

# Connecting Continents

State of Economic Relations between  
Latin America and the Caribbean and Asia-Pacific



**IDB**

Vice Presidency for Sectors and Knowledge  
Integration and Trade Sector

This document was prepared by a team of the Integration and Trade Sector, of the Vice-Presidency for Sectors and Knowledge, IDB, coordinated by Kati Suominen and Matthew Shearer, and with the input from Mauricio Mesquita Moreira, Carlos Gutiérrez, Santiago Florez and Maria Lissette Romero.

The views and opinions expressed in this publication are those of the authors and do not necessarily reflect the official position of the Inter-American Development Bank.

# **Connecting Continents: State of Economic Relations between Latin America and Caribbean and Asia-Pacific**

## **I. INTRODUCTION**

Economic ties between Latin America and the Caribbean (LAC) and Asia-Pacific<sup>1</sup> have expanded and diversified remarkably over the past few years. Biregional trade has grown in double digits, and investors in both regions are increasingly eagerly joining forces reaching across the Pacific.

The purpose of this report is to detail the state of LAC-Asia-Pacific trade and investment relations. We reach three main results.

- First, biregional trade flows continue driven by Asian demand for Latin American exports of natural resources and commodities, and Latin America's growing imports of Asia-Pacific manufactured goods. However, there are clear intra-industry trends emerging, particularly between Mexico and Asian economies.
- Second, trans-Pacific foreign direct investment flows, while still consisting largely of Asian investments in LAC natural resource sector and manufacturing, have evolved toward joint ventures and partnerships between LAC and Asian companies. Flows are also increasingly two-way, with Latin American multinational firms seeking investment opportunities in Asia.
- Third, LAC and Asia are still relatively small trade and investment partners to each other: intra-regional and US-bound trade and FDI from the developed markets dominate economic exchange in both regions. However, trans-Pacific market integration is on the rise and should be bolstered as a tool for both LAC and Asian economies to diversify their trade and investment partners. This is all the more crucial today in light of the global economic turbulence: the best way to safeguard growth and prosperity is a stepped-up effort on both sides of the Pacific to bolster regional and global economic integration.

The following section focuses on the state of play of LAC-Asia-Pacific trade flows, while the third section examines biregional capital flows. Section four concludes by summarizing our findings and presenting ideas for building an ever more robust and vibrant trans-Pacific community.

---

<sup>1</sup> Unless otherwise indicated, Asia-Pacific in this document refers to China, Hong Kong-China, Macao-China, Taipei-China, Japan, South Korea, North Korea, Australia, New Zealand, and the ten members of the Association of South-East Asian Nations (ASEAN)—Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam. We use Latin America and LAC interchangeably in this document.

## II. TRADE BETWEEN LATIN AMERICA AND ASIA-PACIFIC

Latin America's imports from Asia-Pacific have increased faster than its exports to the region. The region's imports from Asia-Pacific grew at an annual average of 18 percent between 1990 and 2007, while exports from Latin America to Asia-Pacific increased by an annual rate of 10.8 percent. The pattern holds in Latin American trade with Japan, Korea, the Association of Southeast Asian nations (ASEAN), and China alike.

Biregional trade tends to be inter-industry, with Latin America exporting primarily raw materials and commodities to Asia-Pacific, and for the most part importing manufactured goods. Indeed, perhaps the most important factor that has shaped Latin America-Asia-Pacific trade is the seemingly incessant hunger of Asia-Pacific for Latin American natural resources, including copper, steel, soybeans, and oil. For instance, Latin American exports of ores and metals to Asia-Pacific from the sector have grown from 31.1 percent of total trade in 1990 to 45 percent in 2007. In the meantime, the share of manufactured goods from Asia-Pacific in Latin American imports was about 90 percent both in 1990 and in 2007.

To be sure, there are important intra-regional variations: while South America's Asia-Pacific bound exports are dominated by raw materials, Mexico and Central America are increasingly exchanging manufactured goods with their Asian partners. This marks the rise of an intra-industry dimension in biregional trade flows.

### Trade from the Latin American Perspective

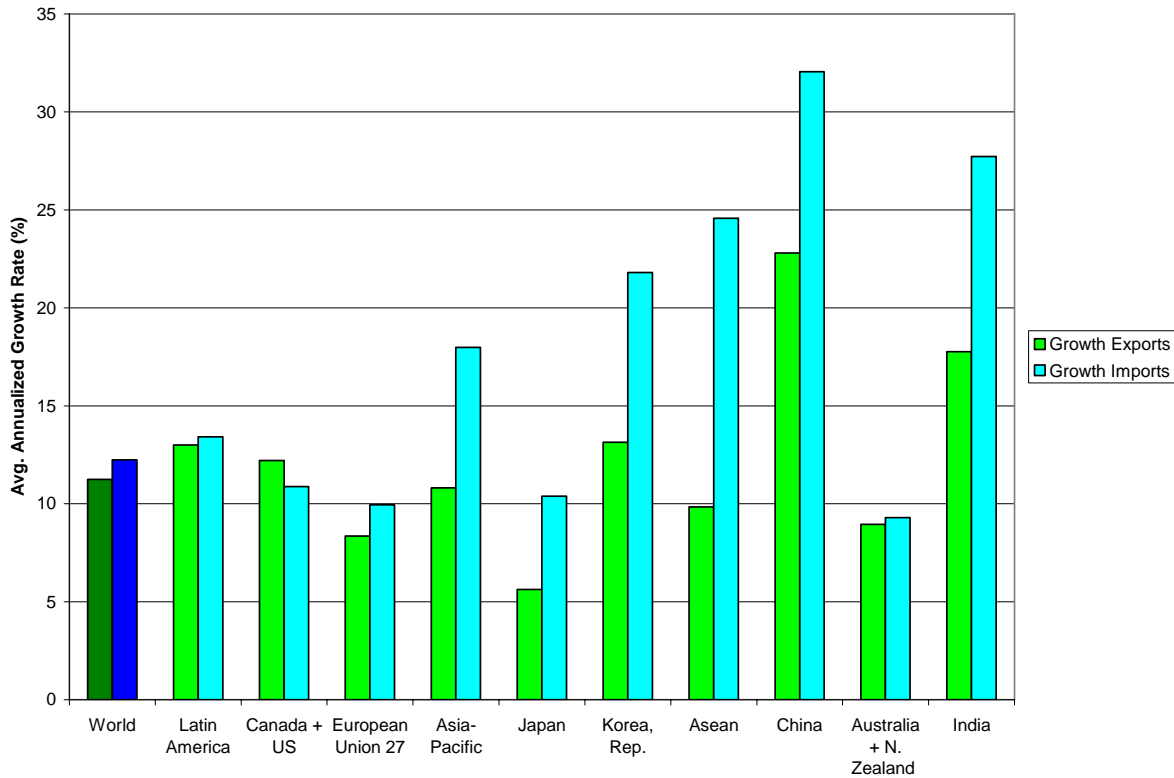
Latin America's total exports grew by an annual average of 11.3 percent between 1990 and 2007 (Figure 1). With the region's export growth surpassing the growth of world exports, Latin America increased its share of global exports from 3.8 to 5.9 percent.<sup>2</sup> Mexico has been the indisputable engine of Latin America's export growth. Its share of the regional total surged from 20 percent in the early 1980s to 37 percent in 2007. Not surprisingly, five big Latin American countries—Mexico, Brazil (21.8 percent of total regional exports), Chile (8.7 percent), Venezuela (8.8 percent) and Argentina (7.6 percent) — today generate almost 85 percent of the region's exports.

