



PECC Trade Forum

Facing Economic Integration on Two (or More) Fronts: The Situation of the Pacific Latin American Economies

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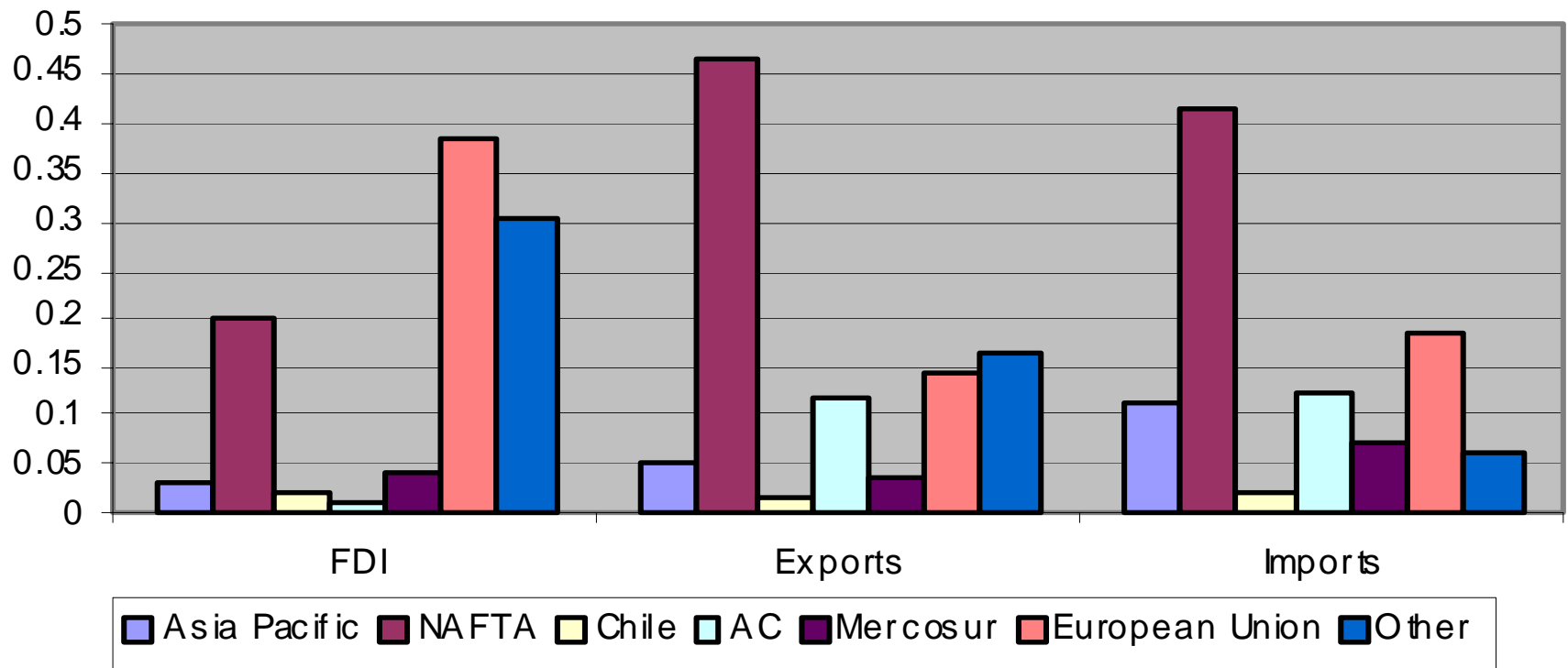
**November 11-12, 2002
Vancouver, Canada**

Pacific Economic Cooperation Council

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EU is the main investor in the AC, whereas NAFTA is the first AC's trade partner...

