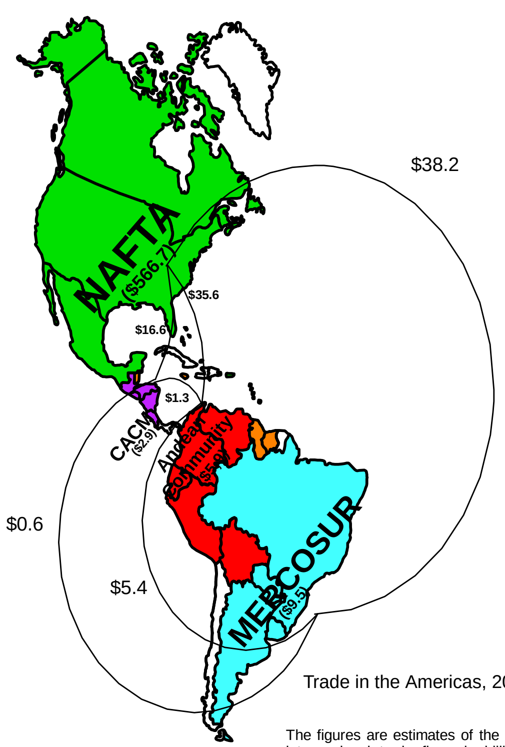
INTER-AMERICAN DEVELOPMENT BANK
Department of Integration and Regional Programs
Division of Integration, Trade and Hemispheric Issues
Institute for the Integration of Latin America and the Caribbean
Statistics and Quantitative Analysis Unit

INTEGRATION AND TRADE IN THE AMERICAS

A Preliminary Estimate of 2002 Trade



Trade in the Americas, 2002

The figures are estimates of the sum of inter-regional trade flows in billions of US$. The numbers in parentheses show intra-regional trade. Figures for Caricom are not available.

PERIODIC NOTE

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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

ALADI	Latin American Integration Association
CACM	Central American Common Market
CARICOM	Caribbean Community
MERCOSUR	Southern Common Market
NAFTA	North American Free Trade Agreement

PRELIMINARY ESTIMATES FOR 2002 POINT TO CONTINUING DECLINE IN WESTERN HEMISPHERE TRADE

Total Western Hemisphere exports to the world fell by over 6 percent in 2002, continuing the decline recorded in 2001 but at a lower rate. The international recovery evident in early 2002, following the stagnation of global growth the previous year, subsequently lost momentum and the downturn has continued to have adverse effects on the trade of the Americas. Latin America's exports to the world dropped by 3 percent in 2002 as depressed import demand in Europe and the United States was surpassed by demand contraction in Japan and in the region itself.

Trade within the Western Hemisphere also fell by 6 percent in 2002, according to preliminary estimates. This continued the decline of almost 12 percent recorded in 2001, which had put an end to a decade-long trend in which trade within the Americas grew at more than twice the rate of exports to markets outside the Americas.

Trade between Latin American countries fell sharply by 12 percent. Much of the decline in intra-Latin American trade is ascribable to a contraction of imports in the countries of Mercosur[1], especially Argentina, where demand for foreign goods and services has fallen as a result of the country's economic difficulties. Import demand in Brazil has also remained subdued.

Exports from all Latin American countries to the Mercosur subregion dropped by 35 percent, while trade between the Mercosur countries themselves declined by 37 percent. This followed a 46 percent fall in intra-Mercosur trade in 2001, after a decade in which such trade had expanded by an average of 16 percent a year. The most striking decline was the 54 percent collapse in Brazil's exports to its Mercosur partners, again attributable in large part to the recession in Argentina. Paraguay was the only Mercosur country to record a growth of exports to the other members of the group.

Much less pronounced was the fall in Mercosur's total exports, which declined by 4 percent. Mercosur's sales to Nafta[2] in fact grew by nearly a fifth and the group's exports to Central America increased by some 29 percent. As a result, intra-Mercosur exports accounted for only 11 percent of the group's total sales for the second successive year, down from about a fifth in 2000. This is the lowest share of intra-subregional exports in total exports since Mercosur was established in 1991.

By contrast, the drop in Nafta's exports to the world in 2002 (7 percent) was sharper than the fall in intra-group trade, which declined by 5 percent. Intra-Nafta sales now make up 57 percent of the member countries' total exports, a figure that has been growing consistently since 1995.

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[1] Argentina, Brazil, Paraguay and Uruguay.
[2] Canada, Mexico and the United States.

Overall, intra-Andean Community[3] trade grew by 2 percent in 2002. Some 12 percent of Andean exports now move between Community countries, a share surpassed only once in the whole of the 1990s. Of the Andean countries, only Bolivia and Colombia posted growth in intra-group exports. That growth, however, was fairly strong (almost 14 percent in the case of Bolivia and nearly 9 percent for Colombia), helping to offset the decline in the other members' sales to the group.

