

- **Albertsons Companies** – This company is innovating its inventory management practices, recovering food by donating to local organizations, and recycling food waste through compost, animal feed, and other methods.
- **BJ's Wholesale Club** – Through their Feeding Communities program, BJ's Wholesale Club donates unsold produce, meat, and other products on a weekly basis to local Feeding America member food banks.
- **Smithfield Foods** – In addition to ongoing efforts in its manufacturing facilities, Smithfield Foods is innovating its feed formulations to include byproducts and investing in specialized equipment to facilitate the efficient processing of difficult–to–recycle packaged bakery products.
- **Starbucks** – This company is leveraging its FoodShare program to donate unsold food to food banks and mobile pantries, in addition to continuing to enhance inventory and supply

[11] ased on the information of the Zero Food Waste Coalition's official website.
[12] In November 2023, the farm bill was extended through September 2024.

chain management practices, using commercial composting methods, and encouraging customers to get involved through its Grounds for Your Garden program.

- **Tyson Foods** – This company is improving inventory management and supply planning as well as composting and donating wholesome food.
- **Stop & Shop** – The supermarket chain operates its own green energy facility, an anaerobic digester that converts unsold, non–donatable food from over 235 of its stores into electricity.

3. Textiles and clothing

Since 2020, the textile sector's exports have surged by nearly 23% over two years, accounting for 4.8% of world exports in 2022 (McKinsey Global Institute, 2024). Despite this growth, the sector's value chain presents many social and environmental risks, as highlighted by the United Nations Environment Programme (2023). The social impacts of the textile industry, which employs over 300 million people across its value chain, encompass risks such as exploitation, forced labor, and health issues. Furthermore, 9% of plastic pollution in our oceans originates from the fashion value chain, which also contributes to 2–8% of global greenhouse gas emissions. If the trajectory of the fashion industry remains unchanged, projections suggest that by 2050, it could consume over 26% of the carbon budget linked to a 2°C threshold for global warming (Ellen MacArthur Foundation, n.d.).

The pervasive "fast fashion" phenomena, characterized by a proliferation of styles, frequent new collections, and typically lower prices, significantly amplifies the sector's environmental footprint. According to the Ellen MacArthur Foundation, global clothing production has doubled in the last 15 years, while its use has declined by almost 40%, particularly in the United States, where clothing utilization stands around a quarter of the global average (n.d.).

(a) New business models and further solutions for a circular fashion economy

Strategies aimed at reducing the environmental footprint of the textile sector can be categorized into three approaches: leveraging safe and renewable inputs, improving the utilization of produced garments, and implementing policies and standards for traceability and transparency.

In response to the high carbon emissions associated with materials like polyester fibers, water–intensive cotton, or biodiversity–degrading leather dominant in contemporary fashion, there is a growing need for alternative, sustainable materials to shape the future circular fashion economy. Such materials could include recycled polyester, organic cotton, bamboo, cork, bacterial cellulose, or mycelium – a network of fungal threads.

Additionally, innovative materials from the fashion sector can contribute to reducing the sector's environmental footprint and global greenhouse gas emissions, for instance, by incorporating recycled ocean plastic in sports shoes, repurposing old fishing nets for swimwear, or utilizing captured carbon as feedstock for textiles (Textile Exchange, 2022).

An alternative approach towards fostering a more circular and sustainable fashion economy involves maximizing the lifespan of existing clothing. Most business models in line with this approach focus on the resale, rental, or repair of clothing. Whereas the resale of used clothing mainly builds on conventional online retail and thrift stores, the fashion industry comprises of new business models for rental, such as subscription services, clothing rental, and peer–to–peer sharing and for repair, such as storing, washing and restyling.

According to estimates by the Ellen MacArthur Foundation, a circular model for clothing through resale, rental, and repair saves 47%, 41%, and 31% CO_2 emissions, respectively, compared to the linear business model (2021). With a US$ 700 billion potential to account for 23% of the global fashion market by 2023, these circular business models could reduce a third of the total emissions necessary for the fashion sector to align with a 1.5°C pathway (Ellen MacArthur Foundation, 2021).

Alongside innovative business models, policy actions and standards can play a pivotal role in shaping the sustainability trajectory of the entire textile supply chain. According to a policy recommendation from the United Nations Economic Commission for Europe, implementing harmonized policies and regulations for traceability and transparency could lead to higher environmental standards and circularity in the fashion industry (2022). The specific recommendations include defining minimum levels of traceability across the value chain, such as minimum data on the origin, composition, and sustainability performance of products, and encouraging companies to publicly disclose relevant information about their suppliers' sustainability performance for higher transparency. Utilizing positive and negative financial incentives, as well as international standards, such as the UN/CEFACT standards, can further support the industry's transition towards greater transparency and traceability, especially assisting SMEs, small producers, and vulnerable groups (UNECE, 2022).

(b) Sustainability legislature for the fashion industry[13]

A preliminary measure towards more transparency in the fashion supply chain in the U. S. is the Fashion Accountability and Building Real Institutional Change (FABRIC) Act, which was introduced in the U.S. Senate in 2022. Although primarily aimed at improving the social dimension linked to outsourced garment production, such as setting an hourly pay standard for the industry, it also seeks to enhance transparency along the value chain through the establishment of a nationwide garment industry registry.

This registry mandates that "*no garment manufacturer or garment contractor shall engage in the garment industry during any year unless the manufacturer or contractor has registered for such year with the Secretary,*" thereby facilitating the accountability of industry actors for bad social or environmental practices. Regarding the implementation, the FABRIC Act still awaits passage in the Senate followed by the House of Representatives.

Taking a more ambitious approach towards transparency in the fashion industry is the Fashion Sustainability and Social Accountability Act (New York Fashion Act) at the state level. Currently under consideration in the Assembly Committee, the bill "*requires fashion retail sellers and manufacturers to disclose environmental and social due diligence policies*." Furthermore, fashion companies are required to take proactive measures to prevent and mitigate any identified issues within their corporations or in their supply chain, including the publication of "*estimated timelines, targets and benchmarks for improvement and their outcomes.*" If approved by both the New York State Assembly and the New York State Senate, the New York Fashion Act would apply to any fashion business doing business in the state with annual global revenues exceeding US$ 100 million.

(i) The American Circular Textiles policy groups[14]

One initiative endorsing the New York Fashion Act is the American Circular Textiles (ACT) policy group. As a coalition of several textile reuse and rental service providers, such as ThredUp, Rent the Runway and The RealReal, the members are united in their effort to change the fashion industry by "*coming together to establish US leadership in textile waste and circular fashion policy.*" Through position papers directed at local and state legislators and the government, the coalition proposes industry–backed policy mechanisms to promote textile reuse, recycling, and other circular fashion models.

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[13] Based on the information of the U.S. Congress' and New York State Senate's official websites.
[14] Based on the information of the American Circular Textiles Group's official website.

For instance, in a letter to the Biden–Harris Administration, the ACT Group highlights the potential of integrating textiles, such as clothing and uniforms, into the U.S. sustainable procurement strategy to advance the circular fashion economy in the U.S.

(ii) Private sector initiatives in the fashion industry

- **LanzaTech** – The company is currently developing a carbon recycling technology and, in collaboration with lululemon, has announced the production of the world's first polyester yarn and fabric partially derived from captured carbon.
- **Patagonia** – The outdoor clothing brand has programs for refurbishing and reusing clothing as well as offering in–store repair, operating the largest (and still growing) repair facility in North America which repairs about 50,000 pieces per year.
- **Rent the Runway** – This company offers subscription service, where customers pay a monthly fee to have access to the company's inventory of clothing and accessories, which contributes to a circular economy by reducing the need for fast fashion and promoting the reuse of clothing.
- **Stella McCartney** – The fashion company has an ongoing partnership with the RealReal to drive consumers to participate in a circular economy through consignment, where Stella McCartney items are kept out of landfills by giving them a second life through resale. Stella shoppers who consign with The RealReal receive an immediate $100 store credit to shop at Stella retail stores or online.
- **Eileen Fisher** – The company introduced a "Radical Transparency" program to share information about its supply chain, sustainable practices, and social responsibility initiatives with consumers.

4. Metals and minerals

Metal products rank as the third–largest sector in global trade, collectively contributing, with the minerals sector, to 11.5% of global exports in 2022 (McKinsey Global Institute, 2024).[15] Concerning its environmental footprint, the metals and mining industry contributes approximately 4–7% of global greenhouse gas emissions, according to Global Data (2022).

Given the essential role of metals and minerals in clean energy technologies, this sector holds significant potential for mitigating global warming and achieving a future below 2°C. The World Bank estimates that over 3 billion tons of metals and minerals will be required to achieve net–zero emissions by 2050 (2020). Minerals, in particular, are crucial for the production of wind, solar, and geothermal power, as well as energy storage, necessitating a 500% increase in the production of key minerals, such as graphite, lithium, and cobalt (World Bank, 2020).

(a) Recycling and reusing metals and minerals

A pivotal strategy for companies aiming to enhance the C.E. in the metals and minerals sector involves recycling and reusing minerals and metallic waste and scrap. This encompasses various approaches, including (down)–recycling from consumption, such as recycling scrap metal; recycling from manufacturing, for example repurposing production byproducts like sludge and waste for construction material; and refurbishing and restoring metals to as–new condition, typically through disassembling and remanufacturing end–of–life products (PwC, 2021). To meet the growing demand

[15] The estimations exclude non–metallic mineral products, such as glass, ceramic or cement, from the mineral sector.

for minerals, extracting critical minerals from mine tailings or through urban mining from e–waste, old buildings, and infrastructure represents a common recycling approach.

According to estimates by the non–profit organization Earthwork, recycling and reusing minerals could reduce the demand for lithium by approximately 25%, for cobalt and nickel by 35%, and for copper by 55% (2022). As recycling entails less mining of non–renewable resources and lower energy usage, recycling and reusing the most commonly used metals could also lead to a reduction in energy consumption by 60–97% (OECD, 2021). Moreover, the overall environmental impact of the metals and minerals industry could be lessened by minimizing tailings waste, implementing more efficient water usage, or regenerating closed mines sites, as suggested by the International Council on Mining and Metals (ICMM, 2023).

Various ideas exist regarding how governments can support the metals and minerals sector in advancing the C.E. In a trade policy paper, the OECD recommended to promote innovative product designs for the development of longer–lived products that can be wholly or partly reused after disassembly. Specific tools include product group specific regulations to enhance product reparability and durability, the introduction of landfill taxes, or the implementation of Extended Producer Responsibility (ERP) systems (OECD, 2021). ERP systems, also known as stewardship programs, transfer the responsibility and costs for final recycling or materials disposal to the producer. Typically, they involve product take–back requirements with recycling and collection targets at the post–consumer stage or incentives for customers to return end–of–life products to the selling point, such as deposit–refund schemes.

A notable policy example in the context of ERP is the proposed right to repair legislation by the European Union, which would mandate retailers to repair products – provided it is cheaper or equally expensive than replacing the product – within the legal guarantee period and to offer replacement goods during the duration of the repair (Spinaci, 2023).

(b) The Sustainable Critical Minerals Alliance[16]

At COP15 in 2022, the United States, in collaboration with Canada, Australia, Japan, the United Kingdom, Germany, and France collectively launched the Sustainable Critical Minerals Alliance. Aligned with the G7 Nature Compact Commitment to stop and reverse biodiversity loss by 2030, the alliance aims "*to drive the global uptake of environmentally sustainable and socially inclusive and responsible mining, processing and recycling practices and responsible critical minerals supply chains.*" The members will voluntarily strive to foster the development of mining practices, that:

- Promote a nature–positive approach to prevent biodiversity loss, for instance, by protecting species at risk, reducing pollution and assisting nature conservation.
- Contribute to combating climate change and achieving net–zero by 2050 by minimizing greenhouse gas emissions through mining, processing and recycling processes in line with ESG standards.
- Uphold the rights and interests of local and Indigenous communities by ensuring safe working conditions and responsible labor standards, fostering diverse and inclusive workforces, and involving community members in the economic benefits derived from mining activities.

[16] Based on the information from the official websites of the Canadian and the U.S. Government.

- Restore ecosystems through the implementation of reclamation and remediation standards to restore closed mine sites to their natural state whenever possible, while ensuring accountability for environmental damage by those responsible.
- Advocate for material stewardship, including by–products and waste recovery, prolonging the lifespan of products, and enhancing the reuse and recycling of critical minerals.
- Encourage ethical corporate practices by establishing due diligence measures in mineral supply chains aligned with relevant guidelines and sustainability reporting to investors and the public.
- In support of the Sustainable Critical Minerals Alliance, the Biden–Harris Administration initiated the Interagency Working Group on Mining Laws, Regulations, and Permitting. This group is tasked with identifying and implementing policies to facilitate domestic production in alignment with the Alliance's goals and standards.

(c) Recycling measures of companies in the mining industry

- **Atlantic Copper (Freeport McMoRan)** – The company belonging to the American conglomerate is building a recycling system in Huelva, Spain, to recover copper, gold, silver, palladium, platinum, tin and nickel and will see 60,000 tons of e– waste being processed each year.
- **Alcoa** – Alcoa, a global aluminum leader headquartered in Pittsburgh, is revolutionizing its operations with an innovative press filtration technology, which reduces freshwater usage by 2.2 gigalitres annually in two of their Australian refineries.
- **Teck** – The Canadian mining company launched an online platform called Mining Surplus to assist in the disposal of mining equipment by selling surplus mining equipment from Teck and other companies, listing surface, mill plant, and underground mining equipment.

5. Energy generation and storage

With a share of 13.1% in global exports and valued at US$ 3,029 billion in 2022, energy resources stand as the second–largest sector in global trade, second only to electronics (McKinsey Global Institute, 2024). Approximately two–thirds of these traded resources consist of crude oil and refined petroleum, with liquefied natural gas (LNG) and electrical energy accounting for only 5.6% and 3.8%, respectively, according to McKinsey Global Institute (2024). The environmental impact of our energy system is immense: it contributes to 75% of total greenhouse gas emissions globally (IEA, 2023). This underscores the urgent need for a transformation of the energy sector, particularly in phasing out fossil fuels, to achieve the net–zero climate goal by 2050. As the world's leading oil and natural gas producer, the U.S. bears significant responsibility for finding and implementing less carbon–intensive energy production and storage strategies, specifically within the context of the C.E.

(a) Circular Economy concepts for energy generation

This subsection will investigate two distinct strategies within the context of C.E. in energy production: energy recovery from waste and recycling equipment for renewable energies.

Recovering energy from waste is the transformation of non–recyclable waste, typically municipal solid waste (MSW) or wastewater, into electricity, usable heat, or fuel. Methods for this conversion, commonly referred to as waste to energy, involve combustion, gasification, anerobic digestion, and the recovery of gas from landfills. Combustion, the confined and controlled incineration of waste, stands

out as an effective solution not only to generate energy, but also to reduce the volume of solid waste in landfills. The thermal energy produced can be utilized to convert water into steam, which is then directed to a turbine generator for the generation of electricity. The ash generated by combustion is filtered and subsequently disposed of in landfills designed to prevent groundwater contamination. Various combustion technologies exist, including mass burn facilities, portable modular systems, and refuse derived fuel systems, which shred MSW to produce a combustible mixture that is appropriate for use as fuel (USEPA, 2024).

While there are currently 86 facilities for waste to energy transformation in the U.S., generating approximately 2,720 megawatts (MW) of power and processing over 28 million tons of waste annually, combustion of MSW is not as prevalent as for instance in European countries, as noted by the USEPA (2024). Factors contributing to this discrepancy include higher population density in European countries, which necessitates MSW combustion due to space constraints, public opposition to these facilities fueled by concerns about pollution, and significant upfront fees, typically exceeding US$ 100 million per new facility. To finance additional facilities, the USEPA suggests collecting tipping fees from the contractors who sent waste to the facilities, utilizing the income from generated electricity sold to the grid, and selling both ferrous (iron) and non–ferrous scrap metal recovered from the ash after combustion (USEPA, 2024).

Another avenue for the C.E. and energy production lies in recycling renewable energy equipment, an issue that requires attention today to strengthen the sustainability of clean energy in the future. According to the U.S. Agency for International Development (USAID), waste from solar photovoltaic (PV) panels could reach 10 million tons annually by 2050 (2021a). The waste from wind turbine blades is projected to accumulate 43 million tons of annual blade waste by 2050, driven by the retirement of first– generation turbines (Liu & Barlow, 2017).

In a policy recommendation paper, USAID suggests several strategies to address the challenge of recycling renewable energy equipment (2021b). Firstly, standardizing regulatory frameworks and the development of minimum circularity performance standards and a circularity label could enhance transparency along the value chain and facilitate more efficient trade of end–of–life equipment. Secondly, implementing a tracking system accessible through a shared platform for materials and components, including mechanisms to account for and verify greenhouse gas emissions, could similarly contribute to the C.E. Thirdly, USAID recommends the training of local individuals involved in various technologies and waste streams to foster secondary markets that prolong the life of obsolete renewable energy equipment. Lastly, establishing recycling centers that serve as collection stations and transportation hubs could optimize the allocation of end–of–life equipment and provide recycling incentives at the regional level, for instance through take–back programs.

(b) Recycling lithium–ion batteries

A pivotal aspect of utilizing renewable energy lies in energy storage, particularly in lithium–ion batteries commonly found in electric vehicles (EVs). The electric waste generated by lithium–ion batteries from EVs alone could reach 4 million tons annually by 2040. However, recycling these batteries could meet 28% of the new battery material demand and reduce emissions linked to EV production by 14% to 23% by the same year (Xu and others, 2020). In addition to its environmental benefits, such as waste reduction and lowered greenhouse gas emissions, lithium–ion batteries recycling holds the potential to decrease manufacturing costs of EVs and create additional revenue streams and new jobs within the C.E.

In a working paper, the OECD lays out trade policies aimed at enhancing the C.E. of lithium–ion batteries value chains (2023). Firstly, establishing more clarity regarding the status of end–of–life lithium–ion batteries as waste on the global level would lead to more efficient circular value chains, while also contributing to maintaining necessary health and safety standards. Secondly, greater consistency in transport and storage safety regulations would eliminate barriers in the cross–border

trade of batteries and enhance the traceability of shipments. Thirdly, the trade of end–of–life lithium–ion batteries could also be facilitated by implementing and promoting measures such as pre–consent for multiple shipments to specific facilities and the digitalization of prior informed consent (PIC) procedures. Fourthly, harmonizing standards for lithium–ion battery design would enhance the expansion of qualified service providers for end–of–life batteries, support second–life solutions, and streamline disassembly and module exchange processes. Lastly, establishing regulatory targets for waste collection and recycling rates, in combination with effective stewardship and take–back schemes jointly operated with the private sector, could incentivize the development of more efficient circular supply chains for lithium–ion batteries.

(i) The photovoltaic module stewardship and takeback program in the state of Washington[17]

In 2017, the Washington Legislature approved Senate Bill 5939, designed to promote a sustainable, regional renewable energy sector by adjusting tax incentives. One part of this bill is the Photovoltaic Module Stewardship and Takeback Program, which mandated manufacturers of solar panels to provide a "*convenient, safe, and environmentally sound system for the recycling of photovoltaic modules, minimization of hazardous waste, and recovery of commercially valuable materials.*" This requirement covers PV modules installed or connected to buildings or the grid, as well as those used in off–grid power generation systems like EV charging stations or water pumping stations. Manufacturers or importers of PV modules are obliged to finance the takeback and recycling system without passing costs onto the owners of PV modules. However, manufacturers may opt to be represented by a product stewardship organization for implementing and managing the program. The Washington Legislature has set the implementation date for the program to 1. July 2025. After this date, manufacturers failing to submit an approved stewardship plan to the Washington State Department of Ecology may face fees of up to US$ 10,000 for each PV module sale.

(ii) The responsible battery coalition – an initiative from NGOs and firms[18]

The Responsible Battery Coalition (RBC), comprising companies, academics, and NGOs, is dedicated "to advance the responsible production, transport, sale, use, reuse, recycling, and resource recovery of transportation, industrial and stationary batteries and other energy storage devices,(...)" Partners and members include environmental organizations such as The Sustainability Consortium and companies like Ford and FedEx. Launched at the Green California Summit in 2017, the coalition has devised a model for a C.E. for batteries, emphasizing design for circularity, maximizing reuse, and recycling, and minimizing battery waste.

