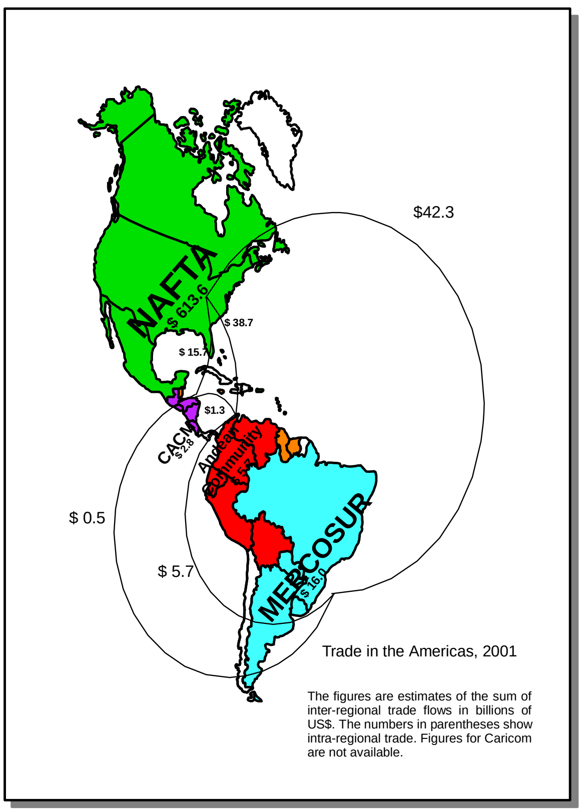
INTER-AMERICAN DEVELOPMENT BANK
Department of Integration and Regional Programs
Division of Integration, Trade and Hemispheric Issues
Institute for the Integration of Latin America and the Caribbean
Statistics and Quantitative Analysis Unit

INTEGRATION AND TRADE IN THE AMERICAS

A Preliminary Estimate of 2001 Trade



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PERIODIC NOTE ON INTEGRATION AND TRADE IN THE AMERICAS

Integration and Regional Programs Department

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The purpose of this document is to inform Bank staff and other interested parties about recent developments in integration and trade among the countries of the Western Hemisphere and between these and other countries and world regions.

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Note: The map displayed on the cover is included for illustrative purposes only. It does not constitute an official representation of the area covered.

Abbreviations

AC	Andean Community
ALADI	Latin American Integration Association
CACM	Central American Common Market
CARICOM	Caribbean Community
G-3	Group of Three (Colombia, Mexico and Venezuela)
MERCOSUR	Southern Common Market
NAFTA	North American Free Trade Agreement

PRELIMINARY ESTIMATES FOR 2001 SHOW NOTABLE DECLINE IN WESTERN HEMISPHERE TRADE FLOWS

In 2001, trade within the Americas declined by almost 4 percent according to preliminary estimates. Contrary to previous years, intra-hemispheric exports performed worse than the hemisphere's exports to the rest of the world, which declined by a less drastic 2 percent relative to 2000. This is in stark contrast to a decade-long trend that saw intra-hemispheric trade expand by more than double the rate of extra-hemispheric exports, with total exports growing by a healthy 8 percent a year on average.

Hemispheric trade has been affected by the worldwide economic slowdown, and particularly by the sudden economic slump in the United States. Some Latin American countries, moreover, have seen their exports hit by a severe drop in commodity prices, among others for oil and coffee. Thus, after strong export recovery in 2000 following negative or sluggish growth in the previous two years, Latin American exports to the world are once again expected to decline this year, by almost 3 percent. While the fall in exports has been particularly sharp for some Andean and Central American countries, the more modest 4 percent decline in Mexican exports – after many years of rapid growth - has been the most significant factor behind the region's negative export performance given the country's dominant role in Latin America's total trade.

Slower growth in Latin America's domestic economies has also led to a drastic slowdown in intra-regional trade, which grew by only 1 percent this year after expanding by 20 percent in 2000. Compared to a 3 percent decline in Latin America's exports to the rest of the world, this nevertheless means that in some cases, the intra-regional market has helped dampen the negative impact of declining extra-regional exports. This is the case for the Andean Community and Central America, but not for Mercosur and NAFTA.

