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FACILITATION OF TRANSPORT AND TRADE IN LATIN AMERICA AND THE CARIBBEAN

A summary of global economic and maritime trade trends in Latin America and the Caribbean since the 2009 crisis

This issue of the *FAL bulletin* reviews the changing global economic environment for the countries of Latin American and the Caribbean and highlights some recent trends in maritime trade and container port activity in the region.

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Background

This issue of the *FAL bulletin* reviews the changing global economic environment for the countries of Latin America and the Caribbean and highlights some recent trends in maritime trade and container port activity in the region.

I. The economy and international trade

The world economy has undergone a sluggish recovery following the serious global crisis that broke out in 2009. Figure 1 shows variations in GDP in the different regions of the world between 2009 and 2012. After widespread economic growth during 2008, the worst of the crisis hit in 2009. Global economic activity fell by 3%, and the more developed economies showed an even steeper 3.7% decline. As a whole, developing countries remained in positive territory, with growth in the area of 2.4%. Latin America and the Caribbean experienced a drop of 2.1%. In all of the regions reviewed, GDP growth resumed in 2010 and continued in 2011 and 2012, albeit at a slower pace.

Total goods trade (measured by the FOB value of exports at each country's borders) reached approximately US$ 12.4 trillion in 2009, down by 22.4% compared with 2008. The largest exporter in 2009 was China with a total of US$ 1.2 trillion, followed by Germany (which until then had been the global leader in exports) with US$ 1.13 trillion and the United States with US$ 1.06 trillion. The United States was the world's largest importer, with US$ 1.6 trillion in 2009; it posted a trade deficit of US$ 549 billion while China and Germany recorded surpluses of US$ 198 billion and US$ 200 billion, respectively.

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Natural Resources and Infrastructure Division, ECLAC

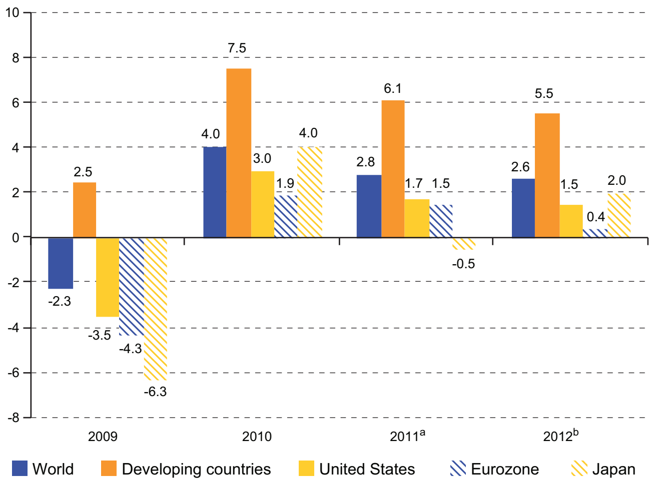
In 2010 and a good part of 2011, trade posted a strong recovery after the decline in 2009, as depicted in figure 2 showing monthly global trade trends by value. However, a new, pronounced decline began in November 2011.

Note the strong recovery after the low point of the series in January 2009. By year-end 2010 the value of trade had increased by about 17% compared with the last quarter of 2009.

Figure 1

GDP VARIATION BY REGION, 2009-2012

(Annual percentages)



Source: Economic Survey of Latin America and the Caribbean, 2012, Economic Commission for Latin America and the Caribbean (ECLAC).

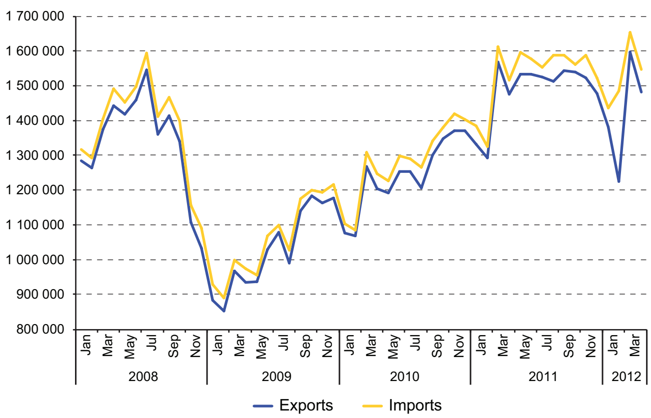
[a] Estimates.

