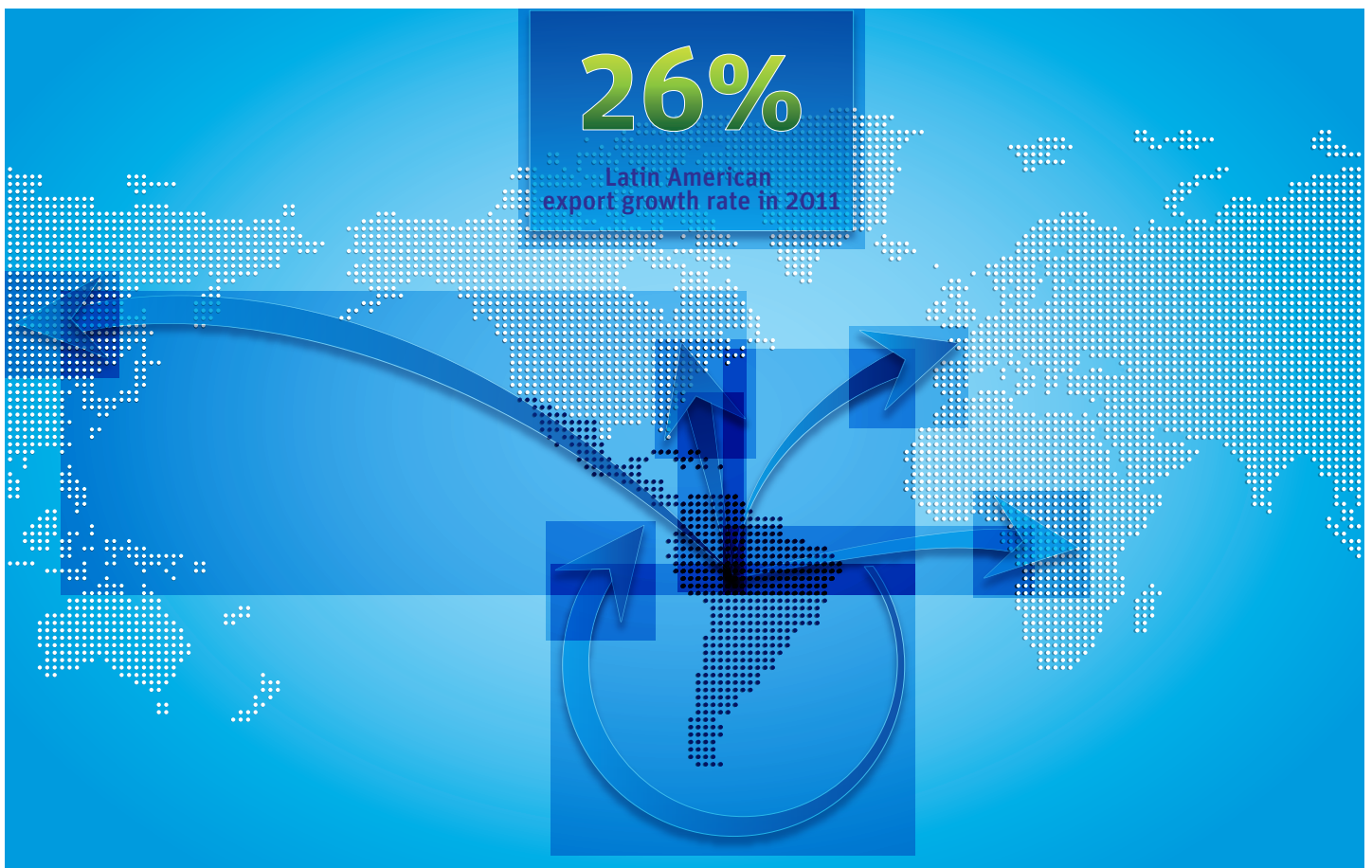


# Latin American Preliminary Trade Estimates 2011

**26%**

Latin American  
export growth rate in 2011



Integration and Trade Sector



This note presents the preliminary estimates of 2011 trade flows produced by the Inter-American Development Bank's (IDB) Integration and Trade Sector. The estimates are based on partial year data for sixteen available Latin American countries and are calculated on the basis of national sources and the IDB's INTrade database (<http://www.iadb.org/int/intradebid>). Estimates were not run for the Caribbean for lack of an adequate year-to-date sample on which to base robust calculations.

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The opinions expressed in this policy discussion brief are those of the authors and do not necessarily represent the views of the Inter-American Development Bank or its member countries.

The map and figure displayed on the cover are included for illustrative purposes only. The map does not constitute an official representation of the area covered, and the figure does not reflect precise short-term trends.