In fact, Mercosur witnessed a sharp decline in its intra-regional trade. After expanding by 16 percent a year on average during the 1990s, such trade declined by almost 10 percent in 2001, with all four Mercosur countries recording negative growth. Most severely affected were Brazil's exports to the group, mainly due to the Argentine recession and resulting import contraction. In contrast, Mercosur's global exports did relatively well as a result of quite strong growth in exports to third countries. Mercosur's weaker reliance on the US market, and real currency depreciation in some of its member countries, may have benefited the sub-region in this respect. The combined effect of these trends means that intra-Mercosur exports now make up only 18 percent of the group's total exports, down from a 25 percent high in 1998.

NAFTA's trade with the rest of the world (down 2 percent) also suffered less than its intra-group trade (down 5 percent). In contrast, all Andean countries except Venezuela recorded strong growth in their intra-group trade, while several had negative overall export growth. The same is true for most Central American countries. Of all Latin American countries, Venezuela and Costa Rica witnessed the strongest decline in their exports, the former due to the fall in oil prices, the latter mainly as a consequence of a sharp drop in US demand for technology-related manufactured goods (INTEL) and a collapse in coffee prices. Brazil showed the best performance, increasing its global exports by 7 percent despite a drastic decline in its sales to Mercosur.

For most countries, the estimates are based on data available for the period January-September. Although attempts have been made to include the effects of the September 11th events on trade in the above estimates, lack of data for the final quarter of 2001 makes it difficult to gauge the full economic impact of these events. The 3 percent drop in the hemisphere's global exports may yet turn out to be a somewhat optimistic estimate. It moreover does not include services trade, which has suffered severely, particularly in those countries (in the Caribbean and Central America, among others) that rely heavily on income from tourism.

TABLE 1

EXPORTS BY INTEGRATION GROUP, 2001 (% Change from 2000 to 2001)

Exporting Region	DESTINATION Mercosur	Mercosur w/ Chile & Bolivia	Andean Community	Group of 3	Aladi[2]	C.A.C.M.	Latin America[3]	NAFTA	Hemisphere	Total World	Extra-Regional
Mercosur	-9.7	-5.4	22.7	19.9	-1.1	10.2	-0.4	4.5	1.4	5.4	9.4
Andean Community	-22.2	-16.6	10.4	14.8	0.8	-7.5	-1.8	-14.4	-9.7	-9.7	-11.7
Group of 3	-17.0	-11.6	11.0	18.8	3.0	2.0	0.2	-5.8	-5.4	-5.7	..
Aladi (2)	-9.5	-5.9	15.7	17.0	0.7	2.5	0.6	-4.5	-3.5	-2.4	..
CACM	7.3	-15.6	11.0	-9.5	-7.1	7.9	6.5	-16.0	-8.5	-11.3	-16.1
Latin America	-9.5	-6.0	15.7	16.1	0.6	5.4	1.1	-4.9	-3.6	-2.7	-3.4
NAFTA	5.7	3.6	8.1	-5.9	-3.7	1.4	-3.2	-4.6	-3.9	-3.4	-1.9
Total Hemisphere	-2.6	-1.8	11.2	-4.2	-2.9	2.5	-2.4	-4.7	-3.8	-3.2	-2.2

EXPORTS BY INTEGRATION GROUP, 2001. (Million US$)

Exporting Region	DESTINATION Mercosur	Mercosur w/ Chile & Bolivia	Andean Community	Group of 3	Aladi[2]	C.A.C.M.	Latin America[3]	NAFTA	Hemisphere	Total World	Extra-Regional
Mercosur	15,984	21,169	3,896	4,528	26,717	436	27,655	20,608	45,975	89,220	73,236
Andean Community	1,768	2,720	5,730	4,304	9,095	1,167	11,893	24,181	35,278	51,707	45,978
Group of 3	2,128	3,008	5,642	4,323	9,191	2,470	13,660	164,811	177,861	198,632	194,309
Aladi (2)	20,466	27,180	12,631	11,447	42,783	3,204	48,993	193,819	238,887	318,622	275,838
CACM	23	33	122	292	370	2,774	3,525	5,671	8,981	11,327	8,553
Latin America	20,490	27,216	12,786	11,784	43,207	6,124	52,723	199,937	248,503	330,831	278,108
NAFTA	21,707	25,640	14,494	100,905	129,865	10,013	147,020	613,646	670,526	1,095,801	482,155
Total Hemisphere	41,121	51,345	25,715	111,454	170,020	14,679	194,409	669,008	769,120	1,266,911	497,791

