The Role of Trade in Sustainable Development in Latin America and the Caribbean

Keiji Inoue
Senior Economic Affairs Officer
International Trade and Integration Division
ECLAC

4th Global Policy Conference
16-17 August 2018, Sao Paulo, Brazil

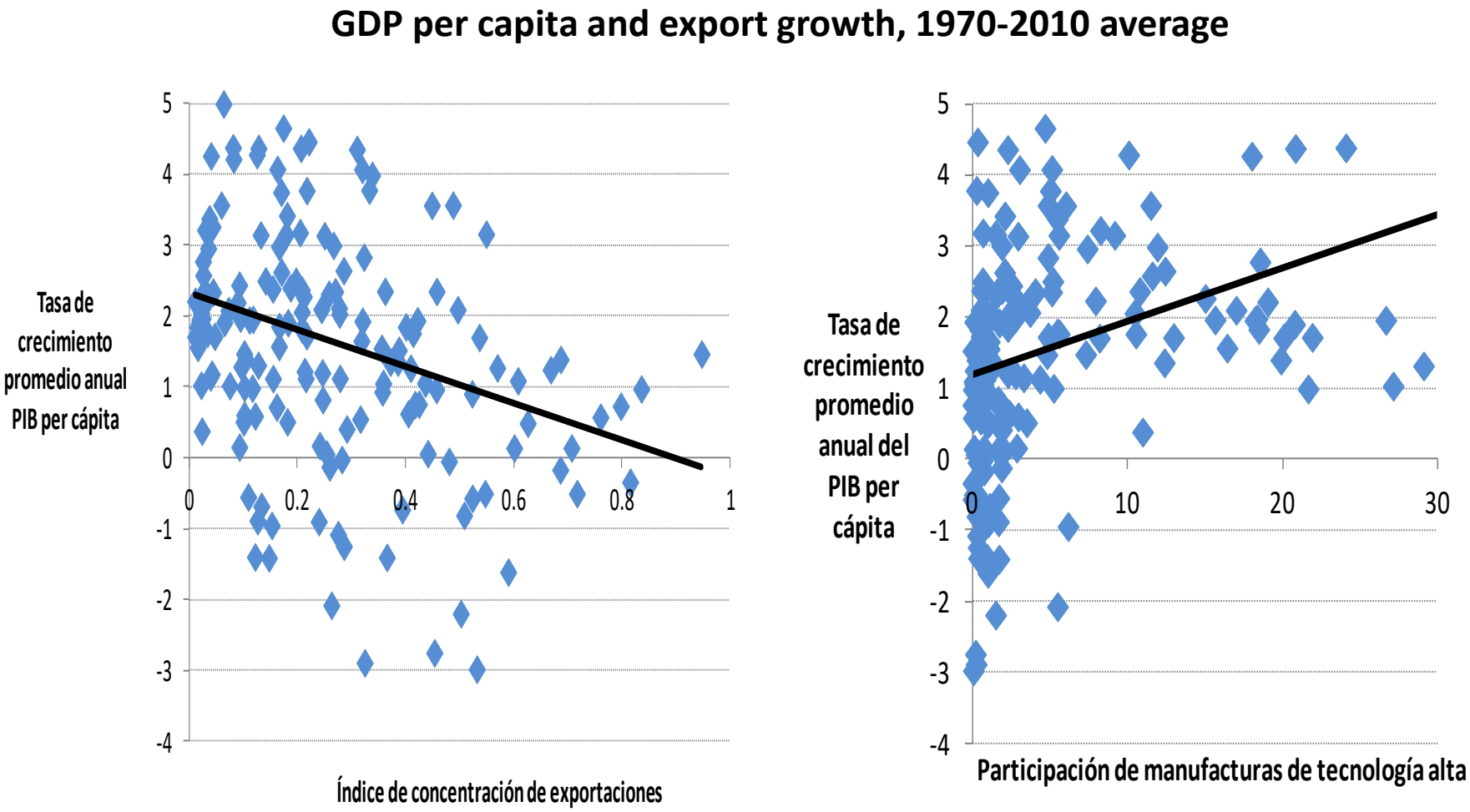
Summary

1. Links between trade and sustainable development
2. State of the global and regional trade
3. Characteristics of LAC trade
4. Implications to the links between trade and climate change
5. Trade-related initiatives that support climate policy
6. Recommendations

General and specific links between trade and SD

- Trade (export diversification and cheaper imports) →efficiency, knowledge → productivity → better jobs → economic growth →revenues for policies focused on SD
- Trade agreements cover areas beyond trade (public health, environmental protection, labour standards, sustainability of the seas)
- Plurilateral negotiations → liberalize trade in environmental goods
- Environment-specific trade initiatives