## ABBREVIATIONS

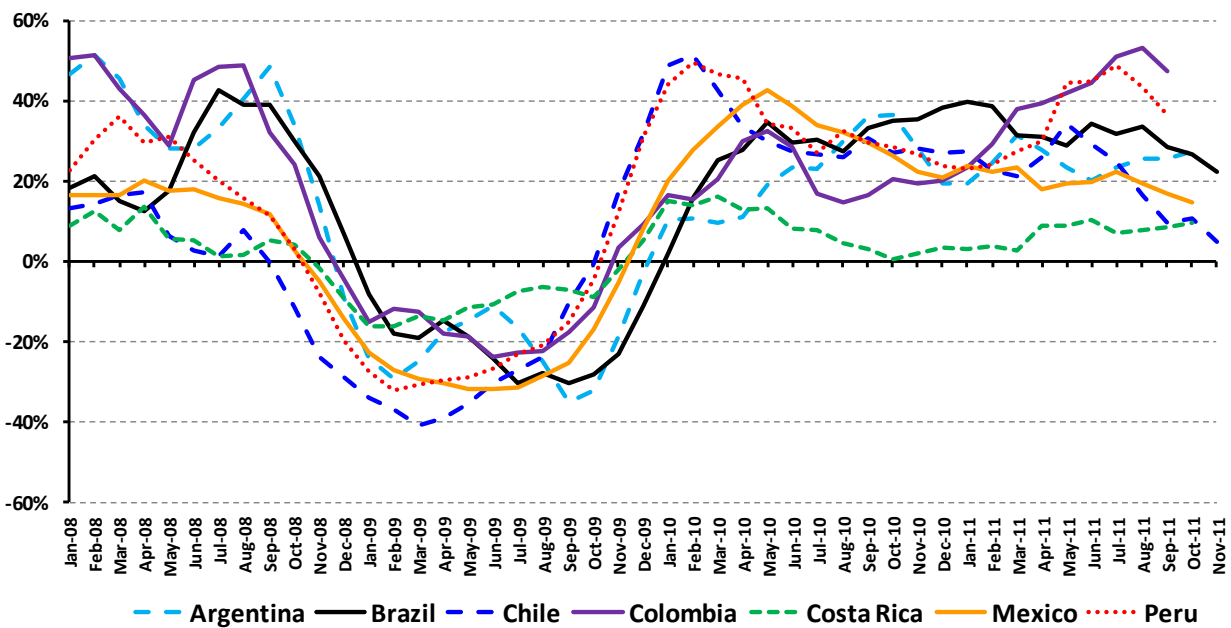
ALADI	Latin American Integration Association
CACM	Central American Common Market
CAFTA-DR	Central America-Dominican Republic Free Trade Agreement
IDB	Inter-American Development Bank
MERCOSUR	Southern Common Market
NAFTA	North American Free Trade Agreement
SIECA	Secretariat for Central American Economic Integration

## Latin American Trade Continues to Recover in 2011

Latin American trade continues to grow in 2011, but is expected to slow down in 2012 light of increasing uncertainty about the world economic recovery. Based on IDB Integration and Trade Sector estimates, Latin American exports and imports are projected to grow around 26% and 24% respectively in 2011. The Andean countries are expected to post the strongest growth in exports as a result of higher average oil prices compared with 2010.<sup>1</sup>

Figure 1 shows the total exports of seven major Latin American countries compared to the same month of the previous year. There was a strong recovery in exports starting in late 2009, which has since decelerated slightly with the exception of Colombia.

**Figure 1: Export Growth Continues, but at a More Moderate Pace**



Source: IDB Integration and Trade Sector based on country data.

Note: Growth calculated as the three-month moving average of the growth rate w.r.t. the same month of the previous year.

Latin America's projected 2011 export growth of 26 percent, to approximately \$1,063 billion, continues the strong growth posted in 2010. Intra-regional exports grew by 24 percent, while extra-regional flows expanded 26 percent. Intra-regional trade as a share of Latin America's total trade with the world has declined to an estimated 17.1 percent, compared with 17.3 percent in 2010.

<sup>1</sup> Trade projections are based on an optimistic assumption that year-to-date trends in Latin American trade will continue in the remaining months of 2011; however, if a 30% slowdown in the speed of trade growth is considered for the rest of the year, total exports and imports growth would be reduced to an estimated 25% and 22% respectively, which is still quite strong.

