

International Trade Outlook

for Latin America and
the Caribbean **2024**

*Reconfiguration of global trade
and options for regional recovery*



UNITED NATIONS

ECLAC

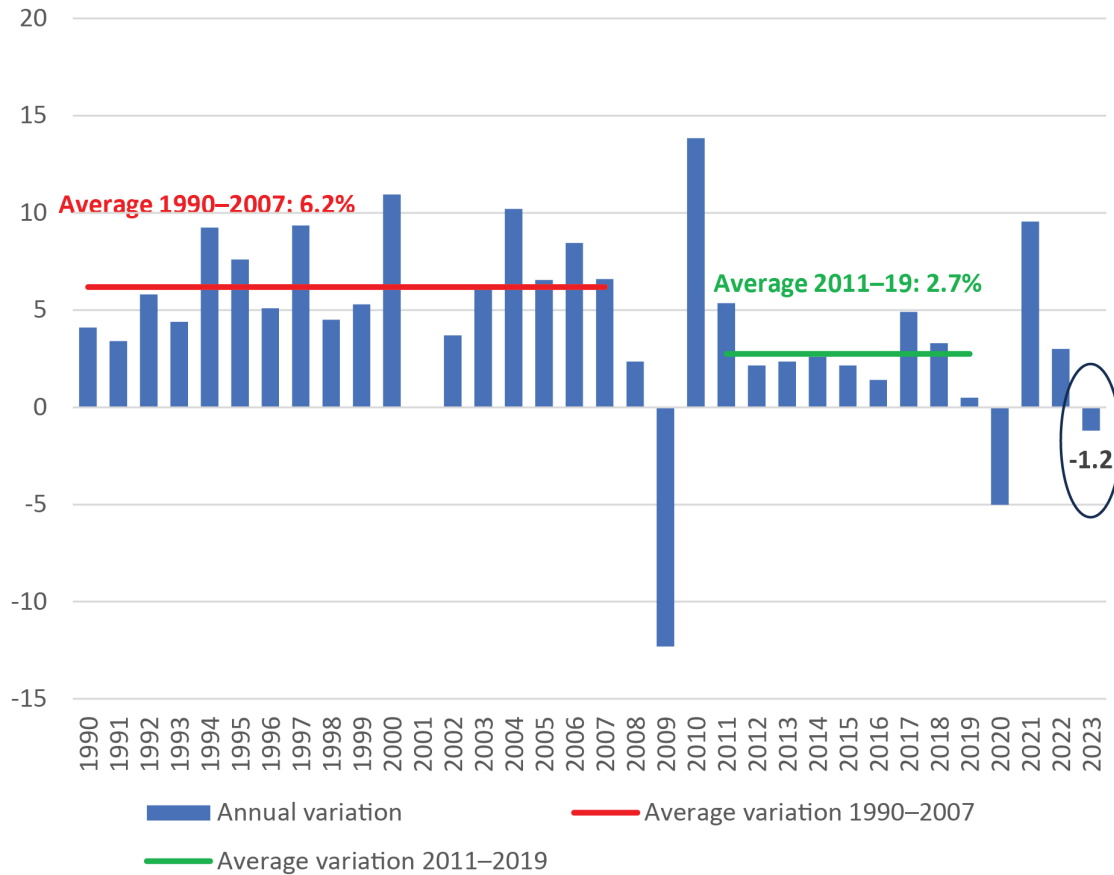
Content

- I. Weak recovery of global and regional trade
- II. The role of trade in the food security of Latin America and the Caribbean
- III. The potential of services to boost regional exports

I. Weak recovery of global and regional trade

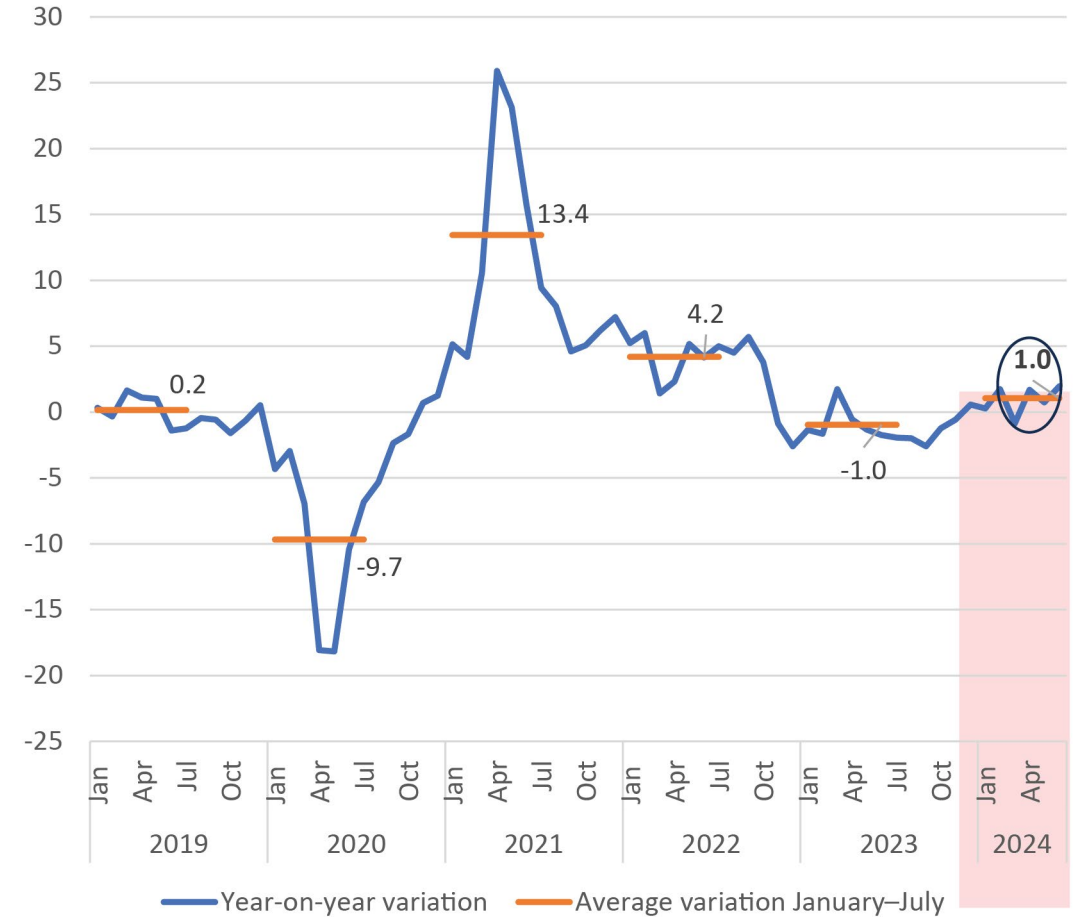
Global goods trade grew by only 1% between January and July 2024

Annual variation in volume of global goods trade, 1990–2023 and projections for 2024 and 2025 (Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of data from the World Trade Organization (WTO).

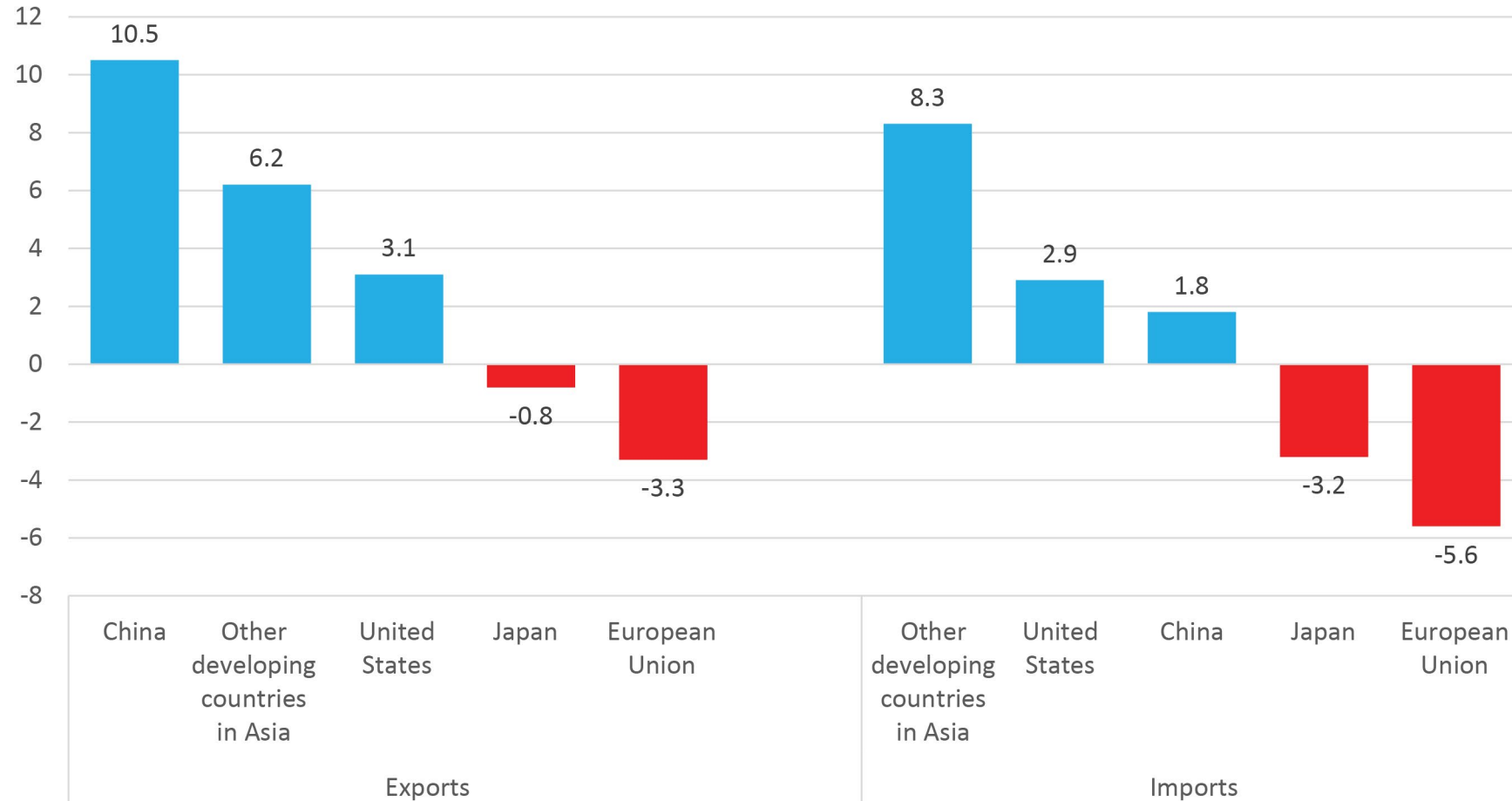
Year-on-year variation in volume of global goods trade, January 2019–July 2024 (Percentages)



Source: ECLAC, on the basis of Bureau for Economic Policy Analysis (CPB) of the Kingdom of the Netherlands, World Trade Monitor [online database] <https://www.cpb.nl/en/world-trade-monitor-july-2024>.

China, other developing countries in Asia and the United States have had the most vigorous growth in 2024

Variation in volume of exports and imports of goods,
first semester 2024 relative to year-earlier period
(Percentages)

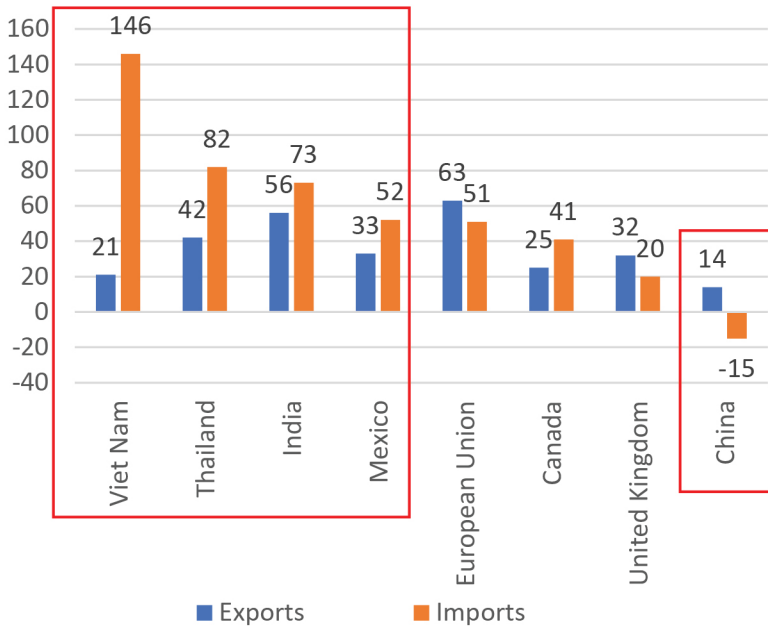


Source: ECLAC, on the basis of Bureau for Economic Policy Analysis (CPB) of the Kingdom of the Netherlands, World Trade Monitor [online database] <https://www.cpb.nl/en/world-trade-monitor-july-2024>.

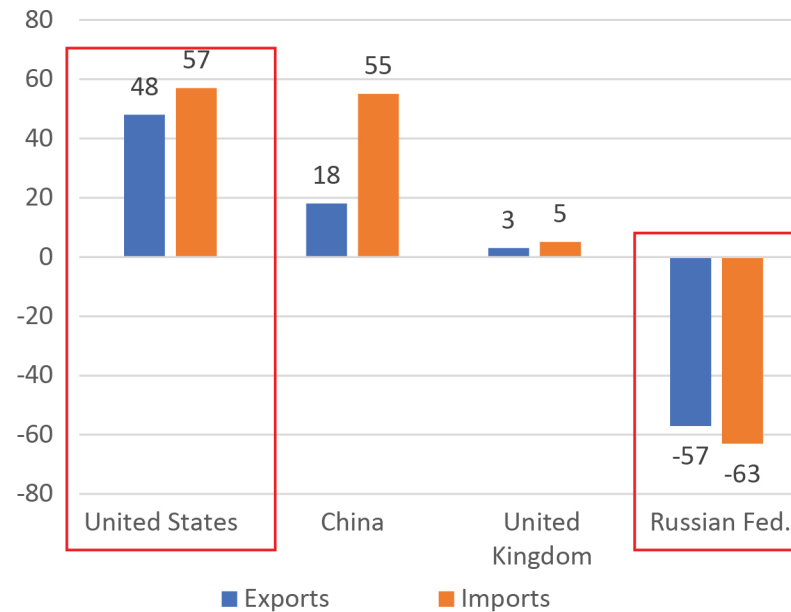
Significant changes in the geographical patterns of world trade

Variation in value of goods trade with major partners, 2017–2023
(Percentages)

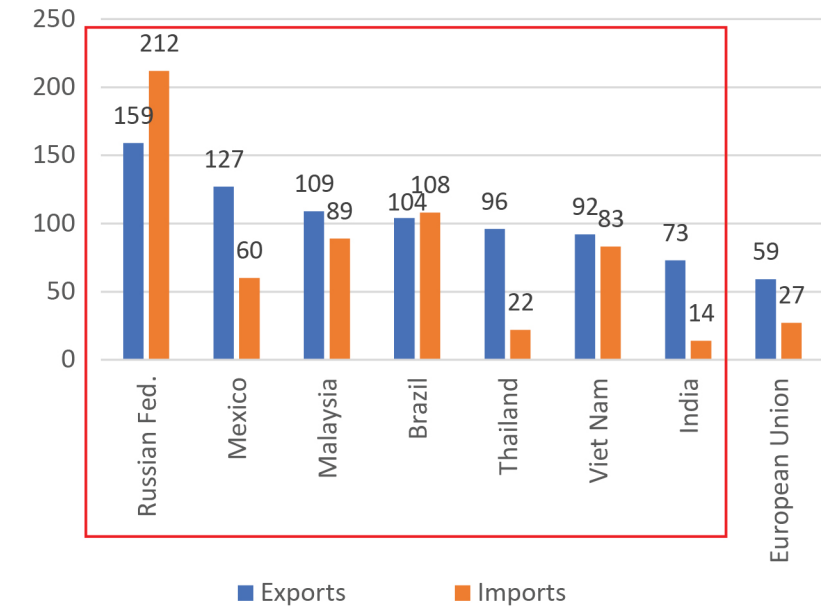
United States



European Union



China



- The United States reduced its imports from China and increased imports from alternative suppliers such as Mexico, Viet Nam, India and Thailand.
- Mexico overtook China as its main trading partner in 2023.