Latin America's imports grew slightly faster than exports, or at an annual average of 12.2 percent, in 1990-2007. In part this reflects the region's rather aggressive trade liberalization, relatively low rates of savings, and episodes of exchange rate appreciation in the 1990s.

---

<sup>2</sup> Some of the regional generalizations in this section do not necessarily reflect patterns in each Latin American or Asia-Pacific country.

**Figure 1. Growth of Latin America’s Trade in 1990-2007, by Partner**



Source: INT calculations based on UN/COMTRADE.

While Latin America’s trade flows with most regions of the world have grown over the past decade, its trade with Asia-Pacific has shown particular dynamism. Latin American exports grew by an annual average of 13.1 percent to South Korea, 22.8 percent to China, 9.8 percent to ASEAN, and 5.6 percent to Japan in 1990-2007. Imports grew even faster, shooting up by a 32 percent annual average from China, 24.6 percent from ASEAN, 21.8 percent from South Korea, and 10.4 percent from Japan.

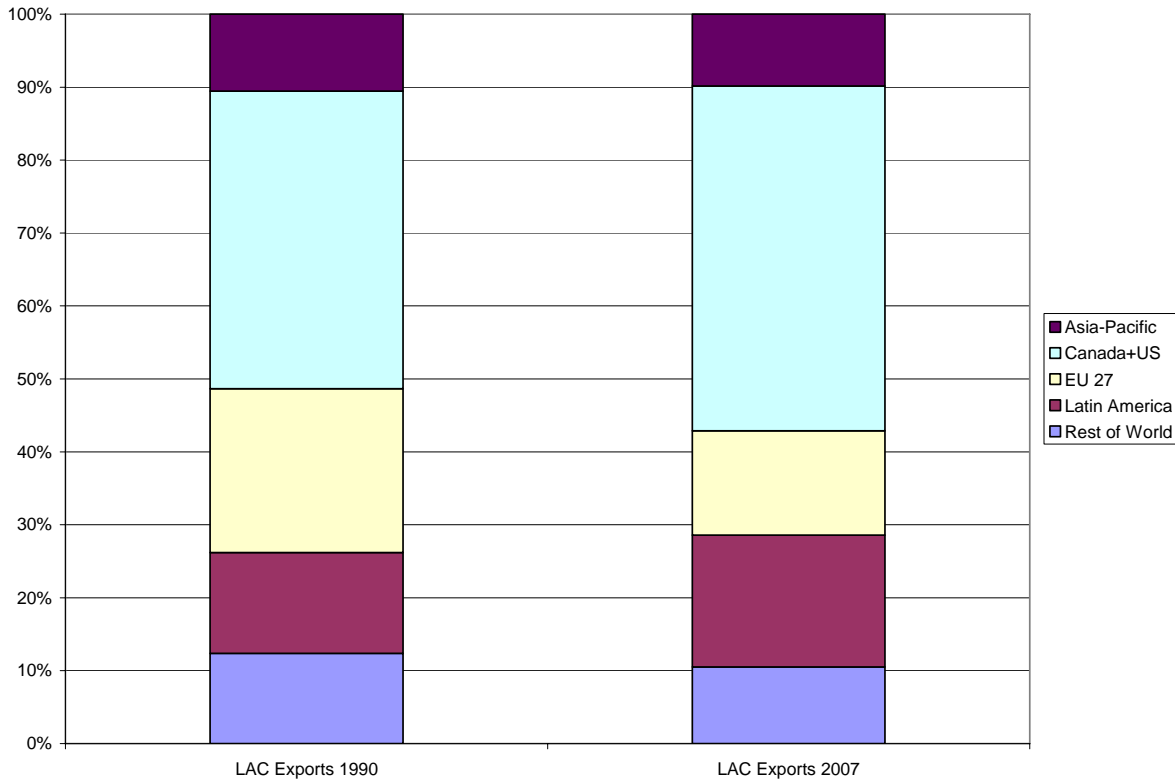
Each Latin American sub-region mirrors the aggregate regional import patterns.<sup>3</sup> On the export front, Mercosur and the Andean countries have experienced particularly strong growth in flows bound for China and Korea, while Central America’s exports have grown significantly to China, ASEAN and Korea.

Their dynamism notwithstanding, the volume of Latin American exports to Asia-Pacific starts from a relatively low base and remains below the region’s exports to North America, the European Union, and intra-regional trade. Despite increasing substantially in the period until

<sup>3</sup> Regional figures for the Caribbean are not available due to the lack of comprehensive country-level data.