Export diversification promotes growth

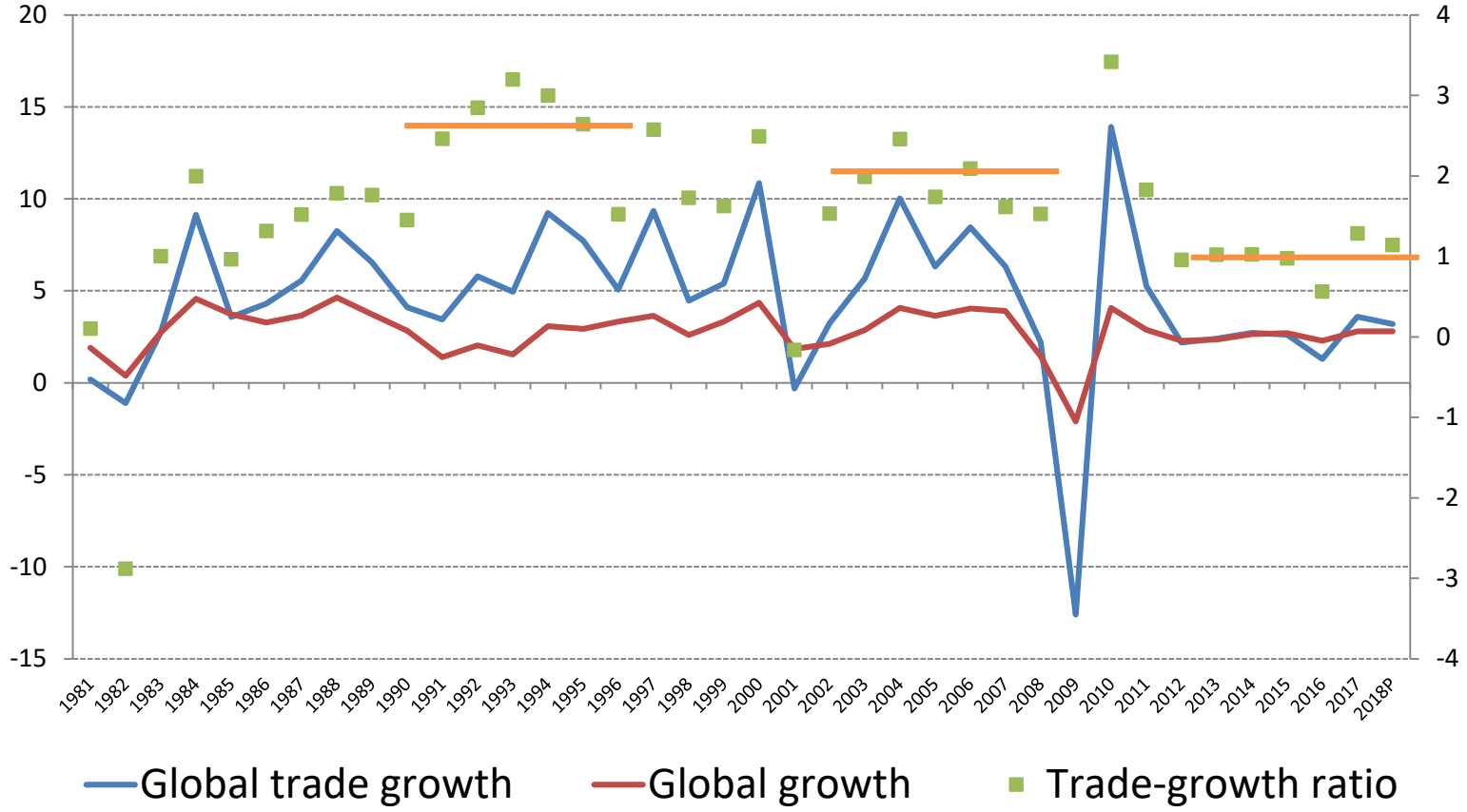


Fuente: CEPAL, sobre la base de datos de UNCTAD y COMTRADE.

Global trade has lost dynamism

Annual growth of global trade volume and GDP, 1981-2018[a]

(*In percentages*)



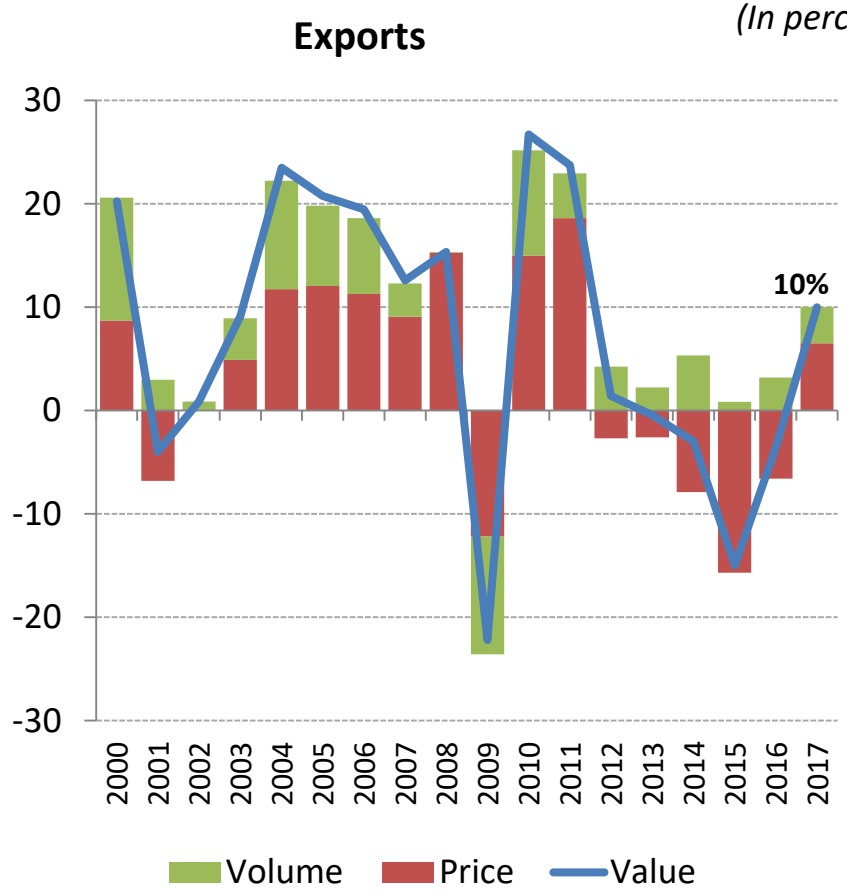
Source: ECLAC on the basis of the World Trade Organization (WTO), World Trade Statistical Review.

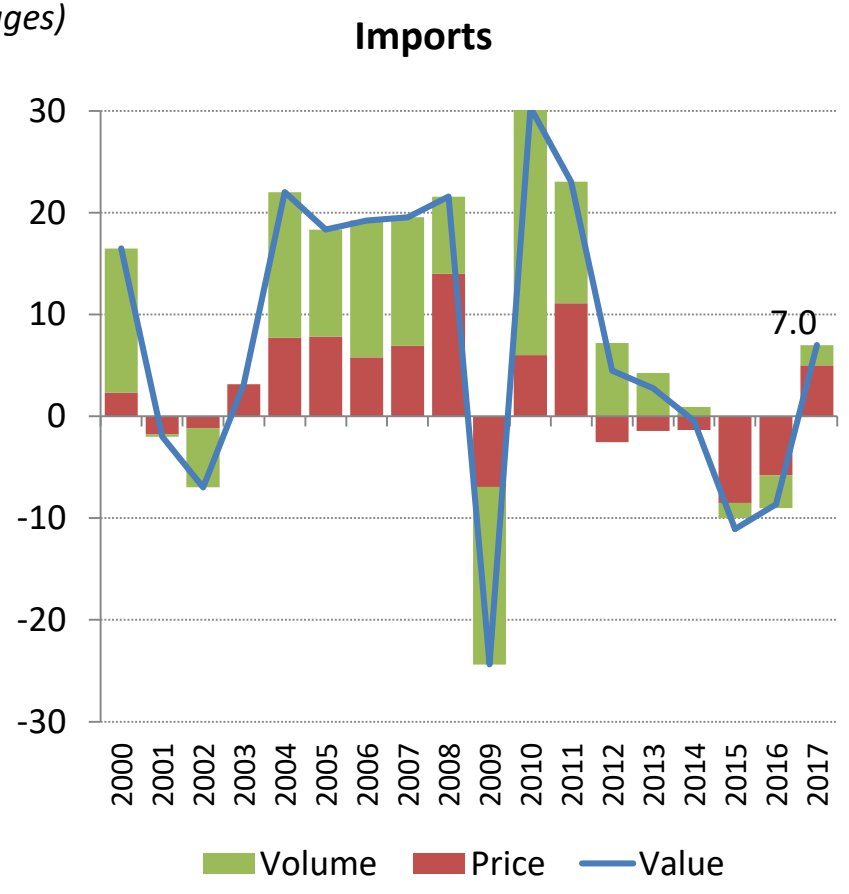
[a] Data for 2018 are projections.