- Trade with the Russian Federation collapsed following the outbreak of the war in Ukraine.
- The European Union increased trade with the United States and China.

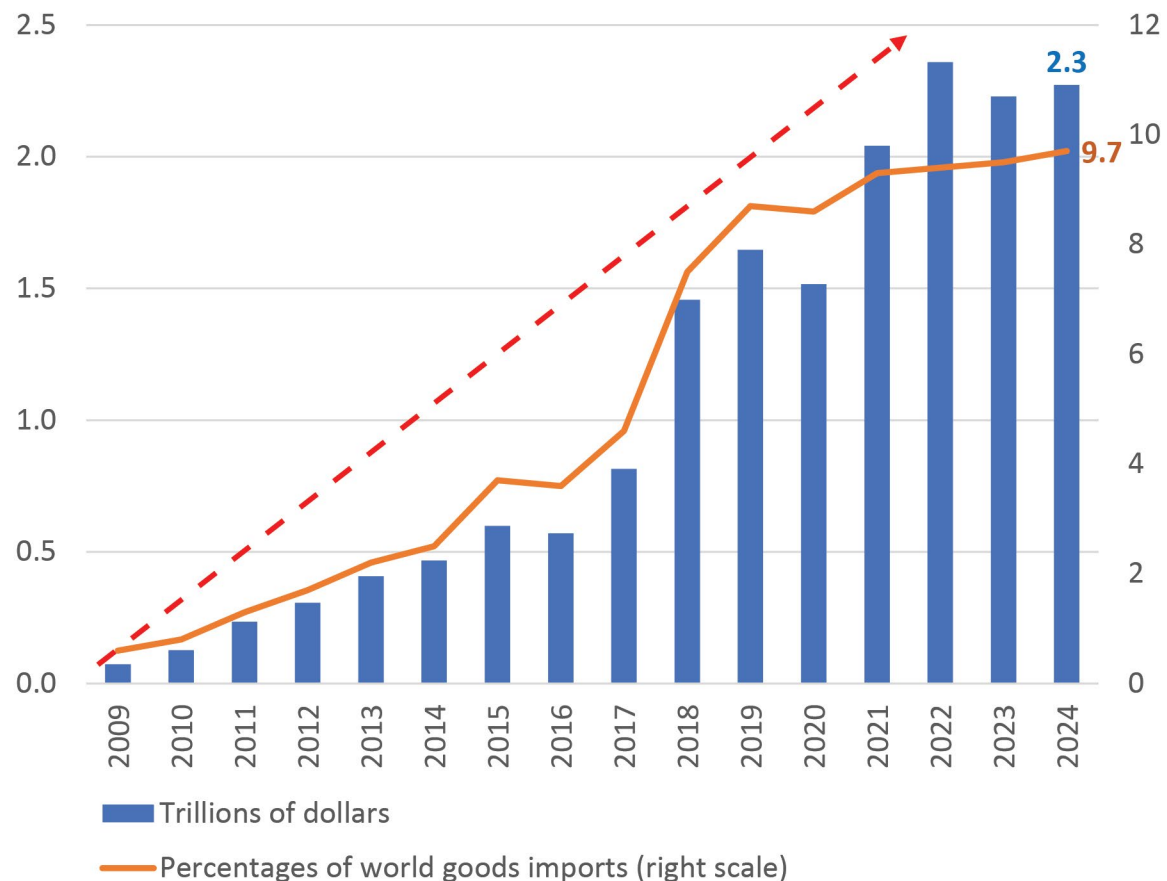
- China redirected its exports from the United States to the "Global South".

Source: ECLAC, on the basis of United Nations, UN Comtrade Database.

Protectionism on the rise and WTO is increasingly unable to address it

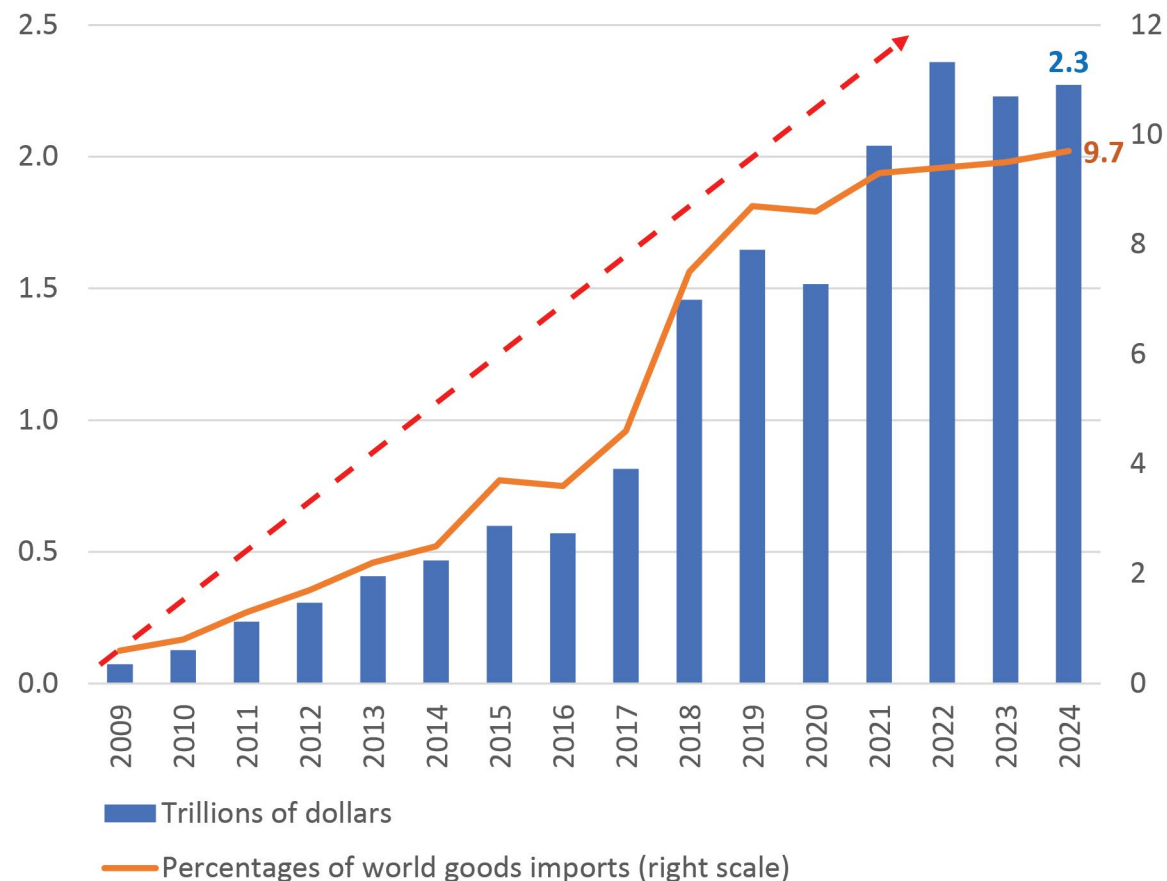
Value of global goods trade subject to import restrictions, 2009–2024

(Trillions of dollars and percentages of global goods imports)



Source: ECLAC, on the basis of data from the World Trade Organization (WTO).

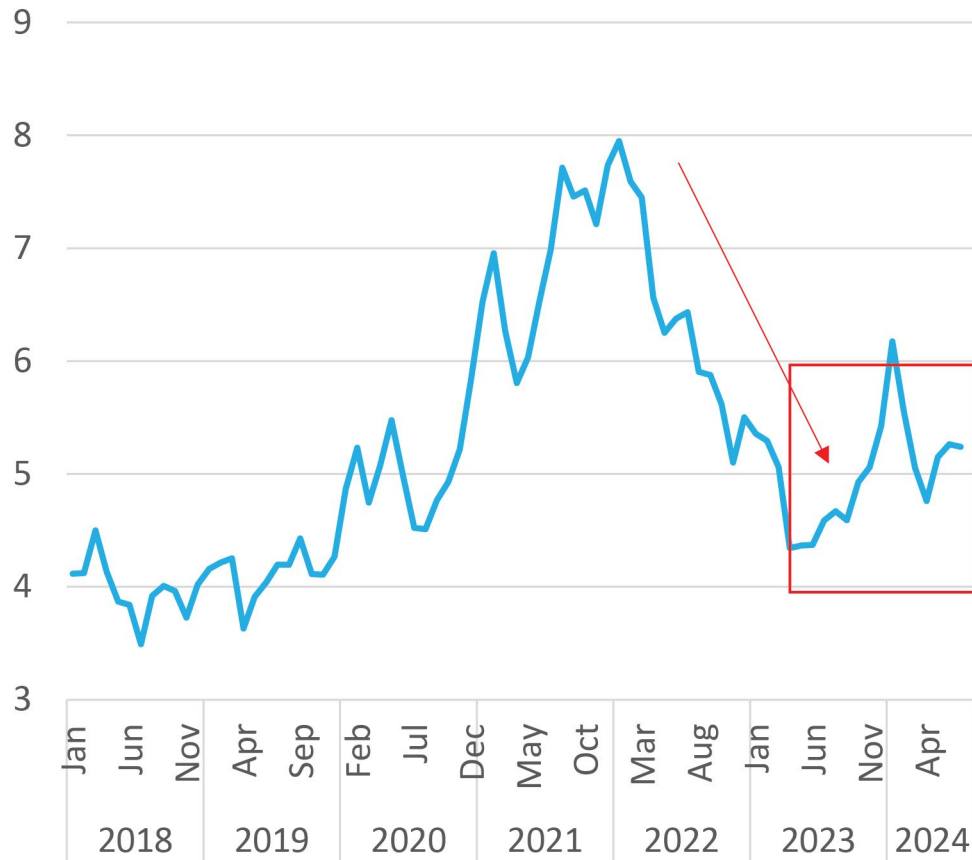
Number of dispute settlement cases initiated at World Trade Organization, 2010–2024



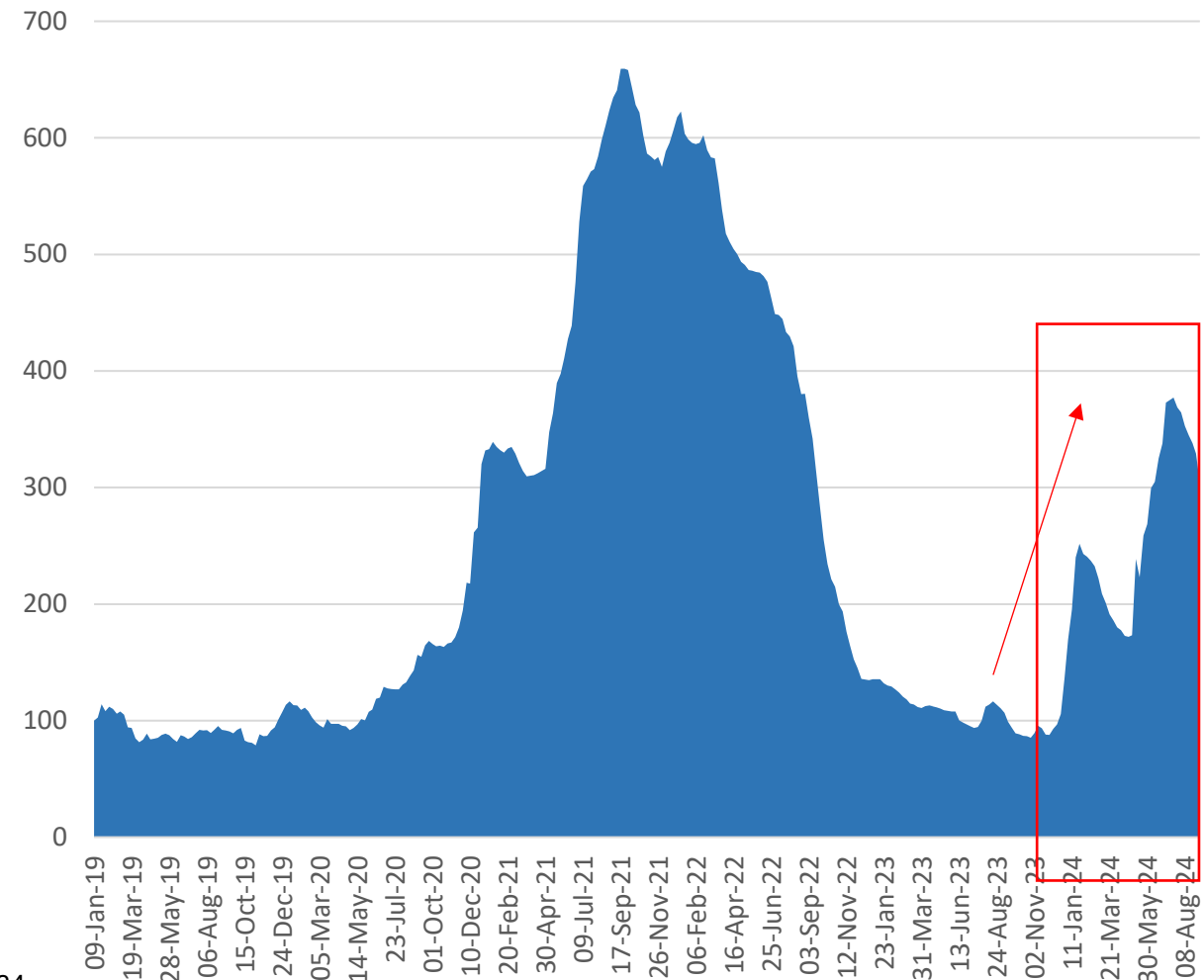
Source: ECLAC, on the basis of data from WTO.