1990, the importance of Asia-Pacific as a market to Latin America has basically held steady over the past decade (Figure 2). Latin America’s exports to Asia-Pacific stood at \$72.9 billion in 2007, with Asia-Pacific accounting for some 9.8 percent of Latin America’s total exports to the world, about the same as 10.5 percent in 1990.

**Figure 2. Geographic Distribution of Latin American Exports in 1990 and 2007**



Source: INT calculations based on UN/COMTRADE.

The share of Asia-Pacific did, however, increase in Mercosur’s (including Chile) and Central America’s export baskets in 1990-2007. Of the individual countries, Argentina, Barbados, Bolivia, Chile, Colombia, Costa Rica, El Salvador, Jamaica, Panama, Peru, Paraguay, and Uruguay saw a rise in the share of Asia-Pacific in their total exports during the period. The importance of Asia-Pacific is most pronounced for Chile, which sent 36.3 percent of its exports to this region in 2007, Peru (24.6 percent), Costa Rica (19.6 percent), Argentina (16.4 percent), Brazil (15.2 percent) and Bolivia (14.4 percent).

Latin American exports have grown most notably to the North American and intra-regional markets. The share of the region’s exports going to Canada and the United States surged from 40.8 percent to 47.2 percent in 1990-2007. This trend is driven by the growing concentration of Mexico’s export basket in the US market, particularly after the entry into force of the North American Free Trade Agreement (NAFTA) in 1994. Indeed, it is Mexico that has experienced a particularly precipitous decline in the share of Asia-Pacific as an export market. The

region's share in Mexico's export basket plunged from 6.7 percent to 2.4 percent in 1990-2007.

For the other Latin American economies, the share of exports to North America has remained relatively stagnant; however, the share of intra-regional exports has shot up. Intra-regional exports in Latin America have increased from 13.8 percent in 1990 to 18 percent in 2007. A major explanation for this outcome is the region's trade liberalization and closer economic integration in the 1990s in the context of New Regionalism.<sup>4</sup>

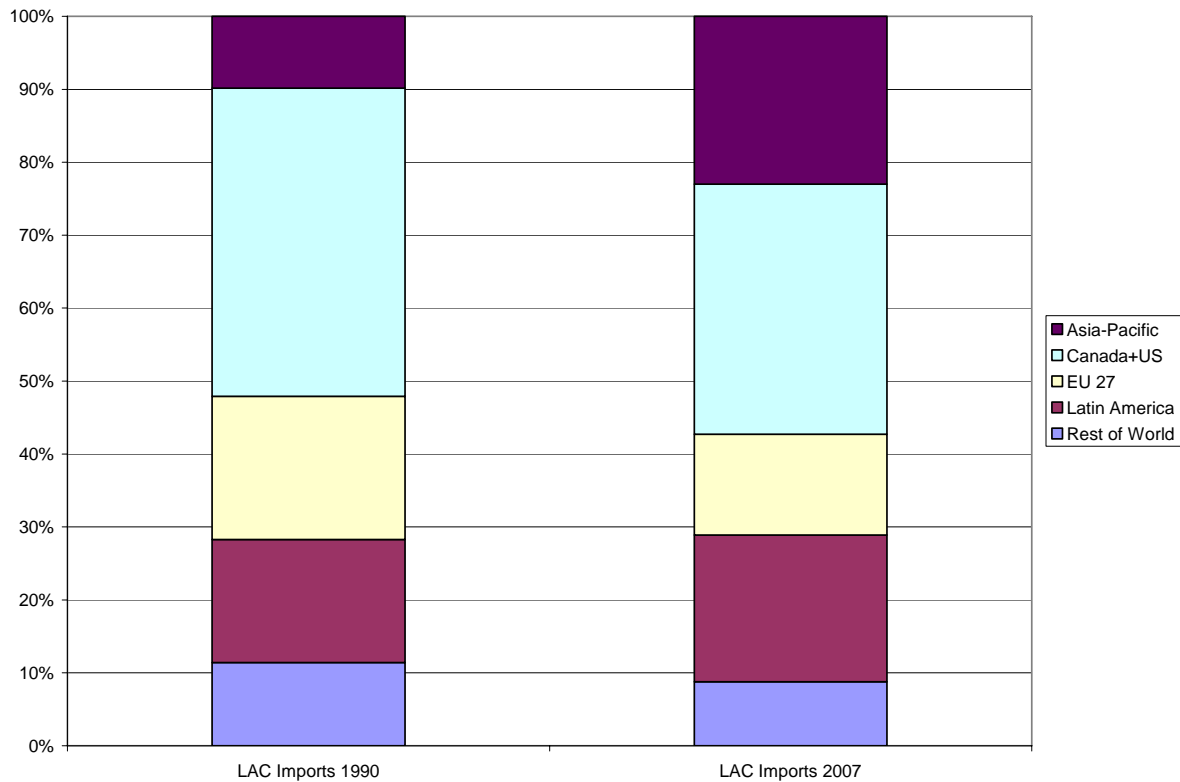
The significance of Asia-Pacific as Latin America's trade partner is more marked in imports. In fact, Latin America registered an increasingly large trade deficit with Asia-Pacific during the 1990s. With imports from Asia-Pacific growing at an annual average of 18 percent in 1990-2007 (Figure 1), the share of the region of Latin America's total imports rose from 9.8 percent to 24 percent (Figure 3). The importance of Asia-Pacific imports grew for Costa Rica, Guatemala, El Salvador, Panama and Nicaragua in Central America; Barbados, Belize, Jamaica and Trinidad and Tobago in the Caribbean; as well as for all South American countries, with Brazil (15.9 percent), Colombia (15.3 percent), Paraguay (10.3 percent), and Peru (18.7 percent) showing the highest growth rates of Asia-Pacific imports.