Furthermore, the RBC has initiated the 2 Million Battery Challenge, aiming to recover approximately two million dead or unusable vehicles and equipment batteries for reintegration into the recycling loop. To achieve this, the coalition collaborates with industry organizations, manufacturers, community groups, and nonprofit entities, having supported 40 communities in 2022 and planning to expand growth to 180 communities by 2030.

[17] Based on the information of the State of Washington's official website.
[18] Based on the information of the Responsible Battery Coalition's official website.

Private sector initiatives to promote waste to energy and battery recycling

- **Enerkem** – This Canadian company extracts carbon from trash that cannot be recycled and uses it to produce biofuels.
- **Cambrian Innovation** – This firm's EcoVolt technology treats wastewater contaminated by industrial processes, not just turning it into clean water, but even producing biogas that can be used to generate clean energy.
- **Redwood Materials** – This company is transforming the battery supply chain by offering large–scale sources of domestic anode and cathode materials produced from an increasing number of recycled batteries that directly go back to U.S. cell manufacturers.
- **American Battery Factory (ABF)** – This new venture focuses exclusively on manufacturing and enhancing high–performance prismatic Lithium Iron Phosphate (LFP) batteries, which are the safest, longest–lasting, most reliable, and eco–friendly batteries available today.

B. United States trade in circular economy goods

For this section, a list of C.E. goods was compiled at the 10–digit level of the Harmonized System using the following criteria: products identified in the publication *"El comercio internacional y la economía circular en América Latina y el Caribe"* by N. Mulder and M. Albaladejo, ECLAC 2021; products identified by the *Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal*; products considered in the *OECD's Council Decision on the control of transboundary movements of waste destined for recovery operations*; the publication "*Used electronic products: An examination of U.S. exports*" USITC, 2013; and, products obtained using *keywords* associated with the concept of C.E. (such as used; waste; scrap; residues; recycling; refurbished; remanufactured; repair (ed); for disposal; disassembly; charitable donation; resale; nonworking; recovery; offal and rebuilt). As a result, a total of 407 goods were identified.

Under this classification, in 2023, the United States imported US$ 11,375 million in C.E. goods, representing 0.4% of total U.S. imports of goods. The share shows no change from last year. (see table 13).

The vast majority correspond to minerals, metals, and their manufactures, an extensive group encompassing waste and scrap metals, mechanical, motorized, and self–propelled machines — US$6,829 million in 2023, and agriculture, food, and beverages— US$1,965 million— in 2023 (also in table 13).

United States exports of C.E. goods amounted to US$37,202 million in 2023, continuing with a substantial surplus in circular economy goods. United States exports of C.E. goods represent about 1.8% of total U.S. exports in 2023, the same share observed in 2022. (also in table 13).

Table 13
United States trade in C.E. goods by sector
(in US millions of dollars)

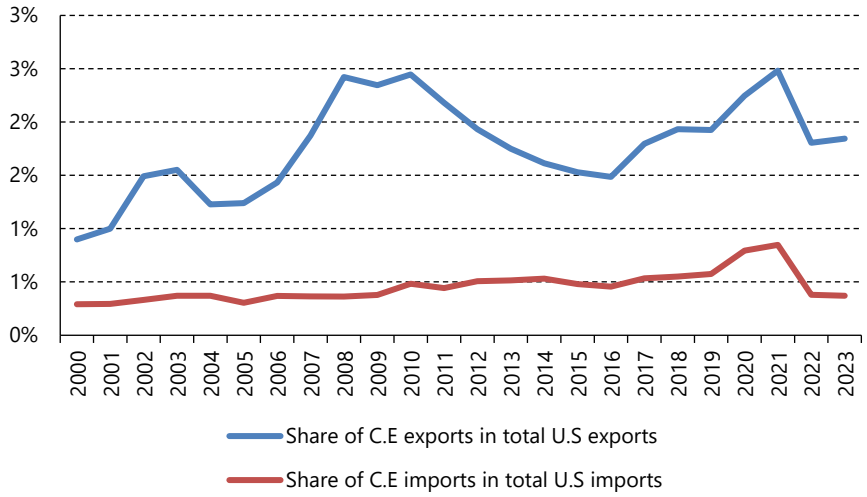
Imports	2000	2010	2020	2021	2022	2023
Agriculture, food and beverages	147	617	1 721	2 050	2 264	1 965
Chemical, plastic and rubber	200	304	345	449	428	418
Forestry, pulp, paper and cardboard	105	222	587	697	641	574
Minerals, metals and their products	1 671	5 276	7 669	10 979	7 042	6 829
Musical instrumens	0.0	10.3	8.3	7.9	11.1	10.0
Textils and leather	61	128	138	174	184	179
Transport materials	1 363	2 678	8 034	9 640	1 689	1 400
Total CE imports	3 547	9 235	18 503	23 996	12 258	11 375
Total imports	1 218 022	1 913 857	2 331 477	2 828 515	3 239 873	3 080 170
Share of CE imports in total imports	0.3%	0.5%	0.8%	0.8%	0.4%	0.4%

Exports	2000	2010	2020	2021	2022	2023
Agriculture, food and beverages	1 988	5 673	6 668	8 280	9 269	9 810
Chemical, plastic and rubber	225	1 049	267	377	348	340
Forestry, pulp, paper and cardboard	1 294	3 458	3 883	4 934	5 602	4 962
Minerals, metals and their products	1 840	20 754	14 746	21 538	13 305	12 239
Musical instrumens	0.0	0.0	0.0	0.0	0.0	0.0
Textils and leather	75	51	25	36	38	29
Transport materials	1 608	278	6 530	8 473	8 732	9 822
Total CE exports	7 029	31 263	32 118	43 639	37 294	37 202
Total exports	781 918	1 278 495	1 429 995	1 757 744	2 066 454	2 018 059
Share of CE imports in total exports (%)	0.9%	2.4%	2.2%	2.5%	1.8%	1.8%

Source: ECLAC based on data from U.S. Census Bureau - USA Trade Online.

The share of trade in circular economy goods in total U.S. trade has been increasing since 2000, both for imports and exports, however modestly. The share of C.E. imports in total U.S. imports of goods has shown a soft upward trend that reached its maximum in 2020 and 2021 at 0.8% but reverted in 2022 and 2023 (0.4%). Similarly, the share of exports of C.E. in total U.S. exports of goods reached a peak in 2021 (2.5%) but with a more volatile series, with several peaks and troughs that ended in a share of 1.8% in 2023. (figure 24).

Figure 24
Share of C.E. in U.S. exports and imports of goods, 2000–2022
(Percentages)



Source: ECLAC based on data from U.S. Census Bureau - USA Trade Online.

Latin America and the Caribbean represented in 2023 about 18% of total U.S. imports of C.E. goods, which is pretty close to the 20% of LAC share in total U.S. imports of goods. In 2023, the United States imported US$2,081 million of C.E. goods from the region, about five times the amount it imported from the region in 2000. Imports from LAC have been mainly mineral, metals, and their products. (table 14).

Regarding exports, Latin America and the Caribbean represented in 2023 about 25% of total U.S. exports of C.E. goods, similar to the 24% of LAC share in total U.S. exports of goods. In 2023, the United States exported US$9,299 million of C.E. goods to the region, about nine times the amount it exported to the region in 2000. Exports to LAC have been mainly agriculture, food and beverages, minerals, metals, and transport materials. (table 14).

Table 14
United States trade in C.E. goods with Latin America and the Caribbean
(in US millions of dollars)

Imports	2000	2010	2020	2021	2022	2023
Agriculture, food and beverages	56	127	151	182	204	205
Chemical, plastic and rubber	45	97	123	190	160	141
Forestry, pulp, paper and cardboard	5	8	5	5	5	6
Minerals, metals and their products	290	1 335	1 494	2 542	1 647	1 595
Musical instrumens	0.0	0.1	0.0	0.0	0.2	0.0
Textils and leather	14	50	25	29	33	30
Transport materials	24	84	530	664	177	105
Total CE imports from LAC	434	1 700	2 329	3 613	2 227	2 081
Share of CE imports from LAC over total U.S. CE imports (%)	12.2%	18.4%	12.6%	15.1%	18.2%	18.3%

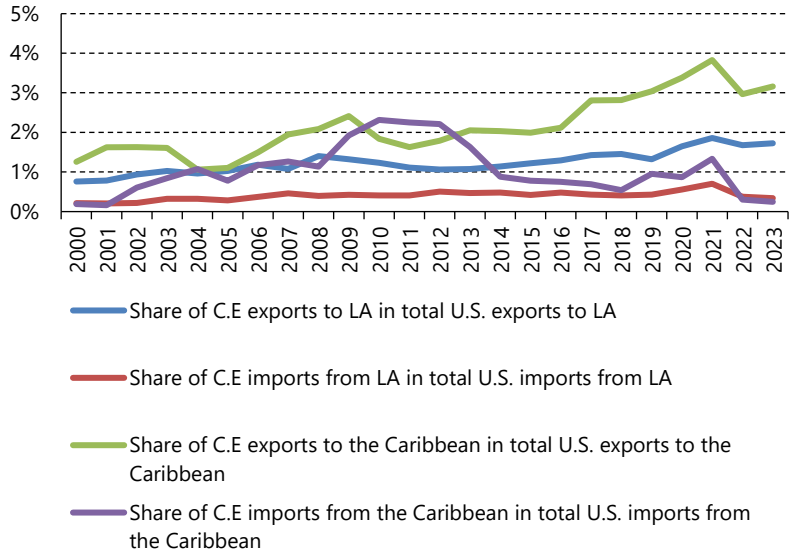
Exports	2000	2010	2020	2021	2022	2023
Agriculture, food and beverages	408	1 735	2 953	3 890	4 508	4 731
Chemical, plastic and rubber	35	47	46	99	122	109
Forestry, pulp, paper and cardboard	243	588	497	836	966	709
Minerals, metals and their products	335	1 316	1 475	2 535	2 499	2 185
Musical instrumens	0.0	0.0	0.0	0.0	0.0	0.0
Textils and leather	18	13	8	11	13	13
Transport materials	287	46	885	1 390	1 380	1 552
Total CE exports to LAC	1 327	3 746	5 864	8 761	9 488	9 299
Share of CE exports to LAC over total U.S. CE exports (%)	18.9%	12.0%	18.3%	20.1%	25.4%	25.0%

Source: ECLAC based on data from U.S. Census Bureau - USA Trade Online.

United States trade in C.E. goods with Latin America shows a similar trajectory to that of the United States C.E. goods trade. A stable but soft upward trend of C.E. imports from Latin America, with a maximum share value of 0.7% in 2021 and an important decline in 2022 (0.4%) that deepened in 2023 (0.3%). C.E. exports to the region show more volatile performance over the period, reflecting a share of 1.8% in 2023 in the total U.S. exports to Latin America, similar to the worldwide share (figure 25).

In the case of the Caribbean, the share of United States C.E. imports from this region fluctuated significantly over the period, reaching a maximum of 2.3% in 2010, decreasing from 2010 to 2014, and then mostly stagnating at around 1% but with a significant reduction in 2022 (0.3%) that deepened in 2023 (0.2%). United States C.E. exports to the Caribbean have been increasing almost uninterruptedly since 2011, reaching the series' peak in 2021 (3.8%), and with a share of 3.1% in 2023. (figure 25).

Figure 25
Share of C.E. goods in total exports, imports of goods with Latin America and the Caribbean, 2000–2022
(Percentages)



Source: ECLAC based on data from U.S. Census Bureau - USA Trade Online.

In recent years (2020–2023), the United States C.E. exports to Latin America have been concentrated in agriculture, food, and beverages, with 50% of C.E. exports corresponding to this sector and minerals, metals, and their products with 28%. At the beginning of the century, agriculture, food, and beverages (29%), and minerals, metals, and their products (28%) were the most significant sectors, followed by transport materials (23%). In the recent period, transport was only 11% of C.E. exports (table 15).

Considering the same periods, the share of United States C.E. imports from Latin America was led in both periods by minerals, metals, and their products, with 55% percent in 2000–2002 and 71% in 2020 – 2023. Imports of agriculture, food, and beverages from the region fell as a share of total imports from the region from 20% in 2000–2002 to only 8% in 2020–2023. Between 2020 and 2023, transport materials were the second most important sector in C.E. imports from the region, with 14% of imports corresponding to that sector (table 15).

Table 15
United States C.E. trade with Latin America by sectors
(Percentages)

	Latin America			
	C.E. Exports		C.E. Imports	
	2000-2003	2020-2023	2000-2003	2020-2023
Agriculture, food and beverages	29%	50%	20%	8%
Chemical, plastic and rubber	3%	1%	9%	6%
Forestry, pulp, paper and cardboard	17%	10%	1%	0%
Minerals, metals and their products	28%	28%	55%	71%
Musical instrumens	0%	0%	0%	0%
Textils and leather	1%	0%	4%	1%
Transport materials	23%	11%	11%	14%

Source: ECLAC based on data from U.S. Census Bureau - USA Trade Online.

United States C.E. exports to the Caribbean have been concentrated between 2020 and 2023 in transport materials (58%) and agriculture, foods, and beverages (36%). However, the latter sector lost ground compared with 2000–2002, when it represented 73% of C.E. exports to the Caribbean. (table 16).

United States C.E. imports from the Caribbean continue to be almost exclusively concentrated in minerals, metals, and their products, with 87% of the imports from the Caribbean corresponding to that sector in the period 2020–2023, an identical value of its share in 2000–2002. (table 16).

Table 16
United States C.E. trade with the Caribbean by sectors
(Percentages)

	The Caribbean			
	C.E. Exports		C.E. Imports	
	2000-2003	2020-2023	2000-2003	2020-2023
Agriculture, food and beverages	73%	36%	8%	0%
Chemical, plastic and rubber	1%	1%	3%	6%
Forestry, pulp, paper and cardboard	2%	1%	0%	0%
Minerals, metals and their products	16%	4%	87%	87%
Musical instrumens	0%	0%	0%	0%
Textils and leather	2%	0%	2%	6%
Transport materials	5%	58%	0%	0%

Source: ECLAC based on data from U.S. Census Bureau - USA Trade Online.

IV. United States Mexico Canada Trade Agreement (USMCA)'s Rapid Response Mechanism (RRM)

The USMCA's Rapid Response Mechanism (RRM) is an innovative trade agreement tool designed to empower workers in all three North American countries parties to the agreement. According to the Office of the United States Representative, the RRM "provides any interested party with the opportunity to petition the U.S. government to start a case on the basis of sufficient, credible evidence that workers' rights are being denied at a specific facility in Mexico". Some of those rights include the right to freedom of association and collective bargaining, which are guaranteed under both the USMCA and Mexican law.

According to the Office of the United States Representative, once a petition is accepted, the United States works jointly with Mexico to determine whether a denial of rights has occurred. If appropriate, a course of remediation or other penalties are imposed. If a facility is found to have illegally engaged in denying workers' rights and fails to remedy the harm, penalties can include a ban on its exports to the United States.

Since the implementation of the USMCA RRM, a total of 27 cases have been presented through the mechanism, with 26 of them filed by the United States and only one filed by Canada. The mechanism has been highly effective in solving labor disputes; for instance, 22 of the cases have been solved, and only 4 of them are still pending because of ongoing processes. Only one case was unresolved, which corresponds to the company Manufacturas VU facility in Piedras Negras, State of Coahuila, Mexico. After a remediation plan was adopted to address the violation of the rights of free association and collective bargaining, the company, instead of complying with the remediation plan, decided to close its facility.

The USMCA RRM has been widely used in the automotive industry; however, in recent years, it has been used in other industries. The following table summarizes the number of labor disputes by sector.

Table 17
Labor disputes by sector

Sector	Number of cases
Automotive	18
Mining	2
Services	2
Garments	1
Food manufacturing	1
Steel components manufacturing	1
Arms ammunition	1
Components manufacturing	1
TOTAL	27

Source: ECLAC based on Chapter 31 Annex A USMCA, Bureau of International Labor Affairs of the U.S. Department of Labor, and Government of Canada.

Table 18
United States–Mexico–Canada (USMCA) labor cases

General Motors facility in Silao, Mexico	
May 12, 2021	The United States asked Mexico to review whether workers at a General Motors (G.M.) facility are being denied the right of free association and collective bargaining. USTR and the Department of Labor received information appearing to indicate serious violations of these workers' rights in Silao, State of Guanajuato in connection with a recent worker vote, organized by the existing union, to approve their collective bargaining agreement.
July 8, 2021	The United States and Mexico announced the **first course of remediation under RRM** which seeks to provide the workers of the General Motors facility in Silao, Mexico with the ability to vote on whether to approve their collective bargaining agreement in free and democratic conditions, and to remediate the denial of the right of free association and collective bargaining to workers at the facility.
September 22, 2021	The United States announced the **successful conclusion of the first course of remediation** under the USMCA's RRM. Workers at the General Motors facility in Silao, Mexico voted on whether to approve their existing collective bargaining agreement in free and democratic conditions after the review requested by the United States on May 12.
Tridonex facility in Matamoros, Mexico	
June 9, 2021	The United States Trade Representative requested that Mexico review whether workers at the Tridonex automotive parts facility in Matamoros, State of Tamaulipas, are being denied the right of free association and collective bargaining.
August 10, 2021	The Office of the United States Trade Representative (USTR) and Tridonex, a subsidiary of Cardone Industries, announced an agreement to address allegations filed on behalf of employees at the Tridonex facility in Matamoros, State of Tamaulipas, that workers are being denied the rights of free association and collective bargaining. As part of the agreement, some of the measures Tridonex adopted include: Provision of severance and 6 months of backpay, totaling a minimum of 9 months of pay per worker and in many cases much more, to at least 154 workers who were dismissed from the plant, for a total backpay amount of more than $600,000. Provision of training to all Tridonex workers on their rights to collective bargaining and freedom of association Maintain and strengthen safety protocols to protect its workers from COVID–19 and financially support any employees who are unable to report to work due to COVID–19 exposure or infection
Panasonic Automotive Systems of Mexico in Reynosa, Mexico	
May 18, 2022	The United States asked Mexico to review whether workers at the Panasonic Automotive Systems of Mexico facility in Reynosa, State of Tamaulipas, are being denied the rights of free association and collective bargaining.
July 14, 2022	The United States and Mexico **announced the resolution** to a situation at the Panasonic Automotive Systems facility in Reynosa, Mexico where workers were previously denied their freedom of association and collective bargaining rights. The independent Mexican union and the facility engaged in constructive discussions, facilitated by the Government of Mexico, in connection with the USMCA matter. As a result, the facility took several actions, including: Renouncing a collective bargaining agreement it had signed with a union that lacked lawful bargaining authority. Reimbursing workers for dues the company had deducted from workers 'paychecks on the union's behalf. Offering reinstatement and backpay to twenty–six workers who were allegedly terminated for participating in union activity.

