

Q1 UPDATE

TRADE TRENDS ESTIMATES  
LATIN AMERICA  
AND THE CARIBBEAN

2022 EDITION





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LATIN AMERICA AND THE CARIBBEAN

2022 EDITION

Q1 Update

Coordinated by  
Paolo Giordano



This report provides estimates of Latin America and the Caribbean's international trade flows for 2021 and the first quarter of 2022. The data in it was prepared by the Integration and Trade Sector (INT) at the Inter-American Development Bank (IDB), in partnership with its Institute for the Integration of Latin America and the Caribbean (INTAL), under the overall supervision of Fabrizio Opertti, Sector Manager, Pablo García, Regional Integration Unit Chief, and Ana Basco, Director of INTAL. Technical supervision was provided by Mauricio Mesquita Moreira, INT's Principal Economic Advisor.

This edition was coordinated by Paolo Giordano, INT Principal Economist, and written in collaboration with INTAL consultant Kathia Michalczewsky. Jesica De Angelis participated in the research process. Carolina Barco, Ailén Ahumada, Aldana Benedetti, Camila Talmón, and Victoria Giordano assisted with data processing.

Ximena Abeledo, Pablo Bachelet, Andrés Cavelier, Graziela Flor, and María Lidia Viquez provided support for the team during the production and publication process. Federico Mazzella provided technical support. The publication was designed and typeset by Word Express and translated into English by Victoria Patience.

The estimates in this report are based on the quarterly and monthly data available for 22 Latin American and Caribbean countries for 2022 from official national and international sources. The information included in the report is current as of May 17, 2022.

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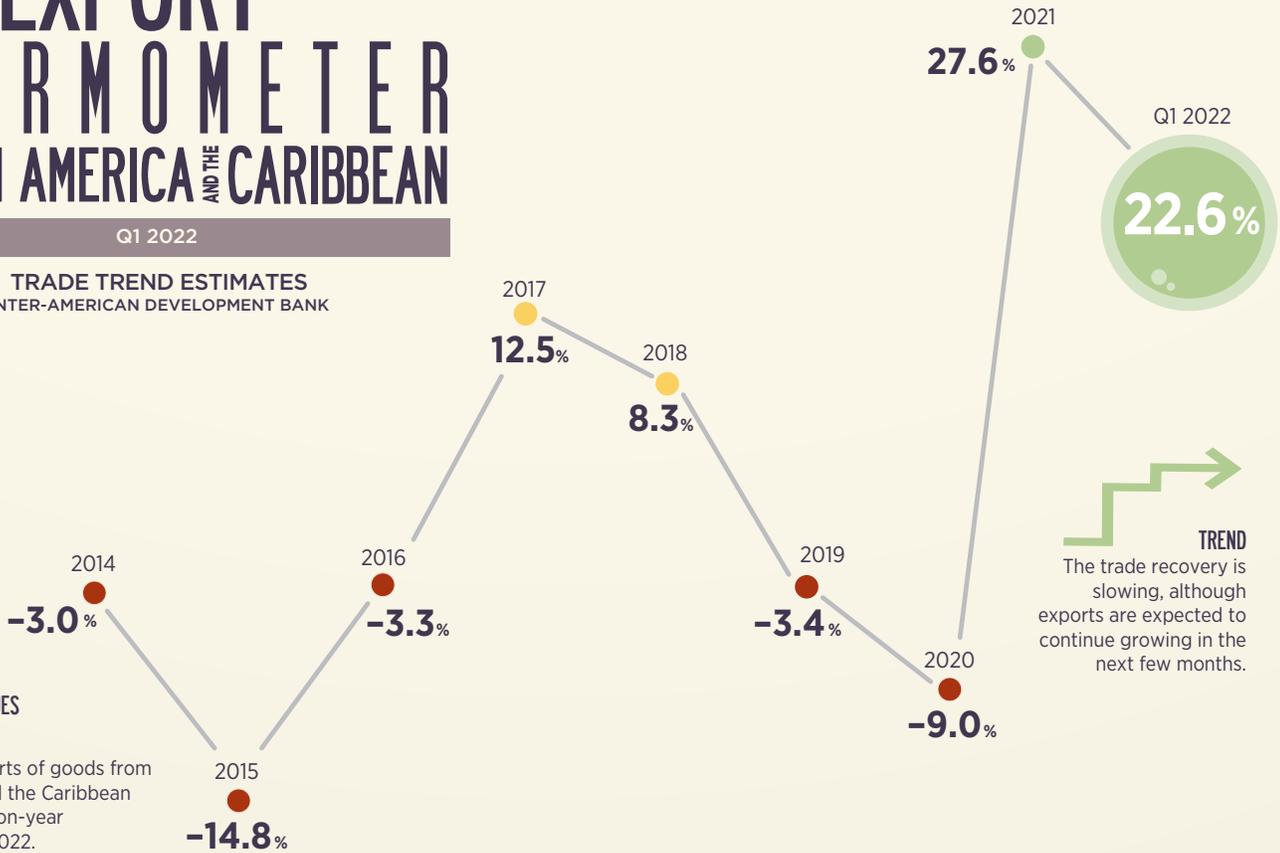
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# EXPORT THERMOMETER FOR LATIN AMERICA AND THE CARIBBEAN

Q1 2022

TRADE TREND ESTIMATES  
INTER-AMERICAN DEVELOPMENT BANK



## THE REGION CONTINUES ON A GROWTH PATH

The value of exports of goods from Latin America and the Caribbean grew 22.6% year-on-year compared to Q1 2022.

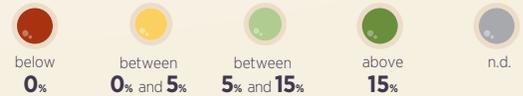
Estimated year-on-year growth rate for Q1 2022.

**TREND**  
The trade recovery is slowing, although exports are expected to continue growing in the next few months.

## PERFORMANCE BY COUNTRY

Almost all the economies in the region increased their exports in Q1 2022, albeit at a slower rate than in 2021.

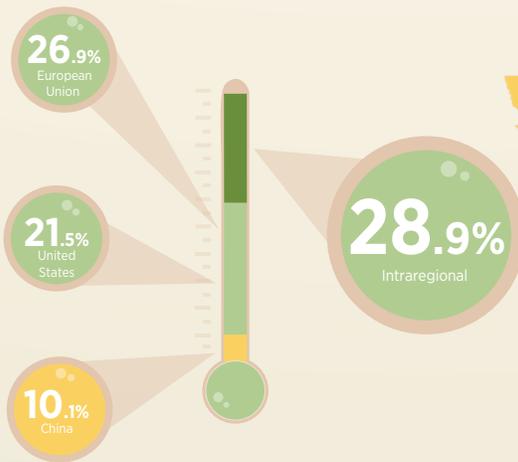
Estimated year-on-year growth rate for Q1 2022.



## CHANGE IN DEMAND

Amid a slowdown in external demand, intraregional trade was the most dynamic.