New disruptions to global shipping

Delays due to late arrival of vessels, January 2018–July 2024
(Number of days)



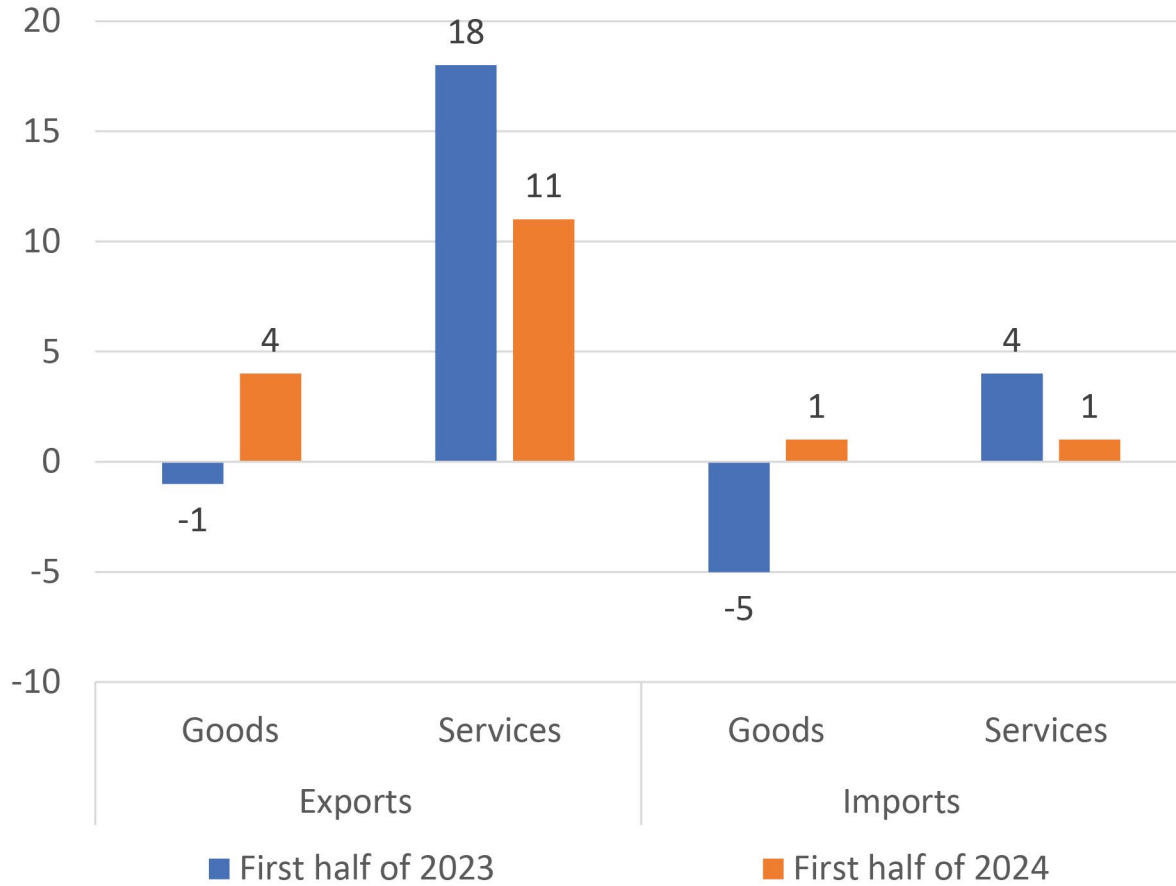
Index of composite weekly average spot freight rates for maritime containers, January 2019–July 2024



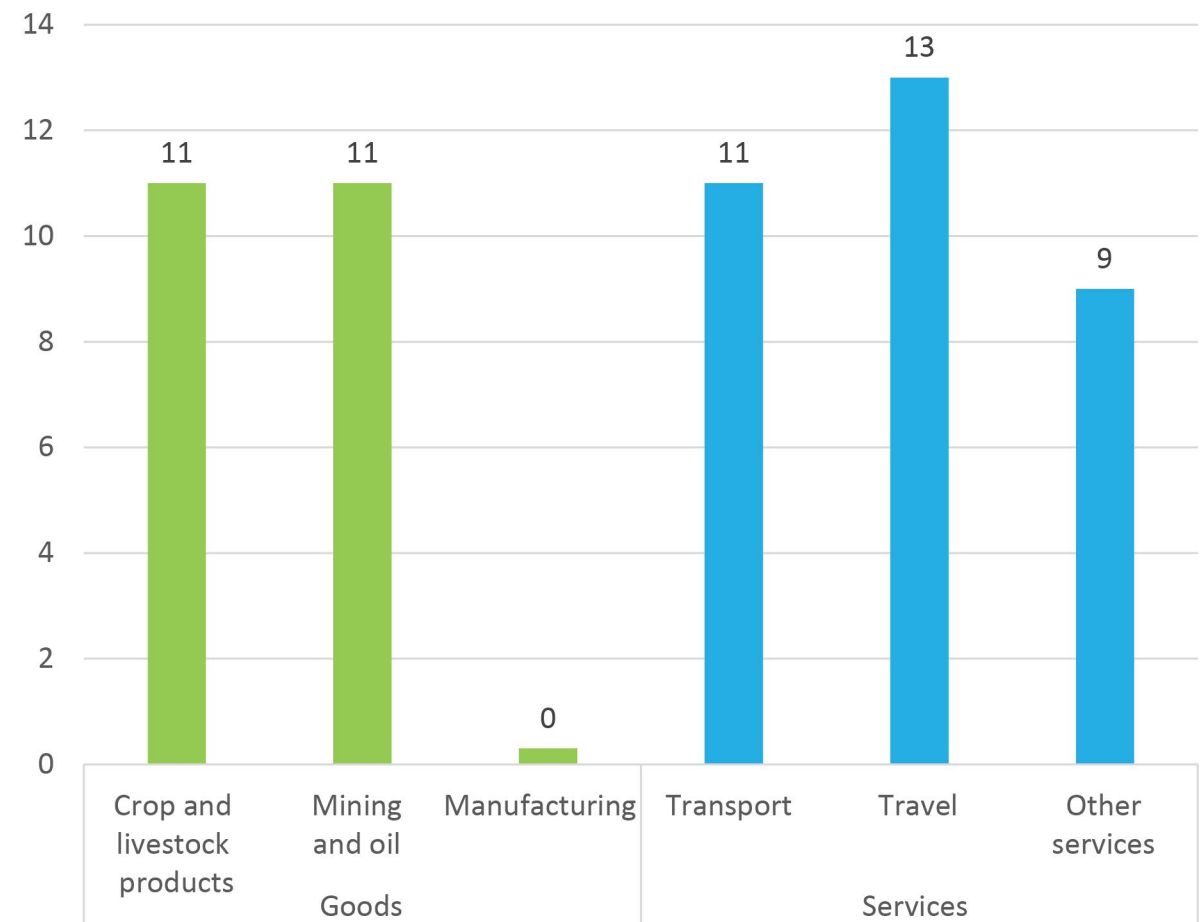
Source: ECLAC, on the basis of data from Sea-Intelligence, “Global schedule reliability”, August 2024.

Goods exports bounce back in the first half of 2024 while services exports remain buoyant

Latin America and the Caribbean: year-on-year variation in value of goods and services trade, first half of 2023 and 2024 (Percentages)



Year-on-year variation in value of goods and services trade by major sector, first half of 2024 (Percentages)

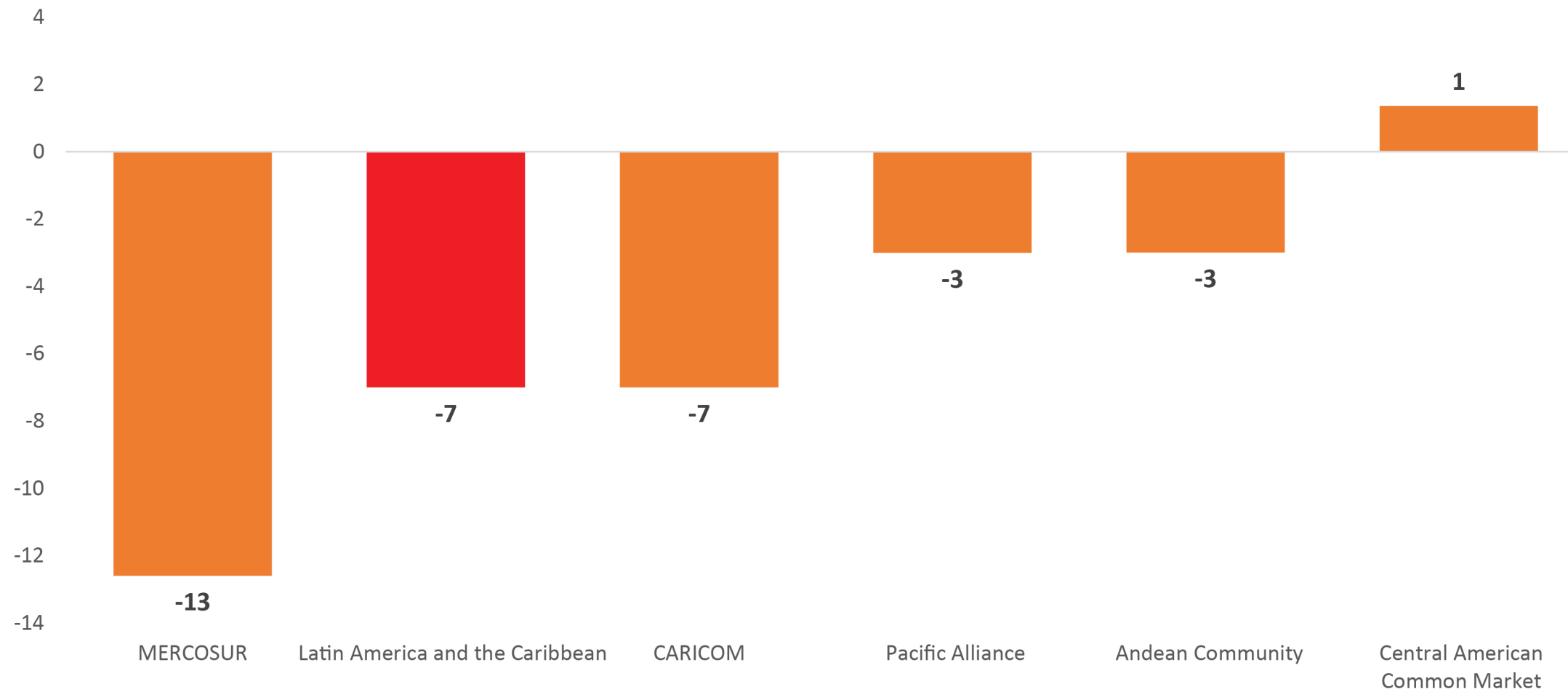


Source: ECLAC, on the basis of data from central banks, customs services and institutes of statistics of the region.

Sluggish growth in 2024 dampens intraregional trade

Latin America and the Caribbean and selected groupings: year-on-year variation in goods exports within each grouping, January–June 2024

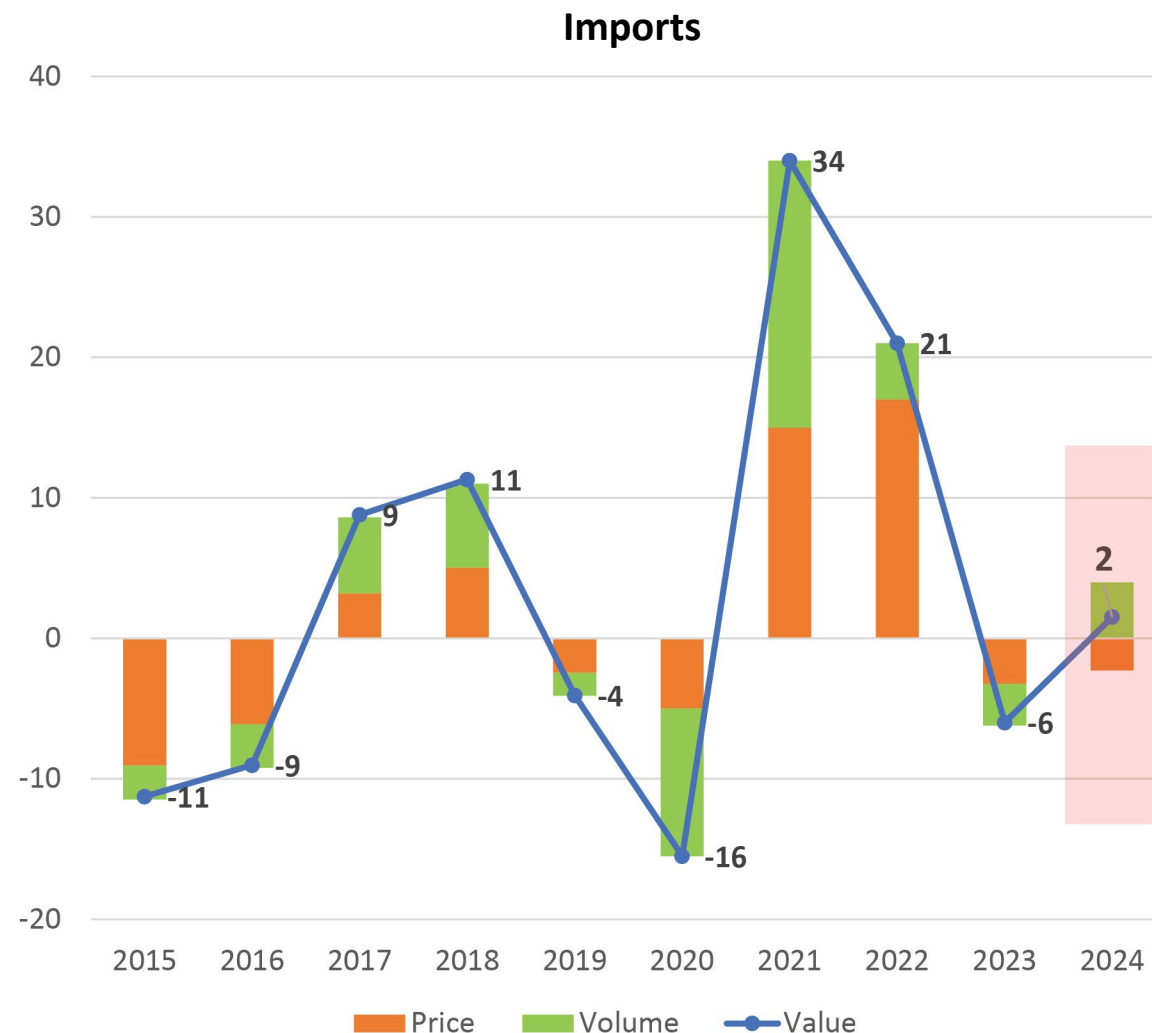
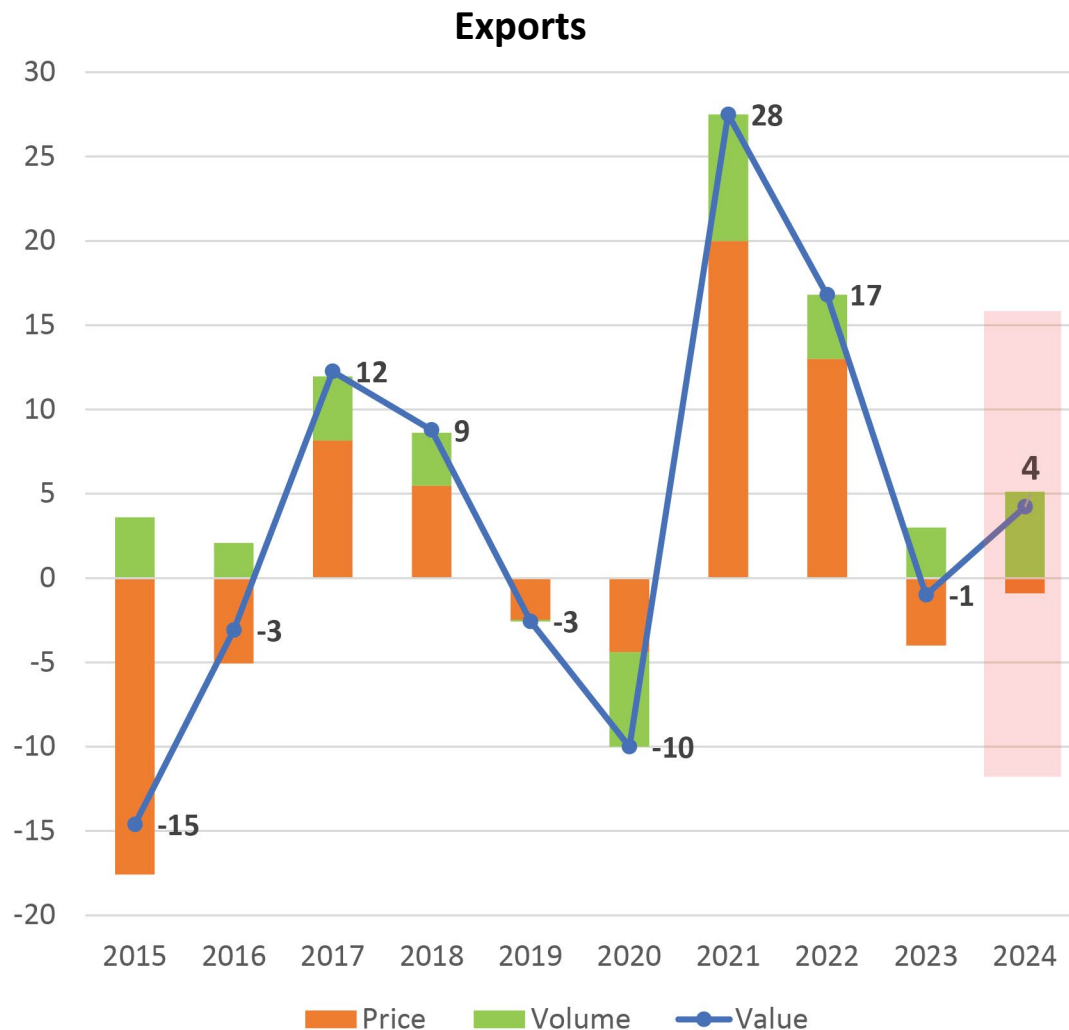
(Percentages)



Source: ECLAC, on the basis of data from central banks, customs services and institutes of statistics of the region.