STRUCTURE OF EXPORTS BY INTEGRATION GROUP, 2001 (% Distribution)

Exporting Region	DESTINATION Mercosur	Mercosur w/ Chile & Bolivia	Andean Community	Group of 3	Aladi[2]	C.A.C.M.	Latin America[3]	NAFTA	Hemisphere	Total World	Extra-Regional
Mercosur	18	24	4	5	30	0	31	23	52	100	82
Andean Community	3	5	11	8	18	2	23	47	68	100	89
Group of 3	1	2	3	2	5	1	7	83	90	100	98
Aladi (2)	6	9	4	4	13	1	15	61	75	100	87
CACM	0	0	1	3	3	24	31	50	79	100	76
Latin America	6	8	4	4	13	2	16	60	75	100	84
NAFTA	2	2	1	9	12	1	13	56	61	100	44
Total Hemisphere	3	4	2	9	13	1	15	53	61	100	39

Source: IDB Statistics and Quantitative Analysis Unit, Integration and Regional Programs Department, based on provisional official data from each country.

[1] Estimations based on data available on 11/17/01.

[2] Does not include Cuba

[3] Including Panama and the countries of ALADI and the CACM.

TABLE 2

EXPORT GROWTH BY WESTERN HEMISPHERE TRADE GROUPS, 2001

Exporting Group / Member	Export Growth To Group	Export Growth To World
Mercosur	**-9.7**	**5.4**
Argentina	-6.0	3.4
Brazil	-12.3	6.9
Paraguay	-18.0	5.9
Uruguay	-15.7	-9.5
Chile (Mercosur)	-4.6	-1.3
Andean Community	**10.4**	**-9.7**
Bolivia	10.9	5.1
Colombia	30.3	-3.9
Ecuador	14.1	-8.9
Peru	19.9	3.0
Venezuela	-21.2	-15.6
Nafta	**-4.6**	**-3.4**
Mexico	-4.3	-4.0
Canada	-2.2	-3.1
United States	-7.2	-3.4
CACM	**7.9**	**-11.3**
Costa Rica	7.1	-17.7
El Salvador	1.2	2.0
Guatemala	14.3	-14.6
Honduras	…	…
Nicaragua	19.6	-7.2

Source: IDB Statistics and Quantitative Analysis Unit, Integration and Regional Programs Department.

Note: Estimates are based on January - September data for all countries except Peru and Costa Rica, January - October; El Salvador, January - June; and Guatemala, January - July.