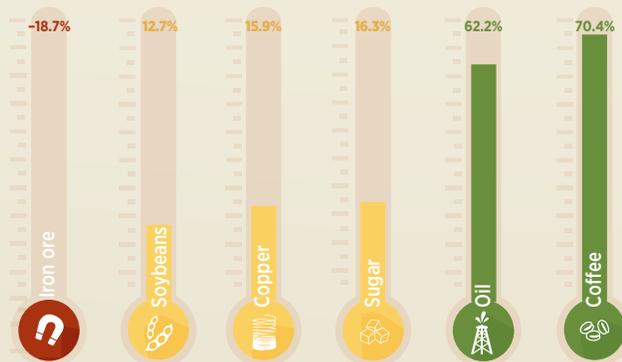
Estimated year-on-year growth rate for Q1 2022.



## PRICE HIKES

The conflict in Ukraine prompted a new increase in commodity prices.

Year-on-year growth rate for January-April 2022.





# EXPORTS FROM LATIN AMERICA AND THE CARIBBEAN CONTINUE TO GROW DESPITE RISKS

## Highlights

In the first quarter of 2022, the value of exports from Latin America and the Caribbean grew 22.6% year-on-year after increasing by 27.6% in 2021.

The increase in export prices held up the performance of external sales, while volumes continued to increase.

Intraregional trade was the main driver for exports in Central and South America, while for Mexico the impetus came from the United States.

There are no signs of a change in trend in the coming months, but there are relatively high levels of uncertainty.

Risks are balanced. Commodity prices are likely to sustain export values, while China's economic slowdown may challenge growth in volumes in the coming quarters.

In 2021, exports from Latin America and the Caribbean (LAC) recovered quickly from the shock of the Covid-19 pandemic, although the growth in external sales slowed sharply in the second half of the year after the initial rebound. The region's export performance was held up by both high export prices and a somewhat slower expansion in volumes.

In early 2022, when flows of goods were still readjusting against a backdrop of lingering disruptions to international logistics, a new external shock hit international trade and the global economy. The conflict between Russia and Ukraine is mainly affecting LAC through the price channel, as neither of the two countries are significant trade partners for the region's economies. In this context, the value of LAC exports continued to show significant positive year-on-year growth.

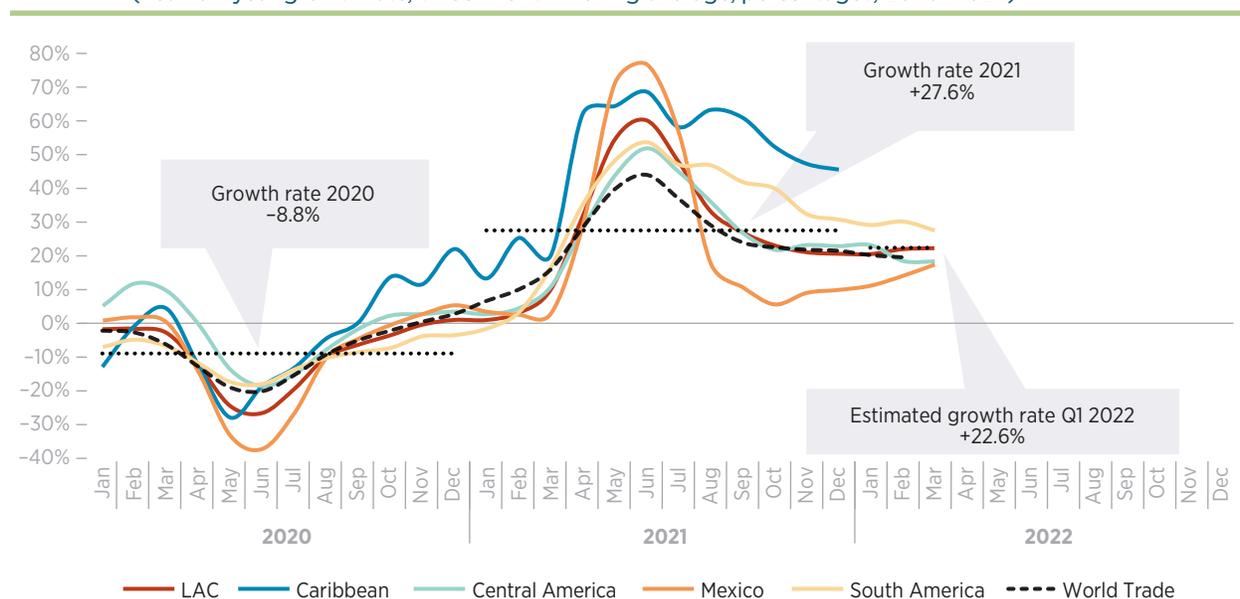
The price surge is having a positive effect on the LAC countries that are net commodity exporters, most of which are in South America. In Mesoamerica, however, the impact on the external sector is mainly negative, via imports. All the same, LAC's trade performance is contingent on demand from its main trading partners, which have applied restrictive monetary policies in response to accelerating inflation, impacting economic activity. It is also foreseeable that the restrictions on mobility implemented in China as part of the country's zero-Covid policy will affect LAC's export volumes in the coming quarters.

## General Outlook



In the first quarter of 2022, the value of goods exports from Latin America and the Caribbean (LAC) is estimated to have grown 22.6% compared to the same period in 2021 (Figure 1).<sup>1</sup> This performance owes both to improvements in export prices and increasing volumes. In 2021, external sales grew 27.6%,<sup>2</sup> mainly as a result of improved export prices, although volumes also increased.

**FIGURE 1 • VALUE OF EXPORTS FROM LATIN AMERICA AND THE CARIBBEAN AND WORLD TRADE**  
(Year-on-year growth rate, three-month moving average, percentages, 2020–2022)



Source: IDB Integration and Trade Sector with data from official sources and the Netherlands Bureau for Economic Policy Analysis (CPB) for world trade.

Note: LAC includes 18 countries in Latin America: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay, and Venezuela; and 4 countries in the Caribbean: Barbados, Belize, Guyana, and Suriname. World trade is the average of global imports and exports.

Although export growth slowed sharply in all LAC subregions after the rebound of the first half of 2021, their performances began to diverge in early 2022. Export growth accelerated in Mexico but stabilized in Central and South America.

<sup>1</sup> This estimate draws on data from 18 Latin American countries: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay, and Venezuela; and 4 Caribbean countries: Barbados, Belize, Guyana, and Suriname. The records for Honduras and Panama do not include special trade regimes (STRs), which account for about 50% of total exports from Honduras and 80% of those from Panama. See the Methodological Note for additional information on the procedures, time periods, and sources for the data used in these estimates.