	Reimbursing workers for wages unpaid because of a work stoppage at the facility
	Teksid Hierro of Mexico in Frontera, State of Coahuila, Mexico
June 6, 2022	The United States asked Mexico to review whether workers at the Teksid Hierro de México (Teksid Hierro) facility in Frontera, State of Coahuila, are being denied the rights of free association and collective bargaining.
August 16, 2022	The United States and Mexico **announced the successful resolution** of a USMCA facility–specific RRM petition regarding the situation at the Teksid Hierro de México, S.A. de C.V. (Teksid Hierro) facility in Frontera, Mexico. Mexico conducted a review in response to the June 6 request and facilitated constructive discussions between the company and the independent union to remediate the situation. The facility took several actions including: Providing the independent union access to the facility for the purpose of carrying out worker representation as well as a designated office space Payment of union dues withheld from workers and owed to the independent union. Reinstating and offering back pay to thirty–six workers.
	Saint Gobain facility in Cuautla, Mexico
October 27, 2022	The United States released a statement after workers at a Saint Gobain facility in Cuautla, Mexico that exports automotive glass elected a new, independent union to represent them in collective bargaining agreement negotiations. This vote comes after the United States received an RRM petition under the USMCA. After a petition filed on September 27, 2022, which contained troubling allegations regarding denials of workers' rights of free association and collective bargaining pertaining to a collective bargaining agreement approval vote in July 2022, the United States government in collaboration with the Government of Mexico and the facility took several measures including the company issuing a statement recognizing the independent union's bargaining and noting a zero–tolerance policy regarding reprisals. Additionally, the company posted materials about workers' rights and set up a complaint email address.
	Manufacturas VU facility in Piedras Negras, State of Coahuila, Mexico
July 21, 2022	The United States asked Mexico to review whether workers at the Manufacturas VU (V.U.) facility in Piedras Negras, State of Coahuila, are being denied the rights of free association and collective bargaining.
September 14, 2022	The United States and Mexico **announced the resolution** of the petition related to the Manufacturas VU facility in Piedras Negras, State of Coahuila. The Government of Mexico conducted a review in response to the request and took actions in response to that review, including a supervised union representation election, in which VU workers voted in favor of an independent Mexican Union, La Liga Sindical Obrera Mexicana (LSOM). LSOM will be the first union to represent workers at the facility for purposes of collective bargaining. Moreover, workers were educated on the voting process and its implications.
January 30, 2023	The United States asked Mexico to review whether workers at the Manufacturas VU facility in Piedras Negras, State of Coahuila, are being denied the right of free association and collective bargaining. The request is the **second time** the United States asked Mexico to review labor conditions at this facility.
March 31, 2023	The United States and Mexico **announced a course of remediation** to address denials of rights at the Manufacturas VU automotive components facility in Piedras Negras, Coahuila, Mexico. Under the course of remediation, some of the actions Mexico agreed to include: Initiate sanctions proceedings against individuals, labor organizations, or companies found to have violated Mexican law in connection with this matter. Ensure that complaints about anti–union threats and violence are properly investigated and addressed by the relevant authorities. Ensure Manufacturas VU makes – and abides by– a public, written statement committing to respecting the rights of freedom of association and collective bargaining. Ensure the company will not impede La Liga Sindical Obrera Mexicana's (LSOM's) attempts to restore or exercise their right to represent workers for purposes of bargaining at the facility
October 10, 2023	United States Trade Representative Katherine Tai commented on the **closure of the Manufacturas VU facility**, which was the subject of a remediation plan negotiated between the United States and Mexico. Both countries closely monitored the remediation plan adopted in March at Manufacturas VU. However, rather than comply with the terms of the remediation plan and ensure it is operating consistent with Mexican labor laws, the United States understood that Manufacturas VU closed the facility and ended operations in Mexico.
	Unique Fabricating facility in Santiago de Querétaro, State of Querétaro, Mexico
March 6, 2023	The United States asked Mexico to review whether workers at a Unique Fabricating facility in Santiago de Querétaro, State of Querétaro, were being denied the rights of free association and collective bargaining.
April 24, 2023	The United States **announced the resolution** of a USMCA RRM petition related to a Unique Fabricating facility in Santiago de Querétaro, where workers were denied their rights to freedom of association and collective bargaining. The announcement marks the eighth facility in which the United States has successfully used the RRM. Some of the actions the Government of Mexico took include conducting training for management and workers and working with the company to issue a neutrality statement recognizing workers' ability to select a union of their own choice and stating its zero–tolerance policy toward union favoritism and discrimination. Additionally, the Government of Mexico monitored a union representation vote at the facility, in which workers elected an independent union to represent them for purposes of bargaining at the facility.
	Fraenkische Industrial Pipes México S.A. at a plant in Silao, Mexico,

March 11, 2023	The Government of Canada announced that a claim was submitted against the company Fraenkische Industrial Pipes México S.A, at its facility in Silao, Guanajuato. The claim alleges that workers at the facility are being denied the freedom of association and collective bargaining rights. The Canadian National Administrative Office (NAO) accepted the claim for review on March 13 and facilitated a dialogue between the concerned parties in order to reach an agreement. As a result, some of the actions implemented include the company issuing a public in which it committed to respect the effective exercise of freedom of association and collective bargaining rights of Fraenkische workers and reinstating three workers with backpay. Later, a union election vote by Fraenkische workers took place on June 26.
	Goodyear SLP facility in San Luis Potosi, San Luis Potosi, Mexico
May 22, 2023	The United States asked Mexico to review whether workers at a facility operated by Goodyear SLP in the city and state of San Luis Potosí are being denied the rights to freedom of association and collective bargaining. The petition alleged that Goodyear SLP, which specializes in converting rubber into car tires, has not abided by the provisions in the sectoral collective bargaining agreement (*contrato ley*) covering the rubber industry and instead signed a singular CBA with benefits inferior to those in the *contrato ley*. In addition, since the petition was filed, a legitimization vote at the facility was canceled by the Government of Mexico due to significant irregularities
July 19, 2023	The United States and Mexico **announced a course of remediation** to address denials of rights at the Goodyear facility in the city and state of San Luis Potosí. This announcement marks the fourth time the United States and Mexico have agreed on a formal course of remediation under the USMCA's RRM. Under the course of remediation, the Government of Mexico adopted several measures including: Ensure that Goodyear distributes copies of and applies the sector–wide agreement (*contrato ley*) at this facility, while ensuring the company continues to apply all wages and benefits currently provided to covered workers that are superior to the terms of *contrato ley.* Ensure that Goodyear compensates covered workers in the appropriate amounts, as determined by Mexican law, for any wages or benefits those workers did not receive because of Goodyear's failure to apply the *contrato ley.* Ensure that Goodyear posts, disseminates to workers, and abides by a public statement acknowledging its commitment to respect the rights to freedom of association and collective bargaining and affirming its neutrality and non–interference in union activities
February 5, 2024	The United States **announced the successful resolution** of the eighth USMCA facility–specific RRM petition regarding the facility operated by Goodyear SLP in the city and state of San Luis Potosí, where workers were previously denied their freedom of association and collective bargaining rights. As a result, workers at the facility were paid over 4.2 million U.S. dollars in backpay, have independent union representation, and will receive the benefits of the sector–wide agreement for their industry.
	Draxton facility in Irapuato, Guanajuato, Mexico
May 31, 2023	The United States asked Mexico to review whether workers at a Draxton facility in Irapuato, Guanajuato are being denied the rights to freedom of association and collective bargaining. The request included concerns regarding the retaliatory termination of a union official and workers not receiving their collective bargaining agreement before they voted on it. It also included concerns regarding employer interference in union activities to control the union at the plant and suppress workers' efforts to form a new independent union.
July 31, 2023	The United States and Mexico **announced a course of remediation** for the company and the Government of Mexico to address denials of rights at the Draxton facility in Irapuato, Guanajuato. Under the course of remediation, the Government of Mexico will ensure that Draxton: Reinstate a worker terminated due to union activities and that there will be no discrimination, harassment, intimidation, or any kind of violence against the worker moving forward. Full back pay and benefits were provided to the terminated worker. Posts, disseminates, and abides by a public, written statement in which Draxton commits to: ensure respect for the rights of freedom of association and collective bargaining; affirms its neutrality on workers' union choices, and guarantee its non–interference in all union activities; and refrain from attempts to influence workers' view on unions or union officials in any way. In addition, the Government of Mexico offered a phone line and email address for workers to anonymously report any intimidation, coercion, or threats with respect to their selection of a union or union activities.
April 9, 2024	The United States **announced the successful resolution** of the second self–initiated request under the USMCA RRM, regarding the Draxton facility in Irapuato, Guanajuato.
	Industrias del Interior (INISA) facility in Aguascalientes, Mexico
June 12, 2023	The United States asked Mexico to review whether workers at an Industrias del Interior (INISA) garment facility in the state of Aguascalientes, are being denied the right to freedom of association and collective bargaining. The request marks the tenth time the United States has formally invoked the RRM in the USMCA, and the **first time** the United States has done so in the **garment sector**. The petition alleged that INISA is committing acts of employer interference by coercing workers to accept the company's proposed collective bargaining agreement revisions and intervening in the union's internal affairs.
August 9, 2023	The United States and Mexico **announced a course of remediation** to address the denials of rights at the Industrias del Interior (INISA) facility in the state of Aguascalientes. Under the course of remediation, the Government of Mexico was directed to: Ensure that INISA posts, disseminates, and abides by a public, written statement in which INISA commits to several actions including: respect for the rights of freedom of association and collective bargaining, guarantee its non–interference in all union activities, among others.

	Ensure INISA implements a zero–tolerance policy for violations of the guidelines and neutrality statement. Offer a telephone line and/or direct email address for workers to anonymously report any intimidation, coercion, or threats with respect to their selection of a union or union activities, or non–neutrality, or interference in internal union affairs.
December 11, 2023	The United States **announced the successful resolution** of the first USMCA facility–specific RRM petition in the garment sector regarding the situation at the Industrias del Interior (INISA) facility in the state of Aguascalientes, where workers were previously denied their freedom of association and collective bargaining rights.
	Grupo México San Martin mine in Zacatecas, Mexico
June 16, 2023	The United States asked Mexico to review whether workers at the San Martin mine in the state of Zacatecas are being denied the rights to freedom of association and collective bargaining. The San Martin mine is a lead, zinc, and copper mine, owned and operated by the Grupo México conglomerate.
August 22, 2023	The United States **requested for the first time ever a RRM panel** under the USCMA, after Mexico disagreed with the United States and found no denial of rights to exist. The panel pertains to a labor dispute at the San Martin mine in the Mexican state of Zacatecas. The United States and Mexico had worked cooperatively to address labor rights violations at numerous Mexican facilities under other RRM matters but were unable to reach agreement in this matter. Hence, the United States determined it was appropriate to request a panel to verify the facility's compliance with Mexican labor laws and determine whether a denial of rights had occurred.
May 13, 2024	The panel found the mine is a covered facility for the purposes of the RRM. However, the panel went on to find that the alleged denials of rights were not brought under Mexican labor necessary to fulfill Mexico's labor–related obligations within the meaning of the USMCA, because, as matter of Mexican law, the events at issue would likely be subject to labor laws that predate Mexico's labor reform. Therefore, the panel found that it **lacked jurisdiction** to determine whether a denial of rights occurred at the facility. The determination of the panel was final.
	Grupo Yazaki facility in Leon, Guanajuato, Mexico
August 7, 2023	The United States asked Mexico to review whether workers at the Grupo Yazaki facility in the state of Guanajuato are being denied the rights to freedom of association and collective bargaining. The Planta León facility, owned by parent company Yazaki Corporation, produces electrical components for autos.
October 4, 2023	The United States and Mexico **announced resolution** to the situation at a Grupo Yazaki auto components facility in León, Mexico which was brought to the attention of the U.S. government through a petition. Actions taken by the facility and the Government of Mexico to address the matter included: Grupo Yazaki posting a neutrality statement on its North American website and distributing physical copies across its facilities in Mexico, including at Planta León, affirming its commitment to safeguarding the right to freedom of association and sharing an internal hotline for workers to submit concerns related to their labor rights. The Government of Mexico and the International Labor Organization delivering trainings on freedom of association and collective bargaining rights at the facility for workers, company representatives and union representatives
	Aerotransportes Mas de Carga (Mas Air) in Mexico City, Mexico
August 30, 2023	The United States asked Mexico to review whether pilots at Aerotransportes Mas de Carga (Mas Air), a Mexico City–based airline that provides cargo transportation services, are being denied the right to freedom of association and collective bargaining. The request marks the thirteenth time the United States has formally invoked the RRM in the USMCA, and the **first time** the United States has done so in the **services sector**.
October 26, 2023	The United States and Mexico **announced the successful resolution** of a USMCA facility–specific RRM petition regarding the situation at Aerotransportes Mas de Carga (Mas Air). Actions taken by the facility and the Government of Mexico to address the matter included: Mas Air reinstating and providing backpay to a pilot who had been dismissed in retaliation for union activity and paying severance to other pilots who had been dismissed in retaliation for their union activity but declined reinstatement. Mas Air adopting and posting a neutrality statement and company guidelines on freedom of association and collective bargaining, including a zero–tolerance policy for violations thereof. The company also committed to ensuring a neutral and free environment during an upcoming vote in which pilots will chose which union will represent them for the purposes of collective bargaining. The Government of Mexico delivering trainings on freedom of association and collective bargaining rights at the facility for pilots.
	Teklas Automotive facility in Aguascalientes, Mexico
September 25, 2023	The United States asked Mexico to review whether workers at the Teklas Automotive facility in Aguascalientes, which manufactures automotive parts, are being denied the right to freedom of association and collective bargaining.
April 9, 2024	The United States **announced the successful resolution** of a USMCA facility–specific RRM matter at the Teklas Automotive facility in Aguascalientes. Actions taken by the facility and the Government of Mexico to address the matter included: Reinstatement of the workers terminated due to union activities and a commitment to ensuring that there will be no discrimination harassment, intimidation, coercion, threats, reprisal or violence against the workers moving forward. Compensation of the terminated workers' full back pay and benefits, from the date of termination until the date of reinstatement.

	Adopting and implementing neutrality statements and company guidelines on freedom of association and collective bargaining, including a zero–tolerance policy for violations, and training all company personnel of the guidelines and neutrality commitments. Organizing and overseeing a series of dialogue meetings to settle agreements between Teklas and the independent union, on union access to the facility and the terms for both the free and fair vote held in January to determine union ownership of the CBA and an upcoming CBA revision.
	Asiaway Automotive Components Mexico facility in San Luis Potosi, Mexico
October 23, 2023	The United States asked Mexico to review whether workers at the Asiaway Automotive Components Mexico facility in San Luis Potosi, which manufactures automotive components, are being denied the right to freedom of association and collective bargaining.
February 16, 2024	The United States and Mexico **announced the successful resolution** of a USMCA RRM matter at Asiaway Automotive Components Mexico in San Luis Potosí. Actions taken by the facility and the Government of Mexico to address the matter included: Asiaway reinstating and providing backpay to a worker that had been dismissed in retaliation for their union activity. Asiaway adopting and posting a neutrality statement and company guidelines on freedom of association and collective bargaining, including a zero–tolerance policy for violations of the policy. The Government of Mexico delivering trainings on freedom of association and collective bargaining rights at the facility for all personnel.
	Tecnología Modificada S.A de C.V Caterpillar facility in Nuevo Laredo, Mexico
October 26, 2023	The United States asked Mexico to review whether workers at Tecnología Modificada S.A de C.V in Nuevo Laredo, a subsidiary of Caterpillar Inc., are being denied the right to freedom of association and collective bargaining. The facility produces remanufactured automotive parts.
December 22, 2023	The United States **announced the successful resolution** of another USMCA RRM matter the situation at Tecnología Modificada, a Caterpillar Inc. subsidiary in Nuevo Laredo. Although there was an ongoing strike, some of the actions taken by the facility and the Government of Mexico to address the matter included: The company offered reinstatement to two unlawfully dismissed workers under the same terms, conditions, and circumstances from before their termination, including full backpays and benefits from the date of termination until the stark of the strike. The company issued and distributed a written neutrality statement in which it commits to respect freedom of association and collective bargaining rights. The Government of Mexico and the company trained all employees who are currently working on freedom of association and collective bargaining rights and responsibilities.
	Autoliv Steering Wheels facility in Querétaro, Mexico
November 20, 2023	The United States asked Mexico to review whether workers at the Autoliv Steering Wheels Mexico facility in El Marqués in the state of Querétaro are being denied the right to freedom of association and collective bargaining, including through the company firing workers in retaliation for union activity, making coercive statements that interfere with workers' rights, and denying access to the facility for union–related activity.
January 22, 2024	The United States and Mexico **announced the successful resolution** of the USMCA RRM matter at the Autoliv Steering Wheels Mexico facility in El Marqués in the state of Querétaro, Mexico. Some of the actions taken by the facility and the Government of Mexico to address the matter included: Autoliv reinstating and providing full backpay and benefits to three workers it had unjustly dismissed but chose not to return to the facility. Autoliv posting and disseminating a neutrality statement and related guidelines at the facility, affirming its commitment to safeguarding the right to freedom of association. The Government of Mexico delivering trainings on freedom of association and collective bargaining rights at the facility for workers and company representatives.
	Fujikura Automotive Mexico facility in Piedras Negras, Coahuila, Mexico
December 14, 2023	The United States and Mexico to review whether workers at the Fujikura Automotive Mexico facility in Piedras Negras in the state of Coahuila are being denied the right to freedom of association and collective bargaining, including through the company blacklisting or otherwise retaliating against workers because of union activity at their prior employer, Manufacturas VU.
February 13, 2024	The United States and Mexico **announced the successful resolution** of the RRM matter at the Fujikura Automotive facility in Piedras Negras, Coahuila. Some of the actions taken by the facility and the Government of Mexico to address the matter included: Fujikura posting and disseminating a neutrality statement and related guidelines at the facility, affirming its commitment to safeguarding the right to freedom of association. Fujikura representatives delivering trainings to all facility personnel on its neutrality statement and guidelines. The Government of Mexico delivering trainings on freedom of association and collective bargaining rights at the facility for workers. These trainings were also delivered to Human Resources representatives from all Fujikura´s facilities in Mexico.
	Atento Servicios, S.A de C.V facilities in Pachuca, Hidalgo, Mexico
January 19, 2024	The United States asked Mexico to review whether workers at the Atento Servicios, S.A de C.V facilities in the city of Pachuca, state of Hidalgo, are being denied the right to freedom of association and collective bargaining. Both Atento locations in Pachuca offer call center services to BBVA Mexico, a subsidiary of BBVA Group. The request marks the nineteenth time the United States has formally invoked the RRM in the USMCA and the **first time** the United States has done so in the **telecommunications sector**.
April 16, 2024	The United States filed its **second–ever request for a dispute settlement panel** under the USMCA RRM over a labor dispute at a call center in Mexico. According to the Mexican government, the

	company had fully remediated worker rights violations. However, the U.S. disagreed, saying some workers wrongfully dismissed by the company "may not had received the full remediation owed to them under Mexican law", and alleging that Mexico in its assessment of the case failed to address the impact of "illegal activity" by the company on worker voter, as stated in the request.
	RV Fresh Foods S.A de C.V facility in Uruapan, Michoacán, Mexico
February 16, 2024	The United States asked Mexico to review whether workers at the RV Fresh Foods S.A de C.V facility, which produces guacamole in Uruapan in the state of Michoacán, are being denied the right to freedom of association and collective bargaining. The request marks the 20th time the United States has formally invoked the RRM in the USMCA, and the **first time** the United States has done so in the **food manufacturing sector**.
April 22, 2024	The United States and Mexico **announced a course of remediation** to address denials of rights at the RV Fresh Foods facility, which produces guacamole in the state of Michoacán. It is the **first time** both the United States and Mexico have identified **violations related to the conduct of the petitioning union**. Under the course of remediation, the Government will ensure that RV Fresh: Implements its neutrality statement and company guidelines on freedom of association and collective bargaining, including a zero–tolerance policy for violations, and commits to delivering annual training to all company personnel on these commitments. Implements the agreements it reached with the union through dialogue sessions led by the Government of Mexico Also, the Government of Mexico will ensure the union: Submits updated status for the relevant Mexican labor authorities' approval and provides the updated statutes to RV Fresh and workers. Refrains from committing acts of extortion or obtaining gifts from RV fresh.
July 15, 2024	The United States and Mexico **announced the successful resolution** of the first USMCA facility–specific RRM matter in the food manufacturing sector, regarding the RV Fresh Foods facility in the state of Michoacán. In April 2024, the United States and Mexico agreed on a holistic plan to address labor violations at the facility. That plan has now been implemented and workers' rights restored.
	Servicios Industriales González, S.A de C.V (SIG) in Nuevo Leon, Mexico
April 1, 2024	The United States asked Mexico to review whether workers at the Servicios Industriales González, S.A de C.V facility, which specializes in fabricating steel components, are being denied the right to freedom of association and collective bargaining.
May 30, 2024	The United States **announced the successful resolution** of the RRM matter at the Servicios Industriales González, S.A de C.V (SIG) facility. Some the actions taken by the facility and the Government of Mexico to address the matter included: SIG paying nearly US$ 20,000 in settlement to six dismissed workers. SIG provides equivalent facility access to two unions seeking to represent workers at the facility. SIG posting and disseminating a neutrality statement and related guidelines at the facility, affirming its commitment to safeguarding the rights to freedom of association and collective bargaining. The Government of Mexico delivering trainings on freedom of association and collective bargaining rights to workers and company representative at all SIG facilities in the state of Nuevo Leon.
	Minera Tizapa S.A de C.V, in Zacazonapan, Mexico
April 3, 2024	The United States asked Mexico to review whether workers at the Minera Tizapa, S.A de C.V, a subsidiary of Industrias Peñoles, S.A.B de C.V are being denied the right to freedom of association and collective bargaining.
May 30, 2024	The United States **announced the successful resolution** of the second USMCA facility–specific RRM matter in the mining sector, regarding Minera Tizapa de C.V. Some of the actions taken by the facility to address the matter included: Reinstating and providing backpay to eight workers that had been dismissed in retaliation for their union activity. Rehiring three workers dismissed in retaliation for their union activity and who previously signed agreements with Mexican tribunals and accepted severance packages. Paying an "operational continuity" bonus, which was originally paid in a discriminatory manner solely to workers affiliated with the incumbent union, to 249 workers who had not received it. Adopting, disseminating, and implementing a neutrality statement and company guidelines on freedom of association and collective bargaining, including a zero–tolerance policy for violations, and training all company personnel on the guidelines and neutrality commitments. Also, some of the actions taken by the Government of Mexico to address the matter included: Delivering in–person trainings for all company personnel on freedom of association and collective bargaining. Offering an email address for workers to anonymously report any intimidation, coercion, or threats with respect to their selection of a union, union activities, non–neutrality, or interference in internal union affairs.
	Volkswagen de México, S.A de C.V facility in Cuautlancingo, Puebla, Mexico
May 28, 2024	The United States asked Mexico to review whether workers at the Volkswagen de México, S.A de C.V facility in Cuautlancingo, Puebla, are being denied their rights to freedom of association and collective bargaining. The facility is the largest automobile manufacturing plant in Mexico and among Volkswagen Group's largest plants globally.
July 30, 2024	The United States and Mexico **announced a course of remediation** at the Volkswagen de México, S.A de C.V facility in Cuautlancingo, Puebla. Under the course of remediation, the Government of Mexico will ensure that Volkswagen de México: Reinstates and provides full backpay and benefits to eight workers; and pays full severance to one worker who elected severance over reinstatement.

