



REGIONAL INTEGRATION FOR ECONOMIC RECOVERY

Fostering sustainable development models in LAC countries: A multidimensional approach to the post-COVID-19 world

July 6th, 2021



Three main questions

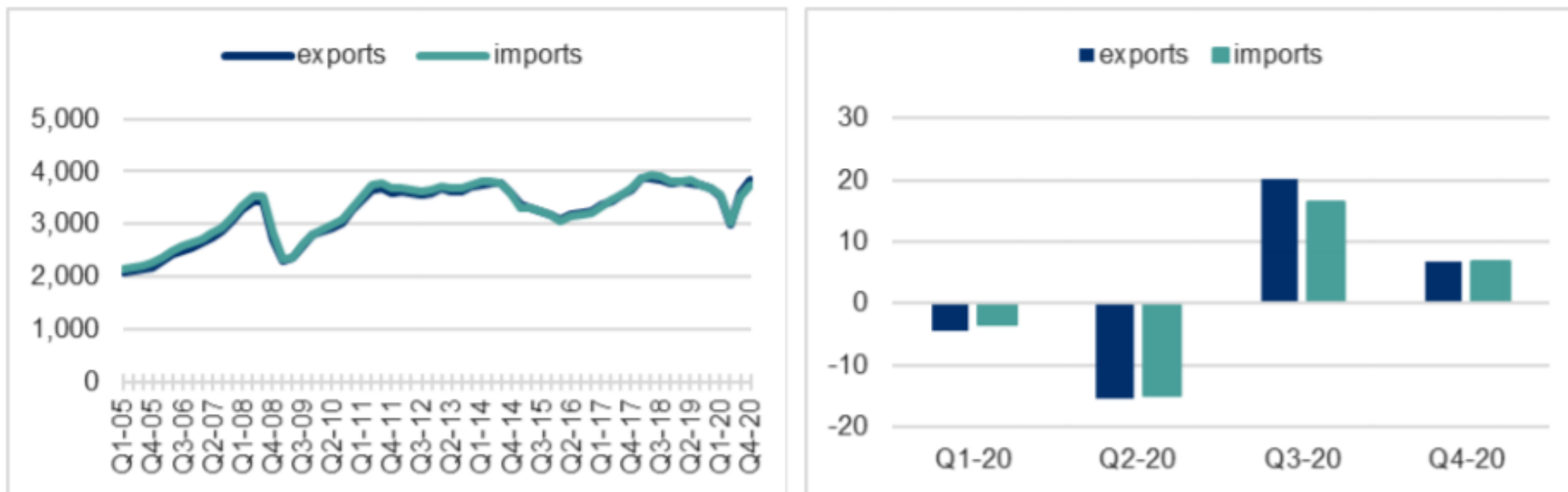
- What is the state of intraregional trade within your integration scheme?
 - What **weaknesses** has the pandemic exposed?
- What **opportunities** has the pandemic brought about and how do you see that regional value chains can be strengthened to promote a more resilient and sustainable development?
- What opportunities do you see to **strengthen global value chains** with other regions and transform them from the traditional supply of primary products to more productive backward linkages?



Trade in 2020. Merchandise

Figure 1: Left panel: Global merchandise trade developments, billion US dollars. Right panel: Growth of global merchandise trade, quarterly growth rates (%)

Values and growth rates refer to current US dollars, seasonally adjusted figures



Note: The global aggregate covers 46 economies, including all OECD Members as well as Argentina, Brazil, China, Indonesia, India, Russia, Turkey, Saudi Arabia and South Africa; accounting for nearly 80% of world merchandise trade in 2019.