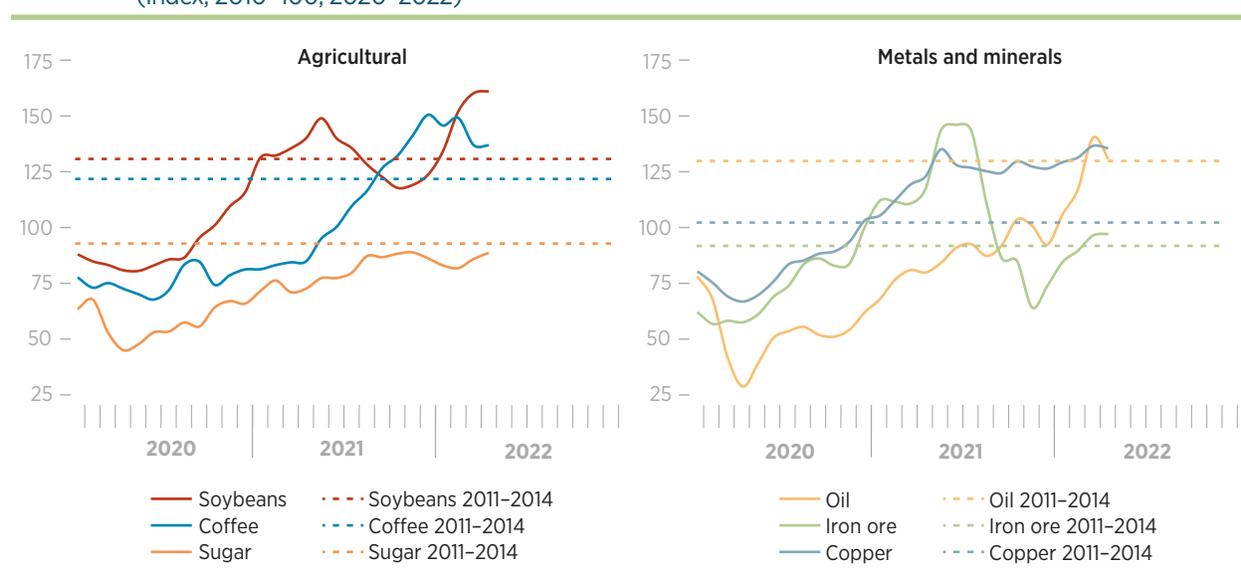
<sup>2</sup> The estimates published in December 2021 pointed to an annual increase in exports of between 24.8% and 27.8%, based on data available up to September or October of the same year.

Meanwhile, total LAC imports grew by 27.1% year-on-year in the first quarter of 2022 after having increased by 37.4% in 2021.

## Prices

In early 2022, the shock caused by the conflict between Russia and Ukraine compounded the increase in the price of the main commodities exported by the region that was observed in 2021 as a result of the post-Covid recovery. Indeed, the prices of soybeans, coffee, copper, iron ore, and oil climbed to historic highs.

**FIGURE 2 • PRICES OF MAIN LATIN AMERICAN AND CARIBBEAN EXPORT PRODUCTS**  
(Index, 2010=100, 2020–2022)



Source: IDB Integration and Trade Sector with data from Bloomberg.

**Oil** was the product that was most affected by the conflict in Ukraine due to Russia's significant role in the oil market. The price of crude oil accumulated a year-on-year increase of 66.1% on average in 2021 and increased 62.2% between January and April 2022 in comparison with the same period the previous year. Although prices are below the record highs of 2008, they are close to the high average levels of 2011–2014.

**Copper** prices increased 15.9% year-on-year between January and April 2022. They had risen 51.4% in 2021 when demand from the largest global buyer, China, rallied significantly. As a result of this continued growth, copper prices are now similar to the record highs of 2011.

The **iron ore** market has partly recovered from the downturn it experienced in the second half of 2021. After a remarkable post-Covid rebound as a result of hefty stimulus packages from the major economies, iron prices plummeted and bottomed out at the end of the year. The recovery that has since begun has not yet returned prices to where they were last year, and between January and April the average was 18.7% below those of the same period in 2021. All the same, iron ore prices remain historically high.

The recovery of **coffee** prices began to slow in early 2022 after increasing steadily throughout 2021, when they accumulated growth of 43.4%. Between January and April 2022, prices were 70.4% above the same period in 2021, on average, although most of this increase took place in the second half of 2021, when they came close to historic highs.

**Sugar** prices were less dynamic than those of any other of LAC's main export commodities. Although they recovered throughout 2021, accumulating an increase of 38.6%, they seemed to peak at the end of the year. In the first four months of 2022, prices were 16.3% higher than those of the same period in 2021, on average, but trended toward relative stagnation at values below the all-time highs.

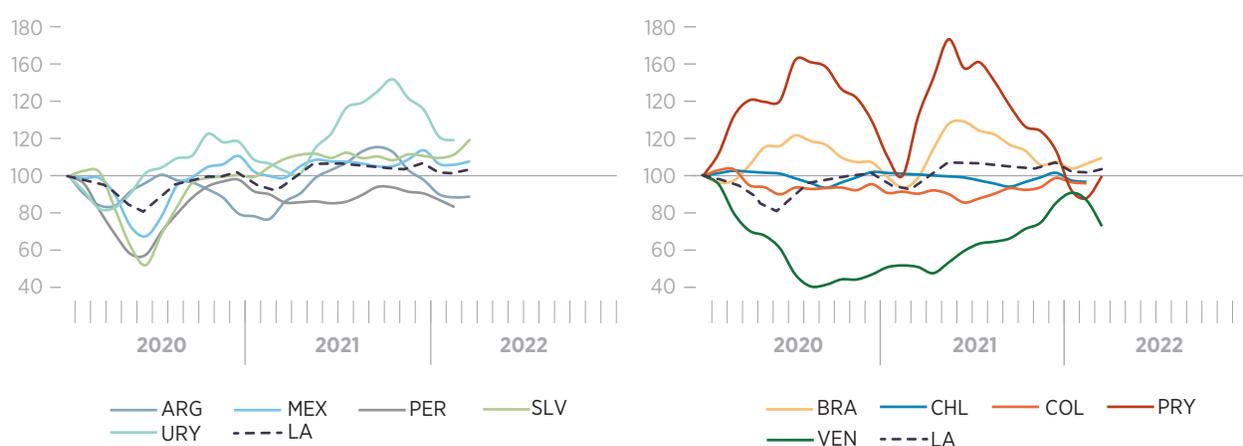
**Soybean** prices have proved extremely volatile in recent months. After a strong recovery in early 2021, they dropped significantly in the second half of the year. However, this trend has reversed since the start of the conflict in Ukraine, which has boosted agricultural commodity prices. Prices are now close to all-time highs and accumulated a year-on-year increase of 12.7% between January and April.

## Volumes

In the first quarter of 2022, Latin American export volumes increased by an estimated 10.1% year-on-year after growing by 8.7% in 2021 (Figure 3).<sup>3</sup> However, this performance slowed somewhat in several countries during the quarter, when the effects of both the conflict in Ukraine and lockdowns in China had yet to appear.

Volumes behaved heterogeneously within the region. Among the economies for which data is available, countries whose exports are concentrated in minerals (such as Chile and Peru) are

**FIGURE 3 • EXPORT VOLUMES FOR SELECTED COUNTRIES IN LATIN AMERICA**  
(Indices, three-month moving average, January 2020=100, 2020–2022)



Source: IDB Integration and Trade Sector with data from official sources, the United States Bureau of Labor Statistics (BLS), and the Organization of the Petroleum Exporting Countries (OPEC).