After four years of declining values, regional exports grew 10% and imports 7% in 2017

Latin America and the Caribbean: Annual variation of trade in goods value, price and volume, 2000-2017[a]

(In percentages)



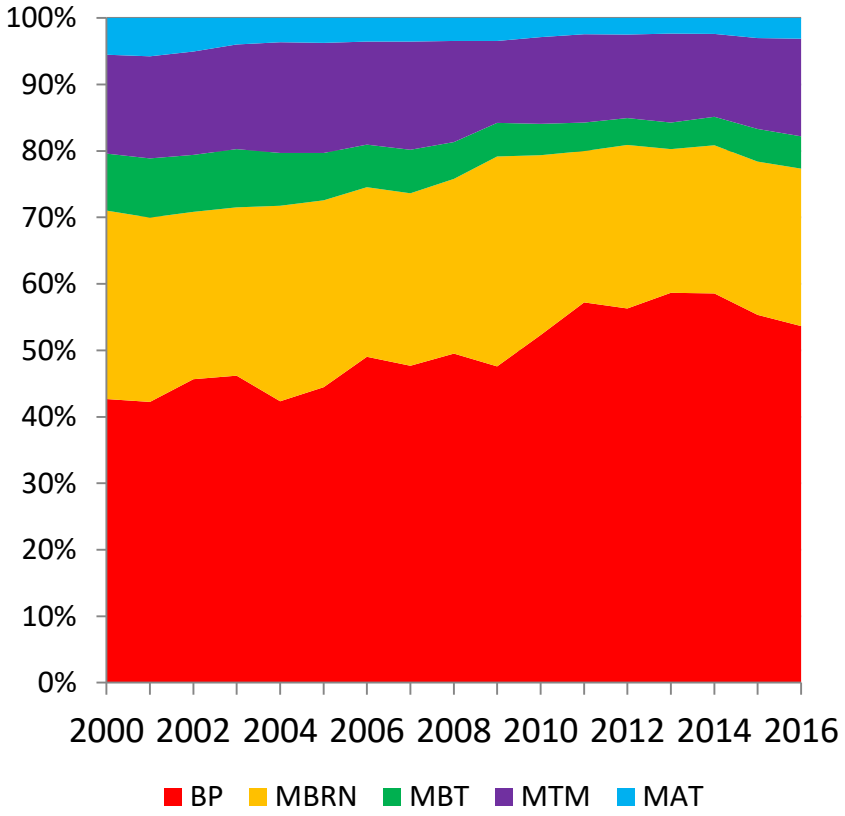


Source: ECLAC, based on official country information

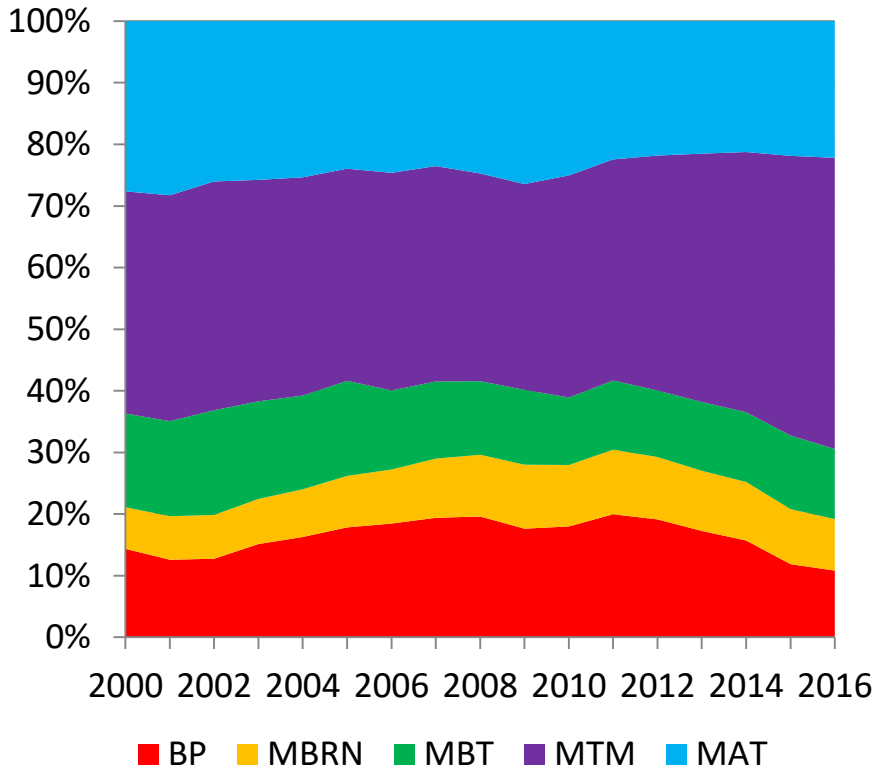
South America does not reduce its dependency on commodities

Structure of the value of export goods according to technology intensity 2000-2016 (%)

South America



Mexico, Central America and the Dominican Republic



BP: Bienes primarios **MBRN: Manufacturas basadas en recursos naturales**
MBT: Manufacturas de baja tecnología **MTM: Manufacturas de tecnología media**
MAT: Manufacturas de alta tecnología

Fuente: CEPAL, con información de COMTRADE.

Top 10 exports of LAC

Code	Description	US$MM	%
270900	Petroleum Oils And Oils From Bituminous Minerals	39692	4.8
260300	Copper ores and concentrates.	25668	3.1
120190	Soybeans, Other Than Seed	25239	3.1
870323	Passenger Motor Vehicles With Spark-ignition Internal Combustion Cylinder Capacity Over 1,500 Cc But Not Over 3,000 Cc	24214	2.9
710812	Gold, Nonmonetary, Unwrought Others (other Than Powder)	17881	2.2
870431	Motor Vehicles For Goods Transport Others, With Spark-ignition Internal Combustion Piston Engine, Gvw Not Over 5 Metric Tons	17208	2.1
230400	Oil-cake and other solid residues	16582	2.0
740311	Cathodes and sections of cathode	15418	1.9
260111	Iron Ore Concentrates (other than Roasted Iron Pyrites) And Non-agglomerated Iron Ores	12517	1.5
851762	Parts Of Telephone Sets And Other Apparatus For The Transmission Or Reception Of Voice, Images Or Other Data	11964	1.4
	Top 10	**206383**	**24.9**