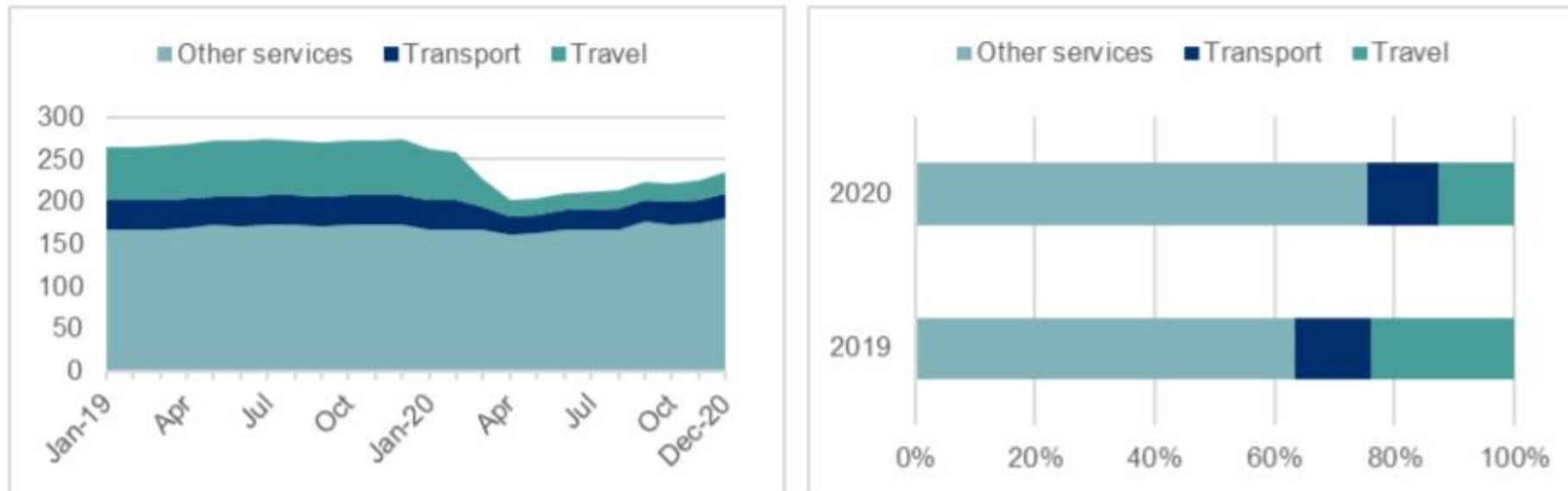
Source: OECD Statistics and Data Directorate.



Trade in 2020. Services

Figure 2. Left panel: Aggregate exports of services from leading traders, by main service category (billion US dollars). Right panel: Share of main service categories in total services exports, 2019 and 2020 (%)

Values refer to current US dollars, seasonally adjusted figures.



Note: The aggregate for the leading traders includes exports of the United States, Canada, Brazil, Japan, Korea, China, Australia, Russia, the United Kingdom and extra-EU27 trade; it accounts for about 65% of world exports in 2019. Intra-EU27 trade is the trade that takes place among the individual EU27 member states, i.e. trade that doesn't leave the EU27 area. Extra-EU27 trade is the trade that all EU27 states, combined, make with the rest of the world.

Source: OECD Statistics and Data Directorate based on national sources.



Trade in 2020. Regions

- **Asia-Pacific:** Merchandise trade performed well, reflecting the double coincidence of wants: Asia-Pacific supply meeting rest of world demand.
- Services trade showed huge drops in travel and passenger transport, while telecommunications, computer and information services (DDS) were booming.
- **America:** Merchandise imports in North America fared better than exports, while Brazilian exports were sustained by metal ores and agricultural products.
- Trade in services subdued as the drop in travel takes its toll.
- **Europe:** Traditional exports (machinery, vehicles and aircraft) outperformed by pharmaceuticals.
- Services trade affected by the weight of travel, but with some bright spots in financial and insurance services



And more recently...

- **Prices of agricultural commodities**, including cereals and vegetable oils, increased by over 10% in Q1 2021. Argentina (exports up 33.3%), Australia (17.5%), Brazil (14.7%), and South Africa (17.3%) have benefitted from this.
- A slowdown in shipments of **vehicles and parts** (as a consequence of **semiconductors** shortages) weighed on total merchandise exports from France (up 2.7%) and Mexico (0.4%).
- For trade in **services** in Q1 2021, **travel** continued to be heavily restrained but the value of trade in **transport** services soared, reflecting the surge in both maritime and air **freight rates**
- Trade in digitally deliverable services, such as **telecommunications, computer and business services**, continued to expand, particularly in East Asia.



But what do we know?