Central America was the only subregion to record growth in exports to the world (2 percent), to the Western Hemisphere (1 percent), to Latin America as a whole (2 percent), and to Mercosur (11 percent). Trade between the member countries of the Central American Common Market[4] grew by just 1 percent (following growth of over 12 percent in intra-subregional commerce in 2001), while the share of intra-Central American exports in total exports remained steady at 23 percent.

Among Latin American countries, Uruguay, Argentina and Venezuela – in that order – experienced the sharpest decline in total exports. Uruguay's total exports shrank by over 11 percent. The devaluation of the Brazilian real in 1999 – Brazil is Uruguay's main export market – marked the start of the Uruguayan recession. The subsequent crisis in Argentina, the second main outlet for Uruguayan sales, eroded exports yet further. Peru recorded by far the best export performance, its total sales expanding by almost 6 percent, followed by Costa Rica with export growth of nearly 3 percent.

[3] Bolivia, Colombia, Ecuador, Peru and Venezuela.
[4] Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua.

TABLE 1

INTRA-HEMISPHERIC EXPORTS BY INTEGRATION GROUPS

(% change from 2001)

Exporting Region	Mercosur	Mercosur+Chile+Bolivia	Andean Community	Group of Three	ALADI (1)	CACM	Latin America (2)	NAFTA	Hemisphere	World Total
	Destination									
Mercosur	(37)	(29)	(2)	8	(19)	29	(18)	18	(5)	(4)
Andean Community	(12)	(12)	2	11	(4)	4	(3)	(4)	(7)	(5)
Group of Three	(18)	(18)	5	13	(4)	(3)	(3)	(3)	(3)	(3)
ALADI (1)	(35)	(28)	1	8	(15)	5	(13)	(0)	(4)	(3)
CACM	11	(3)	2	18	12	1	2	4	1	2
Latin America	(35)	(28)	1	8	(15)	3	(12)	(0)	(4)	(3)
NAFTA	(32)	(31)	(6)	(7)	(10)	7	(9)	(5)	(7)	(7)
Total Hemisphere	(33)	(29)	(3)	(5)	(11)	6	(9)	(4)	(6)	(6)

2002 INTRA-HEMISPHERIC EXPORTS BY INTEGRATION GROUPS

(million US$)

Exporting Region	Mercosur	Mercosur+Chile+Bolivia	Andean Community	Group of Three	ALADI (1)	CACM	Latin America (3)	NAFTA	Hemisphere	World Total
	Destination									
Mercosur	9,537	14,272	3,755	4,993	20,776	548	21,752	24,503	43,030	84,279
Andean Community	1,608	2,353	5,882	4,885	8,783	1,156	11,336	22,487	33,123	48,286
Group of Three	1,695	2,280	5,831	4,885	8,560	2,347	12,234	158,131	169,844	191,219
ALADI (1)	12,726	18,608	12,564	12,479	35,206	3,275	40,383	191,502	227,063	305,739
CACM	32	37	112	350	419	2,896	3,688	6,459	9,876	12,456
Latin America	12,760	18,647	12,702	12,863	35,667	6,295	44,287	198,313	237,496	318,958
NAFTA	13,688	16,447	13,085	92,001	112,601	10,119	128,648	566,669	612,032	988,571
Total Hemisphere	25,804	34,189	24,187	103,633	145,782	14,996	169,032	624,960	705,604	1,151,205

2002 STRUCTURE OF EXPORTS BY INTEGRATION GROUP

(% distribution)

Exporting Region	Mercosur	Mercosur+Chile+Bolivia	Andean Community	Group of Three	ALADI (1)	CACM	Latin America (3)	NAFTA	Hemisphere	World Total
	Destination									
Mercosur	11	17	4	6	25	1	26	29	51	100
Andean Community	3	5	12	10	18	2	23	47	69	100
Group of Three	1	1	3	3	4	1	6	83	89	100
ALADI (1)	4	6	4	4	12	1	13	63	74	100
CACM	0	0	1	3	3	23	30	52	79	100
Latin America	4	6	4	4	11	2	14	62	74	100
NAFTA	1	2	1	9	11	1	13	57	62	100
Total Hemisphere	2	3	2	9	13	1	15	54	61	100

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

(1) Does not include Cuba.

(2) Including Panama and the countries of ALADI and the CACM.