Without Mexico, exports are mostly primary products

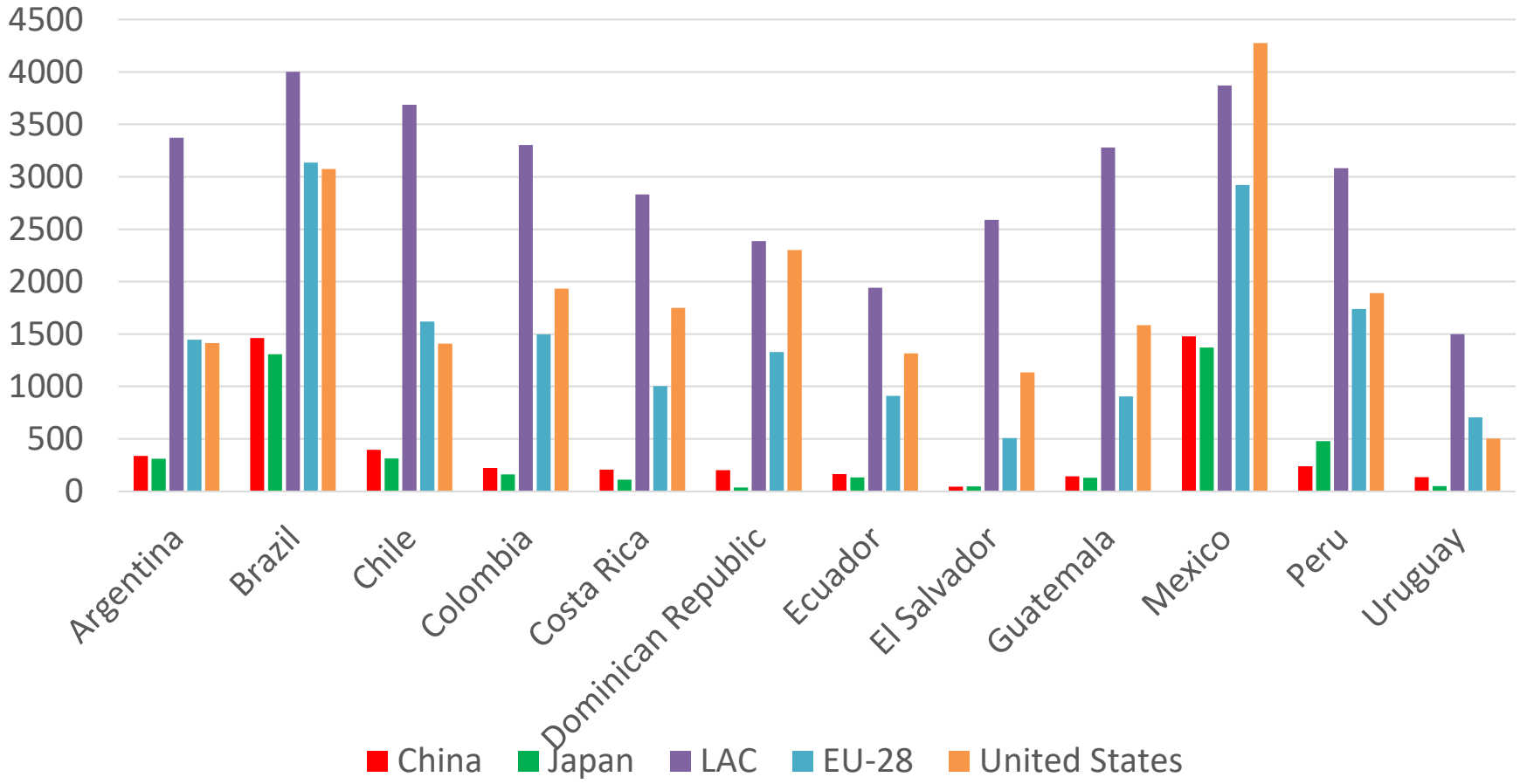
Code	Description	US$MM	%
120190	Soybeans, Other Than Seed	25239	3.1
260300	Copper ores and concentrates.	24249	2.9
270900	Petroleum Oils And Oils From Bituminous Minerals, Crude	24117	2.9
230400	Oil-cake and other solid residues	16575	2.0
740311	Cathodes and sections of cathode	14577	1.8
710812	Gold, Nonmonetary, Unwrought Others	14293	1.7
260111	Iron Ore Concentrates And Non-agglomerated Iron Ores	12516	1.5
090111	Coffee, Not Roasted, Not Decaffeinated	10004	1.2
170114	Cane Sugar In Solid Form, Raw, Not Containing Added Flavoring Or Coloring Matter, Others	9705	1.2
100590	Corn (maize), Other Than Seed Corn	8148	1.0
	Top 10	**159425**	**19.3**

9 countries exported 90% of exports in 2017

	Millions USD	Percent share
México	407796	41.3
Brasil	217470	22.0
Chile	66847	6.8
Argentina	58831	6.0
Perú	42206	4.3
Colombia	38722	3.9
Venezuela, R.B.	28983	2.9
Ecuador	19299	2.0
Paraguay	12178	1.2

Greatest number of products are exported within the region

Selected LAC countries: number of export goods to selected partners, 2016 [a]



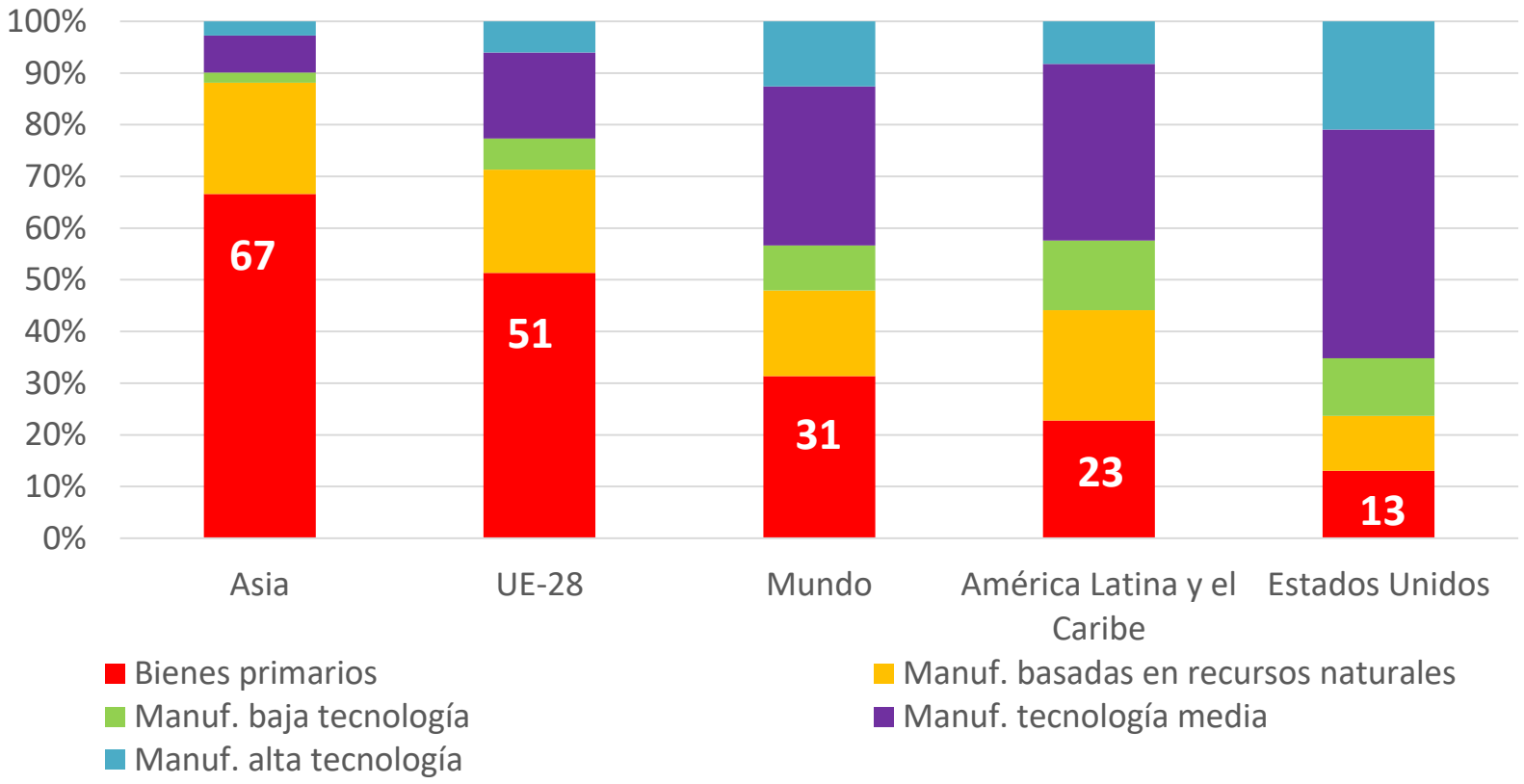
Source: ECLAC, based on UN Comtrade.