Note: The value of exports from Mexico and El Salvador were deflated using BLS indexes, and the volume of Venezuela's exports was estimated using OPEC data. LA is the average of national indices weighted by the value of each country's exports in 2015. The sample represents 92% of LA's external sales for that year. See the Methodological Note for more details.

<sup>3</sup> Estimates of the volumes exported by Latin America are based on official estimates for Argentina, Brazil, Chile, Colombia, Peru, and Uruguay. In-house estimates were calculated for Paraguay, El Salvador, Mexico, and Venezuela, as detailed in the Methodological Note.

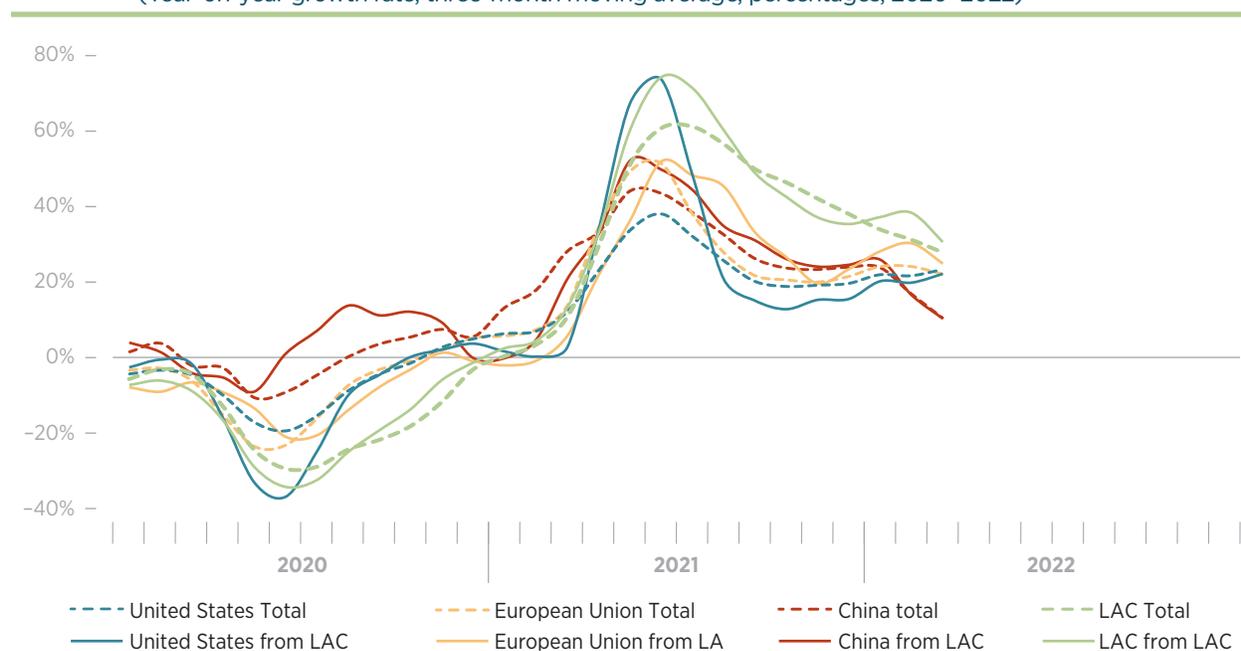
estimated to have experienced contractions in their export volumes, while fuel exporters (such as Colombia and Venezuela) saw increases in the first quarter of the year, improving their performance compared to 2021. Meanwhile, Argentina and Uruguay continued on an expansionary path, although the pace of growth slowed considerably. In Paraguay, the drop in real exports that has been observed since the end of 2021 deepened. Brazil was the only economy that showed a visible improvement in the evolution of volumes shipped. In Mexico and El Salvador, whose export baskets are more industrialized, the rate of growth in export volumes remained steady in the first part of 2022.

## Markets

Demand from LAC's main trading partners slowed visibly at the start of 2022 (Figure 4), especially in the case of China.

**FIGURE 4 • VALUE OF MAIN TRADING PARTNERS' IMPORTS FROM LATIN AMERICA AND THE CARIBBEAN AND THE WORLD**

(Year-on-year growth rate, three-month moving average, percentages, 2020–2022)



Source: IDB Integration and Trade Sector with data from the International Monetary Fund (IMF), the US International Trade Commission (USITC), Eurostat, China Customs, and national sources.

Note: The import series for all economies are valued in US dollars.

**China's** imports from LAC were the first to recover following the pandemic and grew by 30.6% in 2021, in keeping with its total purchases abroad. However, growth slowed sharply in the first quarter of 2022, dropping to a rate that was three times lower than in 2021 (10.4% year-on-year).<sup>4</sup> Imports

<sup>4</sup> This section is based on an analysis of the totals imported by trade partners, as reported by the statistical authorities of the destination countries, while the exports recorded by the national sources of LAC countries for bilateral flows are analyzed in the next section. Any discrepancies are due not just to the sources but also to the lag between the times that exports and imports are recorded.

from LAC performed similarly to China's total imports, which grew 10.1% in the same period. As a result, LAC's share in the Chinese market remained unchanged at around 7.7%.

After slowing dramatically in the second half of 2021, the **United States'** imports from LAC got back on a growth path in early 2022. US purchases from LAC grew by 22.3% year-on-year in the first quarter of 2022, just below its total imports (23.6%). As a consequence, LAC lost 0.2 percentage points (p.p.) of its share in total US purchases, which dropped from 17.9% to 17.7%.

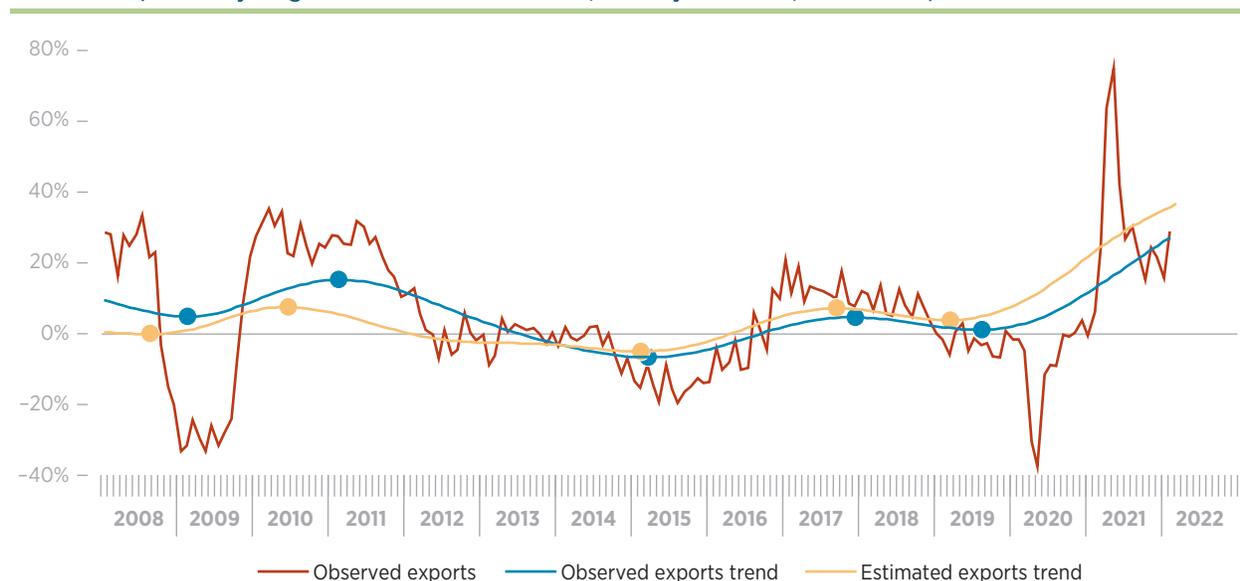
The **European Union's** purchases from the region also experienced a turnaround in the trend at the beginning of 2022, growing more than its total imports on average for the first quarter (24.3% vs. 21.8%, respectively). As a result, LAC's significance as a supplier for European economies increased slightly.