A modest recovery in regional goods trade is projected for 2024

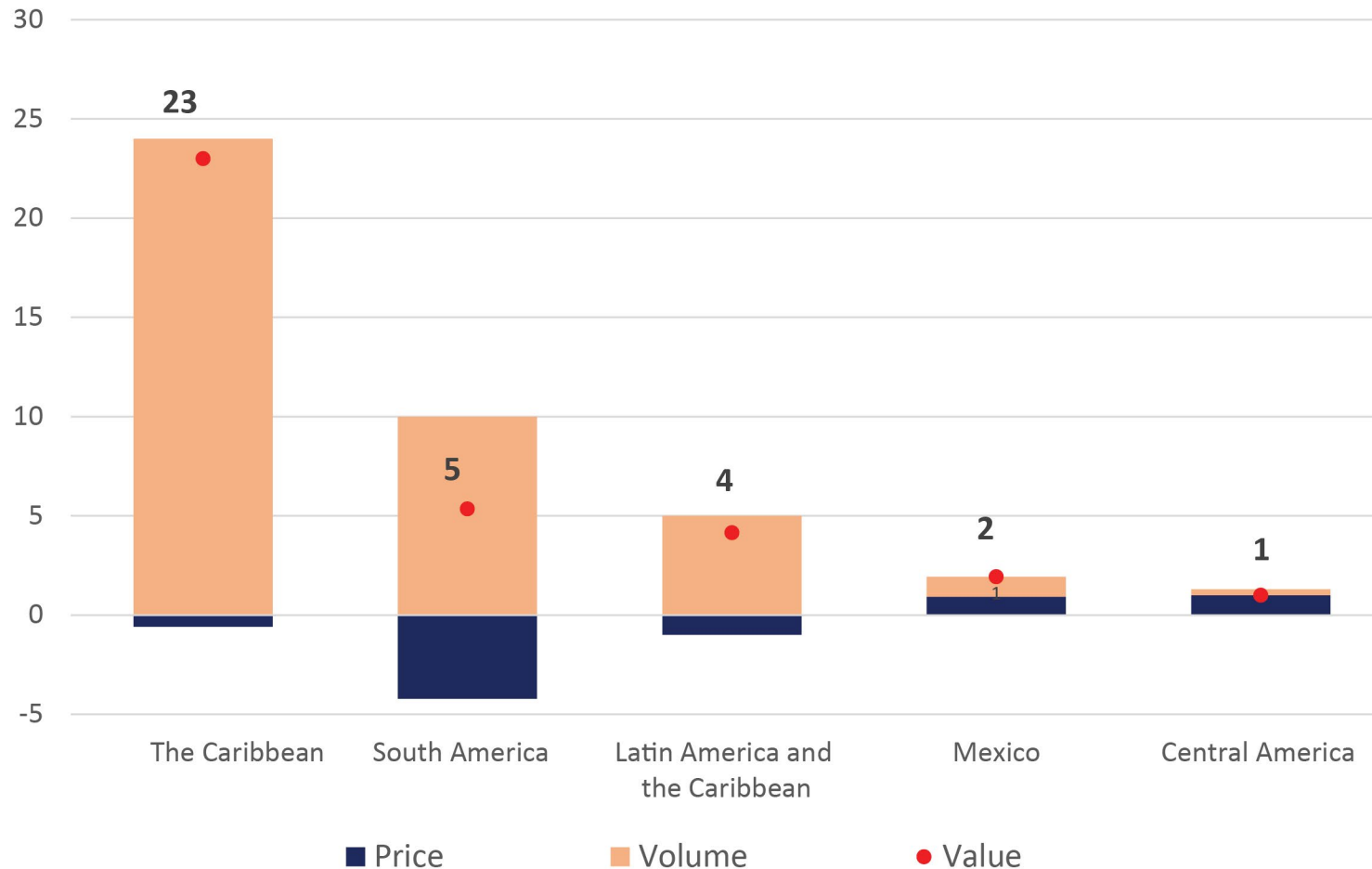
Latin America and the Caribbean: annual variation in goods trade, 2000–2023 and projection for 2024
(Percentages)



Source: ECLAC, on the basis of data from central banks, customs services and institutes of statistics of the region.

The largest increases in export value are projected to occur in the Caribbean and South America

Latin America and the Caribbean, subregions and Mexico:
projected variation in goods trade, 2024



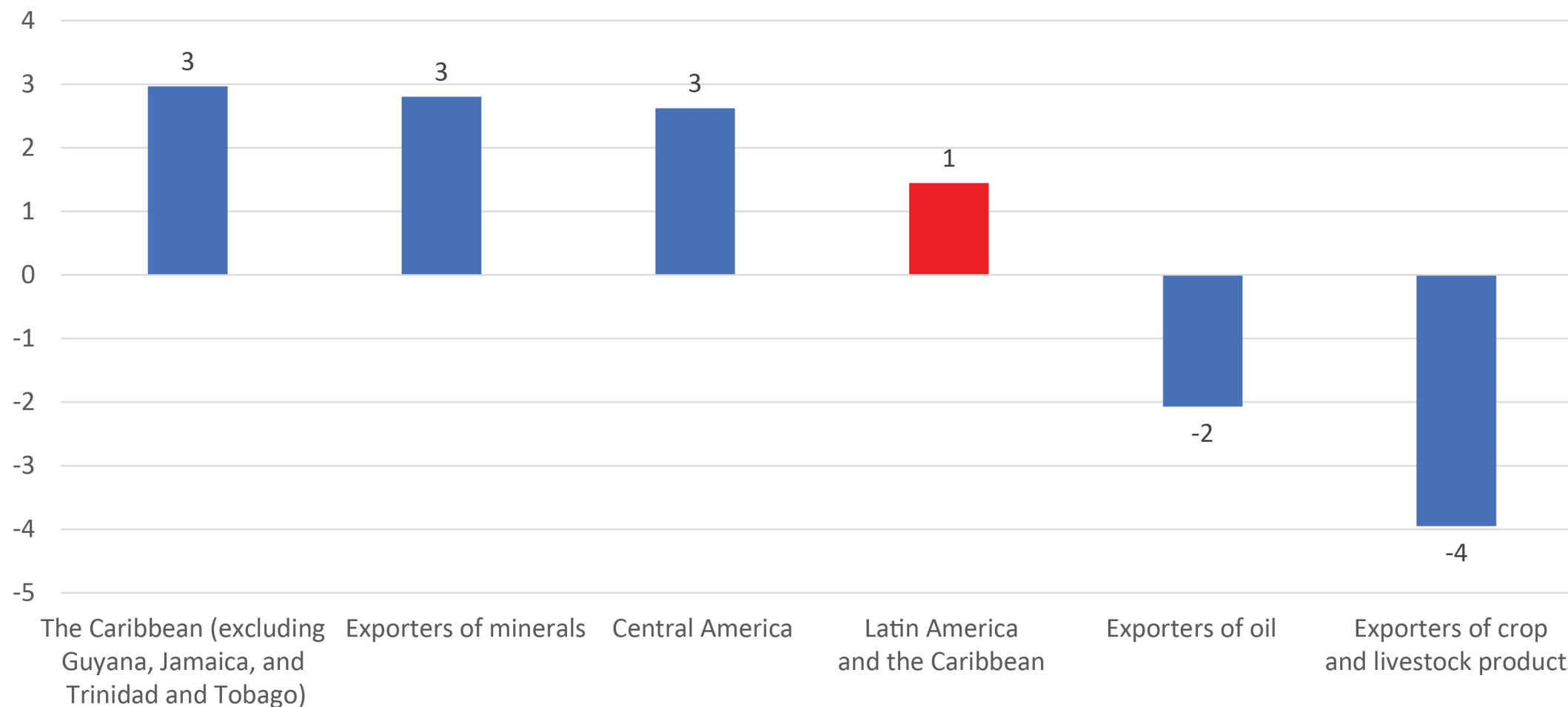
- Rapid growth in export volume in the Caribbean is chiefly explained by a rise in **oil exports from Guyana**.
- In South America, a sharp rise is projected in **agricultural exports in Argentina and oil exports in the Bolivarian Republic of Venezuela**.
- In both subregions, **higher export volumes** should more than offset the fall in **prices** for agricultural and petroleum products.
- **In Central America and Mexico**, where trade is more intensive in manufactures, more muted growth is projected in export volume.

Source: ECLAC, on the basis of data from central banks, customs services and institutes of statistics of the region.

The region is likely to see a slight improvement in its terms of trade in 2024

Latin America and the Caribbean and selected subregions: projected variation in terms of trade, 2024

(Percentages)

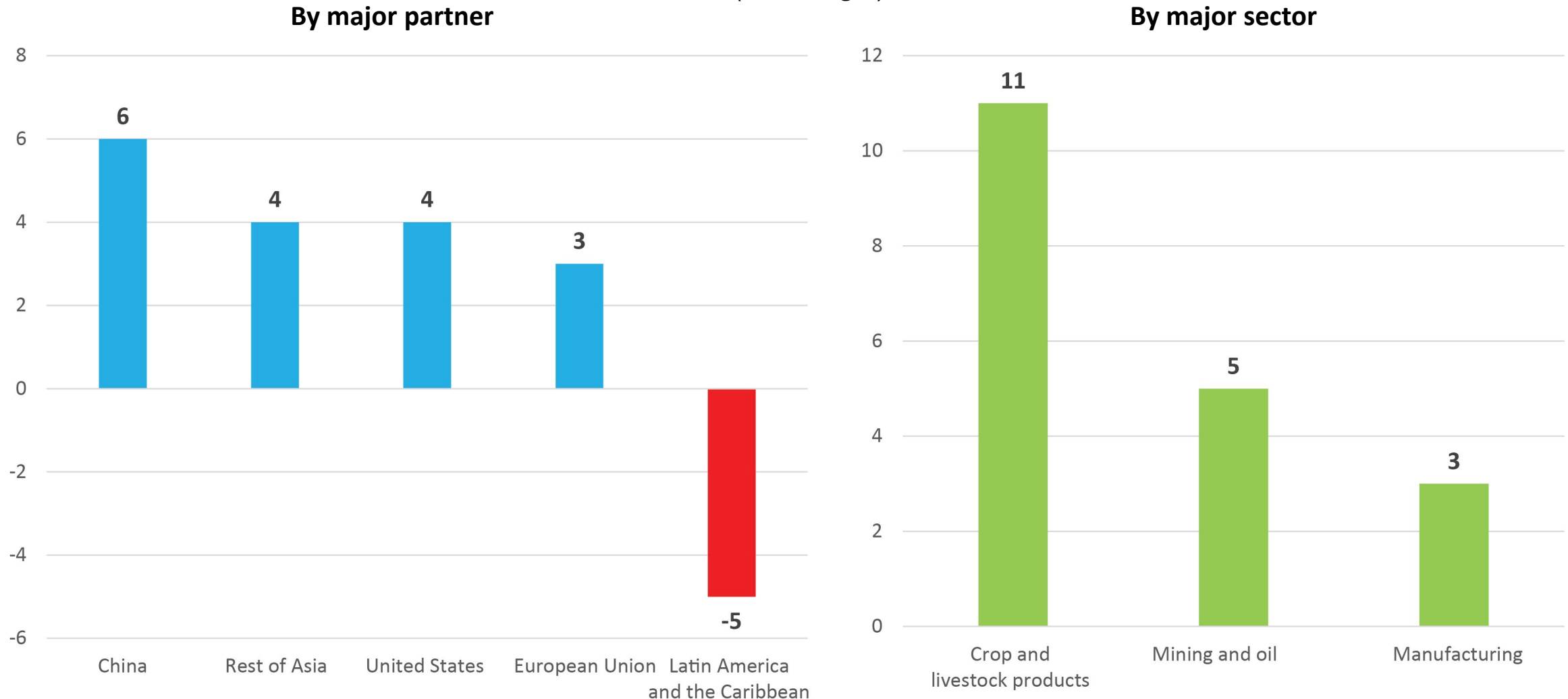


Source: ECLAC, on the basis of data from central banks, customs services and institutes of statistics of the region.

Asia and the United States set to be the fastest-growing destinations for exports

Latin America and the Caribbean: projected variation in the value of goods exports, 2024

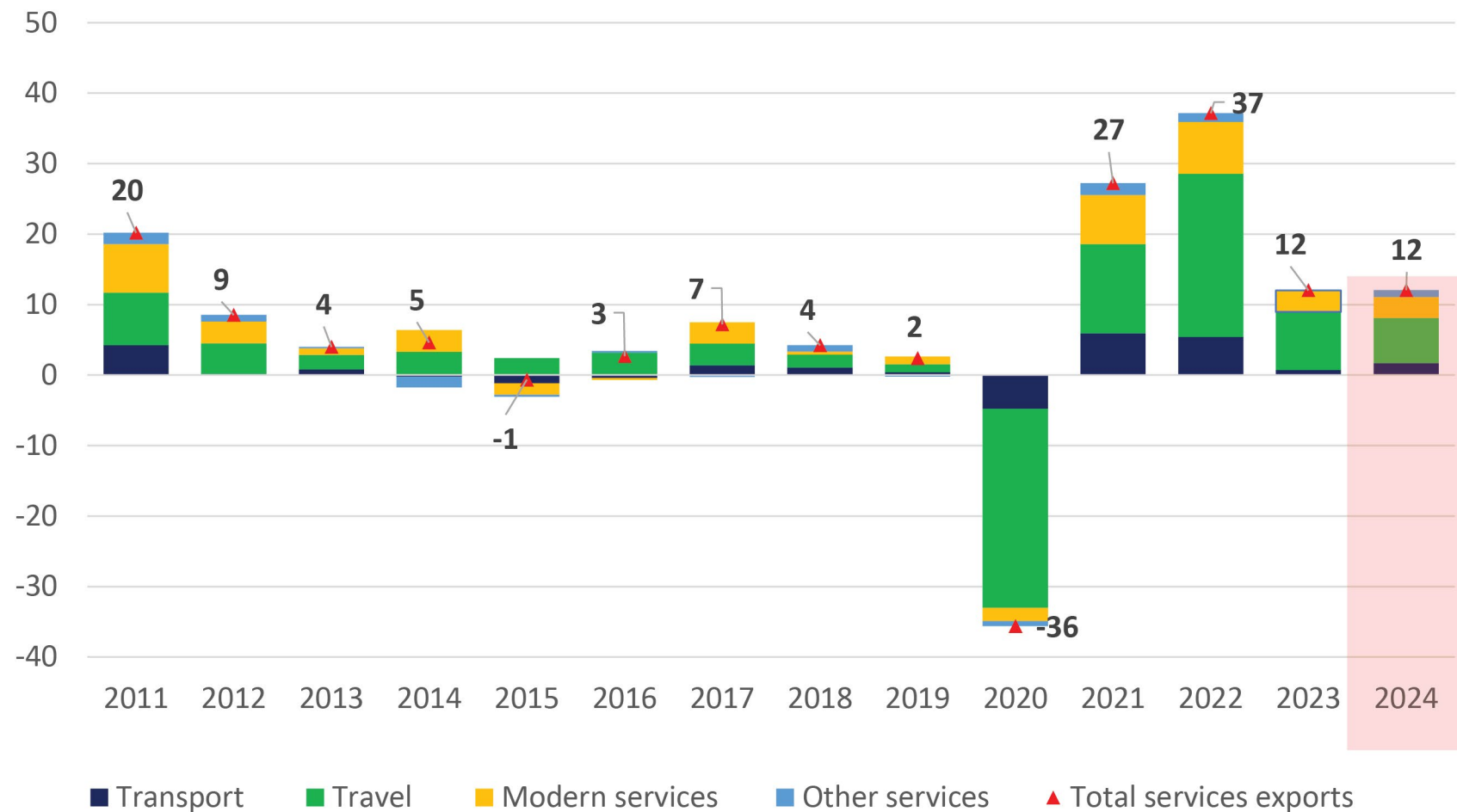
(Percentages)



Source: ECLAC, on the basis of data from central banks, customs services and institutes of statistics of the region.