Regional Distribution of FDI Inflows and Trade in the Andean Community (1994-99)



Source: Andean Community; DATA INTAL

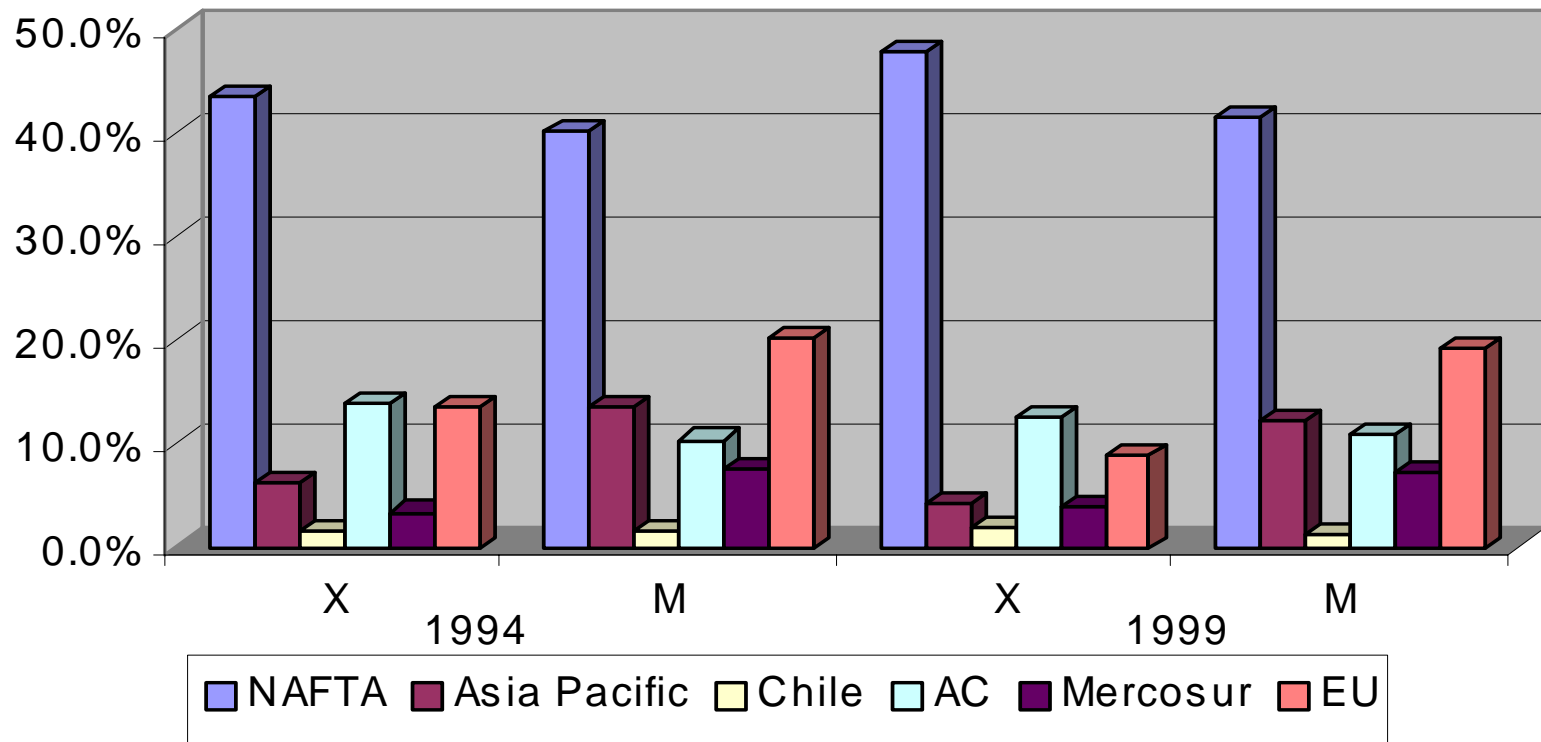
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Trade in manufactures:

Main AC's exports: to NAFTA, AC

Main AC's imports: from NAFTA, EU and Asia Pacific

Andean Community Trade: Distribution of Manufactures by Region



Source: DATA INTAL

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In NAFTA, AC's countries face strong competition from other LAIA countries. Some Chilean products (food and minerals) are well-positioned...