	Implements its neutrality statement and company guidelines on freedom of association and collective bargaining, including a zero–policy for violations. Also, under the course of remediation, the Government of Mexico will: Monitor the facility related to the obligations of this course of remediation and compliance with Mexican laws related to freedom of association and collective bargaining. Maintain a direct email address and telephone line for workers to anonymously report any potential acts of unlawful interference or other violations of workers' freedom of association and collective bargaining rights.
August 26, 2024	The United States **announced the successful resolution** of the USMCA RRM matter regarding the Volkswagen de México facility in the state of Puebla. Some of the actions taken by the facility to address the matter include: Reinstating and providing full backpay and benefits to eight workers and paying full severance to one worker who elected severance over reinstatement. Posting, disseminating, and implementing its neutrality statement and company guidelines on freedom of association and collective bargaining, including a zero–tolerance policy for violations. Additionally, some of the actions taken by the Government of Mexico include: Conducting in–person workers' rights training for company personnel and posting and distributing informational material at the facility regarding freedom of association and collective bargaining. Maintaining a direct email address and telephone line for workers to anonymously report any potential acts of unlawful interference or other violations of workers' freedom of association and collective bargaining rights.
Ammunition Manufacturer Industrias Tecnos, S.A de C.V facility, in Cuernavaca, Morelos, Mexico	
June 24, 2024	The United States asked Mexico to review whether workers at Industrias Tecnos, S.A de C.V facility in Cuernavaca, Morelos, are being denied the right to freedom of association and collective bargaining.
Impro Industries Mexico, S. de R.L de C.V facility in Villa de Reyes, San Luis Potosi, Mexico	
July 25, 2024	The United States asked Mexico to review whether workers at the Impro Industries Mexico, S. de R.L de C.V facility in the city of Villa de Reyes in the State of San Luis Potosí, Mexico, are being denied the right to freedom of association and collective bargaining.
Pirelli Neumáticos S.A de C.V facility in Silao de la Victoria, Guanajuato, Mexico	
August 23, 2024	The United States asked Mexico to review whether workers at the Pirelli Neumaticos, S.A de C.V facility in the city of Silao de la Victoria in the state of Guanajuato, Mexico, are being denied the right to freedom of association and collective bargaining. The Pirelli facility specializes in converting rubber into car tires.

Source: ECLAC based on Chapter 31 Annex A USMCA, Bureau of International Labor Affairs of the U.S. Department of Labor, and Government of Canada.

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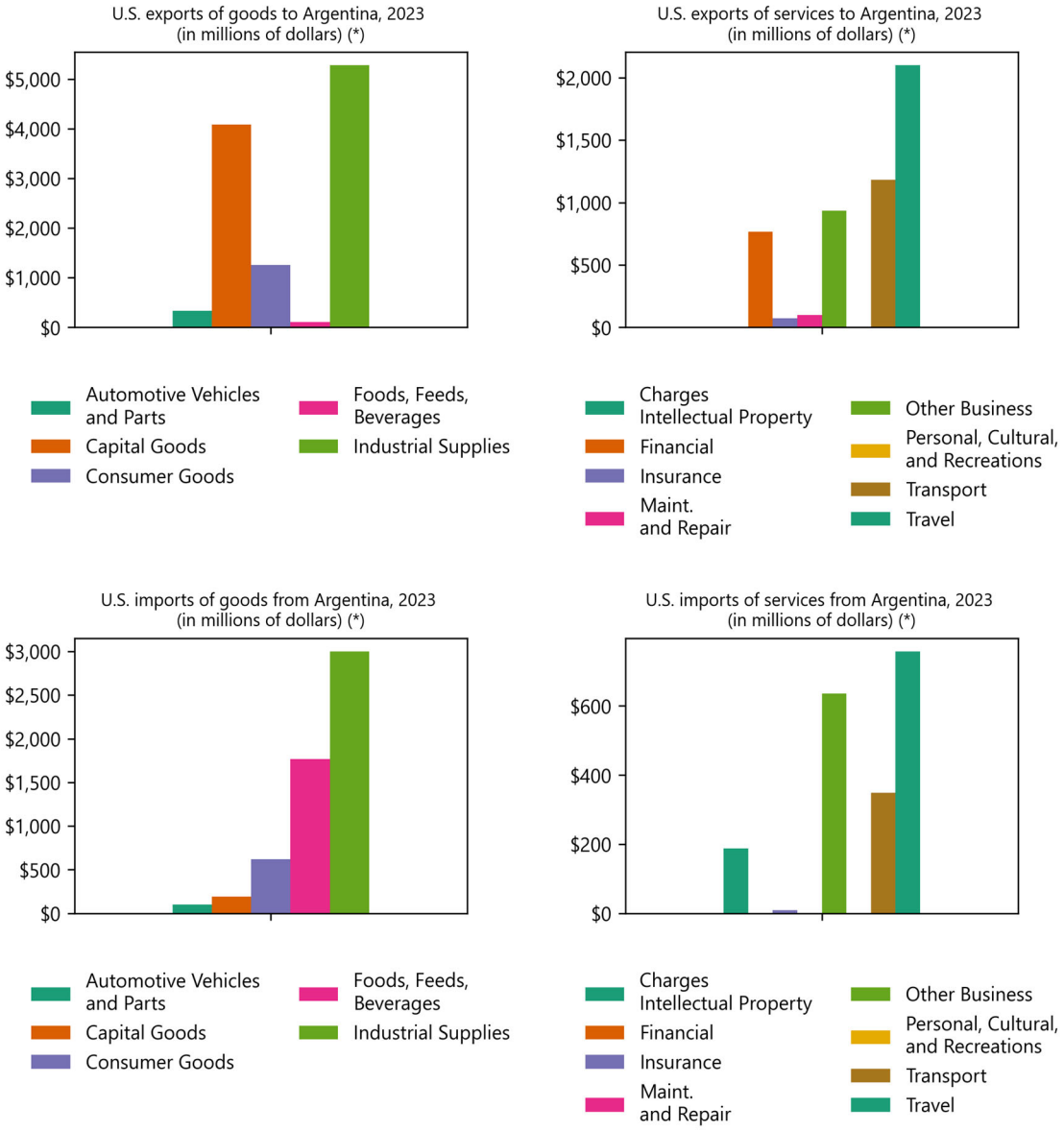
Annex

Annex A1
Countries trade profile

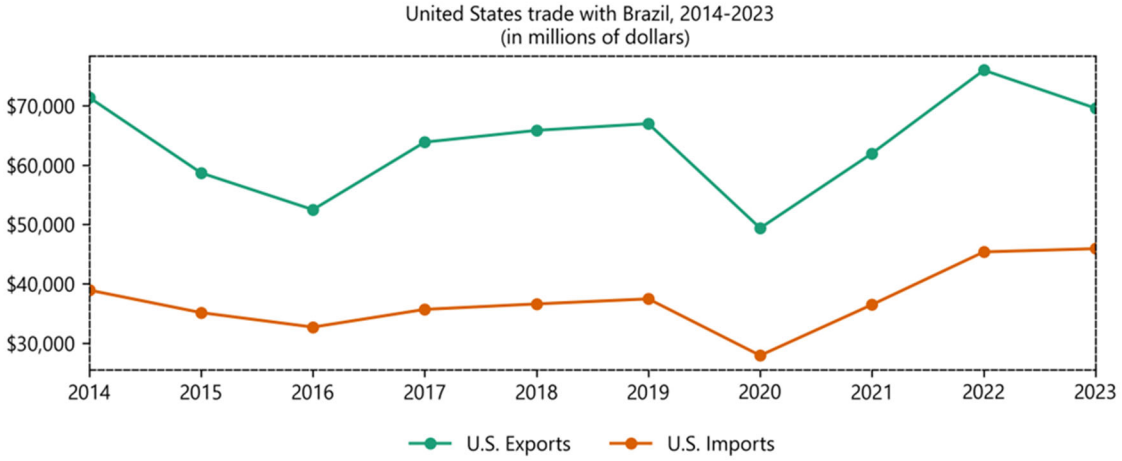
Argentina



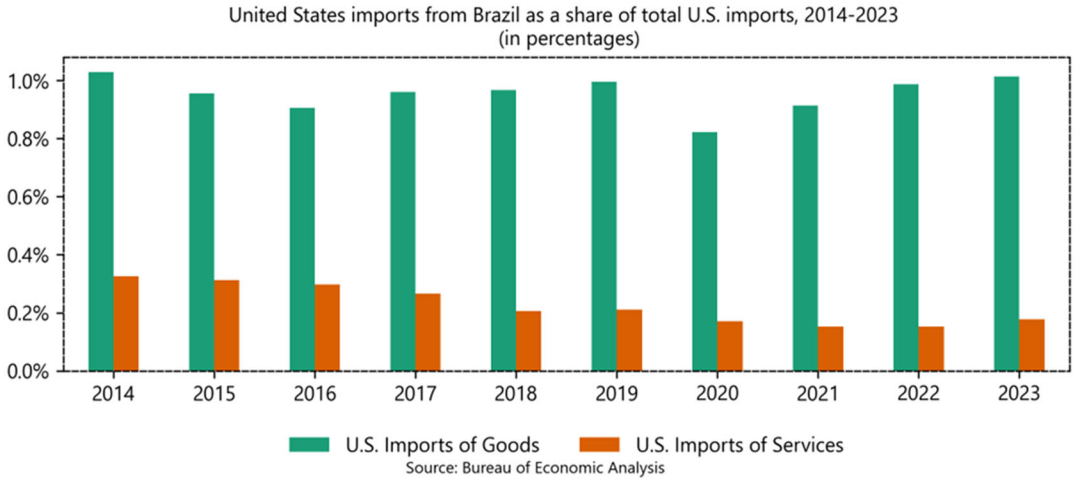
Source: Bureau of Economic Analysis

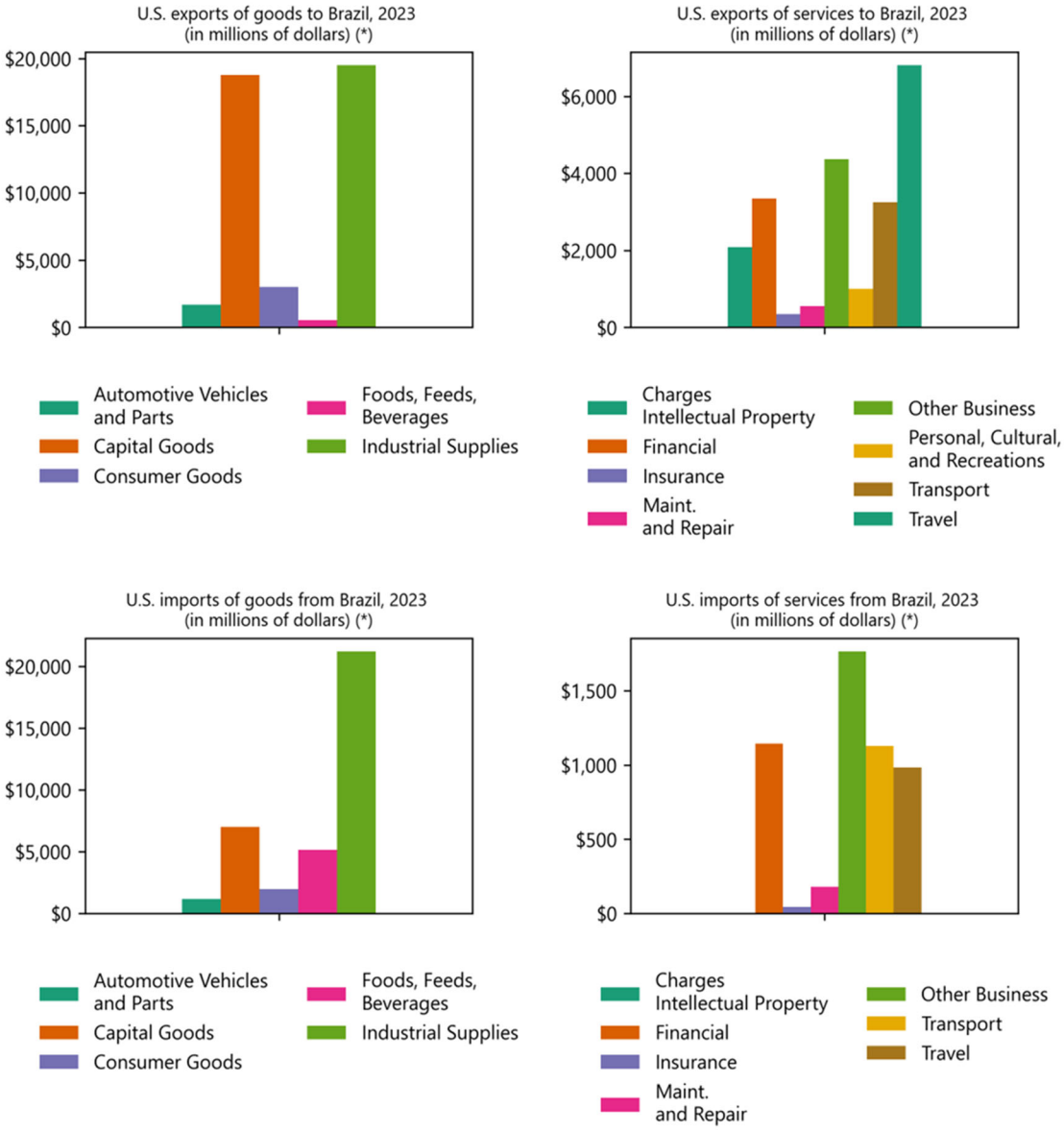
(*) Note: Some sectors could not be shown due to disclosure considerations or transactions below $500,000.

Brazil


United States trade with Brazil, 2014-2023
(in millions of dollars)
$70,000
$60,000
$50,000
$40,000
$30,000
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
U.S. Exports
U.S. Imports


United States exports to Brazil as a share of total U.S. exports, 2014-2023
(in percentages)
1.5%
1.0%
0.5%
0.0%
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
U.S. Exports of Goods
U.S. Exports of Services


United States imports from Brazil as a share of total U.S. imports, 2014-2023
(in percentages)
1.0%
0.8%
0.6%
0.4%
0.2%
0.0%
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
U.S. Imports of Goods
U.S. Imports of Services
Source: Bureau of Economic Analysis



Source: Bureau of Economic Analysis

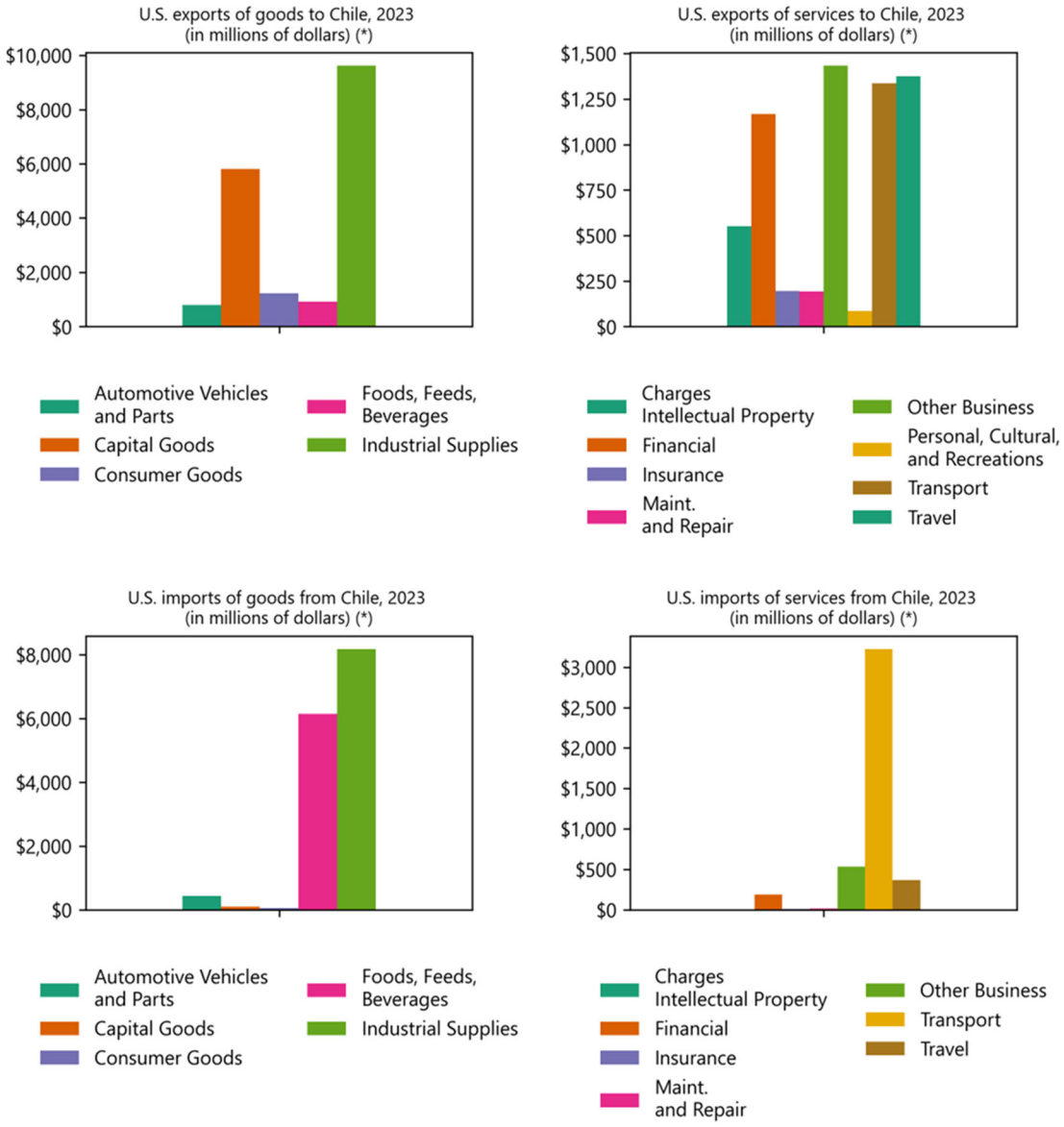
(*) Note: Some sectors could not be shown due to disclosure considerations or transactions below $500,000.