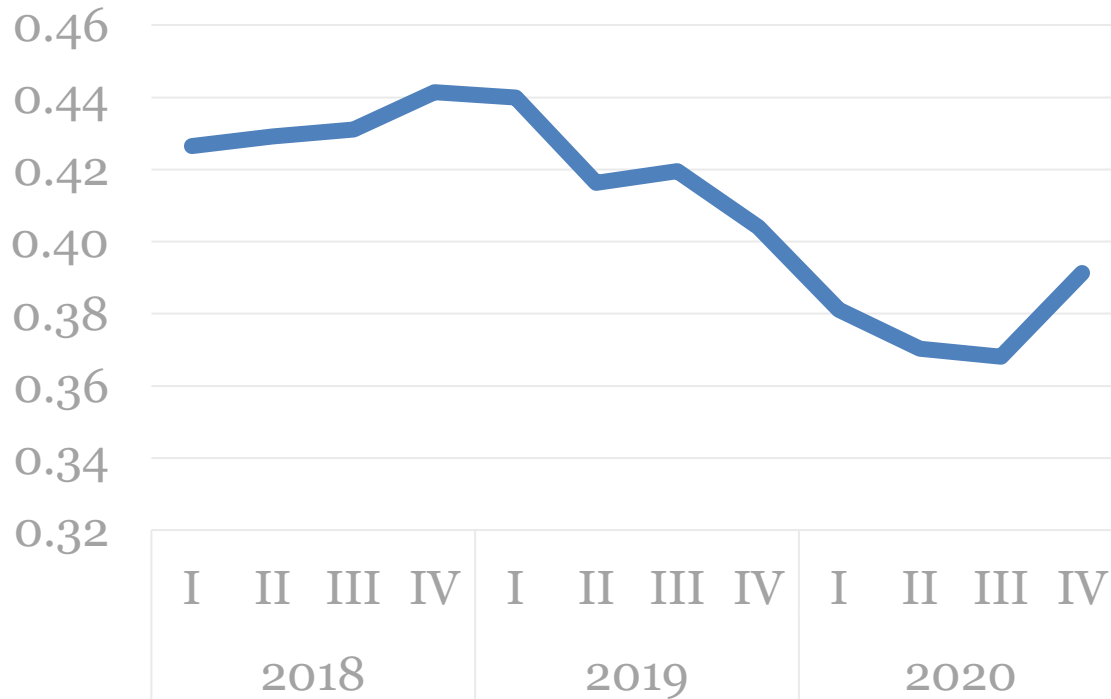
- Gross trade view.
- Trade in Value Added perspective.
 - Not timely (2020 not available).
 - No quarterly figures.
 - Huge investment for country comparability.
- But...
 - National (instead of global/regional) indicators can be developed.
 - Requirements: SUT, ANA, QNA = Quarterly IOT = Quarterly TiVA
 - Role of distributing sectors? = Purchaser's prices view



Ways forward

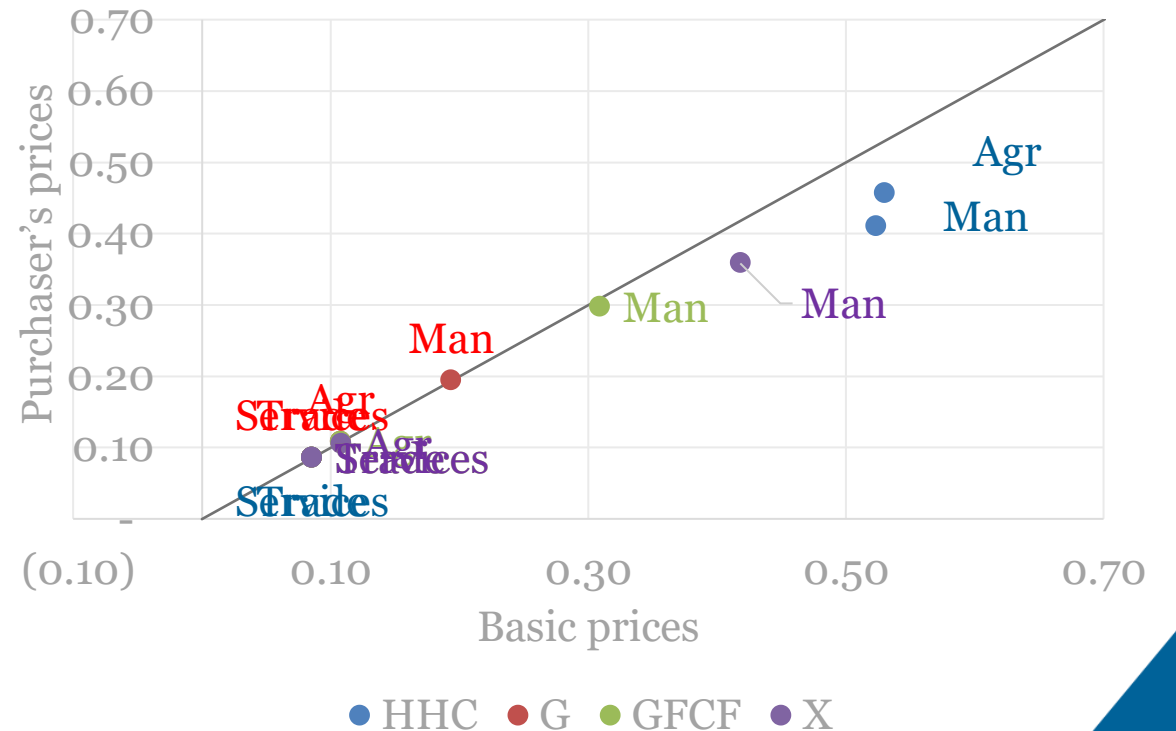
Quarterly TiVA

Manufacture of motor vehicles,
trailers and semi-trailers
Gross Exports FVA Share



Consumer's Price view

FVA Share





Some lessons

- Be ready to **shocks**... any kind of shocks.
- Be **flexible**. Adapt quickly.
- Opportunity to develop:
 - More **timely** indicators for feeding policy guidance sooner.
 - Accuracy vs opportunity.
 - New point of view (from consumer's perspective).



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