ANDEAN COMMUNITY: Main Products Exported to NAFTA
Average for the 1994-99 period

Product (SITC rev. 3)	US\$ Millior	%	Main AC Exporters			Main LAIA Exporters (excluding AC)*				
Total	18,577	100.0%	VEN 57.5%	COL 22.9%	MEX 473.2%	BRA 58.0%	CHI 16.0%			
33 Petroleum, petroleum products and related	12,131	65.3%	VEN 77.0%	COL 15.8%	MEX 58.4%	ARG 4.0%	BRA 1.6%			
07 Coffee, tea, cocoa, spices and related	839	4.5%	COL 65.8%	ECU 17.2%	MEX 71.4%	BRA 67.3%	ARG 4.3%			
68 Non-ferrous metals	735	4.0%	PER 46.2%	VEN 41.1%	MEX 127.4%	CHI 94.8%	BRA 33.3%			
03 Fish, crustaceans, molluscs, preparations	669	3.6%	ECU 75.1%	COL 8.9%	MEX 88.7%	CHI 45.8%	ARG 12.5%			
05 Vegetables and fruit	557	3.0%	ECU 52.3%	COL 34.2%	MEX 450.4%	CHI 125.7%	BRA 68.6%			
29 Crude animal and vegetable materials	505	2.7%	COL 81.7%	ECU 16.0%	MEX 19.7%	CHI 8.8%	BRA 3.2%			
84 Articles of apparel and clothing accessories	482	2.6%	COL 55.9%	PER 39.2%	MEX 941.7%	BRA 18.7%	ARG 8.3%			
67 Iron and Steel	314	1.7%	VEN 93.7%	COL 5.7%	BRA 419.7%	MEX 386.4%	ARG 43.7%			
89 Miscellaneous manufactured articles	257	1.4%	PER 37.0%	BOL 33.2%	MEX 1200.5%	BRA 48.7%	ARG 25.6%			
28 Metalliferous ores and metal scrap	225	1.2%	PER 56.4%	VEN 33.9%	MEX 176.8%	BRA 126.2%	CHI 61.3%			

* The percentages show the proportion between average exports to NAFTA by LAIA countries and Andean Community

Source: DATA INTAL

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In the US market: Colombia, Peru and Chile have gained ground. Ecuador lost it. What if a Chile - USA FTA?

Andean Community and Chile: Exports to USA
US\$ million and shares in percentages

	AC+Chile	Bolivia	Colombia	Ecuador	Peru	Venezuela	Chile
Total Year 1999	21694	2.1%	25.8%	6.9%	6.7%	44.9%	13.6%
Difference between 1999 and 1994							
Agriculture, hunting, forestry and fishing	763	-0.3%	-4.7%	-3.6%	1.5%	0.5%	6.6%
Mining, quarrying and petroleum	1415	0.2%	14.5%	-2.2%	0.7%	-13.0%	-0.1%
Food, beverages and tobacco	150	-0.5%	1.5%	-11.0%	-5.4%	2.4%	13.1%
Textiles, clothing and leather	47	0.5%	-19.5%	-1.0%	24.6%	0.1%	-4.7%
Wood and wood products	317	-8.2%	1.3%	-0.1%	3.6%	-1.3%	4.6%
Publishing, printing and media	-29	-18.3%	4.4%	0.8%	4.6%	9.0%	-0.6%
Chemical, rubber, plastic products and fuels	2794	0.0%	17.0%	-2.3%	0.5%	-15.6%	0.4%
Non-metallic mineral products	55	0.0%	-21.5%	0.9%	2.6%	16.4%	1.6%
Basic metal products	564	-3.1%	-1.4%	0.0%	16.2%	-8.5%	-3.1%
Fabricated metal products, machinery	415	29.2%	-11.2%	0.8%	-0.1%	-14.5%	-4.2%
Other manufacturing	-47	-18.4%	2.7%	2.6%	10.6%	3.8%	-1.2%
Total	6445	0.3%	6.9%	-3.0%	2.1%	-8.2%	1.9%

Source: DATA INTAL

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In the Andean market: Colombia and Chile are the winners

What after Chile's bilateral FTAs?