Chile


United States trade with Chile, 2014-2023
(in millions of dollars)
$30,000
$25,000
$20,000
$15,000
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
U.S. Exports
U.S. Imports


United States exports to Chile as a share of total U.S. exports, 2014-2023
(in percentages)
0.6%
0.4%
0.2%
0.0%
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
U.S. Exports of Goods
U.S. Exports of Services

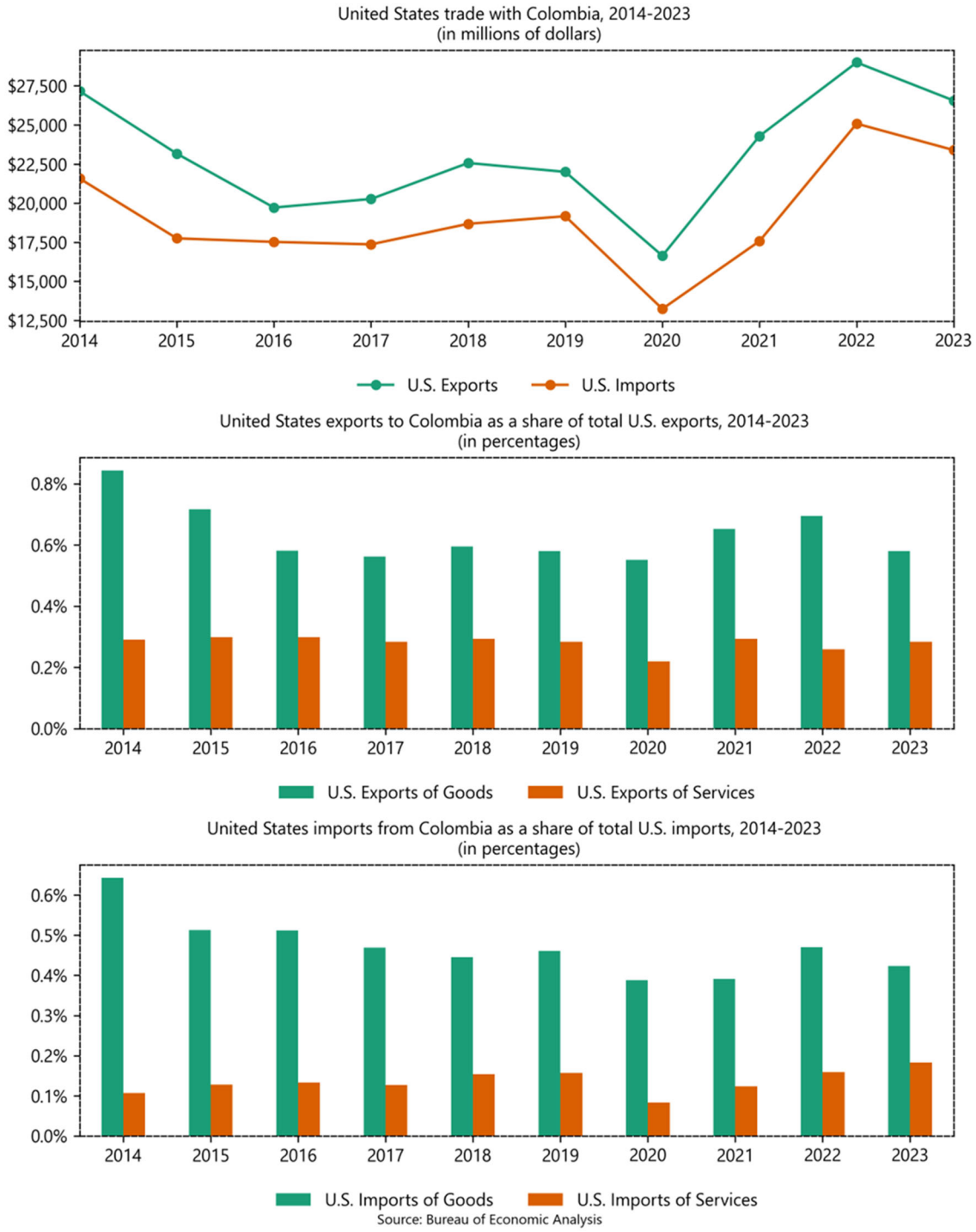

United States imports from Chile as a share of total U.S. imports, 2014-2023
(in percentages)
0.4%
0.3%
0.2%
0.1%
0.0%
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
U.S. Imports of Goods
U.S. Imports of Services
Source: Bureau of Economic Analysis

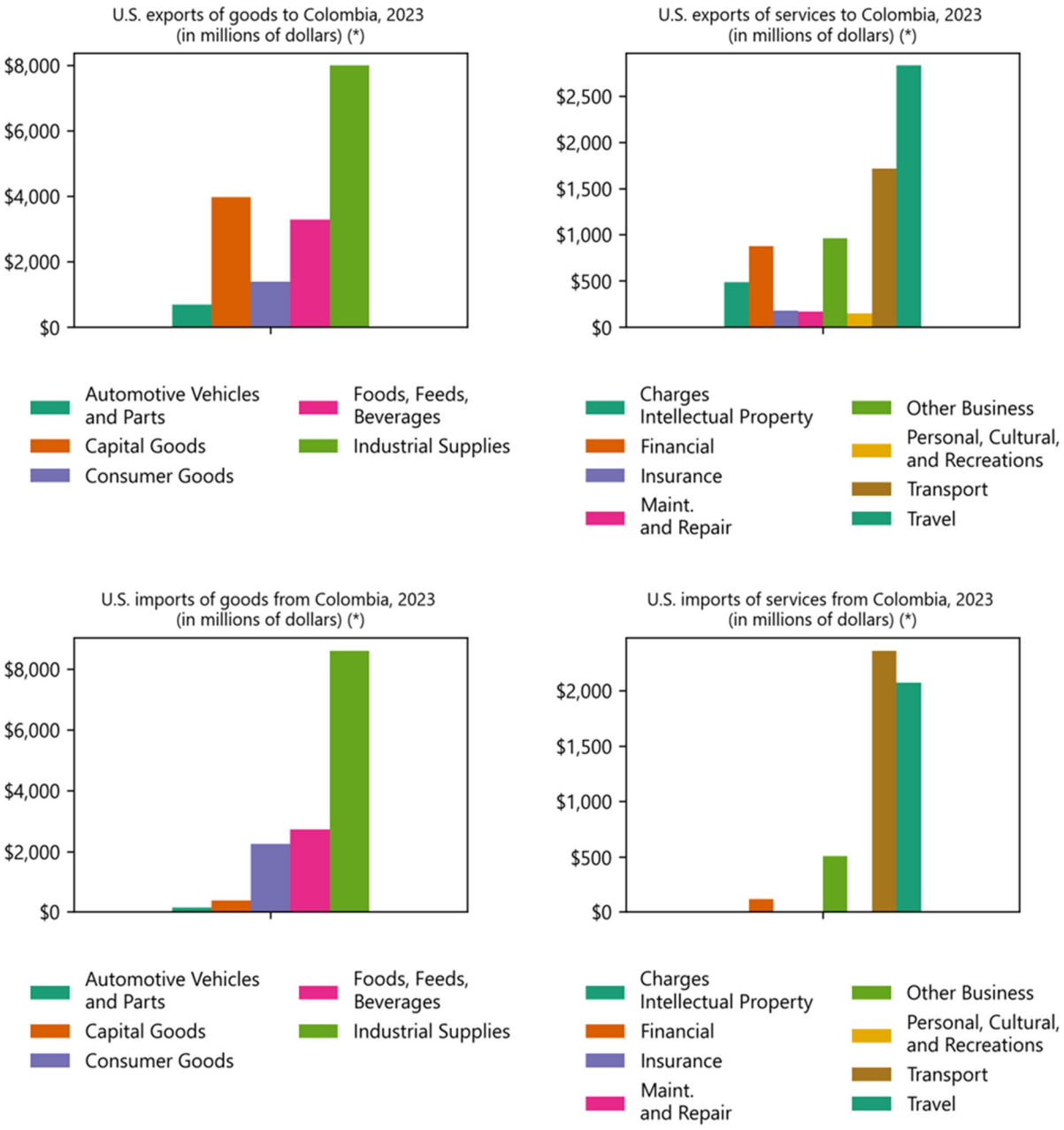


Source: Bureau of Economic Analysis

(*) Note: Some sectors could not be shown due to disclosure considerations or transactions below $500,000.

Colombia

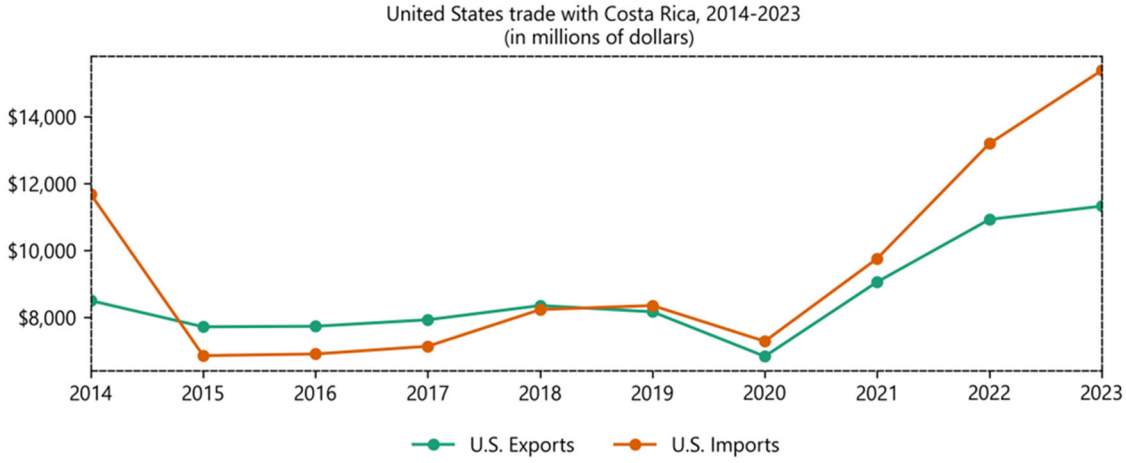

United States trade with Colombia, 2014-2023
(in millions of dollars)
$27,500
$25,000
$22,500
$20,000
$17,500
$15,000
$12,500
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
U.S. Exports
U.S. Imports
United States exports to Colombia as a share of total U.S. exports, 2014-2023
(in percentages)
0.8%
0.6%
0.4%
0.2%
0.0%
U.S. Exports of Goods
U.S. Exports of Services
United States imports from Colombia as a share of total U.S. imports, 2014-2023
(in percentages)
0.6%
0.5%
0.4%
0.3%
0.2%
0.1%
0.0%
U.S. Imports of Goods
U.S. Imports of Services
Source: Bureau of Economic Analysis

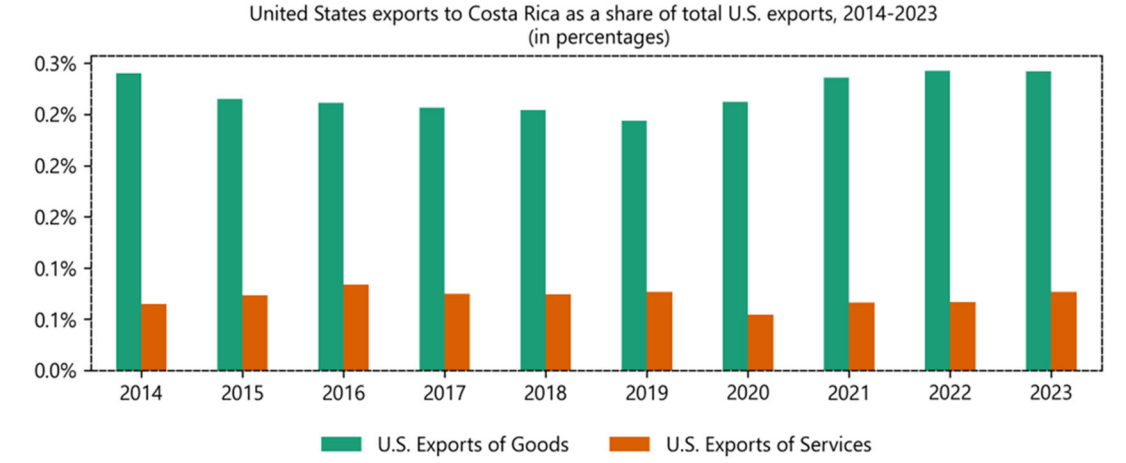


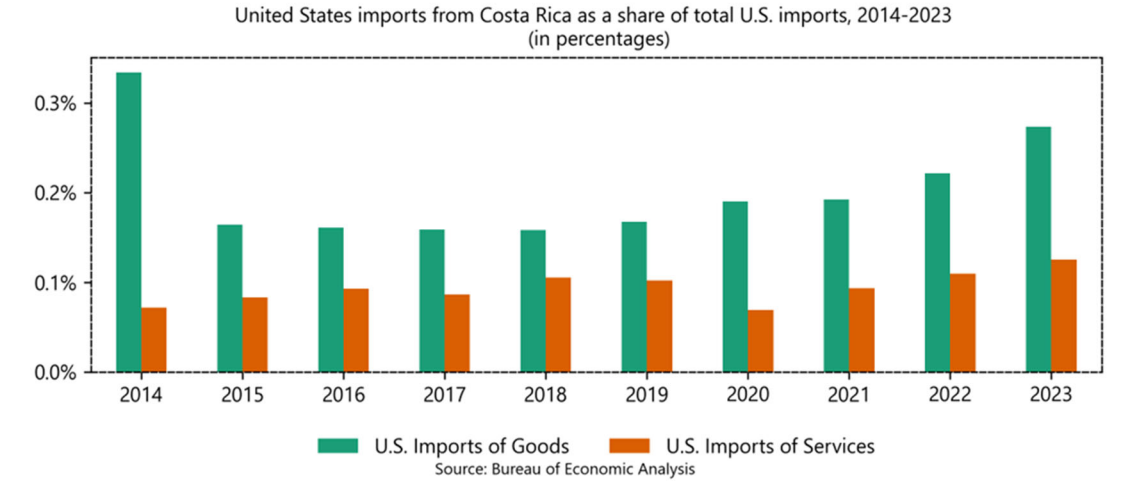
Source: Bureau of Economic Analysis

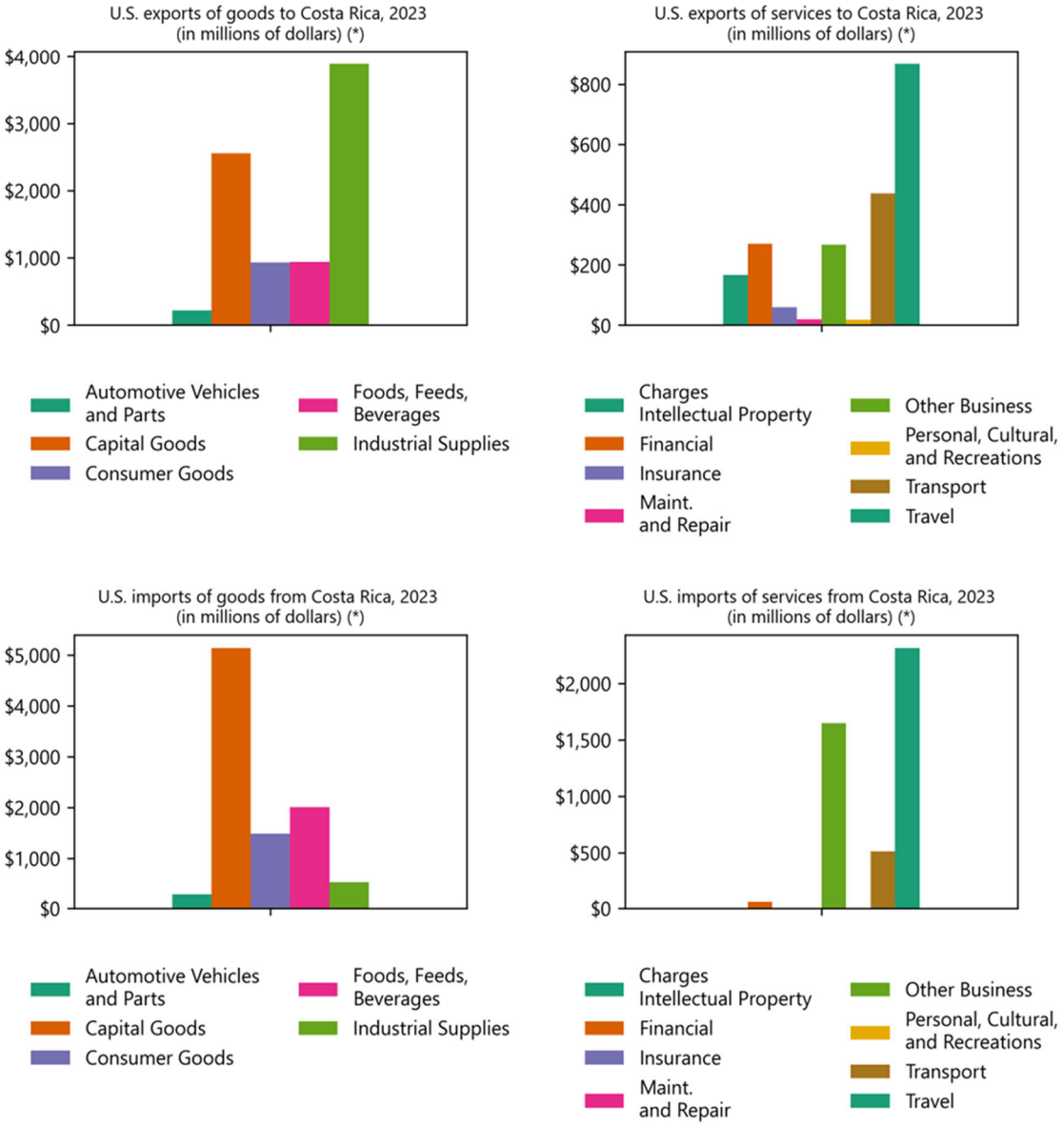
(*) Note: Some sectors could not be shown due to disclosure considerations or transactions below $500,000.