Meanwhile, **LAC's** intraregional imports increased slightly more than its total imports in the first quarter of 2022 (28.9% and 27.1%, respectively).

## Prospects

The purpose of the Latin American Trade Leading Index (LATLI) is to forecast an eventual turning point in the trend and signal the likelihood of a reversal in the variation rate of the value of LAC exports (Figure 5). In addition, the instantaneous growth rate of export values can be estimated using a forecasting methodology known as *nowcasting*, expressed by the Latin American Trade Nowcasting Index (LATNI).<sup>5</sup>

**FIGURE 5 • CHANGES IN THE TREND IN THE VALUE OF GOODS EXPORTS FROM LATIN AMERICA**  
(Year-on-year growth rate and LATLI index, January 2018=100, 2008–2022)



Source: IDB Integration and Trade Sector estimations.

Note: The leading index series shows the trend after the Hodrick-Prescott filter was applied. The circles indicate the turning points in the trends for the estimated series and the observed value of LAC exports.

<sup>5</sup> For a detailed description of the two indicators, the data used, and the estimation methodology, see Giordano et al. (2021), "Metodología de las estimaciones de las tendencias comerciales de América Latina," Technical Note IDB-TN-02223, Inter-American Development Bank.

According to the LATLI, no change is expected in the trend for the value of exports. The latest estimate of the LATLI predicts that the year-on-year growth rate for goods exports will continue on an upward trend until October 2022 at least. It does not foresee a breakpoint in the five months that follow the last observation of official data in April 2022.<sup>6</sup>

The LATNI enables the year-on-year growth in LAC exports to be estimated for April, even though no official data was available at the time of publication. This model confirms that the region's export expansion is ongoing, at an estimated rate of 25% in April.

## Performance by Subregion

After recovering from the impact of the health emergency, exports from LAC have tended somewhat toward stabilization so far in 2022. There is still no evidence of the negative effects of the shock caused by the conflict between Russia and Ukraine (Table 1). LAC itself was the main driver for export growth during the first quarter for Central America and, to a lesser extent, South America, where demand from Asia also played a major role. Mexican exports were largely sustained by demand from the US. The value of exports grew in nearly every LAC country, with the exception of Paraguay and Guyana.

The following section analyzes the main factors and destination markets that explained how external sales evolved in the different LAC subregions in 2022 (Figure 6). The annex contains detailed country and sector data.

In **South America**, exports are estimated to have grown by 27.3% year-on-year in the first quarter of 2022 after having increased by 35.6% in 2021. The slowdown was observed in nearly every economy in the subregion except Colombia, Ecuador, and Venezuela, which benefited from the sharp increase in oil prices caused by the crisis in Ukraine. Paraguay was the only country in South America whose exports contracted. South America's performance is largely explained by the upturn in commodity prices. All South American countries except Brazil reported sharp slowdowns in the growth rates of export quantities during the first quarter. Although all the subregion's main trading partners acted as driving factors for export growth, LAC itself was the market that contributed most to the performance, accounting for almost a quarter of the overall increase. Asia (excluding China) was the most dynamic destination market, accounting for an additional fifth of the increase.

Exports from **Mesoamerica** increased an estimated 18.2% year-on-year in the first quarter of 2022 after falling 19.4% in 2021. Exports from **Mexico** increased by 18.1% in January–March 2022 as compared to the same period in 2021. The United States accounted for almost all of the total increase in Mexican exports. Shipments from **Central America** grew 18.7% over the same period. Panama experienced the most severe slowdown in its rate of export growth, followed by El Salvador. Latin America itself was the most dynamic destination for the subregion's external sales, which accounted for half of the total growth, while the United States contributed an additional 37%.

<sup>6</sup> The timeframe for which the prediction is valid is the average 4.6-month lead of the index with respect to the variation observed in export data since 2008.

**TABLE 1 • VARIATION IN THE VALUE OF GOODS EXPORTS FROM LATIN AMERICA AND THE CARIBBEAN BY SELECTED DESTINATIONS**

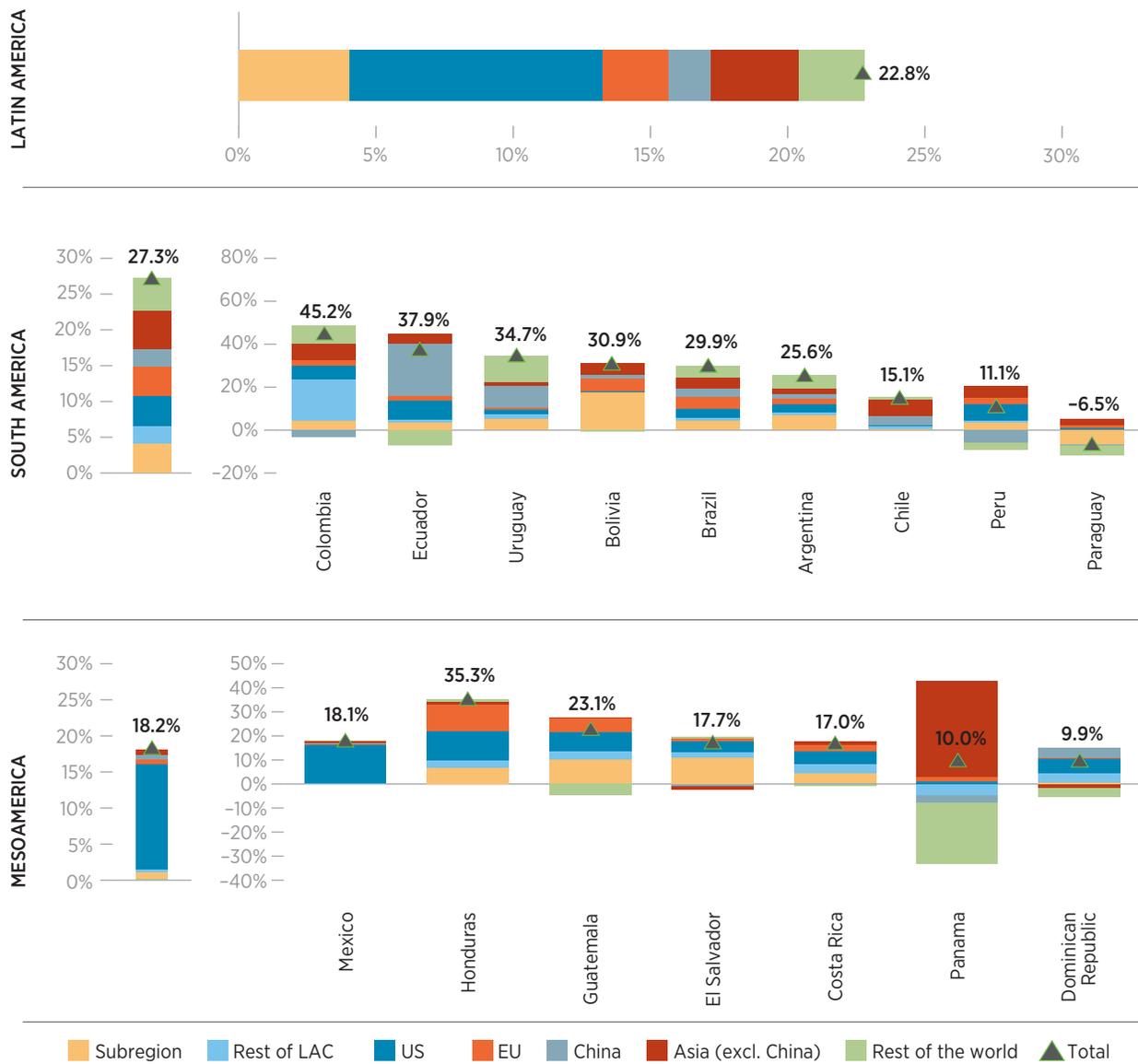
(Year-on-year growth rate, percentages, 2021 and Q1 2022)