Andean Community and Chile: Exports to the Andean Zone

US\$ million and shares in percentages

	AC+Chile	Bolivia	Colombia	Ecuador	Peru	Venezuela	Chile
Total year 1999	4909	5.9%	33.0%	9.0%	7.0%	24.7%	20.4%
Difference between 1999 and 1994	AC+Chile	Bolivia	Colombia	Ecuador	Peru	Venezuela	Chile
Agriculture, hunting, forestry and fishing	127	-5.9%	6.3%	2.8%	-2.2%	-8.3%	7.3%
Mining, quarrying and petroleum	116	0.0%	8.9%	-14.0%	-1.3%	5.7%	0.8%
Food, beverages and tobacco	190	0.9%	5.4%	0.8%	-2.3%	-10.8%	6.0%
Textiles, clothing and leather	-55	3.6%	-7.6%	4.5%	3.7%	-5.4%	1.2%
Wood and wood products	35	1.2%	-19.1%	-2.5%	4.5%	-3.2%	19.2%
Publishing, printing and media	91	-0.1%	8.7%	-0.5%	2.3%	-7.2%	-3.2%
Chemical, rubber, plastic products and fuels	581	-0.3%	1.9%	-1.4%	-0.1%	2.3%	-2.4%
Non-metallic mineral products	-25	1.3%	14.2%	-4.8%	2.5%	-32.6%	19.4%
Basic metal products	-67	-0.2%	7.5%	-0.6%	2.9%	-14.1%	4.4%
Fabricated metal products, machinery	-132	11.5%	17.4%	-4.1%	1.5%	-35.1%	8.8%
Other manufacturing	27	0.5%	-5.6%	-0.4%	4.5%	-1.0%	2.0%
Total	889	1.5%	5.7%	-0.3%	-0.2%	-10.6%	3.8%

Source: DATA INTAL

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In the Korean market: Ecuador main winner

Chile main loser

What if a Chile - Korea FTA?

Andean Community and Chile: Exports to Korea
 US\$ million and shares in percentages

	AC+Chile	Bolivia	Colombia	Ecuador	Peru	Venezuela	Chile
Total year 1999	822	0.0%	4.8%	25.9%	4.7%	1.3%	63.3%
Difference between 1999 and 1994							
Agriculture, hunting, forestry and fishing	-16	-0.1%	-4.1%	-0.9%	-0.6%	0.2%	5.4%
Mining, quarrying and petroleum	83	-2.7%	0.0%	89.4%	-5.2%	-3.6%	-77.9%
Food, beverages and tobacco	-4	0.0%	-8.5%	-0.9%	-0.2%	0.4%	9.2%
Wood and wood products	-59	0.0%	0.0%	-0.2%	0.0%	0.0%	0.2%
Publishing, printing and media	1	0.0%	0.0%	0.2%	0.0%	0.0%	-0.2%
Chemical, rubber, plastic products and fuels	139	0.0%	1.6%	87.0%	-2.0%	-1.4%	-85.2%
Basic metal products	47	0.0%	4.3%	0.0%	-4.2%	-3.3%	3.2%
Fabricated metal products, machinery	1	0.0%	4.3%	0.2%	-10.4%	-2.1%	8.0%
Other manufacturing	-5	-6.8%	17.2%	7.3%	11.6%	1.1%	-30.3%
Total	186	-0.1%	0.3%	25.2%	-2.8%	-2.0%	-20.6%

Source: DATA INTAL

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In the New Zealander market: Ecuador main winner

What if a Chile - NZ FTA?