Services exports are projected to grow by 12%

Latin America and the Caribbean: variation in value of trade in services, 2011–2023 and projection for 2024
(Percentages)



Source: ECLAC, on the basis of balance-of-payments data from the countries.

Key messages

- **Growth in global trade remains weak**, and major reconfigurations are under way amid **geopolitical tensions** and rising **protectionism**:
 - **The United States** is replacing Chinese imports with products from other countries (e.g. Mexico, Viet Nam and India).
 - **China** is diverting exports away from the United States in favour of large developing markets.
 - **Mexico** is the biggest potential winner, followed by **Costa Rica** and **the Dominican Republic**.
- **Regional goods exports recovered** in 2024, following a 1% decline in 2023, for a 5% increase in volume that surpassed growth in global trade in goods (from 1.5% to 2.0%).
- **Commodities** exports account for the bulk of the growth, as **manufactured goods** grew little, losing regional market share and fuelling the reprimarization of the export basket.

Key messages

- In 2024, regional services exports will see **double-digit** growth for the **fourth year** running, although strong tailwinds generated by the recovery of **tourism** are likely to die down.
- Strong, diversified and sophisticated goods and services exports require the implementation of **productive development policies** with a focus on clusters, which ECLAC has continued to call for, including in the recently published *Panorama of Productive Development Policies in Latin America and the Caribbean*.

II. The role of trade in the food security of Latin America and the Caribbean

Global trade is crucial for food security in the region and the world

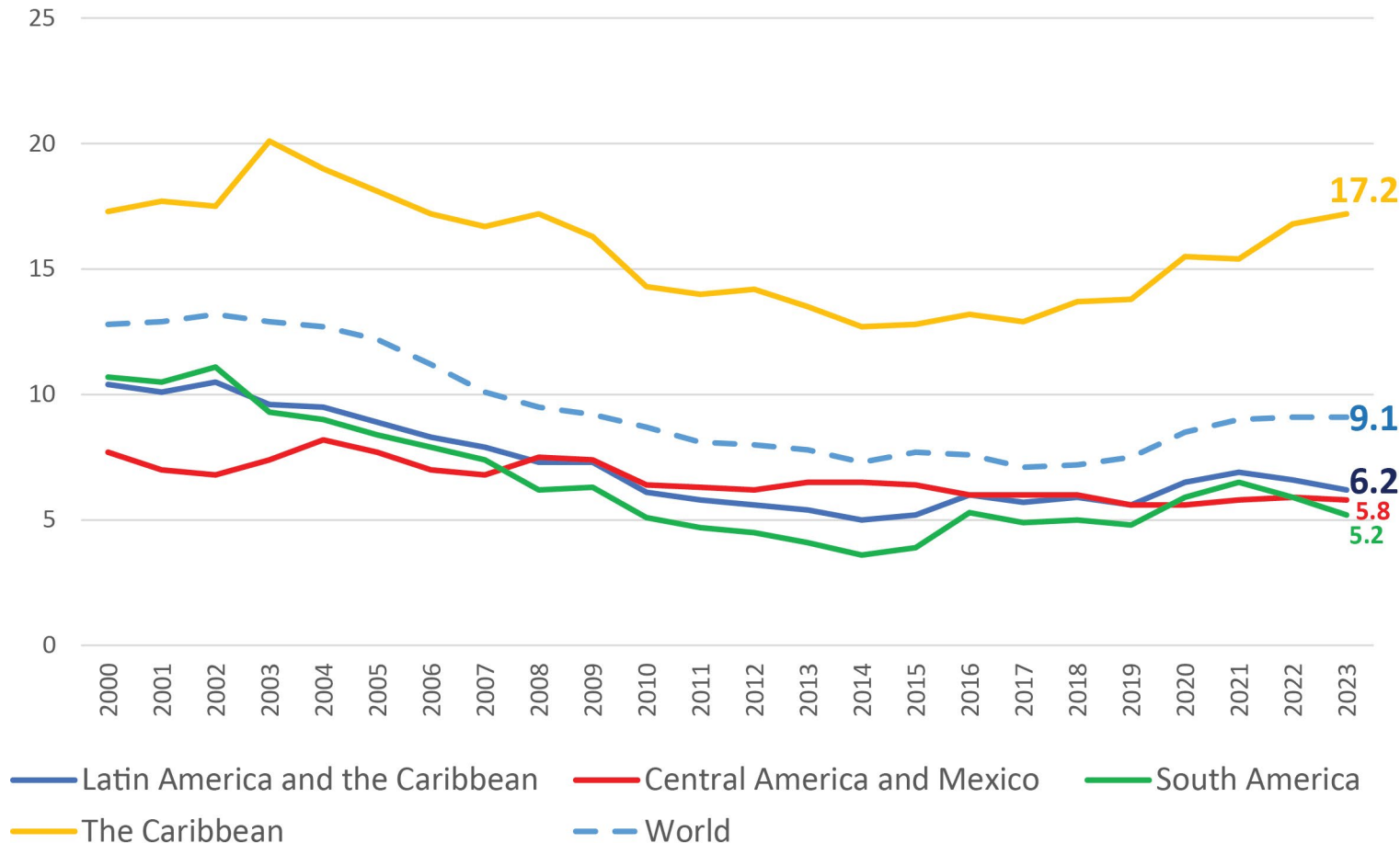


- **Food security** exists when all people, at all times, have physical and economic access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life.
- **Target 2.1 of the SDGs:** By 2030, end hunger and ensure access by all people to safe, nutritious and sufficient food all year round.

- **Imports** can give access to foods for which **local production is impossible or too costly** because of climatic conditions, insufficient availability of land or technology, or other reasons.
- They can also supplement **temporarily restricted local production** during events such as pest infestation, conflicts or extreme weather events.
- **Exports generate income that can be used to purchase food**, whether produced locally or imported.
- **Latin America and the Caribbean** is the leading net agricultural exporter worldwide and, as such, **plays a key role in global food security.**

Undernourishment is less prevalent in the region than in the world

World, Latin America and the Caribbean and subregions:
prevalence of undernourishment, 2000–2023
(Percentages)

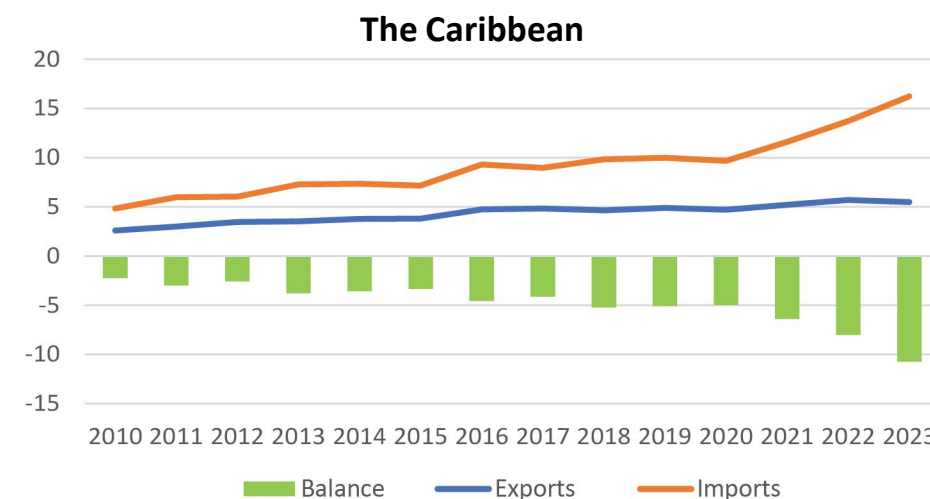
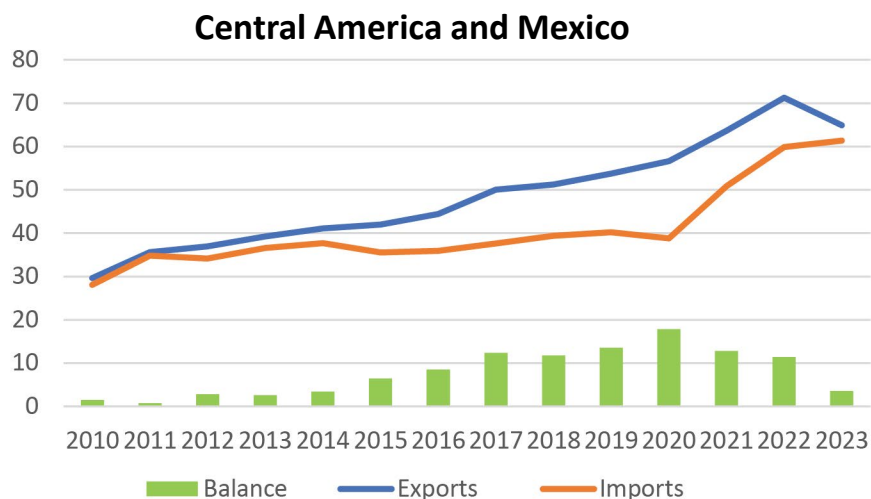
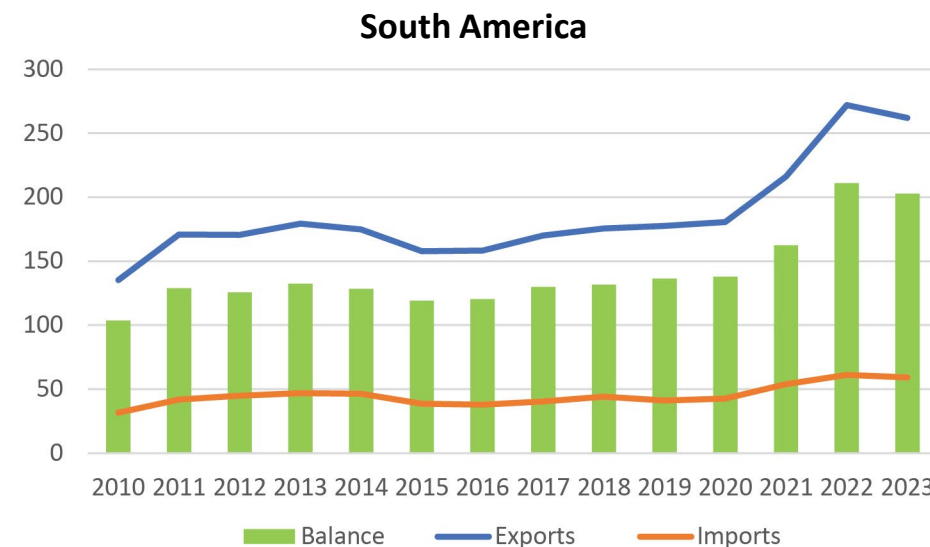
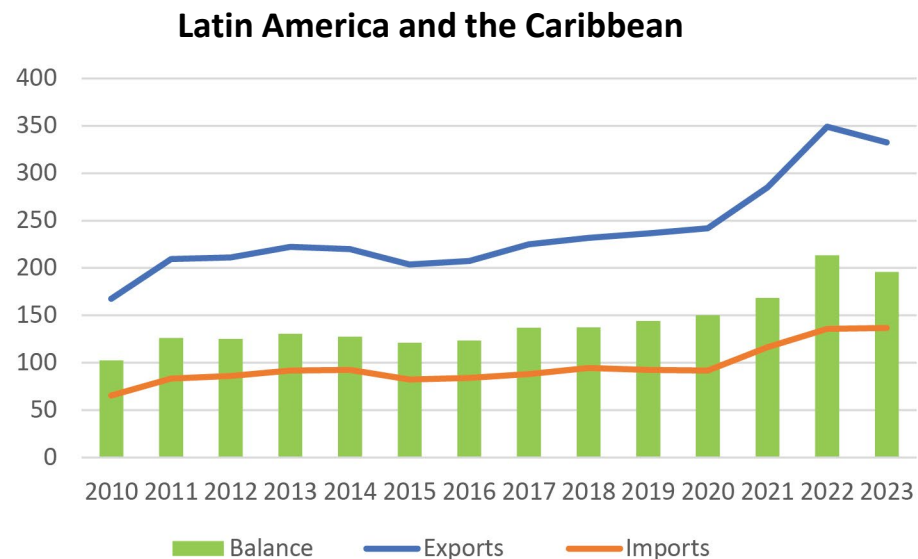


- An estimated **9.1%** of the **global population** suffered from hunger in 2023 (up 1.6 p.p. from 2019).
- The figure for **Latin America and the Caribbean** was **6.2%** (up 0.6 p.p. from 2019).
- In 2022 and 2023, the incidence of hunger declined in **South America**, held steady in **Central America and Mexico** and increased in the **Caribbean**.

Source: ECLAC, on the basis of Food and Agriculture Organization of the United Nations (FAO), FAOSTAT database [online] <http://www.fao.org/faostat/en/#data>.