TABLE 2

EXPORT GROWTH BY WESTERN HEMISPHERE TRADE GROUPS, 2002

Exporting Group / Member	Export Growth To Group	Export Growth To World
Mercosur	**-37.1**	**-4.1**
Argentina	-27.1	-8.2
Brazil	-53.5	-1.9
Paraguay	9.6	-6.1
Uruguay	-29.4	-11.5
Chile (Mercosur)	-38.6	-4.3
Andean Community	**2.4**	**-4.7**
Bolivia	13.7	-3.7
Colombia	8.7	-5.6
Ecuador	-11.6	1.7
Peru	-5.0	5.7
Venezuela	-2.4	-8.3
Nafta	**-5.4**	**-6.9**
Mexico	-2.3	-1.3
Canada	-7.2	-7.5
United States	-5.5	-8.0
CACM	**1.3**	**2.0**
Costa Rica	3.3	2.7
El Salvador	-5.4	2.1
Guatemala	-4.3	-7.9
Honduras	…	…
Nicaragua	17.5	-7.6

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, 1991-2001

(Millions of US dollars and percentages)

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	Annual average growth, 1991-2001[4]
Western Hemisphere [1,2,3]												
Total exports	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	1,151,205	
% growth	4.0	6.1	4.2	18.1	15.8	7.8	10.1	-1.5	4.7	7.6	-12.0	5.8
Extra-hemispheric exports	345,001	346,544	340,002	392,278	471,910	496,479	521,552	484,536	488,397	508,778	445,601	
% growth	4.4	0.4	-1.9	15.4	20.3	5.2	5.1	-7.1	0.8	4.2	-12.4	2.6
Intra-hemispheric exports	312,855	351,504	387,048	466,178	522,419	575,475	658,280	677,138	728,001	799,711	705,604	
% growth	3.5	12.4	10.1	20.4	12.1	10.2	14.4	2.9	7.5	9.9	-11.8	8.5
Intra/Total	47.6	50.4	53.2	54.3	52.5	53.7	55.8	58.3	59.8	61.1	61.3	
Latin America and the Caribbean (LAC) [2,3]												
Total exports	135,333	145,173	154,529	182,545	220,411	249,332	276,962	267,019	281,745	340,079	318,959	
% growth	-0.6	7.3	6.4	18.1	20.7	13.1	11.1	-3.6	5.5	20.7	-6.2	9.0
Extra-LAC exports	115,748	120,352	125,081	147,584	178,629	203,074	223,464	214,632	238,204	287,924	274,672	
% growth	-2.9	4.0	3.9	18.0	21.0	13.7	10.0	-4.0	11.0	20.9	-4.6	9.0
Intra-LAC exports	19,585	24,821	29,448	34,961	41,782	46,257	53,498	52,387	43,541	52,155	44,287	
% growth	15.8	26.7	18.6	18.7	19.5	10.7	15.7	-2.1	-16.9	19.8	-15.1	8.5
Intra/Total	14.5	17.1	19.1	19.2	19.0	18.6	19.3	19.6	15.5	15.3	13.9	
Andean Community												
Total exports	29,232	28,107	29,137	34,243	38,259	45,687	47,655	38,742	43,207	57,236	48,286	
% growth	-7.9	-3.8	3.7	17.5	11.7	19.4	4.3	-18.7	11.5	32.5	-15.6	5.1
Extra-Andean exports	27,465	25,888	26,276	30,816	33,524	40,996	42,028	33,402	39,268	52,045	42,404	
% growth	-9.7	-5.7	1.5	17.3	8.8	22.3	2.5	-20.5	17.6	32.5	-18.5	4.4
Intra-Andean exports	1,767	2,219	2,861	3,427	4,735	4,691	5,627	5,341	3,939	5,191	5,882	
% growth	33.4	25.6	28.9	19.8	38.2	-0.9	19.9	-5.1	-26.2	31.8	13.3	12.8
Intra/Total	6.0	7.9	9.8	10.0	12.4	10.3	11.8	13.8	9.1	9.1	12.2	
Caricom [3]												
Total exports	4,139	3,970	3,215	5,069	5,531	5,439	6,008	---	---	---	---	
% growth	-10.9	-4.1	-19.0	57.7	9.1	-1.7	10.4	---	---	---	---	6.4
Extra-Caricom exports	3,691	3,537	2,665	4,376	4,649	4,568	5,082	---	---	---	---	
% growth	-11.2	-4.2	-24.7	64.2	6.2	-1.8	11.3	---	---	---	---	5.5
Intra-Caricom exports	448	433	550	693	882	872	925	---	---	---	---	
% growth	-8.8	-3.2	26.9	26.0	27.2	-1.1	6.1	---	---	---	---	12.9
Intra/Total	10.8	10.9	17.1	13.7	15.9	16.0	15.4	---	---	---	---	
CACM												
Total exports	4,279	4,674	4,899	5,509	6,864	7,778	8,242	10,313	11,175	12,765	12,456	
% growth	5.7	9.2	4.8	12.4	24.6	13.3	6.0	25.1	8.4	14.2	-2.4	11.3