[b] Projections.

Figure 2

TOTAL GLOBAL GOODS TRADE,[a] 2008-2012

(Monthly values, millions of United States dollars)



Source: Maricel Ulloa S., Infrastructure Services Unit (ISU)/Natural Resources and Infrastructure Division (NRID)/Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of information from International Financial Statistics, IMF, September 2012.

[a] Sum total of 242 countries.

Trade value topped its December 2008 pre-crisis level in March 2011 but then fell drastically. The usual seasonal drop at the beginning of the year was very pronounced at the start of 2012.

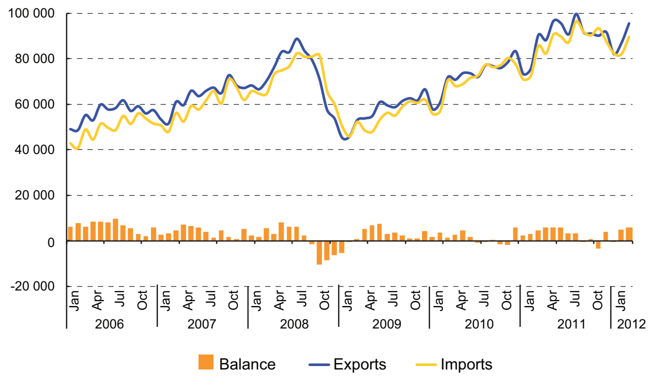
Figure 3 shows goods trade —imports and exports— trends for Latin America and the Caribbean from 2006 through the first quarter of 2012, the sharp contractions during the most recent crisis and the following recovery.

Figure 4 shows the percentage of annual variation between 2000 and 2011 in Latin America and the Caribbean, as well as the value of imports and exports measured by FOB prices. Growth began to slow after 2010, but the trade balance remained positive.

Figure 3

LATIN AMERICA AND THE CARIBBEAN: TRADE TRENDS, 2006-2012

(Millions of United States dollars)

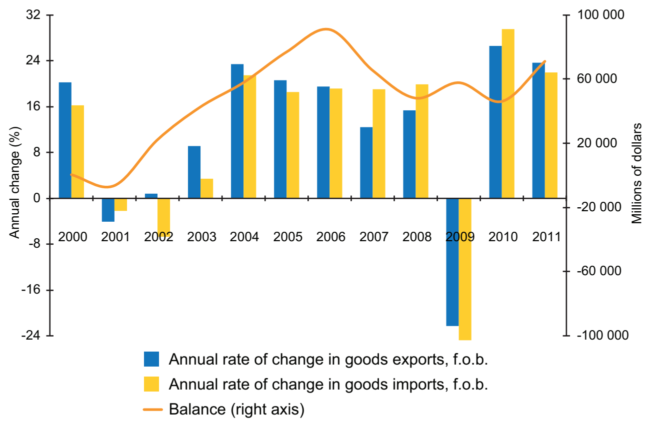


Source: International Trade and Integration Division (ITID)/Economic Commission for Latin America and the Caribbean (ECLAC), July 2012.

Figure 4

LATIN AMERICA AND THE CARIBBEAN: FOREIGN TRADE TRENDS, 2010-2011

(Annual growth rates and billions of United States dollars)



Source: Economic Development Division (EDD)/Economic Commission for Latin America and the Caribbean (ECLAC), 2011.