The region is running a surplus in food trade

Value of food trade, 2010–2023
(Billions of dollars)

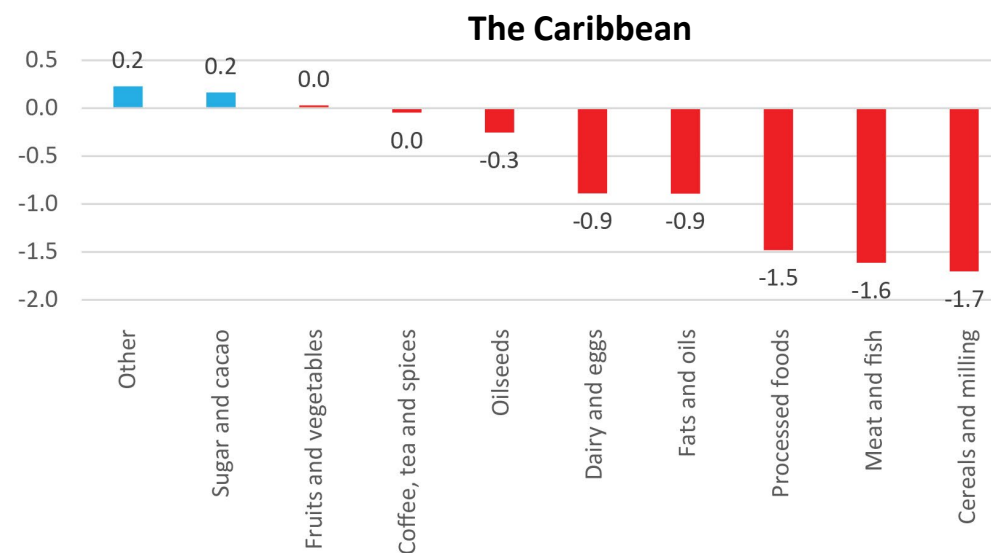
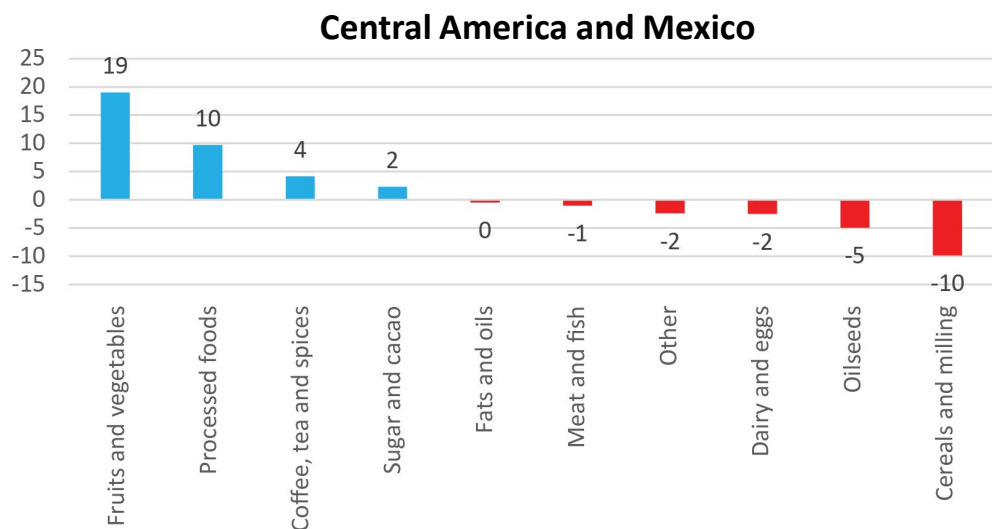
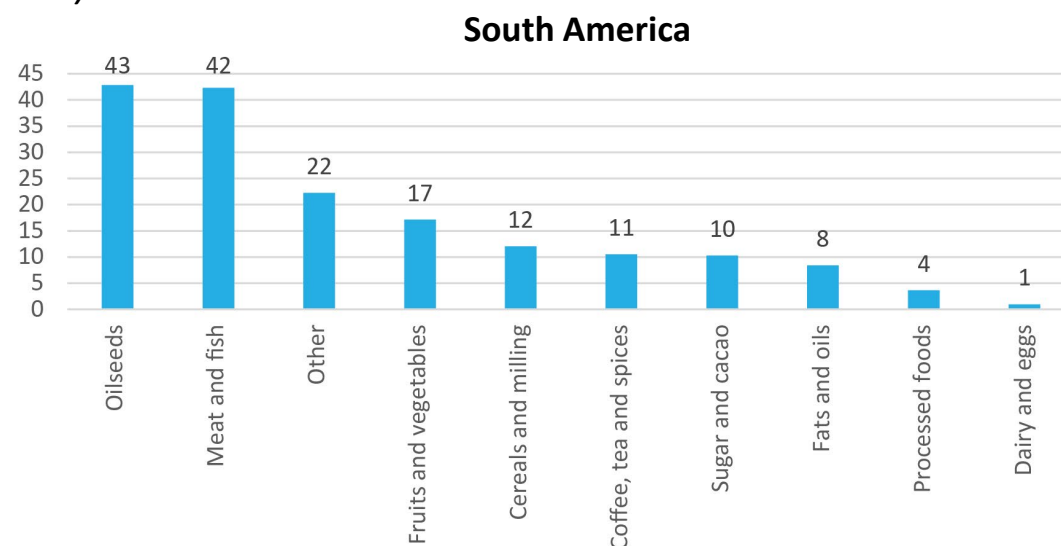
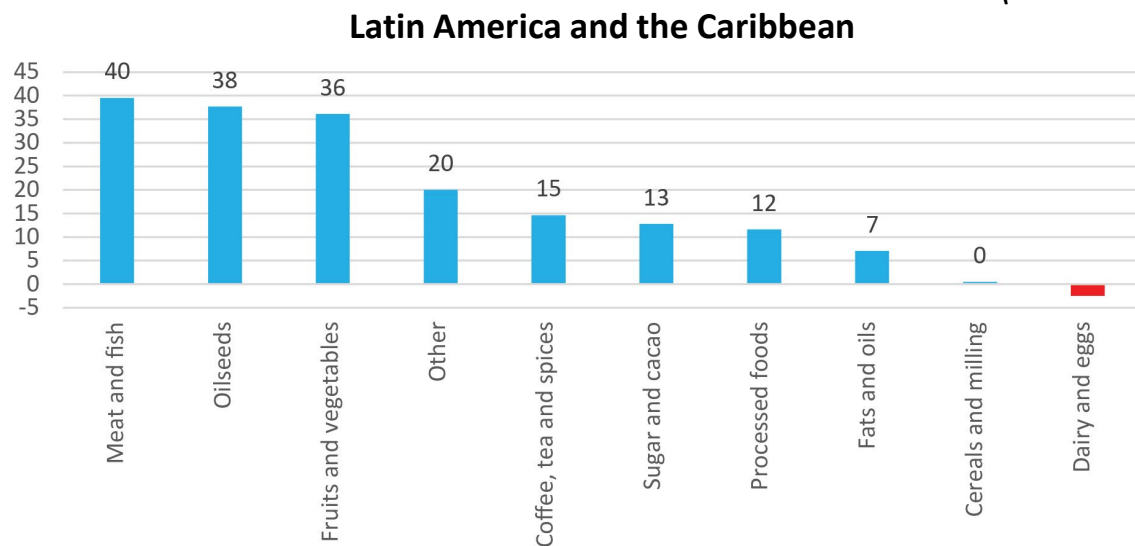


Source: ECLAC, on the basis of United Nations, UN Comtrade Database.

Trends across subregions are uneven

Food trade balance, by major category, 2020–2022 average

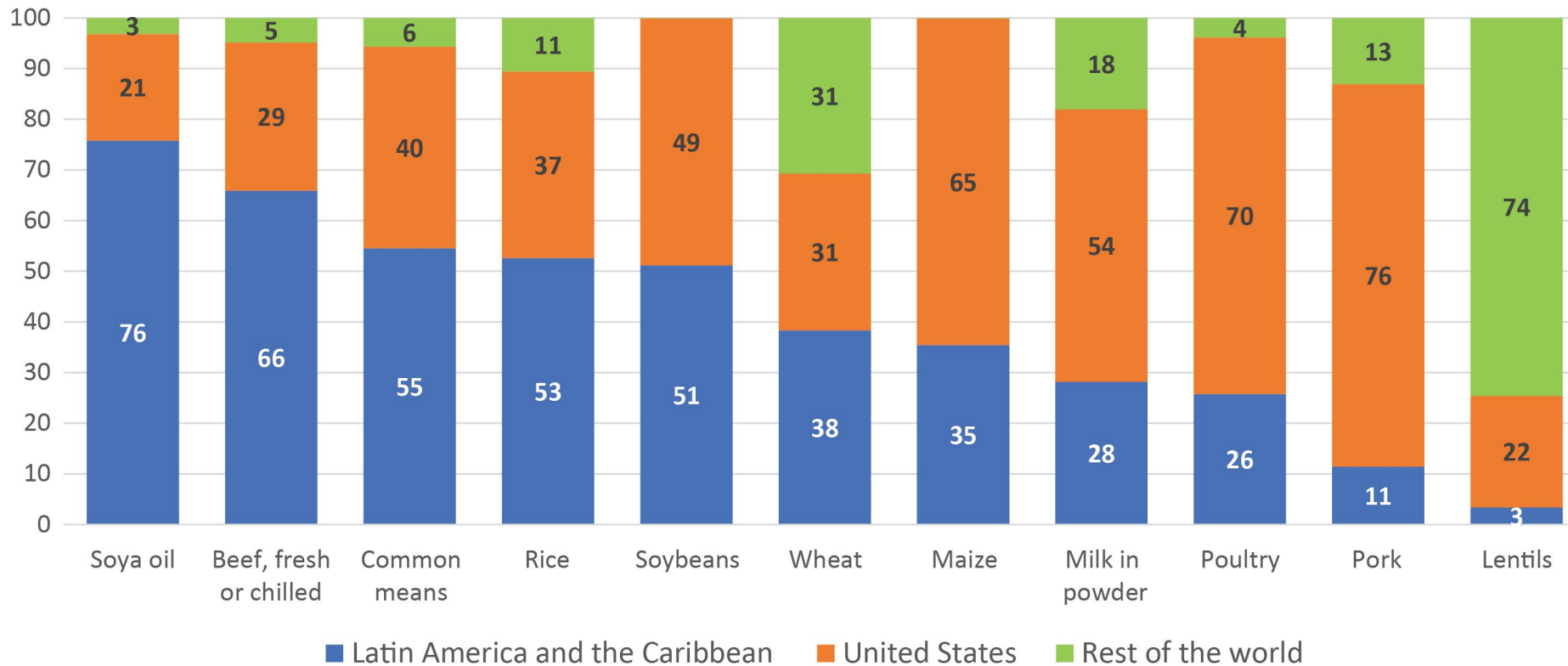
(Billions of dollars)



Source: ECLAC, on the basis of United Nations, UN Comtrade Database.

The region and the United States account for the bulk of staple food imports

Latin America and the Caribbean: distribution of selected food imports, by origin, average for 2020–2022
(Percentages)

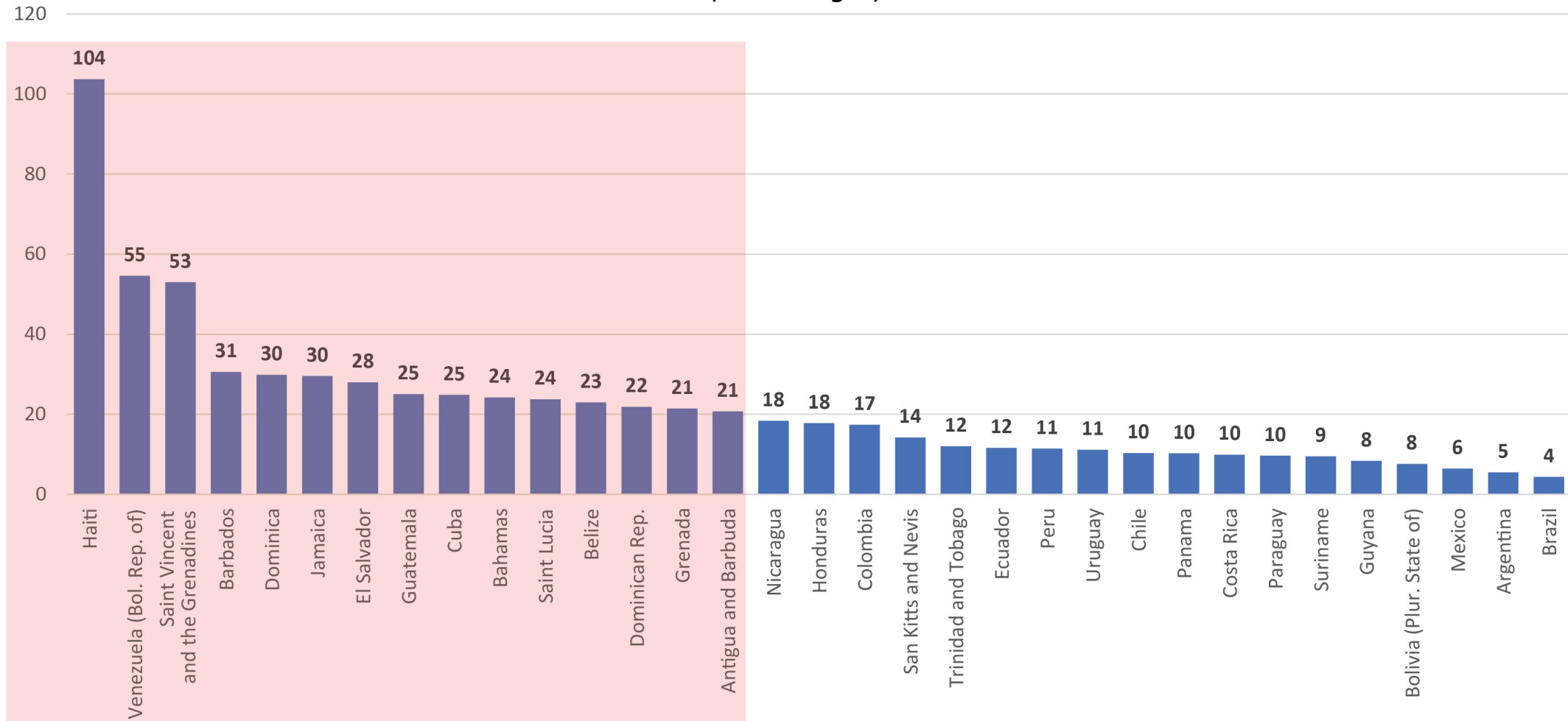


- **The region** is the main food supplier for South and Central America.
- **The United States** is the main food supplier for Mexico and the Caribbean.

Source: ECLAC, on the basis of International Trade Centre (ITC), Trade Map [online] <https://www.trademap.org/Index.aspx>.

Food imports are equivalent to more than 20% of exports in 15 of region's countries

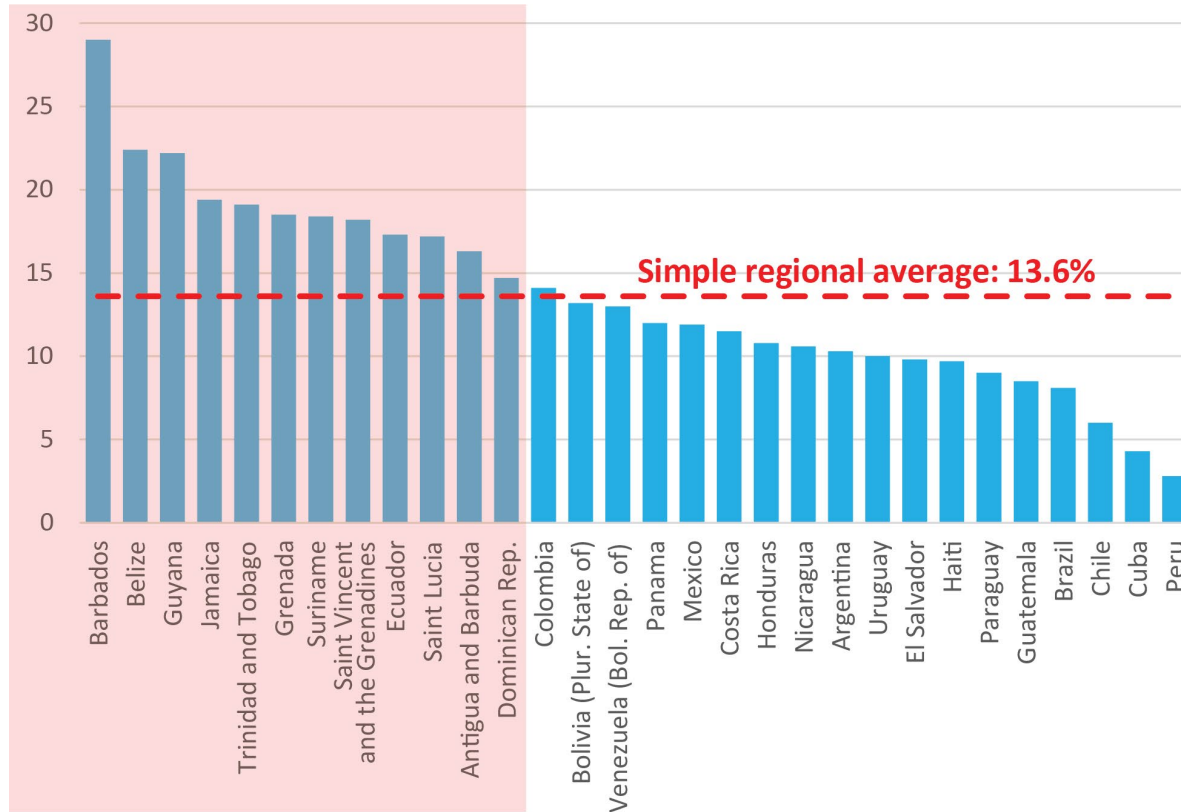
Latin America and the Caribbean (33 countries): value of food imports as a share of total exports of goods and services, average for 2020–2022
(Percentages)



Source: ECLAC, on the basis of United Nations, UN Comtrade Database and United Nations Conference on Trade and Development (UNCTAD), UNCTADstat.