Costa Rica


United States trade with Costa Rica, 2014-2023
(in millions of dollars)
$14,000
$12,000
$10,000
$8,000
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
U.S. Exports
U.S. Imports


United States exports to Costa Rica as a share of total U.S. exports, 2014-2023
(in percentages)
0.3%
0.2%
0.2%
0.2%
0.1%
0.1%
0.0%
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
U.S. Exports of Goods
U.S. Exports of Services

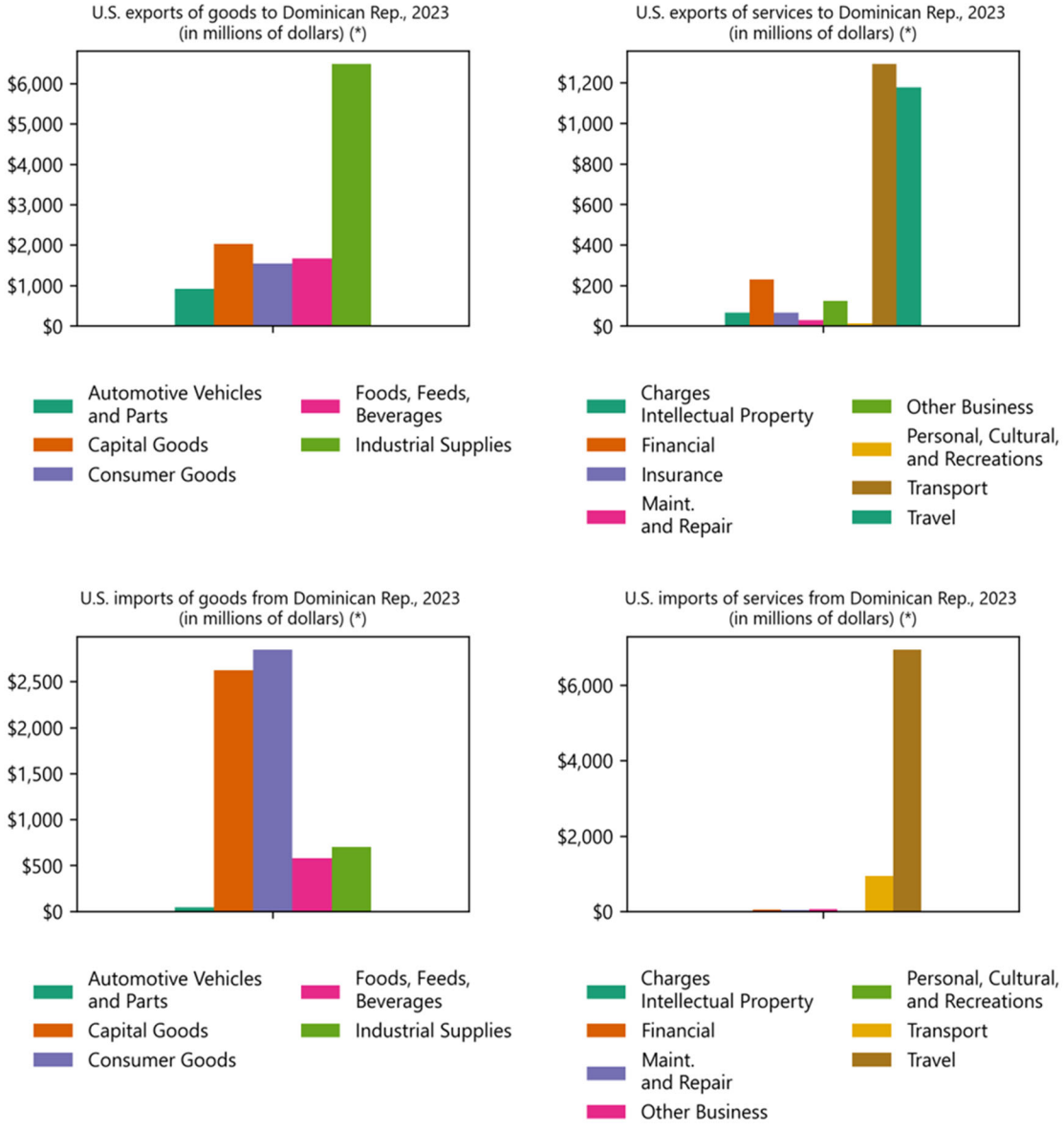

United States imports from Costa Rica as a share of total U.S. imports, 2014-2023
(in percentages)
0.3%
0.2%
0.1%
0.0%
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
U.S. Imports of Goods
U.S. Imports of Services
Source: Bureau of Economic Analysis



Source: Bureau of Economic Analysis

(*) Note: Some sectors could not be shown due to disclosure considerations or transactions below $500,000.

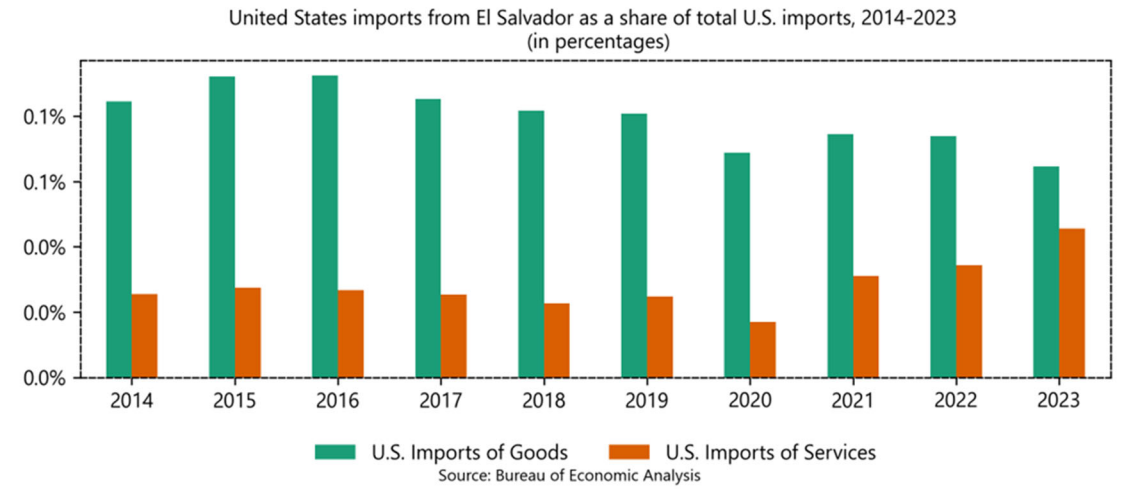
Dominican Republic



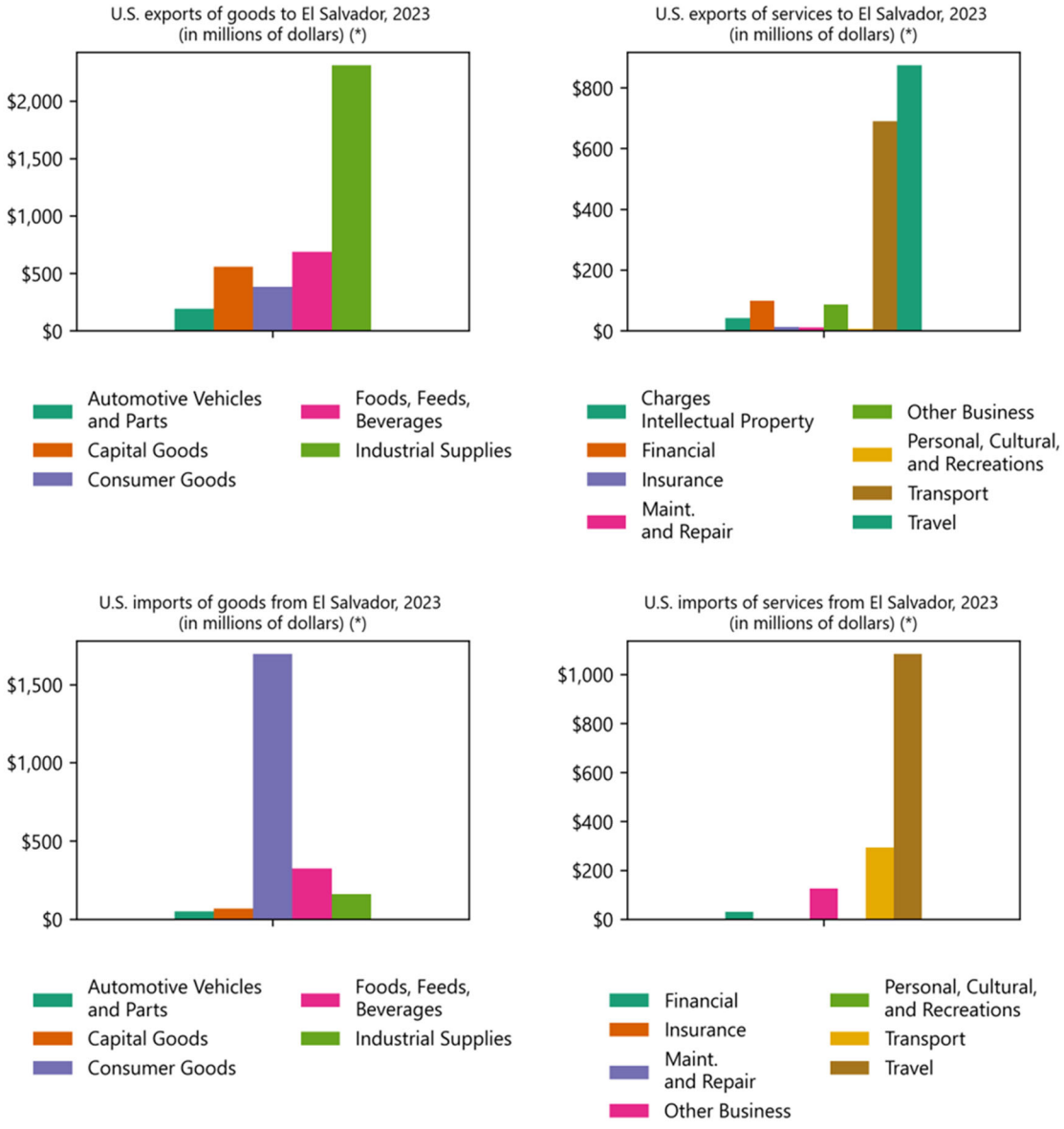
Source: Bureau of Economic Analysis

(*) Note: Some sectors could not be shown due to disclosure considerations or transactions below $500,000.

El Salvador



Source: Bureau of Economic Analysis



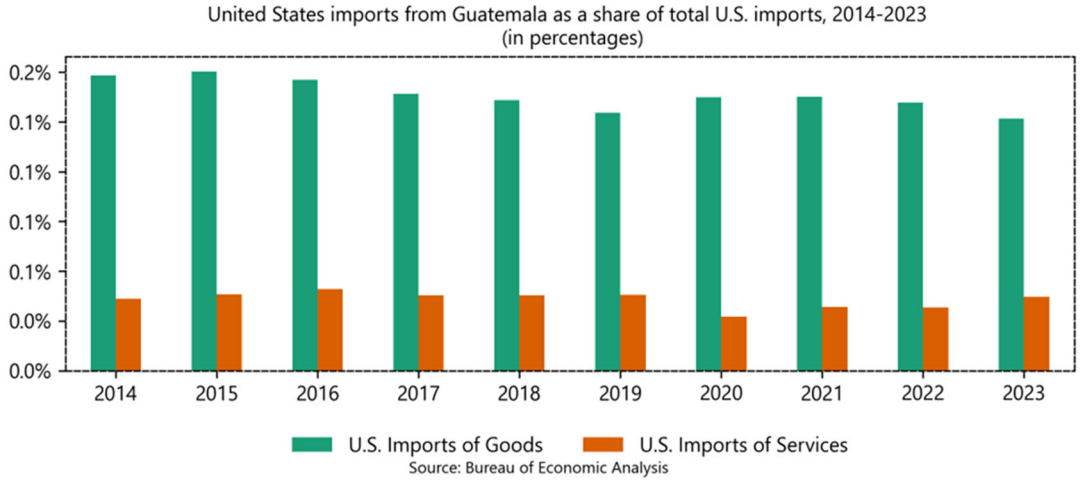
Source: Bureau of Economic Analysis

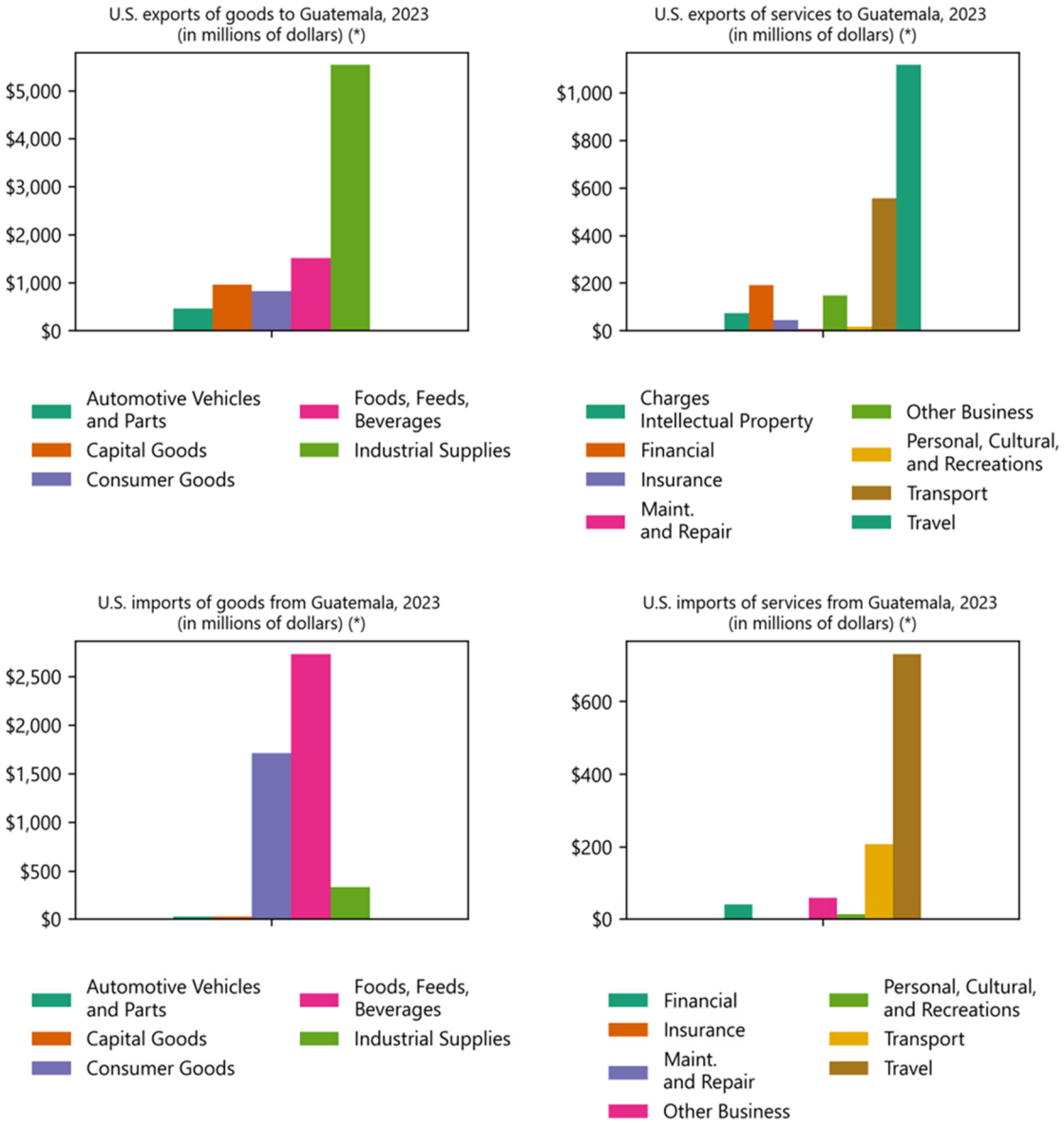
(*) Note: Some sectors could not be shown due to disclosure considerations or transactions below $500,000.

Guatemala


United States trade with Guatemala, 2014-2023
(in millions of dollars)
$12,000
$10,000
$8,000
$6,000
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
U.S. Exports
U.S. Imports


United States exports to Guatemala as a share of total U.S. exports, 2014-2023
(in percentages)
0.3%
0.2%
0.1%
0.0%
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
U.S. Exports of Goods
U.S. Exports of Services

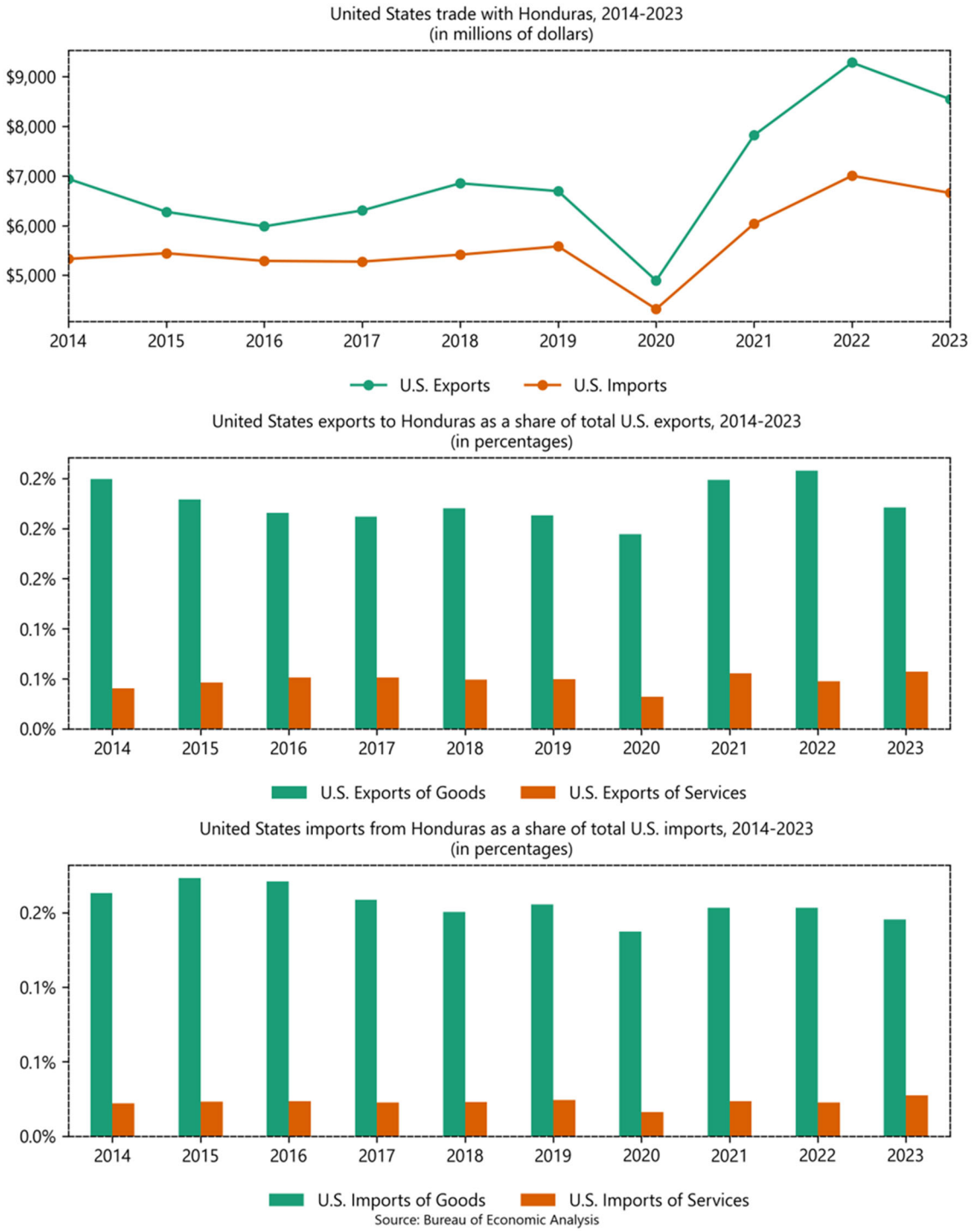

United States imports from Guatemala as a share of total U.S. imports, 2014-2023
(in percentages)
0.2%
0.1%
0.1%
0.1%
0.1%
0.0%
0.0%
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
U.S. Imports of Goods
U.S. Imports of Services
Source: Bureau of Economic Analysis

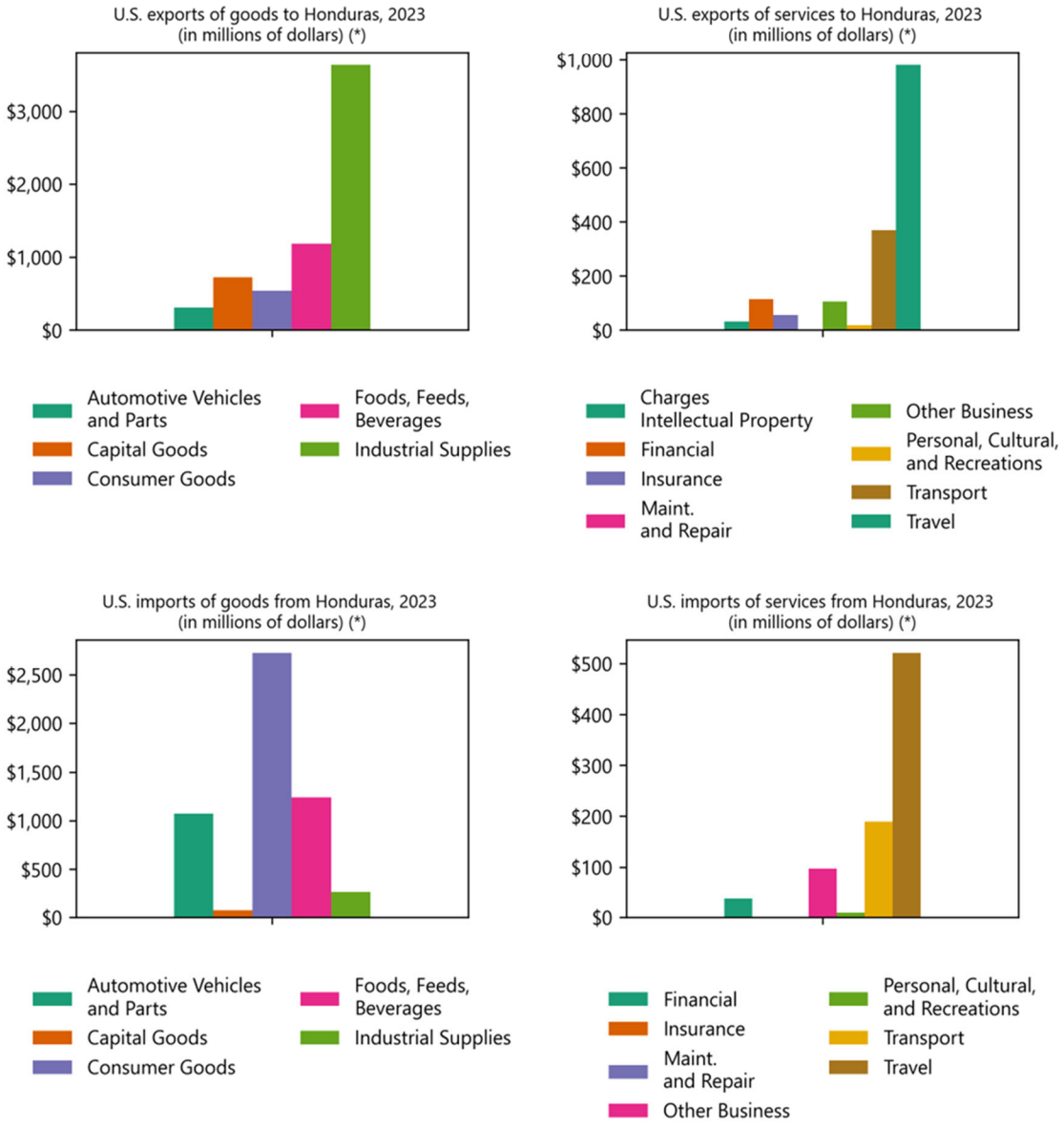


Source: Bureau of Economic Analysis

(*) Note: Some sectors could not be shown due to disclosure considerations or transactions below $500,000.