Exporting group/ member	Q1 2022 vs Q1 2021							2021 vs 2020 World Total
	Subregion	Latin America and the Caribbean	United States	Asia (excl. China)	China	European Union	World Total	
<b>SOUTH AMERICA</b>	<b>26.8</b>	<b>32.6</b>	<b>33.4</b>	<b>36.9</b>	<b>8.6</b>	<b>33.5</b>	<b>↓ 27.3</b>	<b>35.6</b>
Argentina	24.0	24.8	65.6	11.4	29.1	19.9	↓ 25.6	42.0
Bolivia	44.3	44.1	8.1	18.9	24.9	70.4	↓ 30.9	57.5
Brazil	37.1	37.8	35.9	38.3	11.7	45.1	↓ 29.9	34.2
Chile	7.9	14.0	2.1	40.5	11.6	1.2	↓ 15.1	27.8
Colombia	27.5	78.5	23.1	91.4	-35.6	25.0	↑ 45.2	33.3
Ecuador	32.0	17.1	38.4	49.2	159.9	14.6	↑ 37.9	31.2
Paraguay	-9.6	-9.5	51.2	38.8	-24.7	29.3	↓ -6.5	23.9
Peru	35.3	34.5	64.6	33.2	-17.2	19.0	↓ 11.1	40.7
Uruguay	20.8	23.7	38.0	57.6	36.8	11.9	↓ 34.7	38.9
Venezuela	173.4	110.3	650.6	313.0	-38.2	186.8	↑ 148.9	103.2
<b>MESOAMERICA</b>	<b>22.3</b>	<b>18.0</b>	<b>19.5</b>	<b>23.2</b>	<b>27.6</b>	<b>11.6</b>	<b>↓ 18.2</b>	<b>19.4</b>
Mexico	16.3	12.2	19.6	24.3	31.4	6.7	↓ 18.1	18.5
<b>Central America</b>	<b>25.9</b>	<b>25.6</b>	<b>17.2</b>	<b>19.6</b>	<b>6.6</b>	<b>24.6</b>	<b>↓ 18.7</b>	<b>26.8</b>
Costa Rica	25.5	28.2	13.4	21.7	-30.3	13.5	↓ 17.0	23.7
El Salvador	24.0	24.9	11.9	-47.9	-83.9	47.7	↓ 17.7	31.8
Guatemala	27.9	30.3	26.1	0.4	13.0	54.3	→ 23.1	22.7
Honduras	30.4	30.2	38.2	18.2	27.1	40.1	↑ 35.3	22.2
Nicaragua	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	↓ 20.6	29.5
Panama	-6.7	-62.1	25.8	123.4	-10.3	9.8	↓ 10.0	106.2
Dominican Republic	33.4	32.1	11.3	-20.7	157.5	3.7	↓ 9.9	19.1
<b>CARIBBEAN</b>	<b>n.d.</b>	<b>n.d.</b>	<b>n.d.</b>	<b>n.d.</b>	<b>n.d.</b>	<b>n.d.</b>	<b>n.d.</b>	<b>45.7</b>
Bahamas	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.
Barbados	39.4	37.1	2.2	2295.6	-94.1	-32.8	↑ 19.7	-0.5
Belize	6.9	36.8	-5.4	0.0	0.0	86.5	↓ 10.7	18.4
Guyana	-19.7	-19.5	0.0	-99.6	34.7	-19.2	↓ -43.8	58.3
Haiti	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.
Jamaica	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	15.2
Suriname	99.6	96.9	136.9	47.8	3134.4	-6.9	↑ 36.9	17.5
Trinidad and Tobago	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	56.2
<b>LATIN AMERICA</b>	<b>28.9</b>	<b>28.7</b>	<b>21.5</b>	<b>34.7</b>	<b>10.1</b>	<b>27.0</b>	<b>↓ 22.8</b>	<b>27.4</b>
<b>LATIN AMERICA AND THE CARIBBEAN</b>	<b>28.7</b>	<b>28.9</b>	<b>21.5</b>	<b>33.3</b>	<b>10.1</b>	<b>26.9</b>	<b>↓ 22.6</b>	<b>27.6</b>

Source: IDB Integration and Trade Sector, estimations based on official sources, except Venezuela, which is based on estimates using data from OPEC and the IMF.

Notes: The table does not include the growth rates or absolute changes for nonselected destinations. As a result, the sum of the absolute changes for the selected destinations does not match the total. Data for Costa Rica, the Dominican Republic, El Salvador, Guatemala, and Nicaragua includes exports under special trade regimes (STRs). For individual Central American countries, the subregional growth rates are for Mesoamerica, but Mexico is excluded from the aggregate for Central America, thus the subregional total only represents trade within Central America. See the Methodological Note for additional information on the procedures, time periods, and data sources used in the estimates. The abbreviation "n.d." indicates that no data was available. The arrows show the change in trend in comparison with the previous year.

**FIGURE 6 • CONTRIBUTION OF MAIN TRADING PARTNERS TO THE TOTAL VARIATION IN THE VALUE OF LATIN AMERICAN GOODS EXPORTS**  
(Year-on-year growth rate and percentage points, Q1 2022)



Source: IDB Integration and Trade Sector, estimates based on official sources.