The low cost of Asian products, an increase in the variety of goods from Asia-Pacific, and the continued industrialization of Latin America have all contributed to the demand for manufactured Asian products in the region. However, despite the rise of Asia-Pacific on Latin America's import map, the United States still holds the predominant position in the region's imports.

---

<sup>4</sup> See Inter-American Development Bank, *Beyond Borders: The New Regionalism in Latin America*, Washington, DC, 2002.

**Figure 3. Geographic Distribution of Latin American Imports in 1990 and 2007**



Source: INT calculations based on UN/COMTRADE.

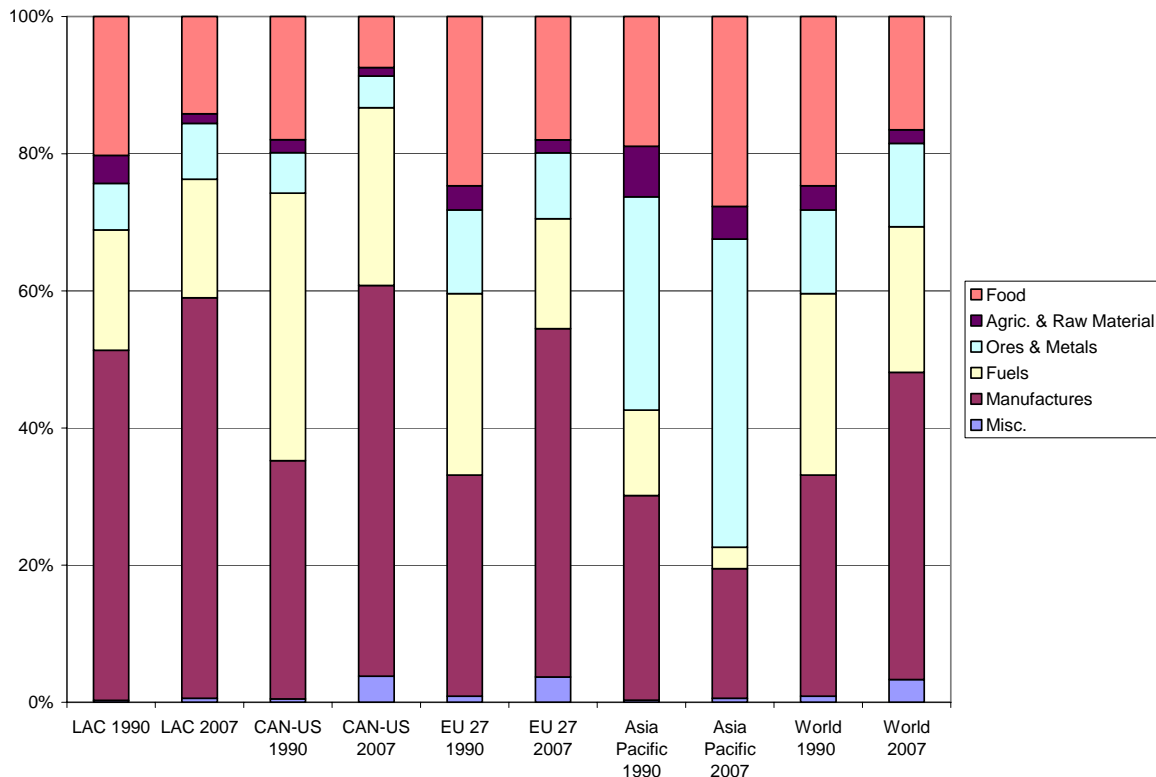
Manufactures constitute a growing and dominant share of Latin America’s export basket. As a share of the region’s total exports manufactures increased from 32.2 percent in 1990 to 44.8 percent in 2007 (Figure 4). Meanwhile, the respective shares of all other product categories (food, non-food agriculture, metals and minerals, and fuels) decreased.

The growing importance of manufactures in Latin America’s export basket is most notable in the region’s exports to the North American market. Mexico and Central America, beneficiaries of extensive trade preferences in the United States and Canada, scored particularly strong growth in manufactures of their total North America-bound exports.<sup>5</sup> This outcome is mirrored in the increase of the share of manufactures in Mexican and Central American global exports. By contrast, the Southern Common Market (Mercosur) and the Andean and Caribbean regions have seen a much less pronounced growth of manufactures in their export baskets.

**Figure 4. Latin America’s Export Structure in 1990 and 2007, by Destination and Commodity Group**

<sup>5</sup> This strong growth may also in part reflect the recent inclusion of maquiladora trade in the data.





Source: INT calculations based on UN/COMTRADE.

Notably, while Latin America has increased the share of manufactures in its overall exports to North America and Europe and in intra-regional trade, the opposite has occurred in the region's exports to Asia-Pacific. The share of manufactured exports to Japan, South Korea, China, and ASEAN alike actually declined in Latin America's export basket in 1990-2007. In 1990, manufactures made up 30 percent of Latin American exports to Asia-Pacific; this figure has dropped to 19 percent in 2007. Meanwhile, the share of food products, fuels, metals and minerals grew to represent some three quarters of total Latin American exports to Asia-Pacific. Metals and minerals increased particularly in Latin America's China-bound exports—although food exports still dominate Latin America's exports to China.

There is marked intra-regional variation in the product composition of Latin American exports. The driver of the regional downward trend in the share of manufactures exports to Asia-Pacific is the Mercosur region. Central America and Mexico stand out for increases in manufactures exports to the world, Japan, South Korea, China, and ASEAN alike. For Mexico, manufactures have surged from 43.3 percent to 71.7 percent of exports to the world during 1990-2007, and also constitute the bulk of Mexican exports to the Asia-Pacific. As for Central America, although manufactures have come to dominate exports to China and ASEAN, food products continue central in exports to South Korea and Japan.

Meanwhile, the Andean region has seen a strong growth in food exports to Japan, ores and metals exports to South Korea, and metal and mineral exports to China and ASEAN. Similar

patterns hold for Mercosur's exports to Japan and China; however, the group's Korea- and ASEAN-bound exports feature a marked rise in food products. Indeed, the Andean region reflects the patterns of Latin America as a whole: a growing share of manufactures in exports to the world, North America, Europe, and intra-regional trade, accompanied by a declining share of manufactures in the Asia-Pacific-bound export basket.