Honduras


United States trade with Honduras, 2014-2023
(in millions of dollars)
$9,000
$8,000
$7,000
$6,000
$5,000
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
U.S. Exports
U.S. Imports
United States exports to Honduras as a share of total U.S. exports, 2014-2023
(in percentages)
0.2%
0.2%
0.2%
0.1%
0.1%
0.0%
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
U.S. Exports of Goods
U.S. Exports of Services
United States imports from Honduras as a share of total U.S. imports, 2014-2023
(in percentages)
0.2%
0.1%
0.1%
0.0%
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
U.S. Imports of Goods
U.S. Imports of Services
Source: Bureau of Economic Analysis

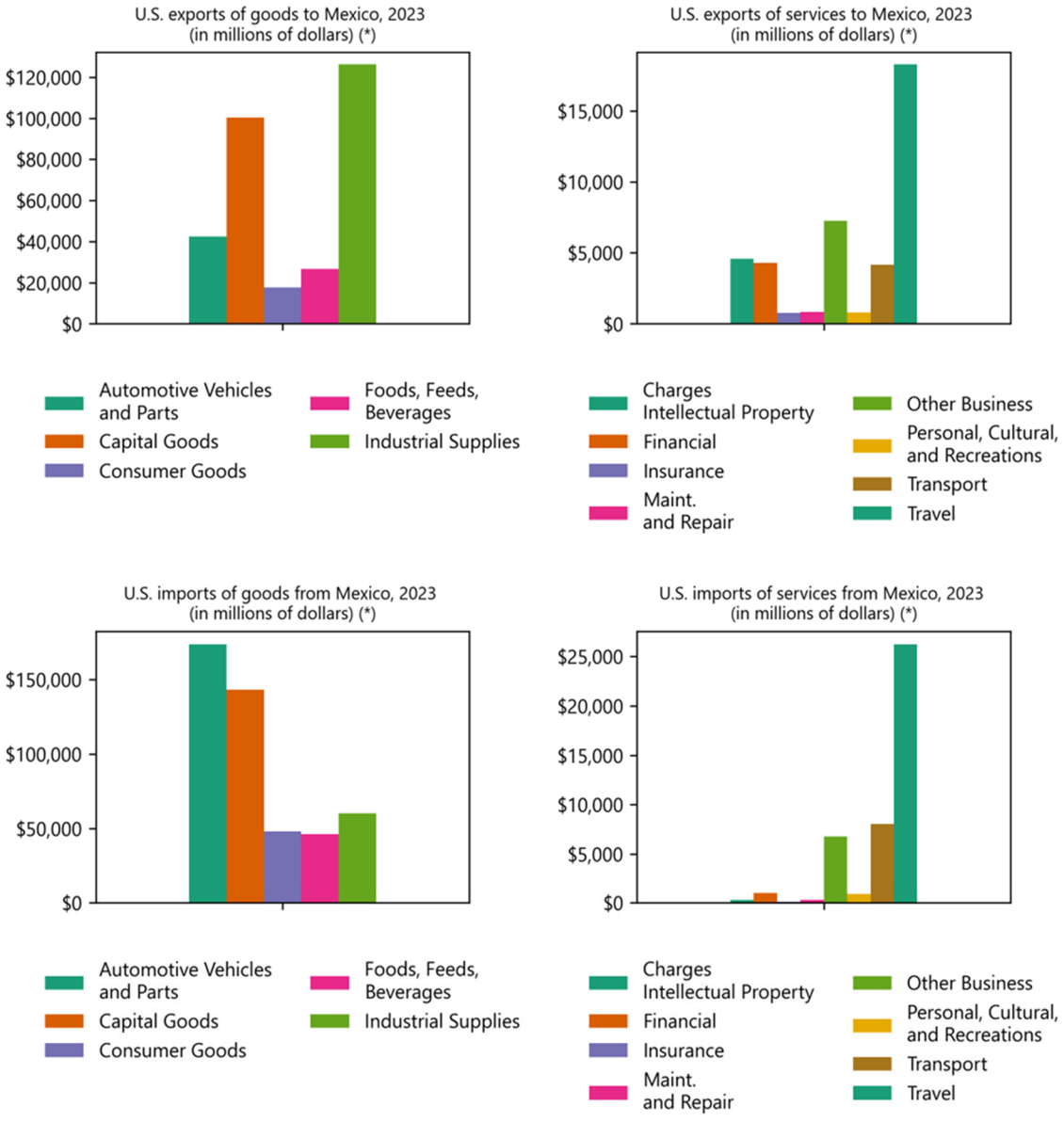


Source: Bureau of Economic Analysis

(*) Note: Some sectors could not be shown due to disclosure considerations or transactions below $500,000.

Mexico

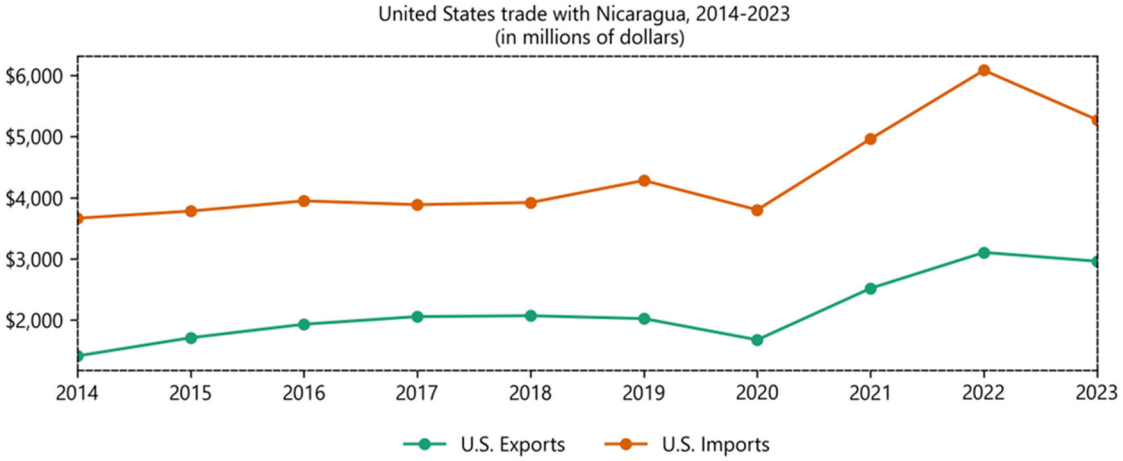
Source: Bureau of Economic Analysis

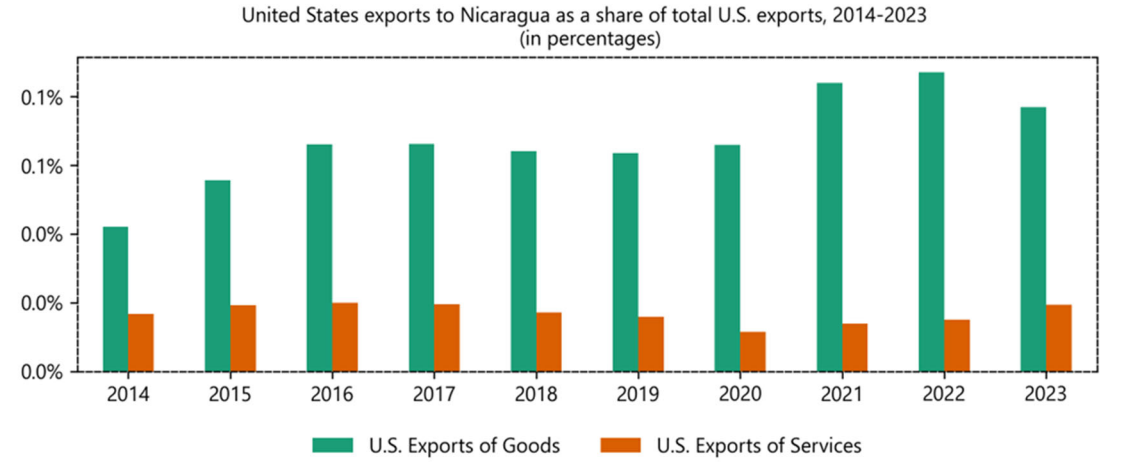


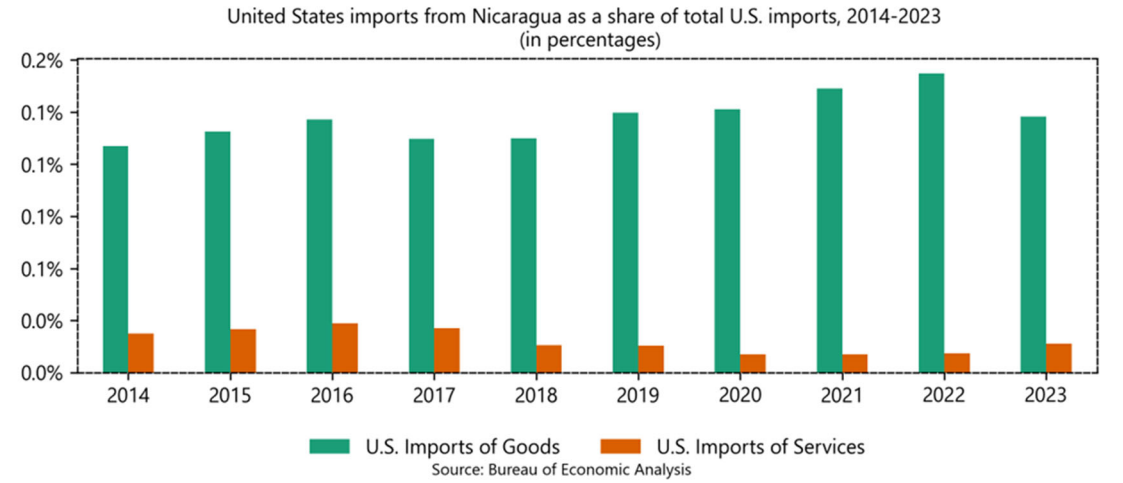
Source: Bureau of Economic Analysis

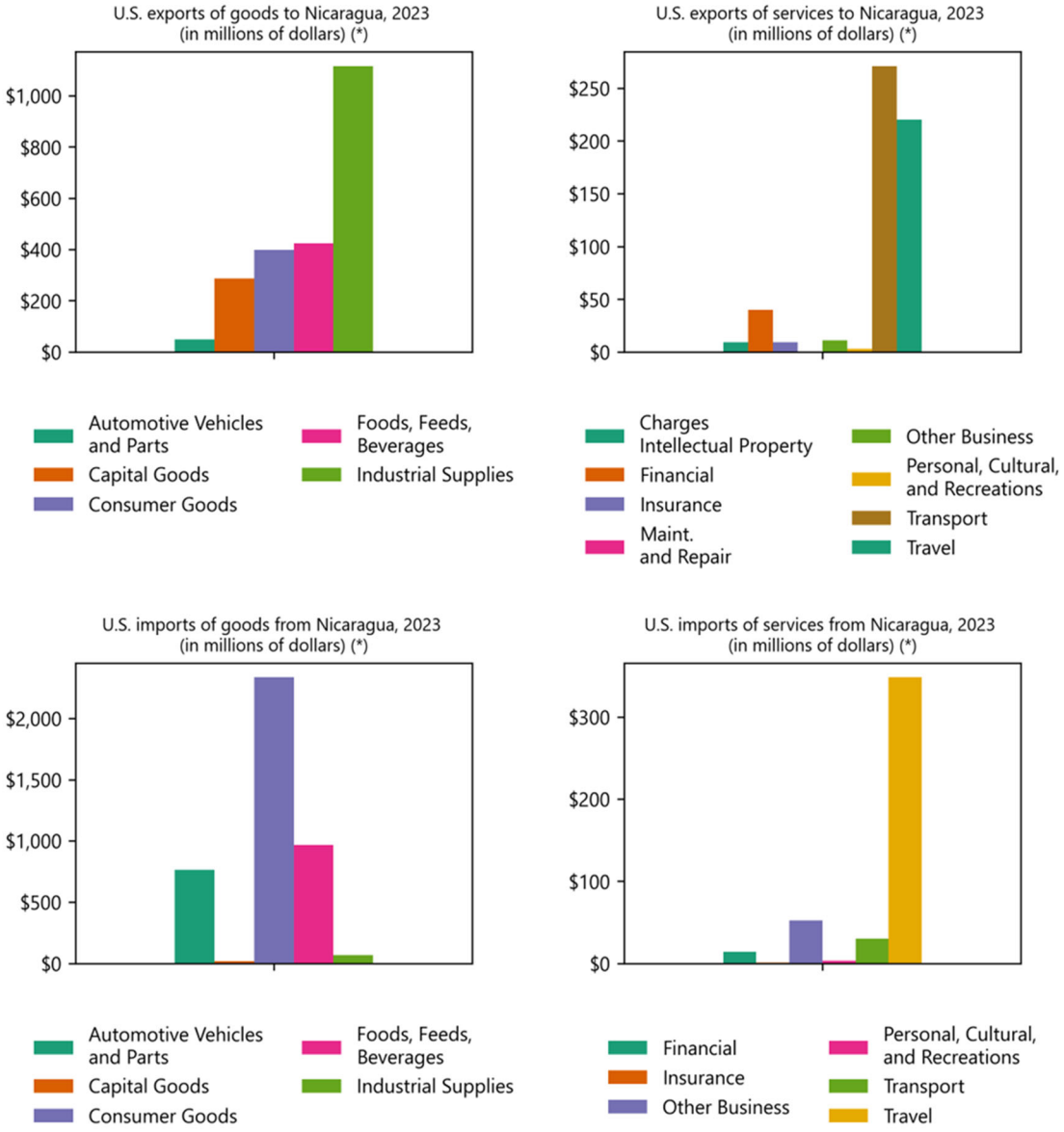
(*) Note: Some sectors could not be shown due to disclosure considerations or transactions below $500,000.

Nicaragua


United States trade with Nicaragua, 2014-2023
(in millions of dollars)
$6,000
$5,000
$4,000
$3,000
$2,000
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
U.S. Exports
U.S. Imports


United States exports to Nicaragua as a share of total U.S. exports, 2014-2023
(in percentages)
0.1%
0.1%
0.0%
0.0%
0.0%
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
U.S. Exports of Goods
U.S. Exports of Services

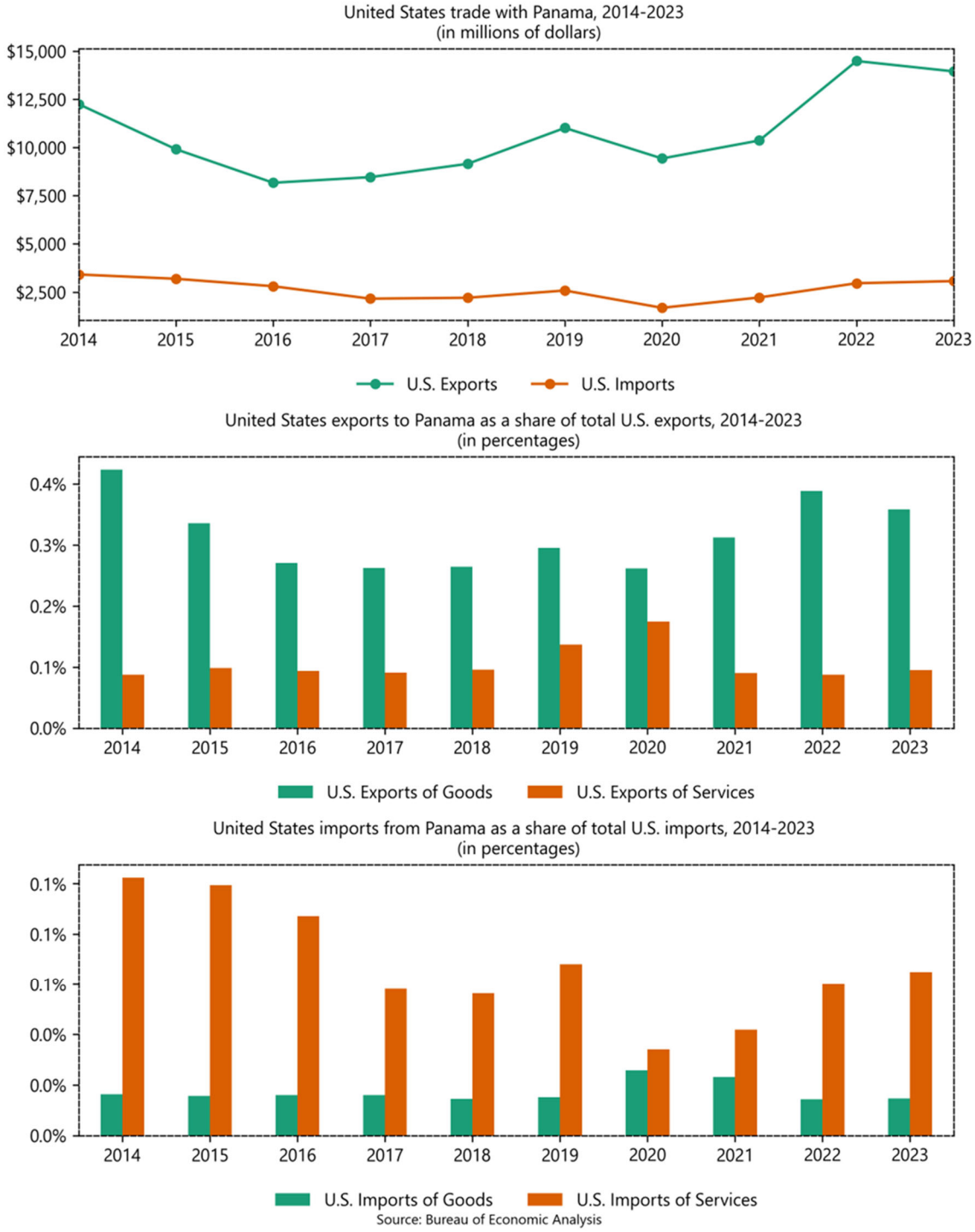

United States imports from Nicaragua as a share of total U.S. imports, 2014-2023
(in percentages)
0.2%
0.1%
0.1%
0.1%
0.1%
0.0%
0.0%
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
U.S. Imports of Goods
U.S. Imports of Services
Source: Bureau of Economic Analysis