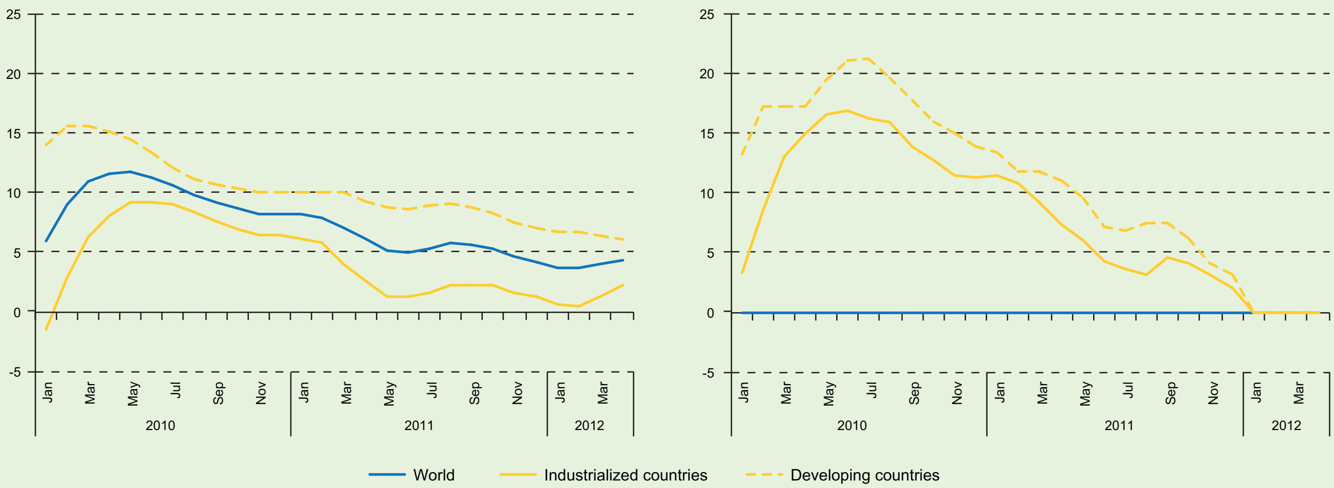
Generally speaking, observation of production and trade volumes shows that growth has been slowing since mid-2010. As can be seen in Figure 5, the slowdown in the expansion of global production carried over into the quantum of international trade. Indeed, the year-on-year variation of both variables, as seen in the graph, shows a downtrend. However, the emerging and developing economies posted a better performance, though within the aforementioned trend.

Figure 5

WORLD AND MAJOR REGIONS: PRODUCTION AND EXPORTS, 2010-2012

A. Industrial production volume *(Annual growth in percentages)*

B. Export volume *(Annual growth in percentages)*



Source: International Trade and Integration Division (ITID)/Economic Commission for Latin America and the Caribbean (ECLAC), 2012.

As in the previous figure, figure 6 shows the rate of variation in global trade volumes by region.

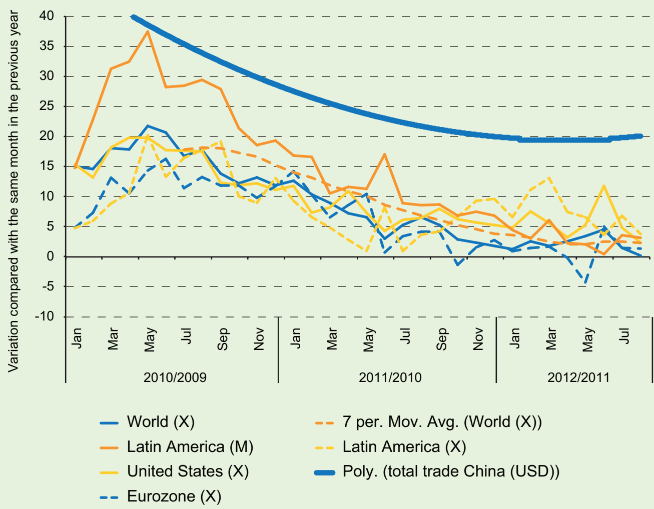
Figure 6 shows:

- In all cases, there is a declining trend from the end of the first four-month period of 2010 to August 2012, the most recent date for which data is available.
- Compared with global trends, including percentage variation and in the trend calculated with the moving average, figures for the eurozone were almost always lower.
- Almost without exception, exports from Latin America remained below the global average until September 2011 and have stayed above the average since then.
- United States exports performed similarly, staying above the global average since September 2011.
- China's total trade figures were consistently higher than the global average, as were its imports from Latin America.
- United States worldwide exports and total trade remained above average beginning in the third quarter of 2011.

Figure 6

GLOBAL TRADE VOLUME BY REGION, 2010-2012

(Percentage rates of variation)



Source: Maricel Ulloa and Ricardo J. Sánchez, Infrastructure Services Unit (ISU)/ Natural Resources and Infrastructure Division (NRID)/Economic Commission for Latin America and the Caribbean (ECLAC), based on information from CBP and National Bureau of Statistics of China databases (accessed November 2012).