### **Trade from the Asia-Pacific Perspective**

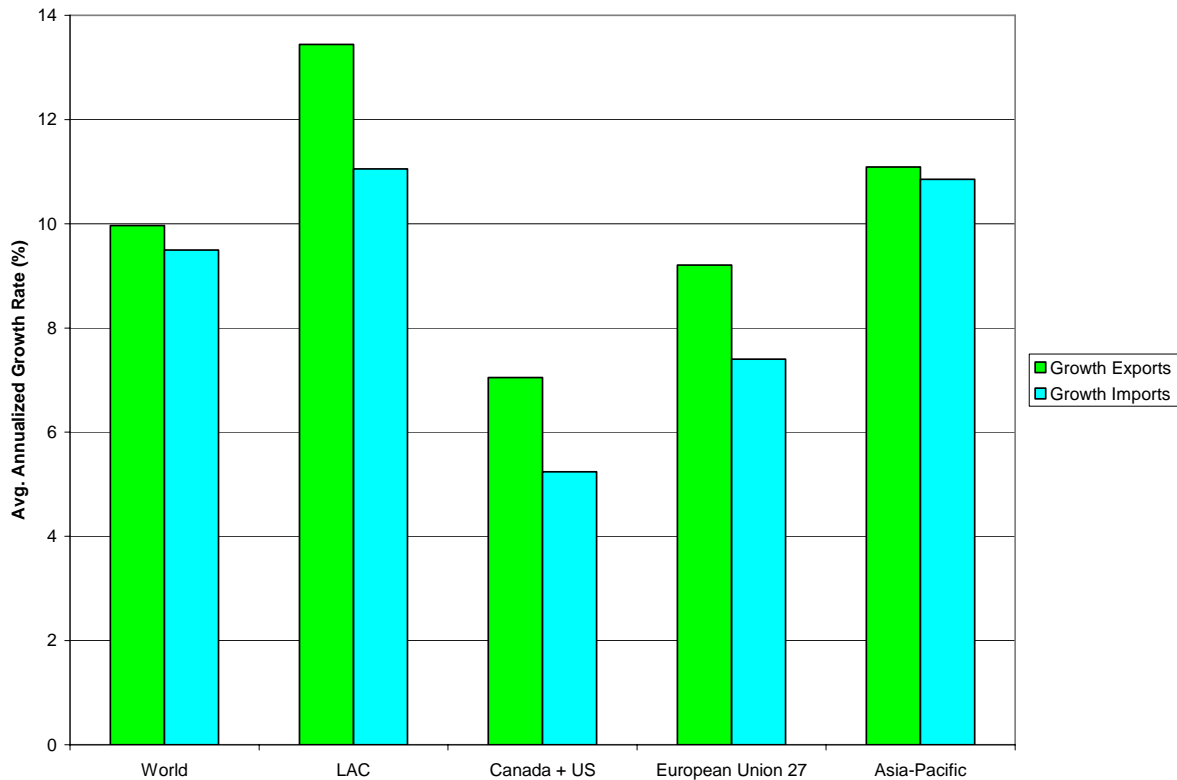
Asia-Pacific's total exports to the world grew by an annual average of 10 percent between 1990 and 2007 (Figure 5).<sup>6</sup> Among the region's economies, China's export growth to the world was particularly strong, averaging 19.1 percent for this period. In 2007, China accounted for nearly 36.3 percent of the Asia-Pacific region's total exports to the world. ASEAN increased its total exports to the world by an annual average of 10.8 percent as did Korea, while Japanese exports grew by 5.5 percent.

The growth in Asia-Pacific exports to Latin America has been particularly pronounced, reaching an annual average of 13.4 percent in 1990-2007. China increased its exports to Latin America at an annual rate of 31.1 percent, ASEAN by 16.1 percent, South Korea by 15.8 percent, and Japan by 7.7 percent.

---

<sup>6</sup> When ASEAN is the reporter, the definition of ASEAN is limited to Brunei, Indonesia, Malaysia, Philippines, Singapore and Thailand due to data constraints. The definition of Asia-Pacific as a reporter is limited to these six economies, plus China, Macao-China, Hong Kong-China, Taipei-China, Japan, South Korea, Australia and New Zealand. When ASEAN and/or Asia-Pacific are partners rather than reporters, they also include the four further ASEAN members—Cambodia, Laos, Myanmar, and Vietnam.

**Figure 5. Growth of Asia-Pacific Trade in 1990-2007, by Partner**



Source: INT calculations based on UN/COMTRADE.

Imports of Asia-Pacific goods from Latin America also increased in the 1990-2007 period. The region’s 11 percent annual import growth rate from Latin America was slightly higher than the annual 9.5 percent growth of the region’s imports from the world. In China, this difference was more pronounced: Chinese imports from Latin America surged at an annual average of 24.5 percent during the period, well above the 17.9 percent growth of Chinese imports from the world.