[a] Products are defined at the 6-digit level of the Harmonized System (HS6) 2012.

Intraregional exports are mostly manufactured goods

Latin America and the Caribbean: Structure of export goods to selected markets, 2016

(In percentage of total exports)



Fuente: CEPAL, sobre la base de Naciones Unidas, Base de datos estadísticos sobre el comercio de mercaderías (COMTRADE).

Trade and the SDGs

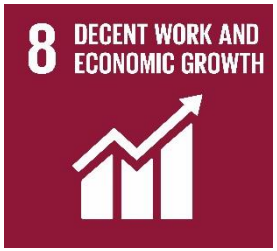
Link between trade and SDG's still weak

Target	Indicator
17.10 Promote a universal, rules-based, open, non-discriminatory and equitable multilateral trading system under the World Trade Organization, including through the conclusion of negotiations under its Doha Development Agenda	17.10.1 Worldwide weighted tariff-average
17.11 Significantly increase the exports of developing countries, in particular with a view to doubling the least developed countries' share of global exports by 2020	17.11.1 Developing countries' and least developed countries' share of global exports
17.12 Realize timely implementation of duty-free and quota-free market access on a lasting basis for all least developed countries, consistent with World Trade Organization decisions, including by ensuring that preferential rules of origin applicable to imports from least developed countries are transparent and simple, and contribute to facilitating market access	17.12.1 Average tariffs faced by developing countries, least developed countries and small island developing States

Some links with other SDG's

"…elimination of all forms of agricultural export subsidies and all export measures with equivalent effect…"

"…enhance international cooperation to facilitate access to clean energy research and technology…"



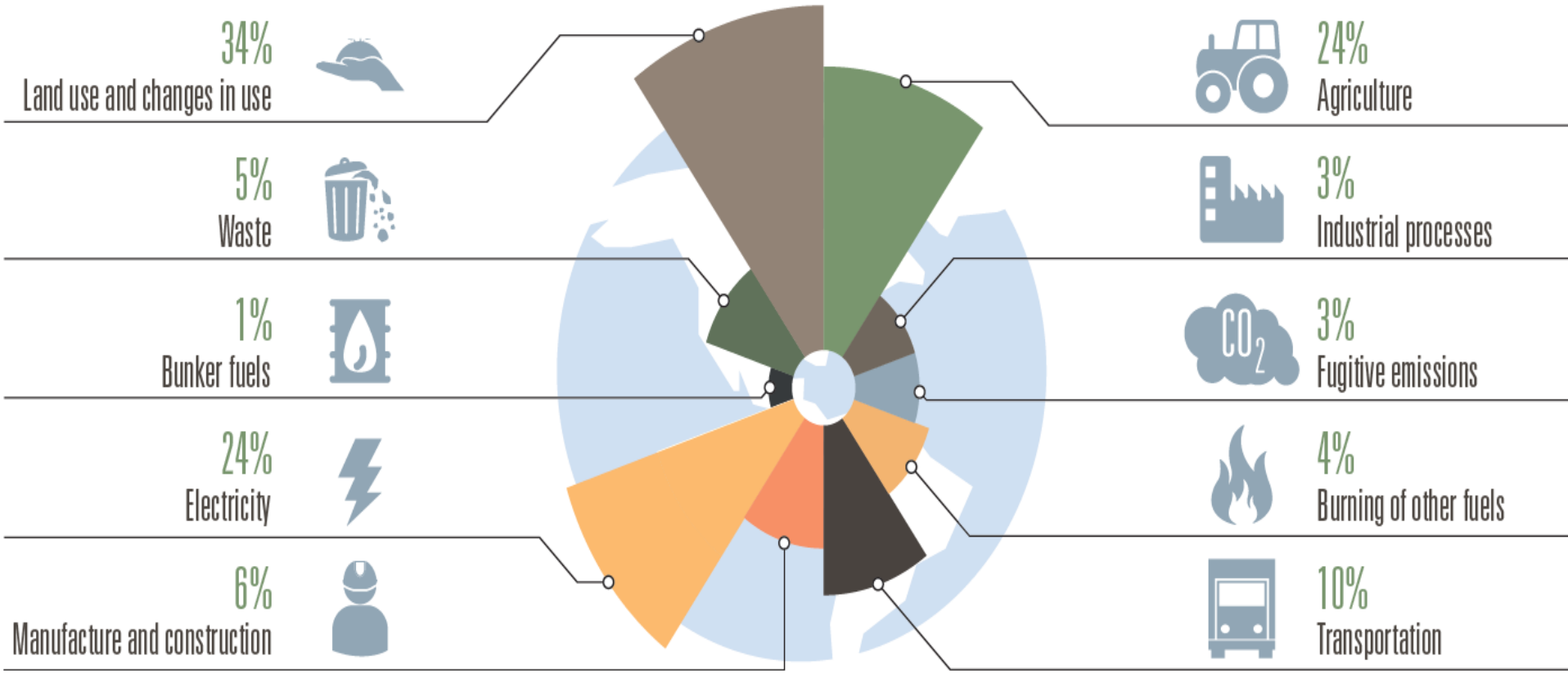
"…increase Aid for Trade support for developing countries…"