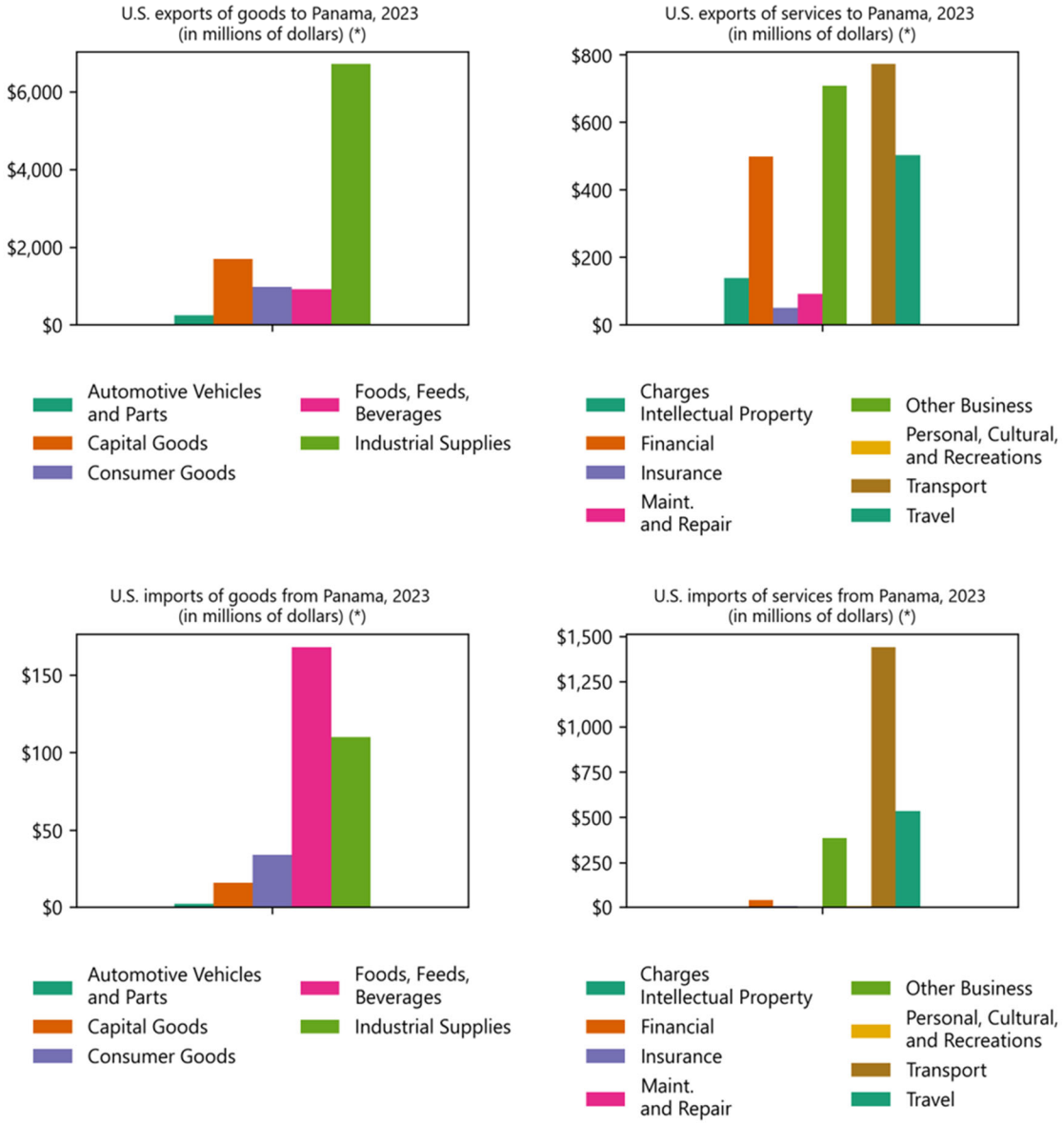


Source: Bureau of Economic Analysis

(*) Note: Some sectors could not be shown due to disclosure considerations or transactions below $500,000.

Panama

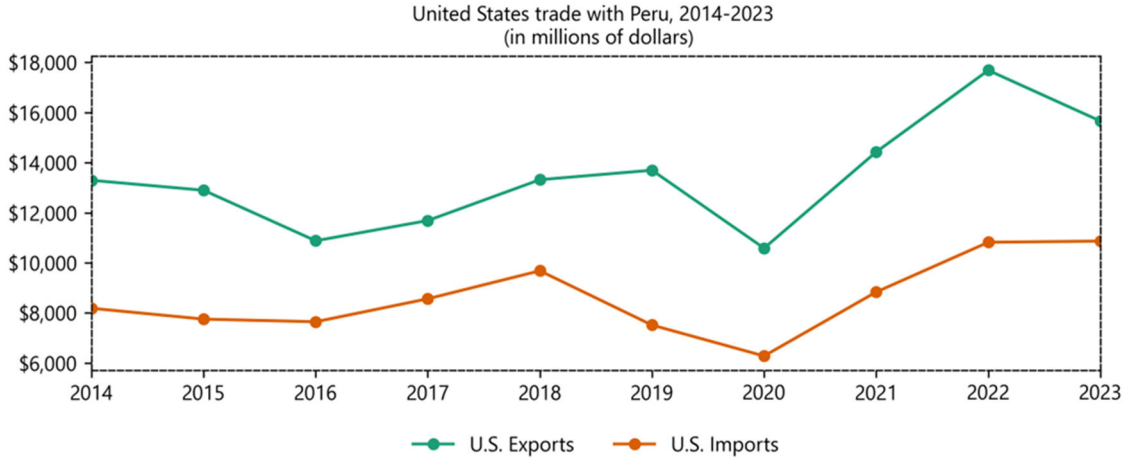

United States trade with Panama, 2014-2023
(in millions of dollars)
$15,000
$12,500
$10,000
$7,500
$5,000
$2,500
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
U.S. Exports
U.S. Imports
United States exports to Panama as a share of total U.S. exports, 2014-2023
(in percentages)
0.4%
0.3%
0.2%
0.1%
0.0%
U.S. Exports of Goods
U.S. Exports of Services
United States imports from Panama as a share of total U.S. imports, 2014-2023
(in percentages)
0.1%
0.1%
0.1%
0.0%
0.0%
0.0%
U.S. Imports of Goods
U.S. Imports of Services
Source: Bureau of Economic Analysis

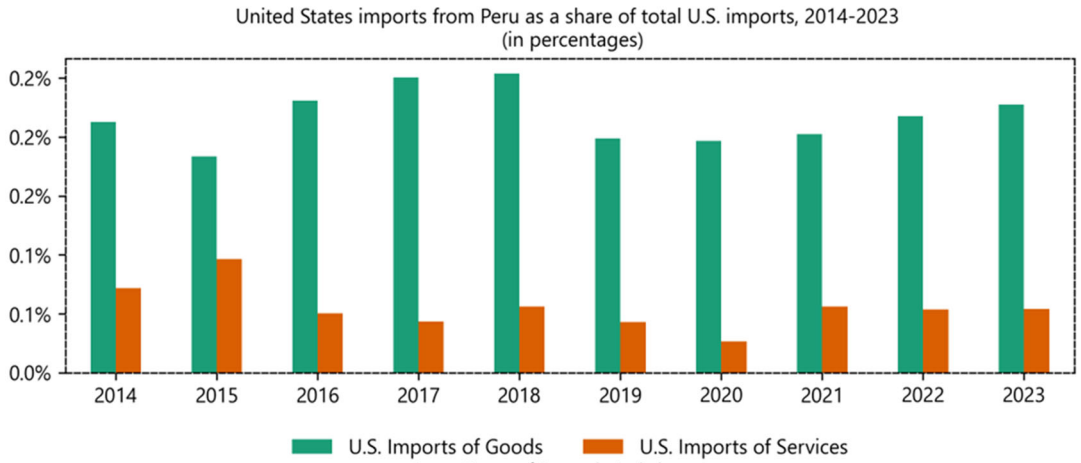


Source: Bureau of Economic Analysis

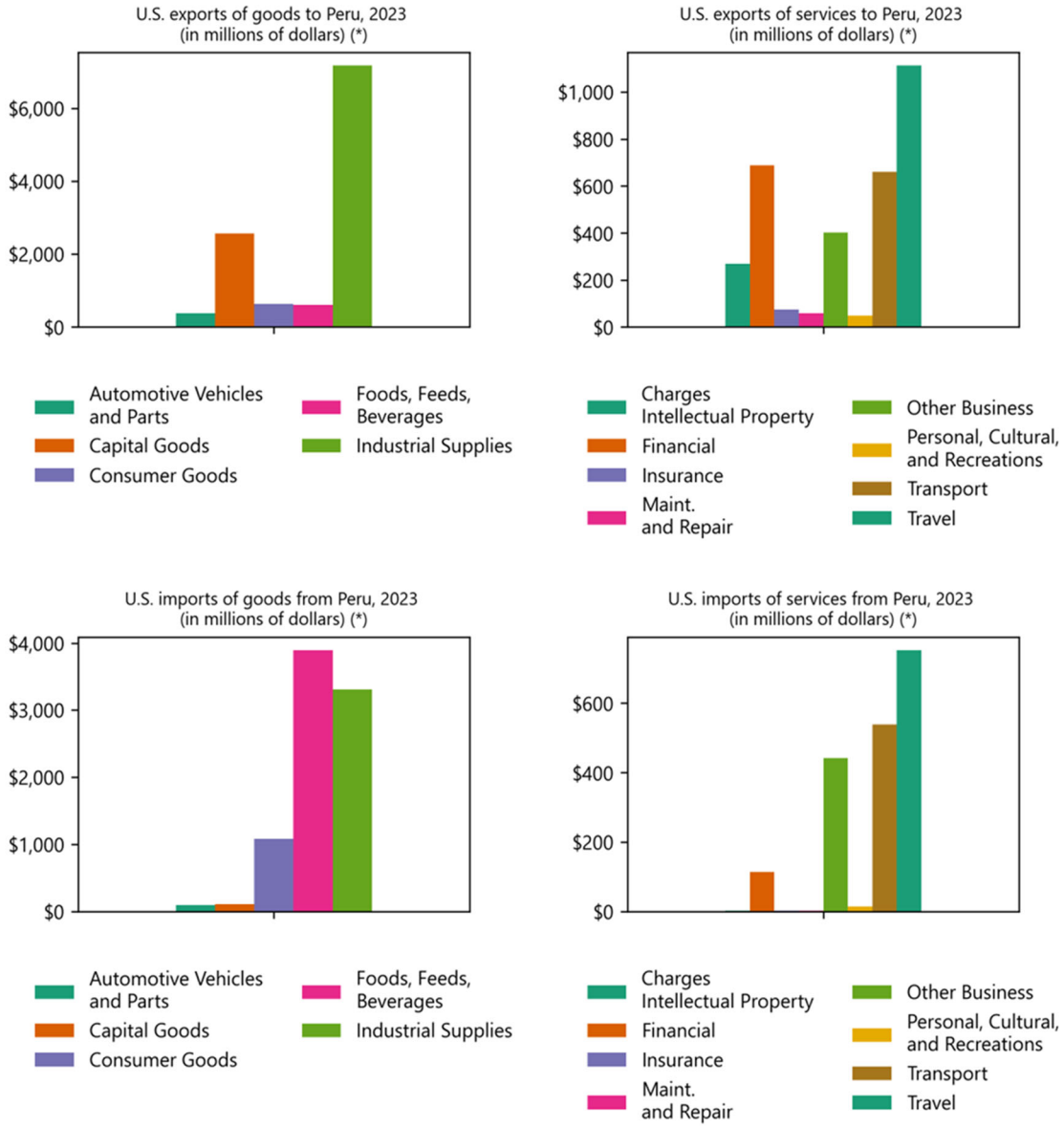
(*) Note: Some sectors could not be shown due to disclosure considerations or transactions below $500,000.

Peru





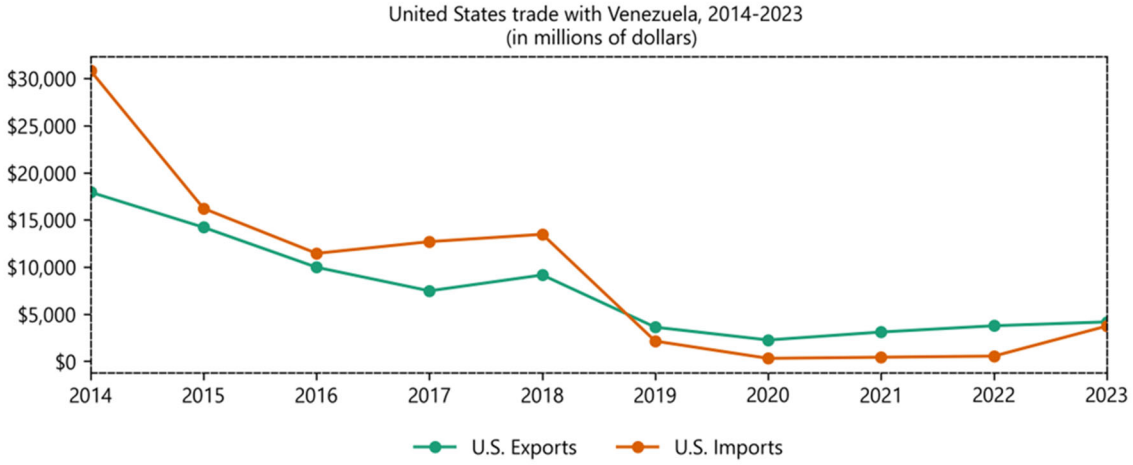
Source: Bureau of Economic Analysis

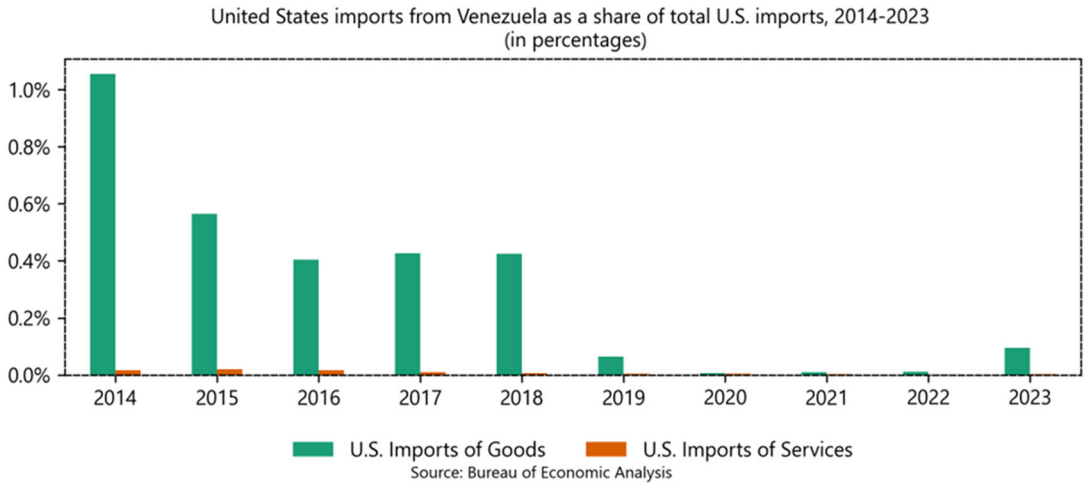


Source: Bureau of Economic Analysis

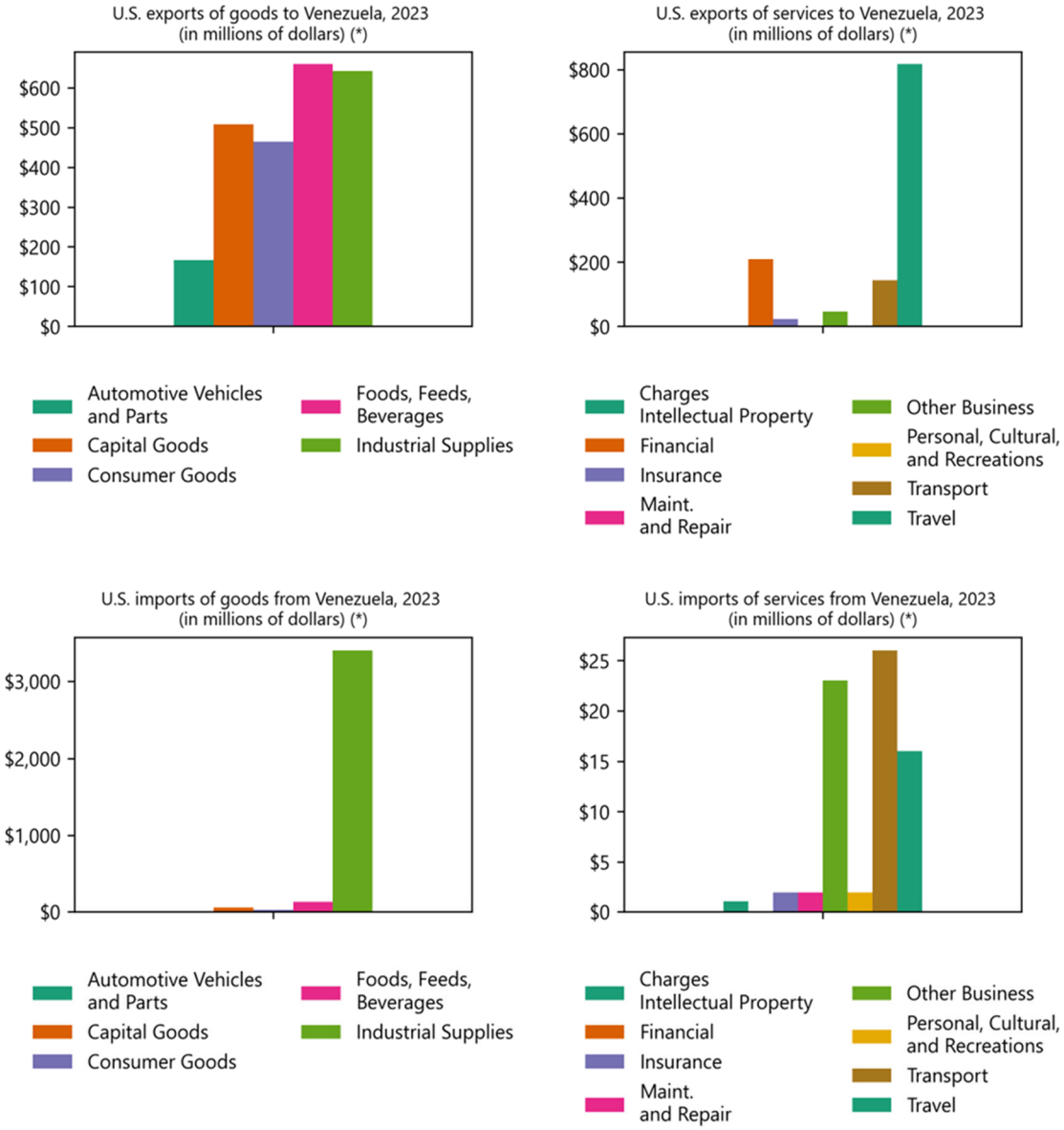
(*) Note: Some sectors could not be shown due to disclosure considerations or transactions below $500,000.

Venezuela





Source: Bureau of Economic Analysis



Source: Bureau of Economic Analysis

(*) Note: Some sectors could not be shown due to disclosure considerations or transactions below $500,000.

United States trade in goods slowed in 2023, ending the recovery following the coronavirus disease (COVID-19) pandemic, as goods exports and imports declined by 2.2% and 4.9%, respectively. The decrease in merchandise trade contrasts with significant improvements in services trade, as exports and imports of services rose by 8.2% and 4.8%, respectively. Recently, exports of digitally enabled services have considerably outpaced those of other services and goods, underscoring their growing importance in the global market.

The relative weight of Latin America and the Caribbean in United States trade has surpassed pre-pandemic levels, with trade between the region and the United States accounting for 19.3% of that country's total trade in 2023. The United States is a net importer of goods from Latin America and the Caribbean (the goods trade deficit deteriorated in 2023, to US$ 122.26 billion) and a net exporter of services to the region (the trade surplus with the region has gradually risen since 2021, to US$ 27.15 billion in 2023).

United States-Latin America and the Caribbean Trade Developments 2024 provides an overview of selected developments in United States trade relations with Latin America and the Caribbean. This year's report includes a section on trade and the circular economy.

ECLAC

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