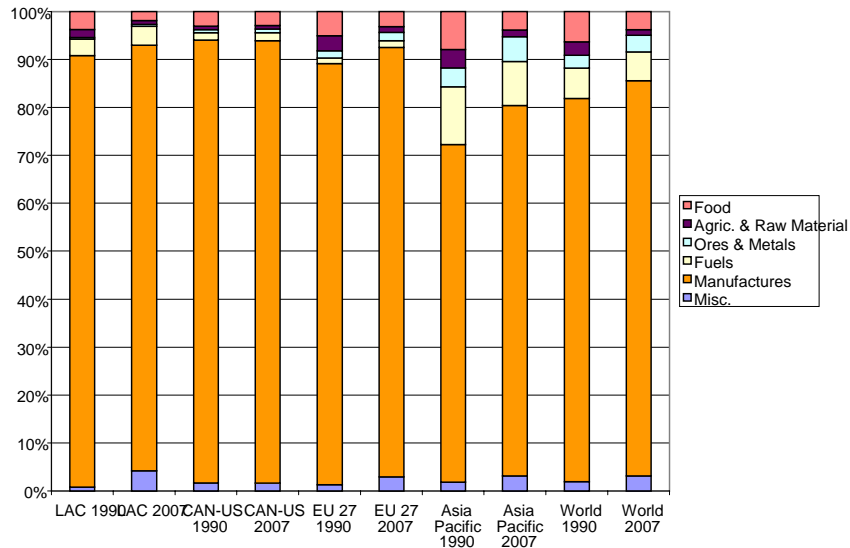
Asia-Pacific exports destined for Latin America increased as a share of the region’s total exports between 1990 and 2007. However, Latin America accounts for only 3.6 percent of Asia-Pacific exports to the world. The increase in the share of exports to Latin America is most marked for China, South Korea, Indonesia, Singapore, and Thailand. Korea is the Asia-Pacific economy with the greatest share of exports going to Latin America (6 percent of total).

Latin America’s share of Asia-Pacific imports is less significant, increasing slightly from 2.6 percent to 3.2 percent in 1990-2007. Again, in China the increase of imports was more robust: the share of imports from Latin America increased from 2.3 percent to 5.7 percent of total Chinese imports during the same period.

The composition of Asia-Pacific exports is markedly distinct from that of Latin American exports (Figure 6). The region’s export basket to all world regions is overwhelmingly based on manufactured goods. In 2007, manufactures made up 82.4 percent of Asia-Pacific’s exports to the world, and around 90 percent of the region’s exports to Latin America, North America, and the European Union. Manufactures are also an integral component of Asia-Pacific’s intra-regional trade, accounting for some 77 percent of the total. Fuels and food products compose other key products circulating in intra-regional commerce.

Japanese and Korean export baskets to the world and Latin America alike have long been nearly entirely made up of manufactures. China and ASEAN are catching up fast: between 1990 and 2007, China expanded the share of manufactures in its global exports from 71.4 percent to 93.2 percent, and ASEAN from 56.7 percent to 67.7 percent. Analogous patterns hold for Chinese and ASEAN exports to Latin America.

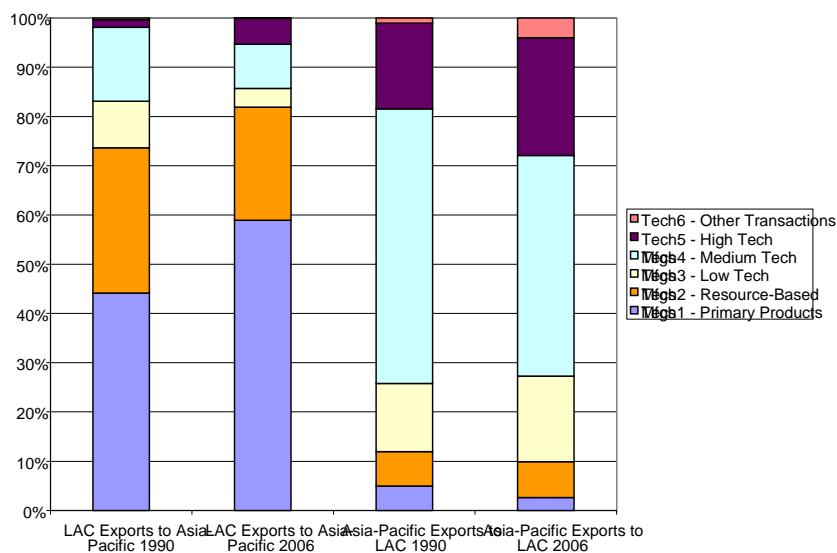
**Figure 6. Asia-Pacific Export Structure in 1990 and 2007, by Destination and Commodity Group**



Source: INT calculations based on UN/COMTRADE.

As for the technological content of exports, Latin America has increased its exports of primary products to Asia-Pacific (figure 7). The continued industrialization and economic growth of Asia-Pacific economies, especially China, Korea, and Japan, has served as impetus for Asia-Pacific to look to natural resource-rich Latin America to secure long-term supplies of such materials. However and encouragingly, exports of high technology manufactures from Latin America to Asia-Pacific have also grown. This can be in part attributed to continued investment in this sector by export-oriented foreign multinationals. Investments such as Acher Pharmaceuticals, \$70 million dollar investment in 2007 in a production center based in Mexico City, and Intel’s semiconductor processing plant in Costa Rica are among the contributors to this trend.

**Figure 7. Technological Content of Exports in Latin-America and Asia-Pacific in 1990-2006**



Source: INT calculations based on UN/COMTRADE.

### III. DYNAMICS OF BIREGIONAL CAPITAL FLOWS: FOREIGN DIRECT INVESTMENT AND REMITTANCES

Foreign direct investment in Latin America has been one of the key engines integrating the region with the rest of the world. At an estimated \$105.9 million, Latin America's FDI inflows reached record levels in 2007, representing a year over year percentage increase of 46 percent.<sup>7</sup> Brazil and Mexico continue as the two biggest recipients of global FDI in Latin America.

A major impetus for FDI to Latin America has been extra-regional players' interest in using the region as a production and export platform in such sectors as vehicles and textiles destined for the North American market. But last year's upsurge in investment was motivated by market-seeking strategies—multinational firms' efforts to take advantage of the growth in local demand for goods and services in the Latin America, as well as by resource-seeking strategies by companies aiming to feed the growing Asian and global demand for commodities and raw materials.