"…prohibit…fisheries subsidies which contribute to overcapacity and overfishing…and unregulated fishing…"

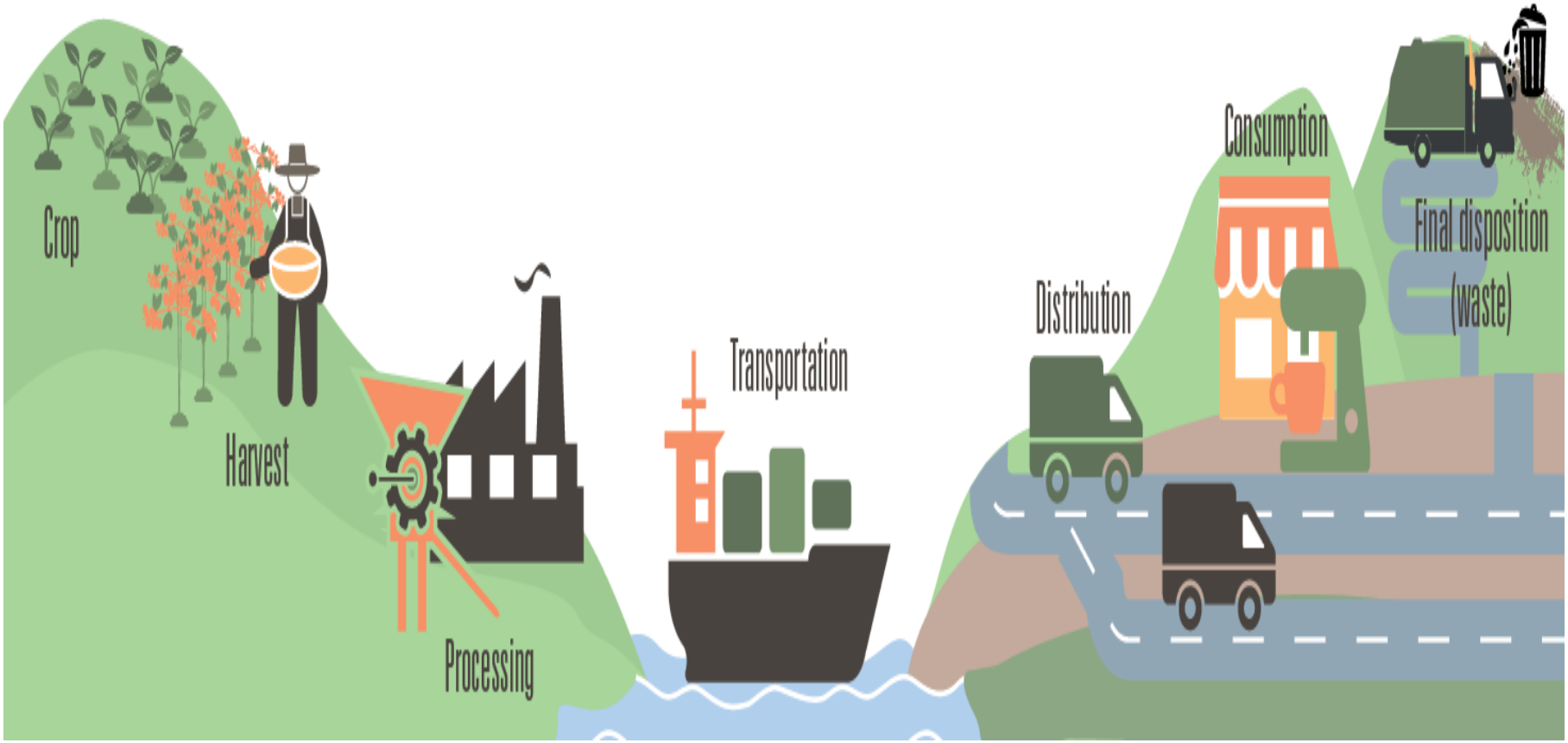
Source: Tipping, Alice, ICTSD presentation

Land use and agriculture are main sources of GHG in LAC

In Latin America and the Caribbean, GHG emissions come from the following sources:



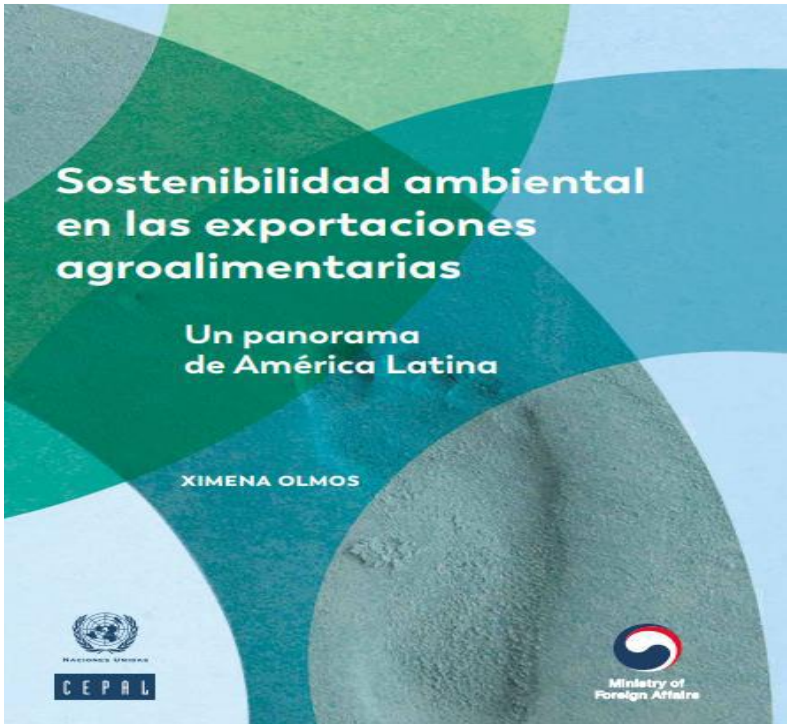
The carbon footprint of the export life cycle



12 RESPONSIBLE CONSUMPTION AND PRODUCTION

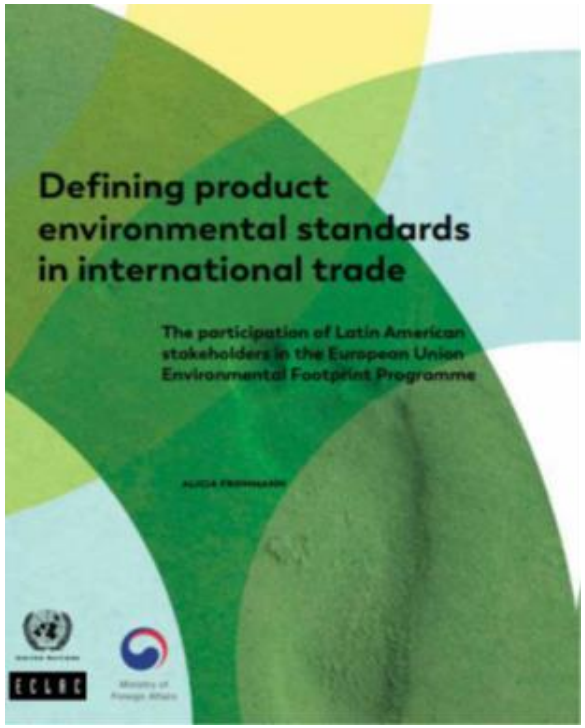
ECLAC initiatives in sustainable consumption and production