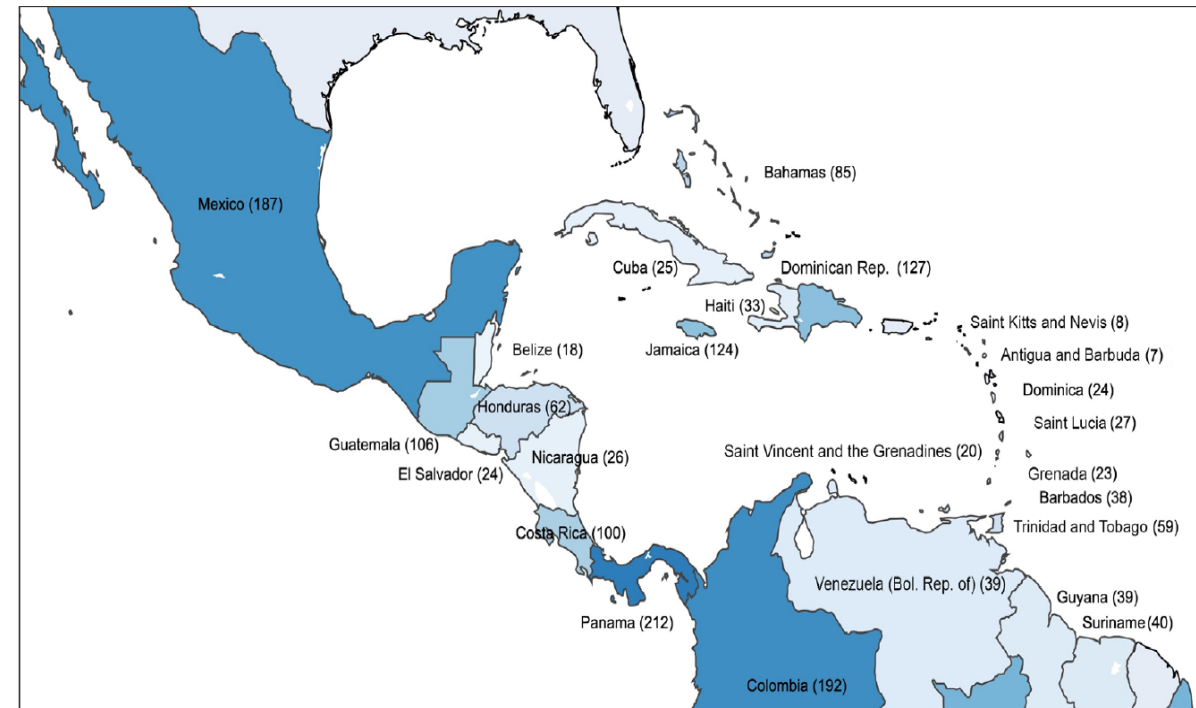
High tariffs and poor maritime connectivity push up food prices in the Caribbean

Latin America and the Caribbean (30 countries): average most-favoured-nation tariff applied to agricultural products, 2023
(Percentages)



Source: ECLAC, on the basis of WTO/ITC/UNCTAD, *World Tariff Profiles 2024*, Geneva, 2024.

Greater Caribbean (selected countries): United Nations Conference on Trade and Development (UNCTAD) Liner Shipping Connectivity Index, second quarter of 2024



Source: ECLAC, on the basis of UNCTAD, Liner Shipping Connectivity Index (LSCI).

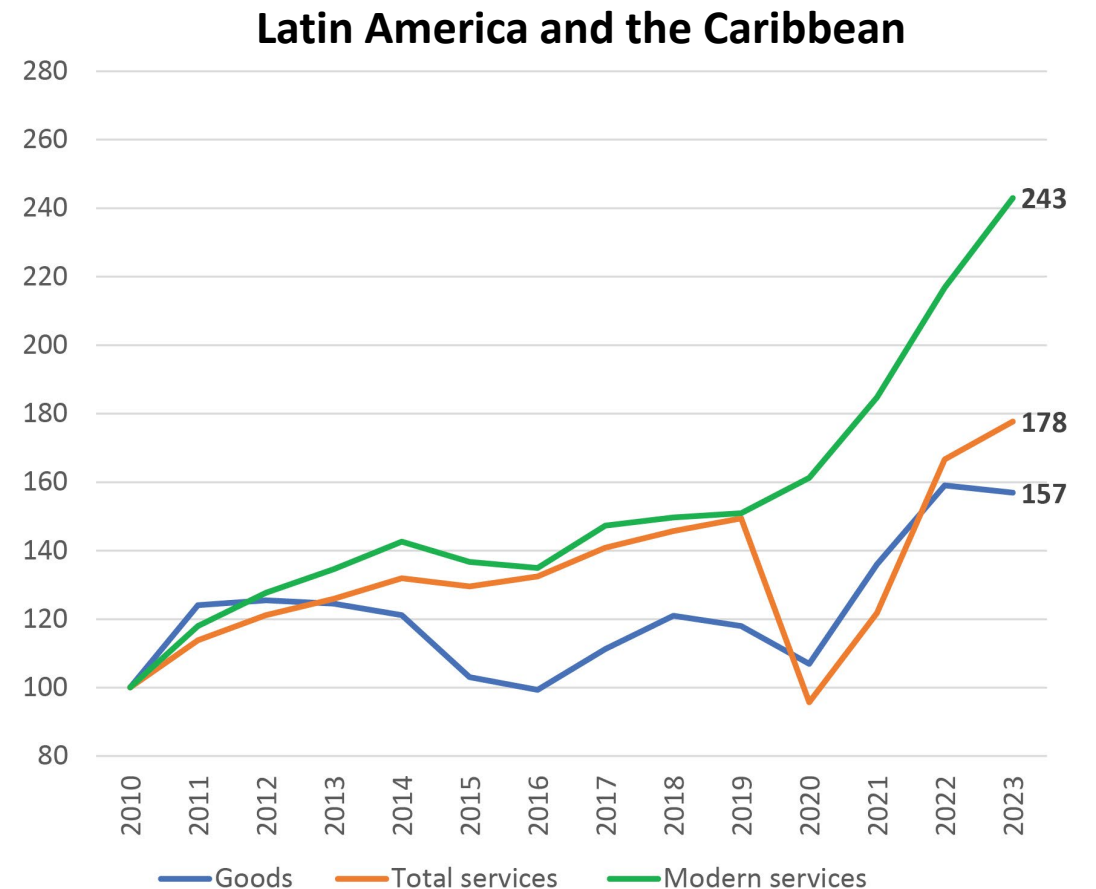
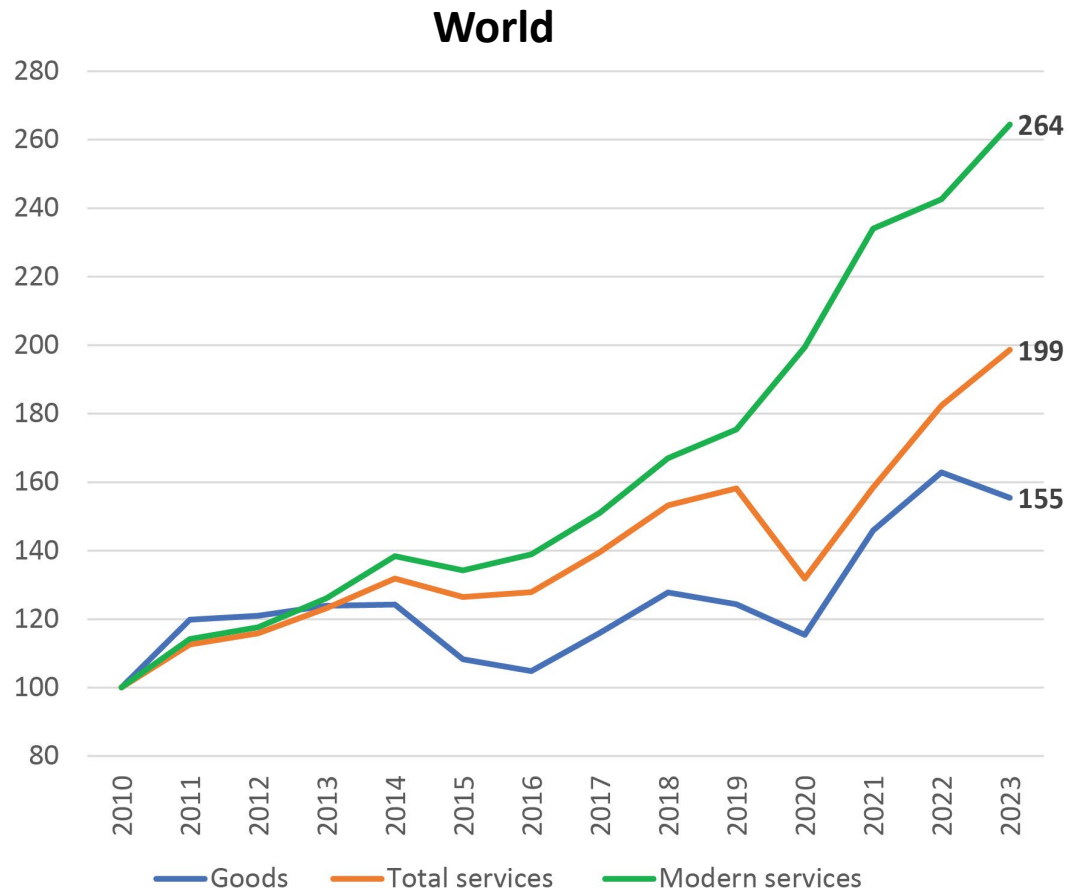
Priority measures to strengthen the contribution of trade to food security in the region

1. **Enhance food trade facilitation** (e.g. full implementation of single windows, streamlining of border inspections).
2. **Harmonization or mutual recognition of** sanitary, phytosanitary and technical standards applicable to food.
3. **Improve food trade logistics**, especially in the Caribbean (e.g. distribution hub project involving Barbados and Guyana).
4. **Strengthen intraregional food trade** by completing the network of trade agreements, especially between the Caribbean and other subregions.
5. **Coordination in multilateral forums** to:
 - ✓ Highlight the region's contribution to global food security
 - ✓ Demand fairer rules for global agricultural trade
 - ✓ Attract investment and financing to advance towards more sustainable food production

III. The potential of services to boost regional exports

Trade in services has expanded more than goods trade since the global financial crisis

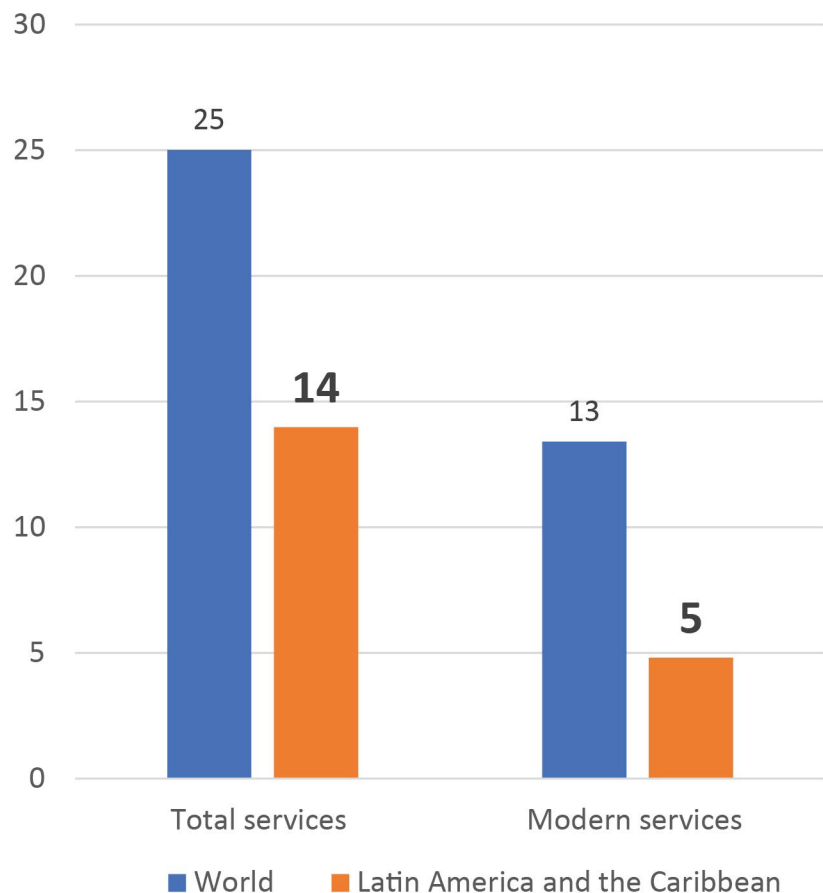
World and Latin America and the Caribbean: exports of goods, total services and modern services, 2010–2023
(Index 2010 = 100)



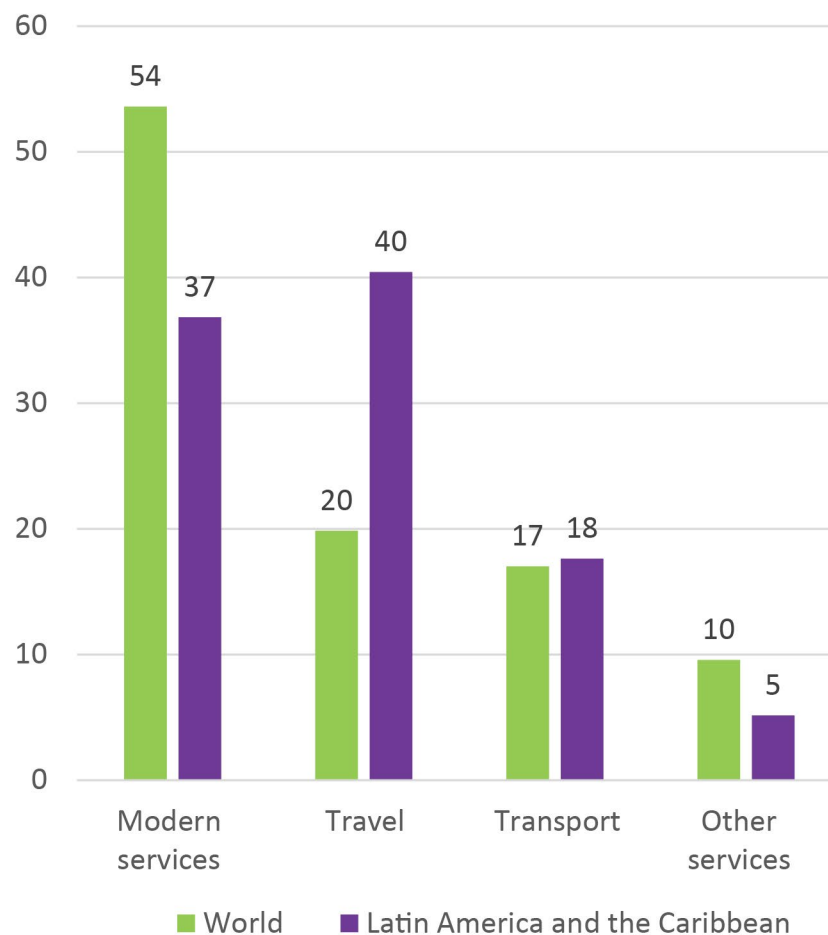
Source: ECLAC, on the basis of data from WTO.