Extra-CACM exports	3,493	3,615	3,797	4,280	5,408	6,192	6,417	8,125	8,886	10,194	9,560	
% growth	3.1	3.5	5.0	12.7	26.4	14.5	3.6	26.6	9.4	14.7	-6.2	10.6
Intra-CACM exports	786	1,059	1,102	1,229	1,456	1,586	1,826	2,188	2,289	2,571	2,896	
% growth	19.4	34.7	4.1	11.5	18.5	8.9	15.1	19.9	4.6	12.3	12.6	13.9
Intra/Total	18.4	22.7	22.5	22.3	21.2	20.4	22.1	21.2	20.5	20.1	23.2	
Mercosur												
Total exports	45,891	50,463	54,122	62,113	70,402	74,998	82,342	81,323	74,320	84,659	84,279	
% growth	-1.1	10.0	7.3	14.8	13.3	6.5	9.8	-1.2	-8.6	13.9	-0.4	6.3
Extra-Mercosur exports	40,788	43,246	44,095	50,157	56,019	57,960	62,289	60,972	59,158	66,961	74,742	
% growth	-3.5	6.0	2.0	13.7	11.7	3.5	7.5	-2.1	-3.0	13.2	11.6	6.2
Intra-Mercosur exports	5,103	7,216	10,026	11,957	14,384	17,038	20,053	20,351	15,163	17,698	9,537	
% growth	23.6	41.4	38.9	19.3	20.3	18.5	17.7	1.5	-25.5	16.7	-46.1	6.5
Intra/Total	11.1	14.3	18.5	19.2	20.4	22.7	24.4	25.0	20.4	20.9	11.3	
Mercosur+Chile+Bolivia (MCB)												
Total exports	55,343	60,872	63,927	74,790	87,977	91,700	100,632	97,197	91,355	104,120	102,431	
% growth	-0.5	10.0	5.0	17.0	17.6	4.2	9.7	-3.4	-6.0	14.0	-1.6	6.3
Extra-MCB exports	47,378	50,231	50,056	58,333	67,903	68,732	73,874	70,615	70,664	79,581	86,773	
% growth	-3.6	6.0	-0.3	16.5	16.4	1.2	7.5	-4.4	0.1	12.6	9.0	6.2
Intra-MCB exports	7,965	10,641	13,871	16,458	20,074	22,968	26,758	26,582	20,691	24,539	15,658	
% growth	23.4	33.6	30.4	18.6	22.0	14.4	16.5	-0.7	-22.2	18.6	-36.2	7.0
Intra/Total	14.4	17.5	21.7	22.0	22.8	25.0	26.6	27.3	22.6	23.6	15.3	
NAFTA												
Total exports	565,199	599,027	624,352	737,888	853,694	918,077	1,013,108	1,012,114	1,071,355	1,134,834	988,571	
% growth	5.2	6.0	4.2	18.2	15.7	7.5	10.4	-0.1	5.9	5.9	-12.9	5.8
Extra-NAFTA exports	328,231	335,184	332,960	383,349	460,581	485,698	517,457	490,885	486,296	491,695	421,902	
% growth	6.8	2.1	-0.7	15.1	20.1	5.5	6.5	-5.1	-0.9	1.1	-14.2	2.5
Intra-NAFTA exports	236,968	263,843	291,392	354,539	393,113	432,379	495,651	521,229	585,059	643,140	566,669	
% growth	3.1	11.3	10.4	21.7	10.9	10.0	14.6	5.2	12.2	9.9	-11.9	9.1
Intra/Total	41.9	44.0	46.7	48.0	46.0	47.1	48.9	51.5	54.6	56.7	57.3	

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

[1] Western Hemisphere includes Latin America, Canada, and the United States; for the period 1991-1997, also includes the Caribbean.

[2] Latin America and the Caribbean includes 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 the Dominican Republic in 1991 and 1998-2001, Panama in 1994, and the Caribbean in 1998-2001 because of the unavailability of data.

[3] Caricom includes Bahamas, Barbados, Belize, Dominica, Grenada, Jamaica, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname, and Trinidad and Tobago because of the unavailability of data for the other Caricom member states. Totals exclude Bahamas (1992-96), Belize (1991), Dominica (1992), Grenada (1993), St. Kitts and Nevis (1991-92, 1996), St. Vincent and the Grenadines (1991-92) and Suriname (1993).

[4] Calculated using the formula $[(Y(t)/Y(s))^{(1/n)}-1]*100$, where Y(t) and Y(s) are the values in years "t" and "s", respectively, where t >s and n = t-s. For Caricom, 1991 to 1997.

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