- Measuring carbon footprint in food exports



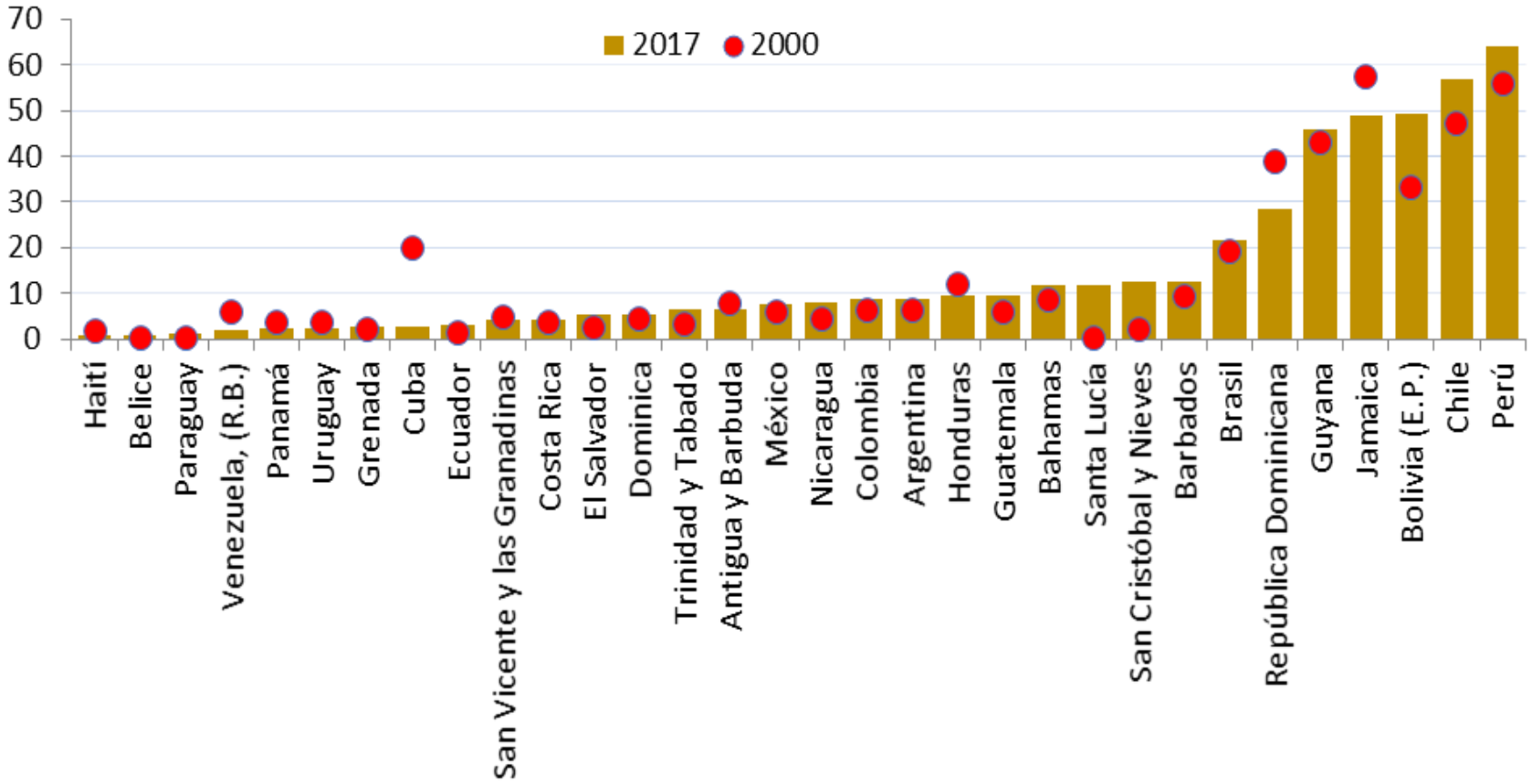
Participating in the definition of environmental standards

- LAC Coffee Environmental Footprint Network



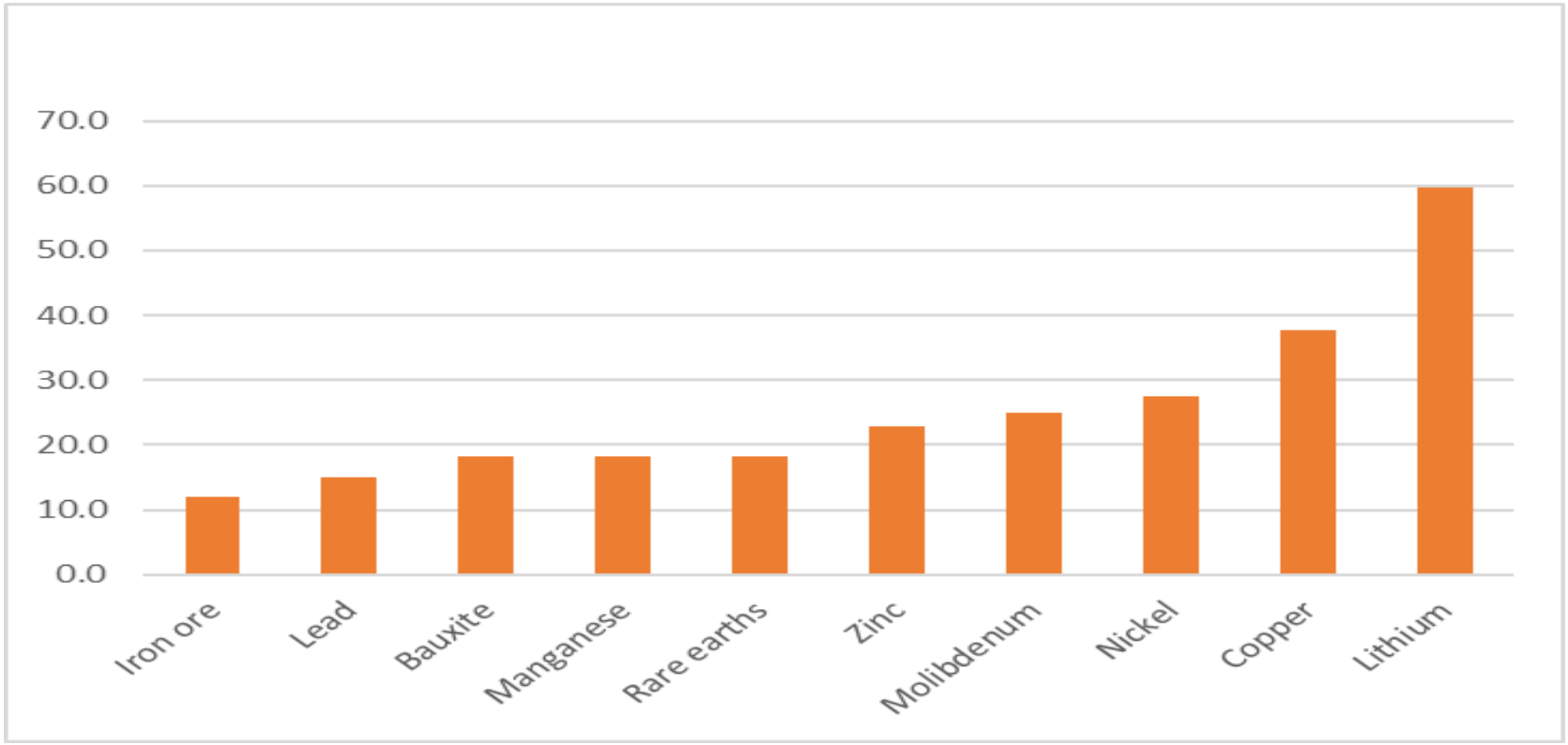
Several countries depend on exports of metals and minerals