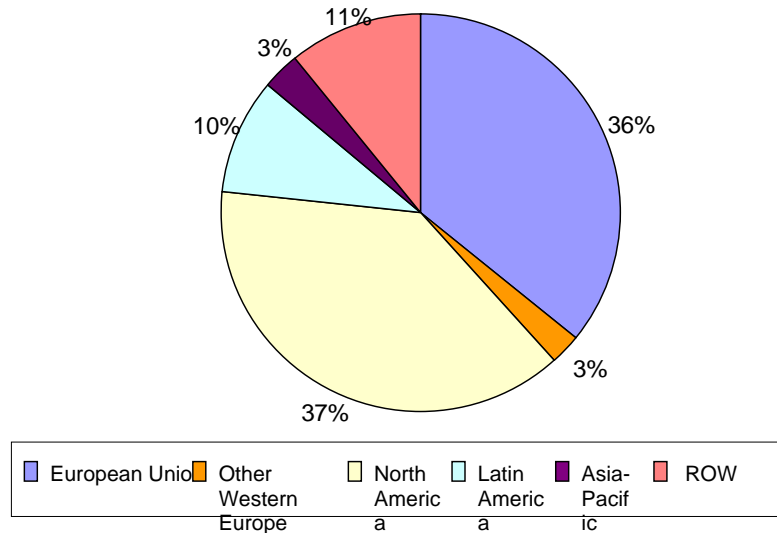
#### Asia-Pacific FDI to Latin America: Role of Japan, Korea, and China

Asia-Pacific FDI to Latin America continues to represent only a small share of Latin America's total FDI. In 2003-2006, the period for which detailed bi-regional figures are available, they composed only 3 percent of total Latin American FDI flows, slightly below the

<sup>7</sup> See ECLAC. 2007. *Foreign Direct Investment in Latin America and the Caribbean*.

4 percent in 1998-2002 (Figure 8). The European Union and North America continue to be the main sources of FDI for Latin America, together comprising 75 percent of all FDI flows to the region.

**Figure 8. FDI Flows to Latin America in 2003-2006, by Geographical Region (Period Average)**

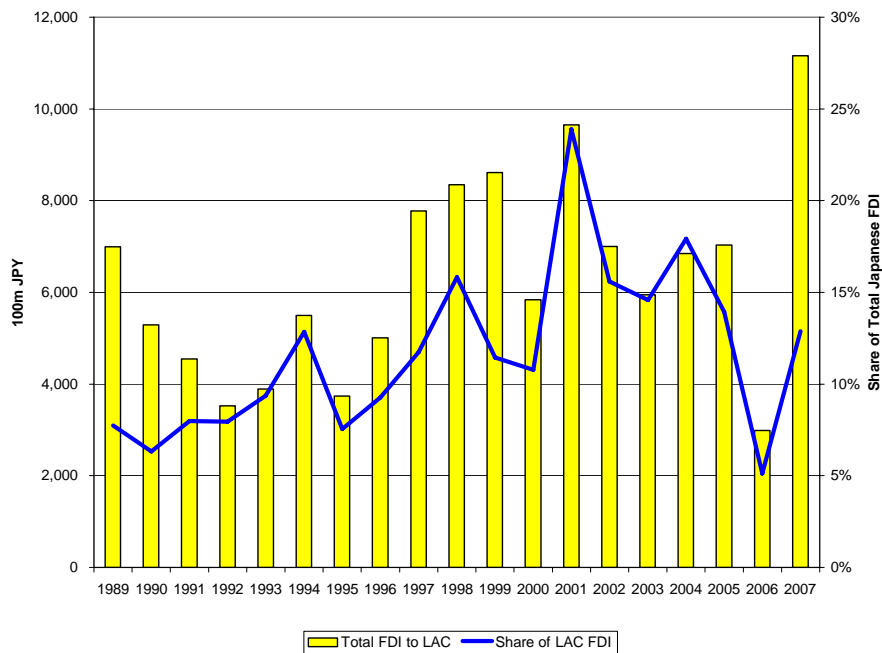


Source: National sources of Argentina, Brazil, Chile, Colombia, Dominican Republic, Ecuador, El Salvador, México, and Perú.

Asia-Pacific FDI in Latin America is in part driven by growing Asian demand for natural resources. Some examples include Australian miner BHP Billiton’s investment in Chile’s copper mining sector, Japanese industrial conglomerate Mitsui’s investment in Brazil’s ethanol production operations, and investments by Chinese energy company CNPC in the exploration and development of Venezuela’s oil capabilities. But Asian manufacturers are also seeking out Latin America as a production and exporting platform to the regional and North American market. Mexico’s manufacturing sector continues attracting Japanese and Korean automakers, in particular.

Japan has traditionally been Asia-Pacific’s largest investor in Latin America. Japanese FDI to Latin America follow the patterns of the past two decades, with FDI to the region representing 7-15 percent of Japan’s total FDI outflows. However, the actual flows to Latin America are at their highest levels since the late-1980s (Figure 9). Japanese FDI in Latin America is geared toward natural resources and manufacturing. NAFTA and now the Mexico-Japan free trade agreements (FTA) have helped spur Japanese vehicle companies’ investments into Mexico, and encouraged auto parts suppliers to further operations in the region. In Brazil, Japanese FDI has focused on mining, agriculture, and manufacturing, including electronics such as audiovisual equipment and copiers. Japan’s demand for alternative sources of energy has attracted considerable investment in Brazil’s energy sector, particularly in operations that produce ethanol.

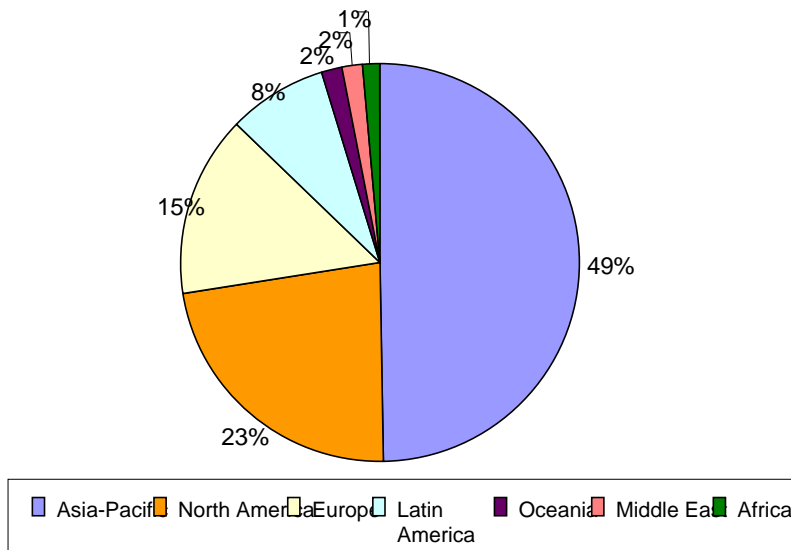
**Figure 9. Japan's Foreign Investment in Latin America in 1989-2007**



Source: Bank of Japan.