Table 3

WESTERN HEMISPHERE: TOTAL AND INTRA-REGIONAL EXPORTS, 1990-2000

(Millions of US Dollars and Percentages)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	Annual Average Growth 1990-00[4]
Western Hemisphere [1,2,3]												
Total Exports	632,702	657,856	698,047	727,050	858,456	994,328	1,071,955	1,179,833	1,161,673	1,216,398	1,308,489	
% growth	8.3	4.0	6.1	4.2	18.1	15.8	7.8	10.1	-1.5	4.7	7.6	7.5
Extra-Hemispheric Exports	330,379	345,001	346,544	340,002	392,278	471,910	496,479	521,552	484,536	488,397	508,778	
% growth	7.2	4.4	0.4	-1.9	15.4	20.3	5.2	5.1	-7.1	0.8	4.2	4.4
Intra-Hemishperic Exports	302,322	312,855	351,504	387,048	466,178	522,419	575,475	658,280	677,138	728,001	799,711	
% growth	9.5	3.5	12.4	10.1	20.4	12.1	10.2	14.4	2.9	7.5	9.9	10.2
Intra/Total	47.8	47.6	50.4	53.2	54.3	52.5	53.7	55.8	58.3	59.8	61.1	
Latin America and Caribbean (LAC) [2,3]												
Total Exports	136,177	135,333	145,173	154,529	182,545	220,411	249,332	276,962	267,019	281,745	340,079	
% growth	10.4	-0.6	7.3	6.4	18.1	20.7	13.1	11.1	-3.6	5.5	20.7	9.6
Extra-LAC Exports	119,260	115,748	120,352	125,081	147,584	178,629	203,074	223,464	214,632	238,204	287,924	
% growth	10.6	-2.9	4.0	3.9	18.0	21.0	13.7	10.0	-4.0	11.0	20.9	9.2
Intra-LAC Exports	16,917	19,585	24,821	29,448	34,961	41,782	46,257	53,498	52,387	43,541	52,155	
% growth	9.0	15.8	26.7	18.6	18.7	19.5	10.7	15.7	-2.1	-16.9	19.8	11.9
Intra/Total	12.4	14.5	17.1	19.1	19.2	19.0	18.6	19.3	19.6	15.5	15.3	
Andean Community												
Total Exports	31,751	29,232	28,107	29,137	34,243	38,259	45,687	47,655	38,742	43,207	57,236	
% growth	29.0	-7.9	-3.8	3.7	17.5	11.7	19.4	4.3	-18.7	11.5	32.5	6.1
Extra-Andean Exports	30,427	27,465	25,888	26,276	30,816	33,524	40,996	42,028	33,402	39,268	52,045	
% growth	28.8	-9.7	-5.7	1.5	17.3	8.8	22.3	2.5	-20.5	17.6	32.5	5.5
Intra-Andean Exports	1,324	1,767	2,219	2,861	3,427	4,735	4,691	5,627	5,341	3,939	5,191	
% growth	33.0	33.4	25.6	28.9	19.8	38.2	-0.9	19.9	-5.1	-26.2	31.8	14.6
Intra/Total	4.2	6.0	7.9	9.8	10.0	12.4	10.3	11.8	13.8	9.1	9.1	
Caricom [3]												
Total Exports	4,647	4,139	3,970	3,215	5,069	5,531	5,439	6,008	---	---	---	
% growth	13.7	-10.9	-4.1	-19.0	57.7	9.1	-1.7	10.4	---	---	---	3.7
Extra-Caricom Exports	4,156	3,691	3,537	2,665	4,376	4,649	4,568	5,082	---	---	---	
% growth	16.6	-11.2	-4.2	-24.7	64.2	6.2	-1.8	11.3	---	---	---	2.9
Intra-Caricom Exports	491	448	433	550	693	882	872	925	---	---	---	
% growth	-5.6	-8.8	-3.2	26.9	26.0	27.2	-1.1	6.1	---	---	---	9.5
Intra/Total	10.6	10.8	10.9	17.1	13.7	15.9	16.0	15.4	---	---	---	
CACM												
Total Exports	4,046	4,279	4,674	4,899	5,509	6,864	7,778	8,242	10,313	11,175	12,765	
% growth	13.1	5.7	9.2	4.8	12.4	24.6	13.3	6.0	25.1	8.4	14.2	12.2
Extra-CACM Exports	3,388	3,493	3,615	3,797	4,280	5,408	6,192	6,417	8,125	8,886	10,194	
% growth	12.7	3.1	3.5	5.0	12.7	26.4	14.5	3.6	26.6	9.4	14.7	11.6
Intra-CACM Exports	658	786	1,059	1,102	1,229	1,456	1,586	1,826	2,188	2,289	2,571	
% growth	14.9	19.4	34.7	4.1	11.5	18.5	8.9	15.1	19.9	4.6	12.3	14.6