Services account for a small share of the region's total exports

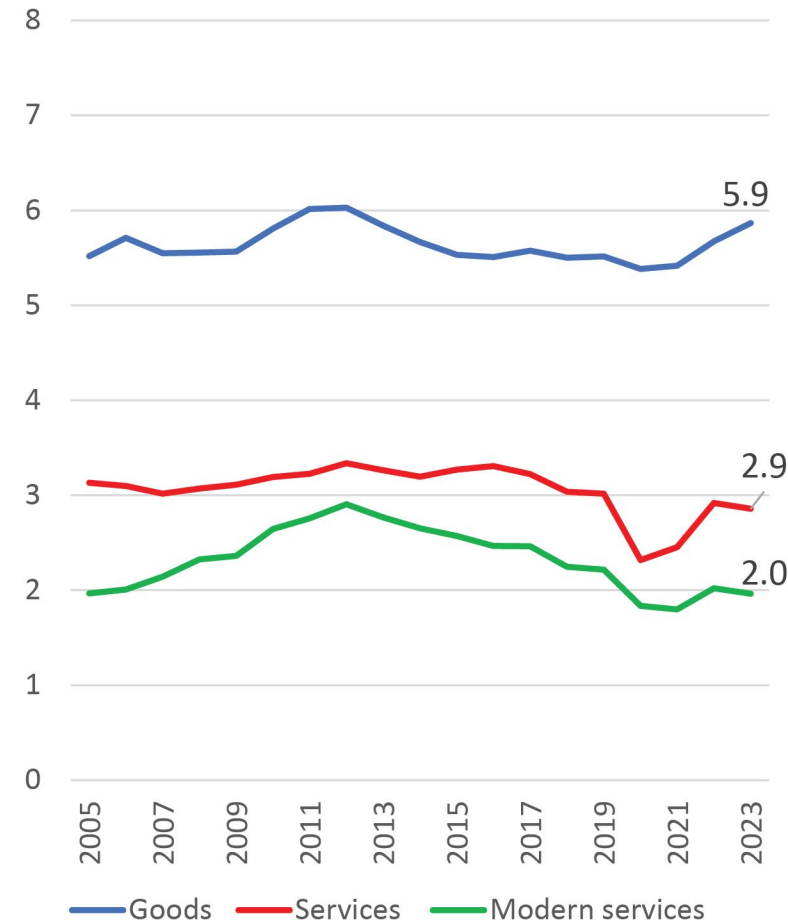
World and Latin America and the Caribbean:
share of services in total exports, 2023
(Percentages)



World and Latin America and the Caribbean: structure
of services exports, by major category, 2023
(Percentages)



Latin America and the Caribbean: share of
world exports of goods and services
and of services, 2005–2023
(Percentages)

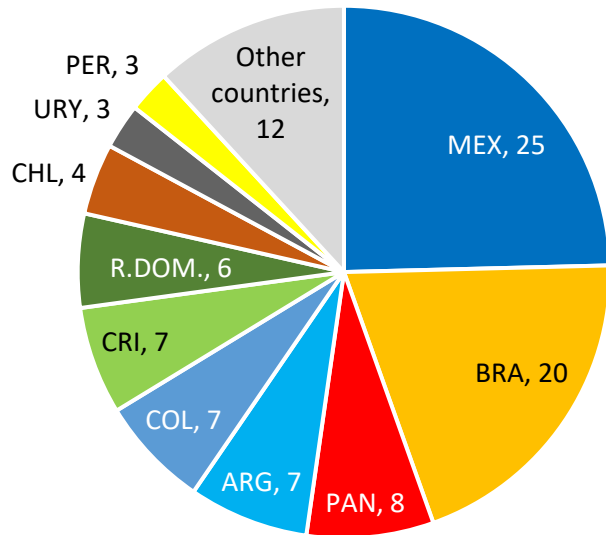


Source: ECLAC, on the basis of data from WTO.

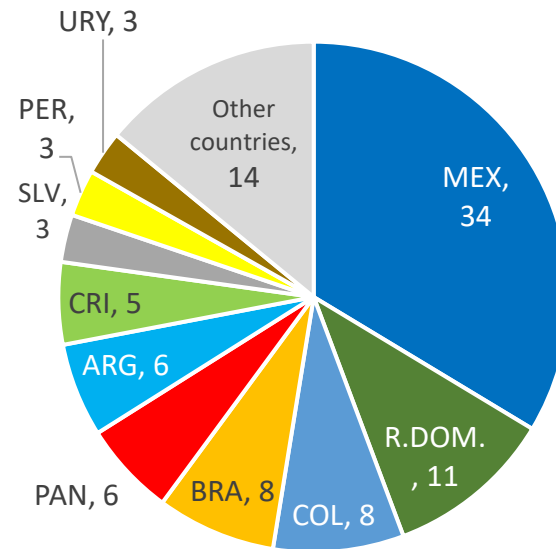
Brazil and Mexico: leading exporters of total services

Latin America and the Caribbean: main service exporting countries, by category and amount of exports, 2023
(Percentages of regional exports)

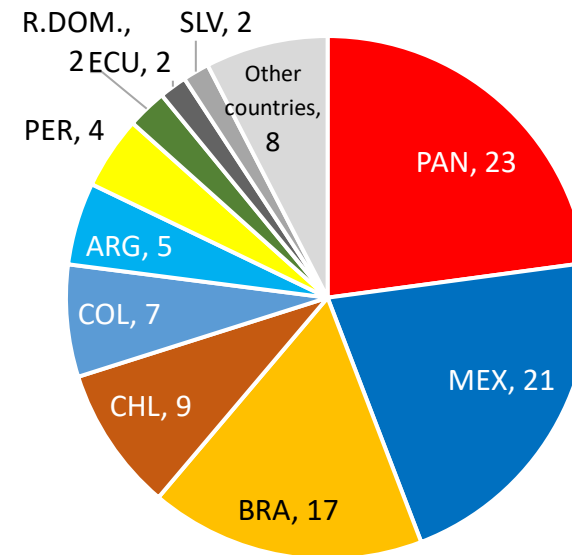
A. Total



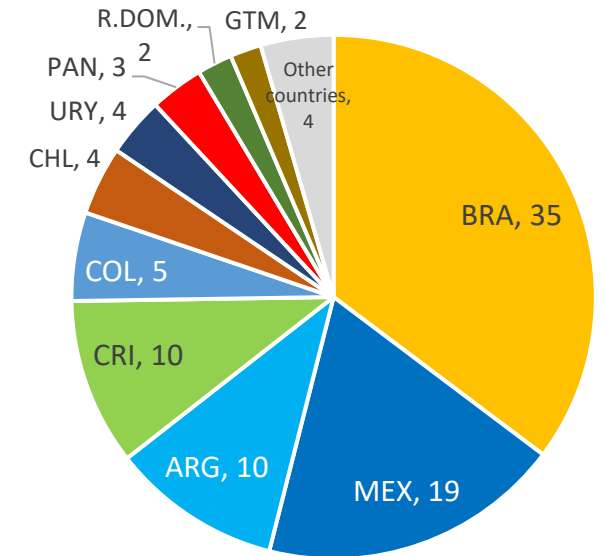
B. Travel



C. Transport



D. Modern services

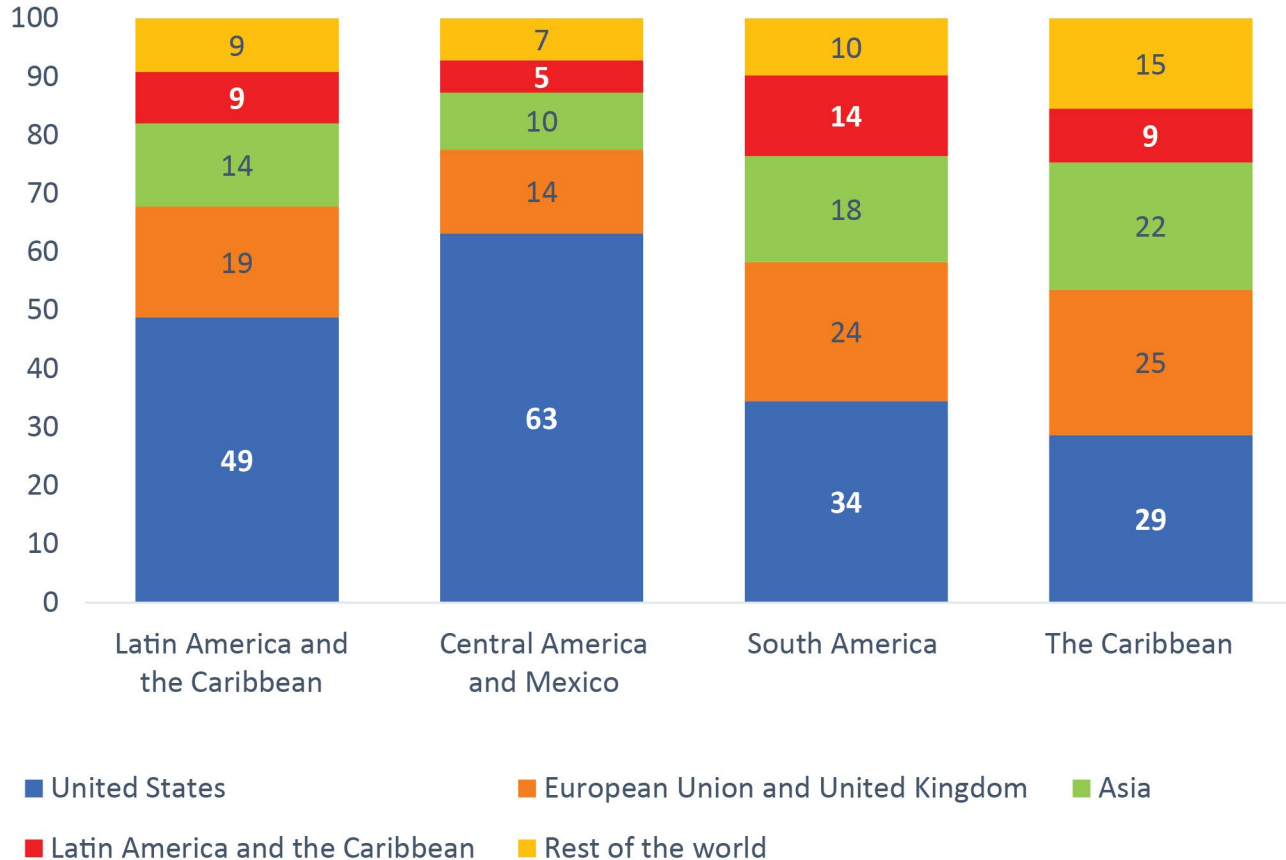


Other leading exporters are the Dominican Republic and Colombia for travel services; Panama and Chile for transport services; and Argentina and Costa Rica for modern services.

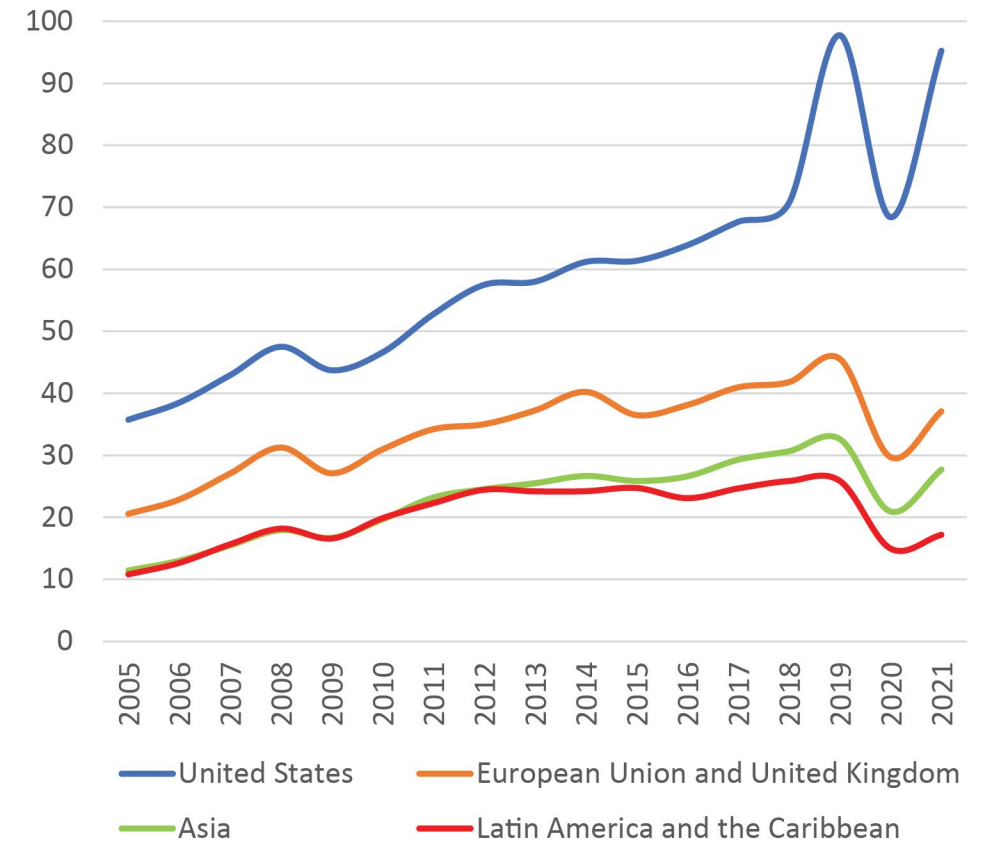
Source: ECLAC, on the basis of data from WTO.

The United States absorbs half of the region's service exports

**Latin America and the Caribbean (selected subregions):
composition of services exports by destination market, 2021**
(Percentages)



**Latin America and the Caribbean: services exports,
by trading partner, 2005–2021**
(Billions of dollars)



Source: ECLAC, on the basis of data from OECD/WTO, Balanced Trade in Services dataset [online] <https://www.oecd.org/en/data/datasets/oecd-balanced-trade-statistics.html>.

Active sectoral policies are needed to boost regional services exports

Overview of the region's export performance

- **Growth in goods exports outpaced by that in services exports**, which account for a very small share of total exports.
- **Low share** of global services exports, particularly of modern services.
- Marked **specialization** in **tourism**.
- Advances in fixed and mobile **broadband** coverage, but significant digital infrastructure and gender gaps remain.
- Services are **employment-intensive** and the workforce has **basic digital and language skills**.
- Limited regional **integration** in services trade.
- Significant **regulatory** differences across countries.
- Lack of **active policies** to promote services exports.

Policy recommendations

1. Implement policies targeting specific **clusters**.
2. Strengthen digital and language **skills**.
3. Improve the **measurement** of services trade.
4. Harmonize services trade **regulations**.
5. Sign **agreements** that aim to facilitate trade in services and digital trade and avoid double taxation.
6. Implement **export promotion** policies specific to services exports and women exporters.
7. Enhance **FDI attraction** initiatives.
8. Improve **access to financing** for small and medium-sized exporters, and women in particular.
9. Promote productive **linkages** between services and good sectors.

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