Note: For China, export and import price variations were used as a proxy because volume information was unavailable.

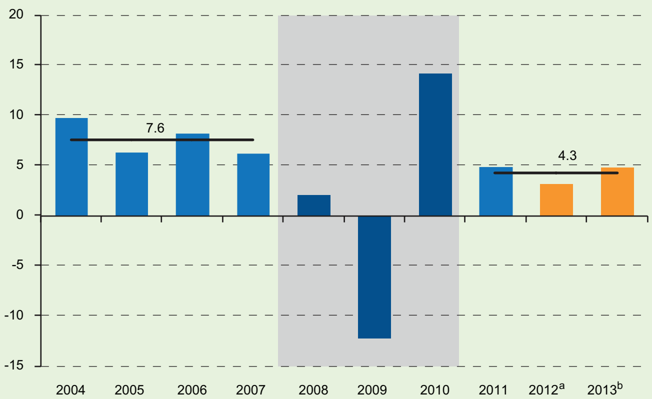
In response to the slowdown reflected in the figures above, one might ask what the immediate economic and trade outlook might be. The prospects will obviously be tied to how the crisis that began in 2009 plays out.

This document does not seek to provide an analytical response to that question. However, it does suggest that the crisis that is holding the world in suspense hinges on the resolution of several key macroeconomic issues:

- The fiscal and debt situation of the eurozone countries, and the slowing Japanese economy.
- The recovery of the United States economy, especially its fiscal and financial situation, with the pending "fiscal cliff" decision as the first milestone.
- The future of the Chinese economy and of emerging Asian economies.

In this scenario, and assuming a temporary solution is found to the United States' fiscal challenges, 2013 could see a slow but sure recovery of the global economy, helped along especially by the expansion of emerging economies (South-South relations) and a slight uptrend in the United States. Under these conditions, global trade and the emerging economies, including Latin America and the Caribbean, could be expected to recover (see figure 7).

Figure 7
ANNUAL GROWTH IN GLOBAL GOODS AND SERVICES TRADE VOLUME
(Annual variation rates and partial averages)



Source: International Trade and Integration Division (ITID)/Economic Commission for Latin America and the Caribbean (ECLAC), 2012.
[a] Estimates.
[b] Projections.

II. International maritime trade trends

According to data from *Clarkson Research*, international maritime trade grew 5.1% in 2011, going from 8.678 billion tons of seaborne cargo in 2010 to 9.118 billion tons in 2011.

Maritime transport trends over the past 26 years (1985- 2011), listed by type of product, are shown in table 1 and figure 8. In 2011, international transport of the five main agricultural and mineral bulks[1] totalled 2.459 billion metric tons freight, minor bulk shipments totalled 854 million tons, container shipments totalled 1.444 billion tons and dry cargoes totalled 5.984 billion tons in freight.[2] Petroleum shipments totalled 2.857 billion tons, with 2.025 billion tons incrude oil and 832 million tons in oil products. Gas shipments totalled 277 million tons.

Container shipping has burgeoned over the past 26 years; at an average of 8.8% each year it has grown at more than twice the average for total goods transported by water (see table 2). Shipments of liquid natural gas, thermal coal, iron ore and the five main agricultural and mineral bulks have also seen strong growth. Figure 8 (part A) shows the distribution of seaborne cargo between 1985 and 2011, showing the growth of container shipping (from 4% in 1985 to 15% in 2010) and agricultural and mineral bulks (from 25% to 27%, respectively) (see part B of figure 8).

This trend held throughout the period from 2002 to 2011. The transport of containers by water grew at an annual average pace of 8.2%, mirroring the long-term trend (see table 2). Shipping of the five main agricultural and mineral commodities posted even higher average annual growth (6.5%, versus 3.9% in 1985-2011).

Global maritime container trade is represented in table 3. Figure 9 shows shipping activity between Latin America and the Caribbean and the rest of the world.