On a sub-regional level, exports by the Andean Community led the region, jumping 37 percent over 2010 levels. Exports by Colombia grew 43 percent, Peru 36 percent, Bolivia 32 percent, and Ecuador 26 percent.<sup>2</sup> Intra-Andean trade is expected to rise 20 percent. Mercosur's exports are projected to grow by a healthy 28 percent in 2011, led by Brazil with 29 percent growth in total exports. Meanwhile, Paraguay, Argentina, and Uruguay saw their exports grow by 27, 25, and 21, respectively. Trade among Mercosur members increased 26 percent.

Chile's sales to the world grew 17 percent in 2011. Chilean exports to the United States were particularly strong, growing at nearly 34 percent, while its exports to China, its top export destination, decelerated to 8 percent growth year-on-year. Venezuela's exports grew 45 percent during the first three quarters of the year.

Mexico's export growth stood at 19 percent, which is more muted than the 30 percent export growth seen in 2010, basically reflecting trends in U.S. demand. Central American Common Market exports grew by 20 percent. Honduras (46 percent) posted the strongest results, while Guatemala, Nicaragua, El Salvador, and Costa Rica grew at respective rates of 27, 23, 20, and 7 percent. It should be noted, however, that these estimates may not capture all of the effects of the recent CAFTA-DR agreement, as data for *maquila* exports are not yet available for all countries. Panama's exports for the first seven months of 2011 grew only 3 percent, but as this data is only available through July, this trend could be subject to change during the remainder of 2011.

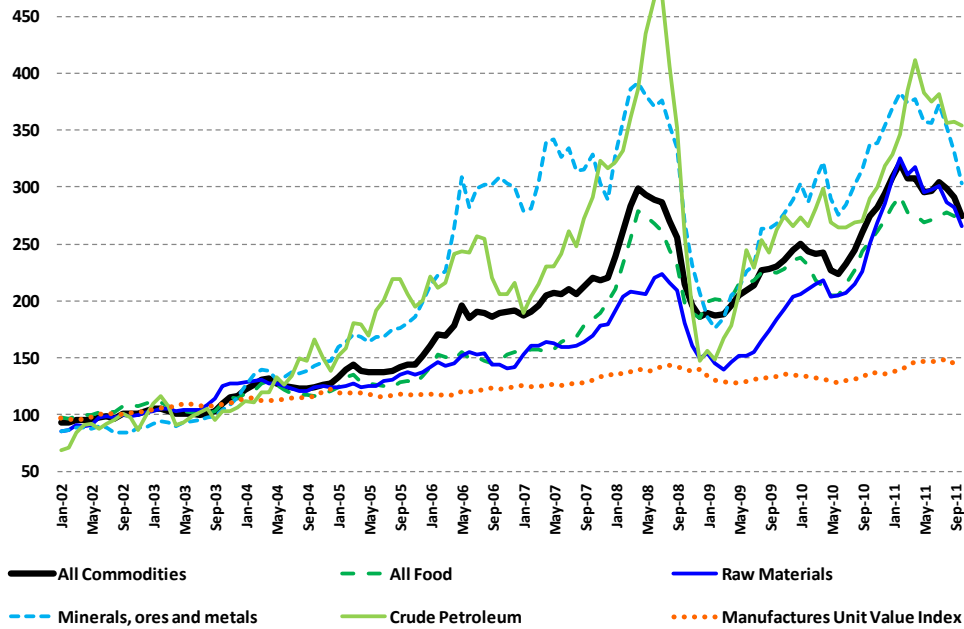
Imports, on the other hand, grew 28 percent in Mercosur, 32 percent in the Andean Community, 22 percent in the Central American Common Market, 18 percent in Mexico, 27 percent in Chile, and 25 percent in Panama. Venezuela's imports grew 21 percent, substantially less than exports.

Differences in export performance within Latin America in recent years are determined by countries' export structures both in terms of destination, and more importantly, products. In particular, the Southern Cone is showing a decreasing dependence on the region and an increasing diversification toward larger developing economies outside the region. The rebound in commodity prices boosted exports by South American economies from the middle of 2009 through mid-2011 as international demand gradually recovered (see Figure 2).

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<sup>2</sup> The Andean Community includes Bolivia, Colombia, Ecuador, and Peru for purposes of this report. Although Venezuela left the Community to join Mercosur in 2006, the report does not include Venezuela as a part of either group, pending the completion of its process of accession to Mercosur.

**Figure 2. World Prices, Indices 2000=100**



Source: IDB Integration and Trade Sector based on UNCTAD database and Netherlands Bureau for Economic Policy Analysis (CPB) for Manufacture Unit Value Index.