Note: The figure does not include the Caribbean countries and Nicaragua as the relevant data was not available.

## Conclusions



Exports of goods from Latin America and the Caribbean continued to grow in the first quarter of 2022, recording year-on-year growth of 22.6% after expanding by 27.6% in 2021. Despite the severe slowdown that followed the postpandemic rebound, exports from the region continued to expand at a remarkable rate amid the war in Ukraine, ongoing disruptions to global supply chains and announcements of reversals in expansionary monetary policies in the world's major economies.

South America benefited from rallying commodity prices, which have been on an upward trend throughout most of the post-Covid recovery, in some cases even outperforming all-time highs. The driving force for export expansion was demand from Asia and within the region itself. However, real trade flows showed signs of slowing at the start of the year.

In Mexico, the recovery in export values has been extremely volatile. The strong rebound of the first few months of 2021 was followed by a sharp downturn. However, trade growth accelerated again in late 2021 and the trend continued into the first quarter of 2022. The increase in export values was due to both prices and volumes. The value of flows originating in Central America varied less and stabilized somewhat at the beginning of 2022. Demand from the United States was the main factor behind the growth in exports from Mexico, while the region itself contributed most to the performance of the Central American countries.

However, in the second quarter, growing concern over global inflation, the shock of the conflict between Russia and Ukraine, and the spread of containment measures to counter the Covid epidemic in China all emerged as critical new factors shaping the outlook for Latin American and the Caribbean trade. These factors have opposite effects on the region's trade performance but appear to balance each other out, although some risks could bias forecasts downward.

First, it must be considered that the year-on-year export growth recorded in the first quarter of 2022 is bound to slow mechanically due to a statistical base effect. In the first quarter of 2021, which serves as the baseline for the indicator, Latin American and Caribbean exports had not yet settled onto the path of rapid recovery that characterized the following quarters. As a result, the growth rate is expected to decrease in the coming months.

Certain extraordinary factors relating to Covid-driven disruptions to global supply chains also played a role in the recovery observed in the last year. For example, as global semiconductor shortages eased, exports from Mexico's automotive sector grew to meet pent-up demand. It is to be expected that this effect will diminish over time as trade flows in intermediate products stabilize and lagging demand is met.

Looking ahead, the greatest risks to the region's exports are associated with the prospects for demand in its main trading partners. China's growth path is particularly salient: the drastic containment measures that are being implemented in the country as part of its zero-Covid policy are likely to jeopardize growth, which is expected to be lower this year than at any point in the last thirty years.

The effects on Latin American and Caribbean exports will be felt from the second quarter onward as a consequence of lower volumes shipped and downward pressure on commodity prices.

Likewise, the growth forecasts for the region's other main trading partners are being corrected downward, particularly in response to the restrictive impact of the tightening of monetary policies to contain inflation. While there is a great deal of uncertainty around how these policy changes will unfold, how they will impact growth, and, specifically, how likely they are to cause a recession, it is plausible to expect that the global context will become less conducive to the growth of Latin American and Caribbean exports.

Furthermore, the economic knock-on effects of the conflict in Ukraine will have mixed impacts on the region's trade performance, which will also depend on how long the hostilities continue. Insofar as the conflict leads to lower growth and higher global inflation, the effects of the crisis are expected to be negative. However, the situation in Ukraine is also pushing up the prices of several commodities exported by the region, which will support the trade performance of net exporters of these goods. In contrast, importers will suffer negative, regressive effects on welfare. Likewise, higher prices and disruptions to supplies of fertilizers, which have been hit especially hard by the conflict, will jeopardize agricultural productivity and future export flows from the region.

In short, by early 2022, the region was already on a decelerating trend that looks set to continue, despite persistently high year-on-year growth in exports. The short-term economic indicators point to a pattern of fragility caused by the slowing of growth in China, the risks associated with corrections to monetary policies, and the consequences of the conflict in Ukraine, in a context in which global logistics systems continue to be affected by the aftershocks of the pandemic. However, risks are perceived as balanced, and the leading indicator for the region's exports does not suggest that there will be a change in the trend toward contraction in the coming months.

Sustaining this trend will be key to shoring up the region's economic recovery. In a context in which domestic markets are increasingly marked by weakness, importing growth from the rest of the world through international trade will continue to be fundamental to overcoming the series of crises that have hit the region's economies in recent years.

## Annex: Export Performance by Country



This annex analyzes the growth of export values for each Latin American country for which data is available (Table 1) and assesses how trading partners contributed to this performance (Figure 6), describing the main determinants for this in each sector.

### South America

After having increased by 23.9% in 2021, exports from **Paraguay** contracted by 6.5% year-on-year in the first quarter of 2022. This result is due to the fall in shipments to the rest of South America, particularly Argentina and Chile. The products that contributed most to the overall drop were soybeans, electricity, and corn, due to lower production levels as a result of the severe drought that hit the country. Improvements in export prices fell short of offsetting the sharp contraction in volumes shipped.

After growing by 40.7% in 2021, exports from **Peru** increased by 11.1% year-on-year in the first quarter of 2022, in a context of falling export volumes. The drop in exports to China was offset by increases in those to all its other destination markets, most notably the United States. Port closures in China as a result of strict health policies had a negative impact on Peruvian exports that was compounded by social conflicts causing operations in some mines to come a halt. All the same, improvements to prices and the relative dynamism of other destination markets made up for these losses.

After experiencing average growth of 27.8% in 2021, exports from **Chile** increased a cumulative 15.1% in January–March 2022 as compared to 2021. This increase is explained almost entirely by higher sales to China and the rest of Asia. Industrial exports accounted for most of the growth, notably chemical products (25% of the total) and mining—30% of the total, 20 percentage points (p.p.) of which were represented by copper.

In the first quarter of 2022, external sales from **Argentina** grew 25.6% year-on-year, below the average growth rate for 2021 (42.0%). This first-quarter increase was due to growth in sales to most of the country's major destination markets, although Chile, the United States, and the European Union were the main drivers. Wheat, meslin, crude petroleum oils, and corn were the products that contributed most to the increase in exports.

After having increased by 34.2% in 2021, exports from **Brazil** grew by 29.9% year-on-year in the first quarter of 2022. This growth was driven equally by exports to the rest of LAC, the European Union, and Asia (excl. China). Although most of the momentum came from prices, export volumes have accelerated notably in the first few months of the year. The export products that stood out most were oil and petroleum products, soybeans, and other agricultural products.

In **Bolivia**, external sales increased by 30.9% year-on-year in the first quarter of 2022, well below the 57.5% growth they experienced in 2021. Some 50% of this expansion was explained by increases in shipments to Brazil and Asia (excl. China), of natural gas, gold, zinc, and soybeans.

Exports from **Uruguay** expanded 34.7% year-on-year in the first quarter of 2022, slightly below the average growth for 2021 (38.9%). Almost 10 p.p. of this increase owed to larger shipments to China, along with a rise in sales to Argentina and the United States, albeit to a lesser extent. The main products driving growth were grains and meat and edible offal.