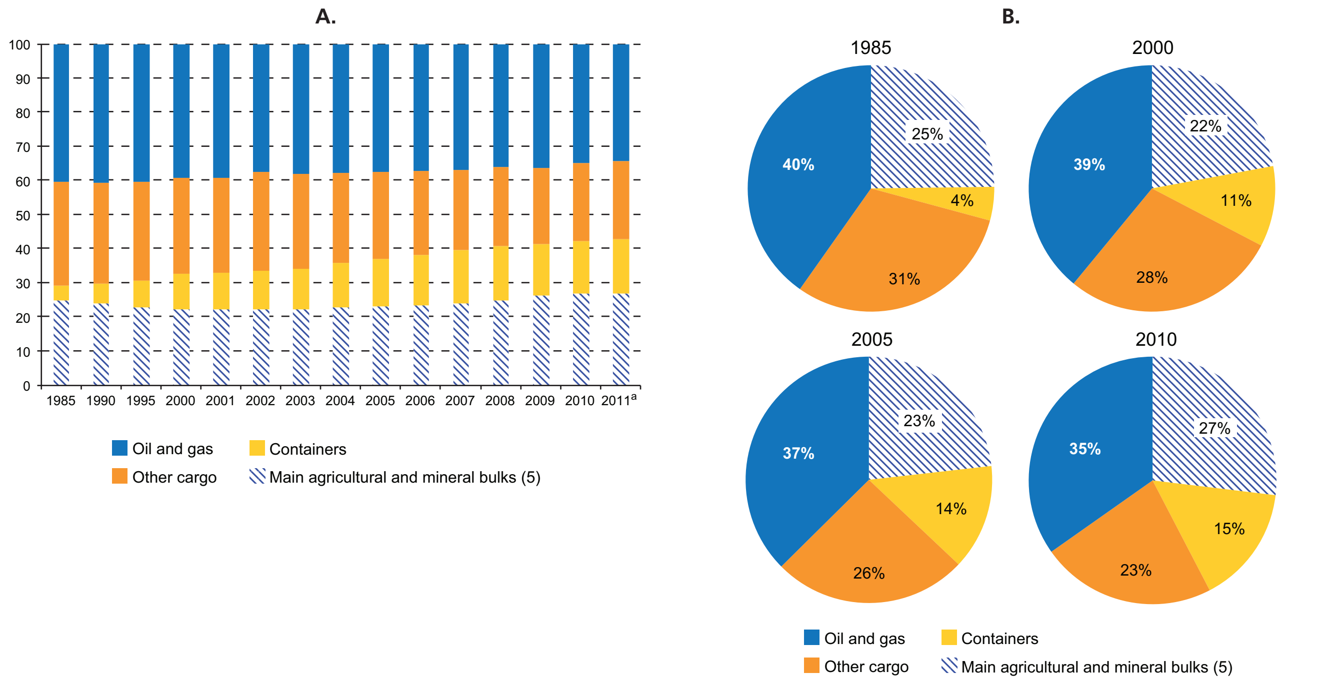
[1] Iron, coal, grain, bauxite/aluminium and phosphates.
[2] This variable reached 5.054 billion tons in 2009, which shows a strong 18.4% recovery from one year to the next.

Table 1
INTERNATIONAL MARITIME TRANSPORT BY CARGO TYPE, 1985-2011
(Millions of metric tons)