The export growth in Latin America still depends on a number of factors beyond the region's control. The debt crisis in the Euro-zone and its threat to the financial system represent the major concern at the international level while at the same time the U.S. must grapple with reducing its budget deficit in a context of a weak recovery. International demand for commodities will therefore still rely on the emerging economies' performance, led by China, where the pace of growth is expected to be slightly reduced in 2012. Consequently, Latin America's export growth could moderate during 2012 given the increasing uncertainty in the global economy and the potential short-run reduction in commodity demand.

**TABLE 1. EXPORTS BY INTEGRATION GROUP, 2011 Preliminary Estimates**  
(% change from 2010 to 2011)

Exporting Region	DESTINATION								
	Mercosur	Mercosur+ Chile+Bolivia	Andean Community	ALADI <sup>1</sup>	CACM	Latin America <sup>2</sup>	NAFTA	Hemisphere	Total World
Mercosur	26	25	25	23	(11)	22	32	26	28
Andean Community	44	49	20	34	20	33	30	29	37
ALADI <sup>1</sup>	27	27	32	26	21	25	21	23	26
CACM	40	48	20	21	17	17	22	20	20
Latin America <sup>2</sup>	27	27	32	26	19	24	21	22	26
NAFTA	25	27	23	23	28	23	16	17	18
Total Hemisphere	26	28	25	24	25	24	18	19	20

**EXPORTS BY INTEGRATION GROUP, 2011 Preliminary Estimates**  
(millions of US\$)

Exporting Region	DESTINATION								
	Mercosur	Mercosur+ Chile+Bolivia	Andean Community	ALADI <sup>1</sup>	CACM	Latin America <sup>2</sup>	NAFTA	Hemisphere	Total World
Mercosur	55,712	69,468	12,794	91,620	1,033	93,517	42,466	136,186	360,677
Andean Community	7,949	13,725	9,453	28,103	1,324	30,660	44,928	76,640	135,842
ALADI <sup>1</sup>	79,515	102,361	36,554	156,843	8,536	170,372	437,453	609,255	1,030,220
CACM	102	322	353	2,055	7,468	10,935	14,735	25,052	32,438
Latin America <sup>2</sup>	79,619	102,696	36,926	158,935	16,100	181,446	452,493	634,758	1,063,403
NAFTA	67,667	86,913	39,041	344,994	27,755	390,959	1,114,052	1,312,217	2,311,725
Total Hemisphere	140,021	180,194	67,772	484,758	39,452	546,914	1,274,661	1,628,939	3,020,042

**STRUCTURE OF EXPORTS BY INTEGRATION GROUP, 2011 Preliminary Estimates**  
(% Distribution)

Exporting Region	DESTINATION								
	Mercosur	Mercosur+ Chile+Bolivia	Andean Community	ALADI <sup>1</sup>	CACM	Latin America <sup>2</sup>	NAFTA	Hemisphere	Total World
Mercosur	15	19	4	25	0	26	12	38	100
Andean Community	6	10	7	21	1	23	33	56	100
ALADI <sup>1</sup>	8	10	4	15	1	17	42	59	100
CACM	0	1	1	6	23	34	45	77	100
Latin America <sup>2</sup>	7	10	3	15	2	17	43	60	100
NAFTA	3	4	2	15	1	17	48	57	100
Total Hemisphere	5	6	2	16	1	18	42	54	100

Source: IDB, Integration and Trade Sector, based on official country data.

Estimates of Venezuela's exports use partner country import data.

1 Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru, Uruguay, and Venezuela. Cuba is not included.

2 Includes Panama and the countries of ALADI and the CACM.

**TABLE 2**  
**EXPORT GROWTH BY WESTERN HEMISPHERE TRADE GROUPS,**  
**2011 Preliminary Estimates**

Exporting Group/Member	Export Growth to Group	Export Growth to World
<b>Mercosur</b>	<b>26</b>	<b>28</b>
Argentina	26	25
Brazil	27	29
Paraguay	27	27
Uruguay	16	21
Chile (Mercosur)	16	17
<b>Andean Community</b>	<b>20</b>	<b>37</b>
Bolivia	12	32
Colombia	11	43
Ecuador	35	26
Peru	20	36
Venezuela (Andean Community)	84	45
<b>NAFTA</b>	<b>16</b>	<b>18</b>
Mexico	17	19
Canada	15	18
United States	17	17
<b>CACM</b>	<b>17</b>	<b>20</b>
Costa Rica	10	7
El Salvador	20	20
Guatemala	18	27
Honduras	30	46
Nicaragua	-1	23

*Source:* IDB Integration and Trade Sector, based on official country data.

*Note:* Estimates are based on January-November for Brazil and Chile; January-October for Argentina, Costa Rica, El Salvador, Mexico, and the United States; January-August for Honduras and Uruguay; January-September for the remaining countries. Venezuela data consist of estimates based on partner country imports.