Andean Community and Chile: Exports to New Zealand
US\$ million and shares in percentages

	AC+Chile	Bolivia	Colombia	Ecuador	Peru	Venezuela	Chile
Total year 1999	37	0.4%	7.4%	50.5%	11.0%	4.5%	26.2%
Difference between 1999 and 1994							
Agriculture, hunting, forestry and fishing	11	0.0%	-0.8%	17.5%	-0.5%	0.8%	-17.1%
Food, beverages and tobacco	3	0.0%	-2.5%	5.7%	-9.5%	0.9%	5.4%
Chemical, rubber, plastic products and fuels	1	1.4%	-26.8%	-0.3%	4.9%	30.3%	-9.5%
Basic metal products	1	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other goods	2	2.7%	-4.9%	-1.5%	-2.5%	-9.0%	15.2%
Total	18	0.4%	-3.7%	11.6%	-2.9%	1.7%	-7.2%

Source: DATA INTAL

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If Chile signs trade agreements with East Asian counterparts, Peruvian exports would be the worst hit...

ANDEAN COMMUNITY: Main Products Exported to East Asia

Average for the 1994-99 period

Product (SITC rev. 3)	S\$ millid	%	Main AC Exporters				Main LAIA Expoters (excluding AC)*			
Total	2,191	100.0%	PER	49.2%	COL	20.4%	BRA	295.0%	CHI	211.4%
68 Non-ferrous metals	486	22.2%	PER	60.1%	VEN	39.8%	CHI	313.1%	BRA	132.9%
08 Feeding stuff for animals	389	17.8%	PER	97.9%	ECU	2.0%	BRA	94.8%	CHI	84.8%
28 Metalliferous ores and metal scrap	298	13.6%	PER	83.8%	VEN	10.7%	CHI	378.6%	BRA	319.2%
07 Coffee, tea, cocoa, spices and related	298	13.6%	COL	84.0%	PER	10.4%	BRA	99.0%	MEX	5.8%
33 Petroleum, petroleum products and related	163	7.4%	ECU	82.0%	VEN	12.9%	MEX	242.1%	ARG	30.5%
03 Fish, crustaceans, mollucs, preparations	141	6.4%	ECU	61.9%	PER	27.6%	CHI	391.9%	ARG	215.3%
05 Vegetables and fruit	102	4.6%	ECU	92.2%	PER	5.5%	CHI	142.3%	ARG	130.4%
66 Non-metallic mineral manufactures	94	4.3%	COL	99.0%	PER	0.6%	BRA	72.8%	MEX	6.6%
67 Iron and steel	49	2.2%	VEN	65.8%	COL	34.2%	BRA	2273.6%	MEX	789.5%
26 Textile fibres	24	1.1%	PER	83.3%	ECU	9.3%	URU	426.9%	ARG	408.1%

Product (SITC rev. 3)	Main East Asian Importers from AC					
Total	JAP	47.4%	CHN	18.4%	KOR	12.6%
68 Non-ferrous metals	JAP	64.3%	TWN	17.8%	KOR	6.9%
08 Feeding stuff for animals	CHN	57.6%	TWN	11.8%	JAP	11.6%
28 Metalliferous ores and metal scrap	JAP	42.2%	CHN	27.3%	MAL	15.2%
07 Coffee, tea, cocoa, spices and related	JAP	88.5%	KOR	9.8%	TWN	0.5%
33 Petroleum, petroleum products and related	KOR	84.1%	JAP	6.7%	SIN	5.7%
03 Fish, crustaceans, mollucs, preparations	JAP	54.9%	TWN	20.8%	CHN	14.1%
05 Vegetables and fruit	JAP	51.2%	CHN	44.3%	KOR	2.9%
66 Non-metallic mineral manufactures	JAP	66.1%	HKG	26.4%	TWN	4.3%
67 Iron and steel	KOR	43.5%	JAP	29.5%	TWN	15.9%
26 Textile fibres	CHN	34.5%	JAP	27.2%	KOR	17.0%

* The percentages show the proportion between average exports to East Asia by LAIA countries and

Source: DATA INTAL

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