Year	Iron	Coal		Grains	Bauxite/ aluminium	Phosphate	Total commodities (5)	Small bulk cargo	Containers	Other dry cargo	Total dry cargo	Oil		Gas		Total
		Coking	Thermal									Crude	Products	LPG	LNG	
1985	321	144	132	213	44	46	900	561	160	549	2 170	984	415	22	39	3 630
1990	347	153	184	215	55	37	991	606	246	625	2 468	1 155	448	28	60	4 159
1995	402	160	242	216	52	30	1 102	681	389	727	2 899	1 400	460	34	69	4 862
2000	447	174	342	264	54	30	1 311	749	628	931	3 619	1 656	518	39	104	5 936
2001	450	169	381	260	52	31	1 343	767	647	910	3 667	1 684	544	36	107	6 038
2002	483	165	394	269	55	30	1 396	861	709	954	3 920	1 667	543	36	113	6 279
2003	517	166	435	265	60	29	1 472	906	788	938	4 104	1 770	582	36	125	6 617
2004	594	171	470	273	65	31	1 604	973	917	897	4 391	1 850	636	38	131	7 046
2005	664	180	492	273	69	31	1 709	1 011	1 019	870	4 609	1 885	691	38	142	7 365
2006	716	176	527	290	75	30	1 814	1 084	1 135	831	4 864	1 933	754	40	160	7 751
2007	779	194	558	302	89	31	1 953	1 149	1 263	762	5 127	1 984	780	39	171	8 101
2008	841	199	577	323	94	31	2 065	1 134	1 321	805	5 325	1 964	796	42	173	8 300
2009	898	188	590	317	72	20	2 085	1 035	1 191	743	5 054	1 892	767	38	183	7 934
2010	992	236	662	338	84	23	2 335	1 159	1 342	824	5 660	1 953	805	39	221	8 678
2011(e)	1 053	223	715	344	98	26	2 459	1 227	1 444	854	5 984	2 025	832	40	237	9 118

Source: Maricel Ulloa S., Infrastructure Services Unit (ISU)/Natural Resources and Infrastructure Division (NRID)/Economic Commission for Latin America and the Caribbean (ECLAC), based on *World Fleet Monitor*, *Clarkson Research Services*, several numbers.
[a] Estimates.

Figure 8
INTERNATIONAL MARITIME TRANSPORT BY CARGO TYPE, 1985-2011
(Percentage of total)



Source: Ricardo J. Sánchez and Maricel Ulloa S., Infrastructure Services Unit (ISU)/ Natural Resources and Infrastructure Division (NRID)/Economic Commission for Latin America and the Caribbean (ECLAC), based on information from table 1.
[a] Estimates.

Table 2

INTERNATIONAL MARITIME TRANSPORT BY CARGO TYPE, 1985-2011

(Average annual variation)

Containers	8.8%
LNG	7.2%
Coal (Thermal)	6.7%
Iron	4.7%
Main agricultural and mineral bulk products	3.9%
Total goods transported by water	3.6%
Bauxite and aluminium	3.1%
Oil	2.8%
Petroleum products	2.7%
LPG	2.3%
Agricultural commodities	1.9%
Other dry bulk	1.7%
Coal (*Coking*)	1.7%
Phosphates	-2.2%

Source: Ricardo J. Sánchez, Infrastructure Services Unit (ISU)/Natural Resources and Infrastructure Division (NRID)/Economic Commission for Latin America and the Caribbean (ECLAC), based on *World Fleet Monitor*, *Clarkson Research Services*, several numbers.

Table 3

GLOBAL MARITIME CONTAINER TRADE, 2011

(Thousands of TEUs)

Exporting region	Importing region	Thousands of TEUs, 2011
Main destinations		
Far East	Far East	29 188
Far East	Indian subcontinent / Middle East	5 670
Far East	Latin America	3 476
Far East	Mediterranean / Black Sea	6 661
Far East	North America	15 797
Far East	Northern Europe	11 620

Table 3 (concluded)

Exporting region	Importing region	Thousands of TEUs, 2011
Indian subcontinent / Middle East	North America	1 097
Indian subcontinent / Middle East	Northern Europe	1 101
Latin America	Far East	1 149
Latin America	Indian subcontinent / Middle East	284
Latin America	Latin America	1311
Latin America	Mediterranean / Black Sea	789
Latin America	North America	3 470
Latin America	Northern Europe	1 752
Mediterranean / Black Sea	Far East	1 522
Mediterranean / Black Sea	Indian subcontinent / Middle East	1 645
Mediterranean / Black Sea	Latin America	640
Mediterranean / Black Sea	Mediterranean / Black Sea	2 314
Mediterranean / Black Sea	North America	1 372
Mediterranean / Black Sea	Northern Europe	1 472
North America	Far East	8 931
North America	Indian subcontinent / Middle East	1 238
North America	Latin America	2 970
North America	Mediterranean / Black Sea	1 349
North America	North America	481
North America	Northern Europe	2 150
Northern Europe	Far East	6 636
Northern Europe	Indian subcontinent / Middle East	1 626
Northern Europe	Latin America	1 208
Northern Europe	Mediterranean /	1 624