LAC: Share of metals and minerals in the total export of goods, 2000 and 2017 (in percentages)



The region is an important source of M&M

LAC: Share of world reserves of metals and minerals, 2017
(in percentage)



Source: United States Geological Survey

Transition to low-carbon economy is an opportunity for mining

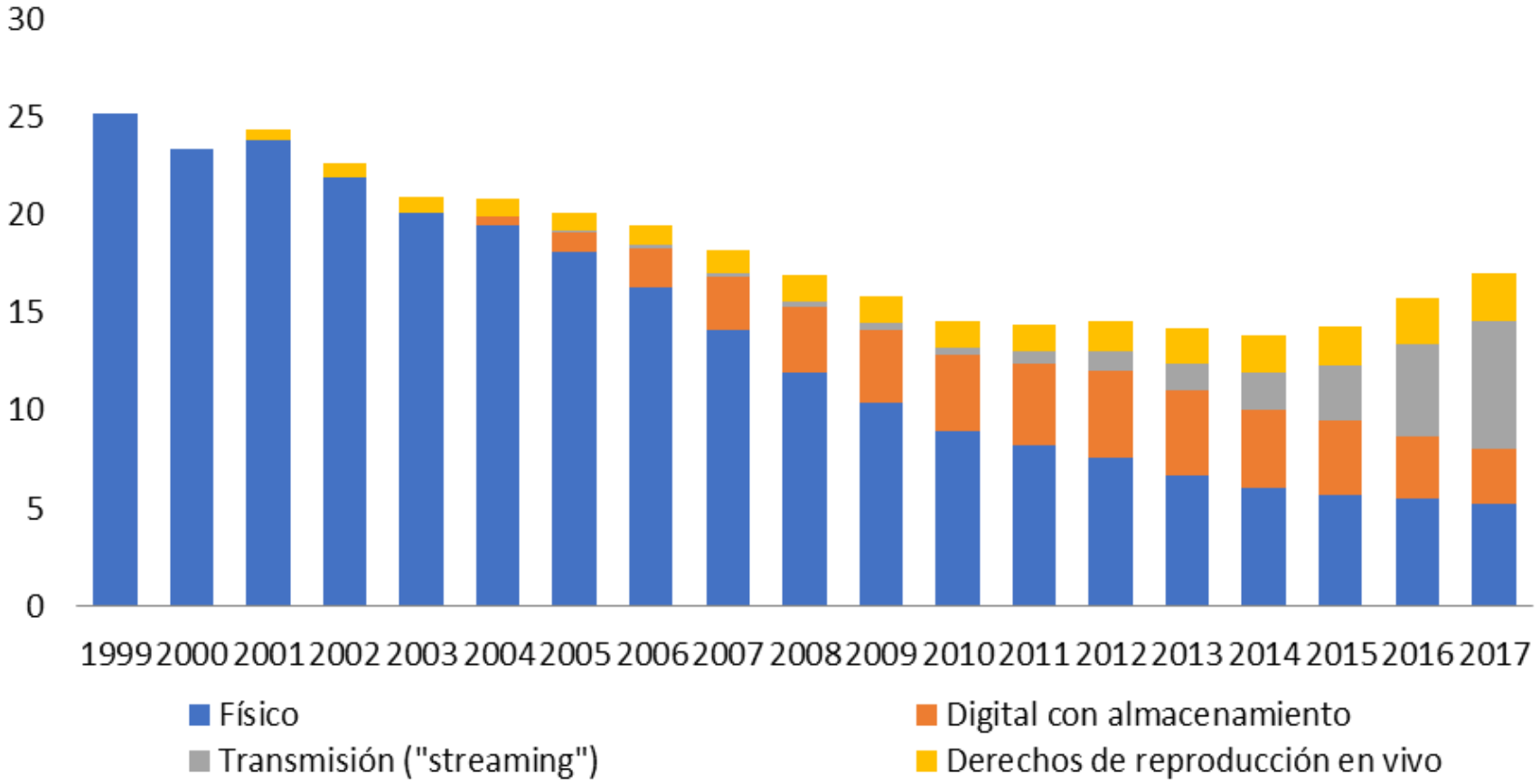
Metal content in selected clean technologies

Metal	Wind Turbines	Solar Photovoltaic Technologies	Energy storage batteries	
			Lead acid	Lithium ion
Aluminum	X	X		X
Cobalt				X
Copper	X	X		
Chromium	X			
Indium (rare earth)		X		
Iron	X	X		
Lead	X	X	X	
Lithium				X
Manganese	X			X
Neodymium	X			
Nickel	X	X		X
Steel	X		X	X
Silver		X		
Zinc	X	X		

Source: Based on World Bank (2017), *The growing role of minerals and metals for a low carbon future*. Washington, DC.

Digital trade is substituting goods

Global music industry: income by type of medium, 1999-2017
(in millions of dollars)



Source: based on the *Global Music Report 2018*

Recommendations

- Revive trade and growth
- Multilateral initiatives WTO, SDGs
- Bilateral agreements
- Public-private cooperation in the production of environmentally friendly goods and services
- Use of technology in the production of goods
- Promote regional trade of environmental goods and services

Thank you!
Muito obrigado!

Keiji.inoue@cepal.org

www.cepal.org