After growing by 31.2% in 2021, exports from **Ecuador** continued on an upward trend, increasing by 37.9% year-on-year in the first quarter of 2022. Nearly two-thirds of the overall increase corresponds to increased shipments to China. The products that contributed most to this growth were shrimp and, albeit to a lesser extent, oil.

Exports from **Colombia** increased by 45.2% year-on-year in the first quarter of 2022, building on their performance in 2021, when they grew by 33.3%. The downturn in sales to China was offset by increased exports to other destination markets such as Panama, Asia (excl. China), and the United States. The country's export growth was mainly explained by increases in the export values of mineral fuels and lubricants, notably oil and oil derivatives, representing 20 p.p. of the total.

Exports from **Venezuela** increased by 148.9% in the first quarter of 2022 after doubling in 2021. Oil exports explained this performance. As prices recovered, volumes rallied after more than a decade of almost uninterrupted contraction. Exports increased to all the country's major destination markets except China.

## Mesoamerica

Exports from **Mexico** grew 18.1% year-on-year in the first quarter of 2022, a rate that was very close to the average for 2021 (18.5%). The increase in sales to the United States accounted for around 90% of the total growth. The products that saw the largest increases in exports were mechanical appliances, land vehicles and their parts, and mineral fuels, particularly crude oil.

Exports from **Honduras** grew 22.2% on average in 2021<sup>7</sup> and increased by 35.3% year-on-year in the first quarter of 2022. This vigorous growth was largely explained by exports to the United States, the European Union, and LAC itself, notably those of coffee.

After having increased by 29.5% in 2021, exports from **Nicaragua** grew by 20.6% year-on-year in the first quarter of 2022. Exports from special trade regimes (STRs) grew at a faster rate than those from the national customs territory (NCT)—25.8% and 16.0%, respectively. Textiles explained most of the increase in flows via STRs, while coffee was responsible for the growth in exports from the NCT.

In the first quarter of 2022, **Guatemala** experienced year-on-year export growth of 23.1%, slightly more than the average rate for 2021 (22.7%). This performance was driven by exports to the rest of LAC, particularly to Central America itself. Exports from the NCT grew by 17.3%, driven mainly by the increase in coffee exports, while sales from STRs grew even faster (38.8%), with the most notable performances coming from clothing and apparel, edible fats and oils, and iron and steel.

<sup>7</sup> STR exports are not included as up-to-date official data was unavailable.

After increasing by 31.8% in 2021, exports from **El Salvador** grew by 17.7% year-on-year in the first quarter of 2022. Increased shipments to the rest of Central America accounted for two-thirds of the overall growth. Exports from the NCT increased by 17.8% year-on-year, while STR exports did so by 17.1% year-on-year. Shipments of plastics, paper and cardboard, apparel, and coffee from the NCT increased, as did those of apparel, machinery and electrical equipment, and chemical industry products from the STRs.

After growing by 23.7% in 2021, exports from **Costa Rica** increased by 17.0% year-on-year in the first quarter of 2022. The country's exports for this period were driven mostly by increased shipments to the rest of LAC and the United States. Exports from the NCT increased 21.1% year-on-year, while those from STRs only grew by 11.7%. The products that contributed most to the overall increase were autoparts and food products.

After doubling in value in 2021, exports from **Panama**<sup>8</sup> increased 10.0% year-on-year between January and March 2022. This positive outcome was due to significant increases in shipments to Asia (excl. China)—mainly Korea—and Canada, despite the drop in exports to Brazil. More than 60% of the total increase in external sales owed to greater exports of copper ores and concentrates.

After expanding by an average of 19.1% in 2021, exports from the **Dominican Republic** grew by 9.9% year-on-year in the first quarter of 2022. The United States was the destination market that contributed most to this increase. The growth was mainly explained by greater sales from STRs (12.0%), while exports from the NCT grew by just 7.1% year-on-year. The products that most shaped the trend were mainly iron and steel foundry products, medical instruments, and plastics and their manufactures.

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<sup>8</sup> STR exports are not included.

## Methodological Note



The estimates of exports from LAC for the first quarter of 2022 were calculated using data available through May 17, 2021.

The data used was for the following periods: January–March for Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, and Uruguay; and January–February for Barbados. The data by destination for Peru is from the cumulative total as of February, and totals for March are from figures from the Central Reserve Bank of Peru. Figures for Costa Rica, the Dominican Republic, El Salvador, Guatemala, and Nicaragua include STR exports. Venezuela’s exports were estimated by combining price data from the Mery-type oil price series and import data from the country’s main trading partners.

The aggregate volume index for Latin America comprises ten countries: Argentina, Brazil, Chile, Colombia, El Salvador, Mexico, Paraguay, Peru, Uruguay, and Venezuela. The export volume indices were calculated using data from official sources for Argentina (National Institute of Statistics and Censuses), Brazil (Ministry of the Economy), Chile (Central Bank of Chile), Colombia (Bank of the Republic), Peru (Central Reserve Bank), and Uruguay (Central Bank). The series for Paraguay was calculated using data on export volumes for the country’s main products as reported by the Central Bank and aggregated according to the export structure of 2015. For Mexico and El Salvador, the series of exports in US dollars were deflated using the import price index published by the US Bureau of Labor Statistics (BLS). Venezuela’s export volumes were calculated using OPEC information on Mery-type oil prices and production. The national series were aggregated based on countries’ shares in total exports in 2015, valued in US dollars.

The following official data sources were used. Argentina: National Institute of Statistics and Censuses; Barbados: Barbados Statistical Service; Belize: Statistical Institute of Belize; Bolivia: National Institute of Statistics; Brazil: Ministry of the Economy; Chile: Central Bank of Chile; China: China Customs Statistics; Colombia: National Administrative Department of Statistics; Costa Rica: Promotora de Comercio Exterior (PROCOMER); Dominican Republic: Customs Authority; Ecuador: Central Bank of Ecuador; El Salvador: Central Reserve Bank of El Salvador; European Union (27 countries, excl. United Kingdom): Eurostat; Guatemala: Bank of Guatemala; Guyana: Bureau of Statistics; Honduras: Central Bank of Honduras; Mexico: Bank of Mexico; Nicaragua: Central Bank of Nicaragua; Panama: National Institute of Statistics and Censuses; Paraguay: Central Bank of Paraguay; Peru: Commission for the Promotion of Peru for Exports and Tourism (PROMPERÚ); Suriname: General Bureau of Statistics Suriname; United States: US International Trade Commission; Uruguay: Central Bank of Uruguay; Venezuela: OPEC and IMF.

The following abbreviations are used in this document: BLS—US Bureau of Labor Statistics; CPB—Netherlands Bureau for Economic Policy Analysis; IMF—International Monetary Fund; LA—Latin America; LAC—Latin America and the Caribbean; LATLI—Latin American Trade Leading Index; LATNI—Latin American Trade Nowcasting Index; NCT—national customs territory; OPEC—Organization of the Petroleum Exporting Countries; STRs—special trade regimes; USITC—US International Trade Commission.