Korean FDI to Latin America has been on a steady climb since 2001. However, Latin America's share of global Korean FDI is still small, at 8 percent (Figure 10). Brazil, Peru and Mexico are the main recipients of Korean FDI to Latin America.

**Figure 10. South Korea's Foreign Direct Investment in 2000-2006, by Region**



Source: Bank of Korea, *Overseas Direct Investment Statistic Yearbook*, Seoul, 2006.

Like Japanese FDI, Korean manufacturing FDI in Latin America is both market- and efficiency-seeking, aimed at selling in and exporting from the region. Korean electronics maker Samsung and LG has heavily invested in Mexico and Brazil, producing electronics from mobile phones to PDP televisions. Hyundai Motor is preparing for new significant investments in Brazil, including the construction of an auto assembly plant. In the natural resources sector, the Korea National Oil Corporation and oil refiner SK have made large investments in Peru's crude oil and natural gas operations.<sup>8</sup>

While comprehensive data on Chinese FDI in Latin America is not available, China has increased its investments in Latin America to feed its growing needs for raw materials, including food stuffs, minerals, and oil and petroleum. Partly as a result of these investments, China has become the fastest growing export market for virtually in every single country in Latin America. Chinese activities in Latin America's mining sector have included the development of Bauxite deposits in Brazil, Chinese mining giant's MINMETALS \$2 billion investment joint venture with Chilean miner CODELCO in 2006, and a \$600 million investment in Cuba's nickel production capabilities.

<sup>8</sup> The Korean government has recently established Center for Korea-Latin America cooperation for Energy and Natural Resources inside the Ministry of Foreign Affairs and Trade for more systematic resource diplomacy toward the region.



While the role of the major players in Latin America-Asia-Pacific investment ties has remained rather unchanged in recent years, there are two new trends that augur well for the future of Asia-Latin America investment flows.

The first is the rise of Latin American investments in Asia-Pacific. Indeed, Latin America's overall outward FDI was a robust \$20.6 billion in 2007.<sup>9</sup> This was the result of the overseas activity "trans-Latins", major Latin American companies, and in the Asia-Pacific context contrasts with the traditional notion that trans-Pacific investments are of Asian origin. The foremost example of trans-Latins is Brazilian aircraft manufacturer Embraer, which set up its initial China operation in May 2000, and produced the first airplane outside Brazil in the Harbin, China factory in 2003.

The second new feature of Latin America-Asia-Pacific investment ties is the rise of increasingly intricate biregional partnerships and joint ventures. One example is Hyundai of Korea, which exports and distributes its vehicles through its Chilean arm, Automotores Gildemeister. The Chinese manufacturer First Automobile Works Group has begun the construction of a plant in Zinapecuaro in the state of Michoacán, Mexico, in collaboration with Mexican conglomerate Salinas Group's Elektra.<sup>10</sup> In mining, Asia's three largest steelmakers, Nippon Steel Corp, JFE Holdings Inc. and POSCO, have joined forces with Brazil's Vale in expanding its underground operation at the Carborough Downs coalmine in Australia. The total capital investment of this initiative, announced in June 2008, has been estimated to be approximately \$346 million.<sup>11</sup> For its part, Japan's Mitsui is forming a 50:50 joint venture with Brazil's Petrobras to provide ethanol for the Japanese market.

#### **IV. CONCLUSION: TRANS-PACIFIC ECONOMIC TIES IN THE 21<sup>ST</sup> CENTURY**

Biregional economic relations between Latin America and Asia-Pacific have shown growing dynamism in recent years. Trans-Pacific trade flows continue to be driven by Asian demand for Latin American exports of natural resources. FDI to Latin America from Asia-Pacific, primarily from Japan and China, is concentrated in the mining and energy sectors; Korean FDI has primarily flown to Latin America's manufacturing sectors.

However, there is also a trend toward some diversification of the biregional trade, and even an incipient rise of biregional intra-industry trade. Furthermore, while Asian firms have long employed Latin American markets as launching pads to the North American markets in such sectors as automobile, telephone, and machinery, today they are forging partnerships and joint ventures with Latin American companies and tapping into local supply chains in the Latin American host nations. And the biregional investment ties are increasingly two-way, with major Latin American companies setting up production and services facilities in Asia-Pacific.

There are several conscious efforts fueling these positive trends, such as biregional trade agreements, export promotion, business matchmaking efforts, and overall cooperation

---

<sup>9</sup> See ECLAC. 2007. *Foreign Direct Investment in Latin America and the Caribbean*.

<sup>10</sup> See Enrique Orellana, "U.S. Auto Crisis Benefits Mexico," *Latin Business Chronicle*, January 7, 2008.

<sup>11</sup> See "Nipón, Vale, JFE, and POSCO to boost Carborough Downs Coal Mine Output," September 5, 2008.

between the two regions. However, more work lies ahead for truly harnessing the potential for trans-Pacific integration. The case for deepening and broadening bilateral economic ties is all the more compelling now in light of the global economic downturn, which is rattling economies on both sides of the Pacific. Economic growth in both LAC and Asia is driven in good part by these regions' hard-won integration in the global economy. The best antidote against the global turbulence is for both regions to step up their regional and global trade and investment liberalization and integration and cooperation. The trans-Pacific arena provides both regions perhaps more untapped opportunities than any other realm for integration and safeguarding growth and prosperity in the months and years ahead.