Intra/Total	16.3	18.4	22.7	22.5	22.3	21.2	20.4	22.1	21.2	20.5	20.1	
Mercosur												
Total Exports	46,402	45,891	50,463	54,122	62,113	70,402	74,998	82,342	81,323	74,320	84,659	
% growth	-0.3	-1.1	10.0	7.3	14.8	13.3	6.5	9.8	-1.2	-8.6	13.9	6.2
Extra-Mercosur Exports	42,275	40,788	43,246	44,095	50,157	56,019	57,960	62,289	60,972	59,158	66,961	
% growth	-1.0	-3.5	6.0	2.0	13.7	11.7	3.5	7.5	-2.1	-3.0	13.2	4.7
Intra-Mercosur Exports	4,127	5,103	7,216	10,026	11,957	14,384	17,038	20,053	20,351	15,163	17,698	
% growth	7.6	23.6	41.4	38.9	19.3	20.3	18.5	17.7	1.5	-25.5	16.7	15.7
Intra/Total	8.9	11.1	14.3	18.5	19.2	20.4	22.7	24.4	25.0	20.4	20.9	
Mercosur+Chile+Bolivia (MCB)												
Total Exports	55,617	55,343	60,872	63,927	74,790	87,977	91,700	100,632	97,197	91,355	104,120	
% growth	0.5	-0.5	10.0	5.0	17.0	17.6	4.2	9.7	-3.4	-6.0	14.0	6.5
Extra-MCB Exports	49,162	47,378	50,231	50,056	58,333	67,903	68,732	73,874	70,615	70,664	79,581	
% growth	0.1	-3.6	6.0	-0.3	16.5	16.4	1.2	7.5	-4.4	0.1	12.6	4.9
Intra-MCB Exports	6,455	7,965	10,641	13,871	16,458	20,074	22,968	26,758	26,582	20,691	24,539	
% growth	3.1	23.4	33.6	30.4	18.6	22.0	14.4	16.5	-0.7	-22.2	18.6	14.3
Intra/Total	11.6	14.4	17.5	21.7	22.0	22.8	25.0	26.6	27.3	22.6	23.6	
NAFTA												
Total Exports	537,226	565,199	599,027	624,352	737,888	853,694	918,077	1,013,108	1,012,114	1,071,355	1,134,834	
% growth	8.0	5.2	6.0	4.2	18.2	15.7	7.5	10.4	-0.1	5.9	5.9	7.8
Extra-NAFTA Exports	307,297	328,231	335,184	332,960	383,349	460,581	485,698	517,457	490,885	486,296	491,695	
% growth	7.0	6.8	2.1	-0.7	15.1	20.1	5.5	6.5	-5.1	-0.9	1.1	4.8
Intra-NAFTA Exports	229,930	236,968	263,843	291,392	354,539	393,113	432,379	495,651	521,229	585,059	643,140	
% growth	9.5	3.1	11.3	10.4	21.7	10.9	10.0	14.6	5.2	12.2	9.9	10.8
Intra/Total	42.8	41.9	44.0	46.7	48.0	46.0	47.1	48.9	51.5	54.6	56.7	

Source: IDB Statistics and Quantitative Analysis Unit, Integration and Regional Programs Department, based on official country data.

[1] The Western Hemisphere includes Canada, Latin America and the Caribbean, and the United States.

[2] Latin America and the Caribbean consists of Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay, Venezuela and Caricom. Totals exclude Dominican Republic for 1990-91 and 1998-1999, Panama for 1994, Caribbean 1998-2000 due to the unavailability of data.

[3] Caricom consists of Bahamas, Barbados, Belize, Dominica, Grenada, Jamaica, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname and Trinidad and Tobago due to the unavailability of data for the remaining Caricom member states. Totals exclude Bahamas (1990, 1992-96), Belize (1991), Dominica (1992), Grenada (1993), Saint Kitts and Nevis (1990-92, 1996), Saint Vincent and the Grenadines (1990-92) and Suriname (1993).

[4] Computed using the formula $[(Y(t)/Y(s))^{(1/n)}-1]*100$, where Y(t) and Y(s) are the values in year "t" and "s" respectively where t >s, and where n = t-s. For Caricom 1990 to 1997.

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