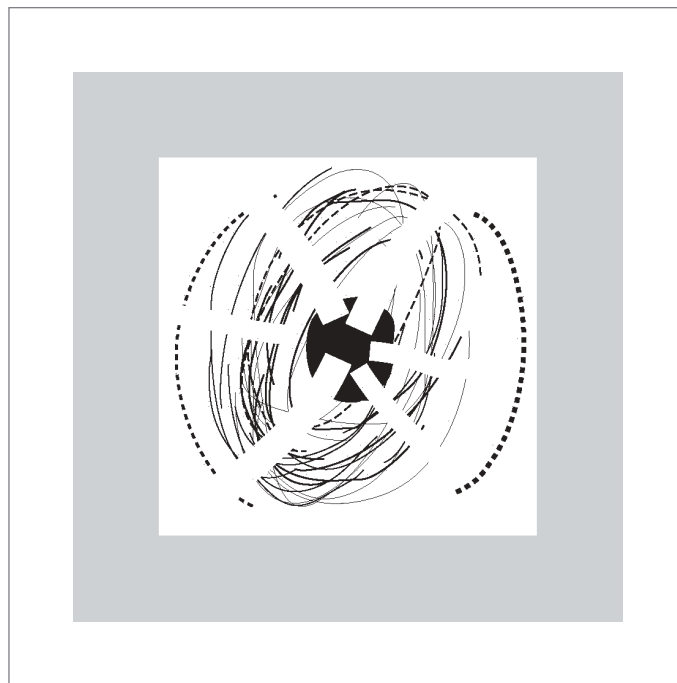


2005-2006



Latin America and the Caribbean in the World Economy



UNITED NATIONS

ECLAC

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The statistical appendix, which is provided on the enclosed CD-ROM, was prepared by Jaime Contador with the assistance of Andrés Yáñez.

Notes

The following symbols have been used in this Study:

Three dots (...) indicate that data are not available or are not separately reported.

A minus sign (-) indicates a deficit or decrease, unless otherwise indicated.

A full stop (.) is used to indicate decimals.

The word "dollars" refers to United States dollars, unless otherwise specified.

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Abstract



The 2005-2006 edition of *Latin America and the Caribbean in the World Economy* is divided into six chapters.

The first chapter analyses recent trends in the international economy and trade, capital flows and the region's trade performance. The causes of external imbalances are examined, along with the behaviour of the economies of the United States, Japan and the European Union, oil prices, interest rates and exchange rates. It also presents Latin American trade projections for 2006 and 2007, as well as looking at the main risk factors that could undermine the favourable conditions now existing in the region.

The second provides an overview of recent economic developments in China and India and examines these countries' trade relations with Latin America and the Caribbean. Trade relations between these two Asian nations and the Latin American and Caribbean region have recently been flourishing thanks, in particular, to the prospects for securing access to South America's natural resources. Nonetheless, these two countries have yet to take full advantage of the Latin American and Caribbean region's potential as a supplier and buyer.

The main issues raised by the Doha Round of trade negotiations following the Ministerial Conference held in the Hong Kong Special Administrative Region (SAR) of China are explored in chapter III. The participants in the Hong Kong Conference changed the direction of these talks and agreed to proceed on an "aid for trade" platform,

but they failed to alter the political climate for decision-making sufficiently to permit the main stakeholders to reach agreement on a package of measures in the first half of 2006. In order for this to have happened, three of the major parties to these negotiations would have had to meet very specific demands: the European Union would have had to agree to lower its agricultural tariffs; the United States would have had to make greater commitments to cut agricultural subsidies; and the Group of 20 (G-20) would have had to reduce industrial tariffs and undertake certain commitments on trade in services. The chapter concludes with an analysis of the uncertain future of this recently suspended round of trade talks.

The fourth chapter assesses the current status of regional integration efforts and calls for the revitalization of the various initiatives being pursued in this area, not only in order to help form closer trade relations within the region, but also as a means of capitalizing upon the potential benefits of new trade agreements reached by Latin American and Caribbean countries and blocs with trading partners in other parts of the world. To this end, consideration is given to a variety of approaches for bringing about convergence among the trade rules governing the many different free trade agreements (including subregional integration accords) in effect in the region.

Chapter V looks at how Latin America's competitiveness indicators measure up against those of a set of OECD countries that are major natural-resource exporters. The

competitiveness and innovation strategy used by Australia and New Zealand (which have export structures similar to those of some South American countries) is then examined as an example of a successful effort to use competitiveness and technological innovation to position these countries advantageously in the international economy.

The main economic losses associated with bird flu and foot-and-mouth disease are discussed in chapter VI.

The chapter reviews a number of specialized studies on the economic and social costs of recent outbreaks of these two transboundary animal diseases, which pose a formidable challenge for world trade in beef and poultry meat. Consideration is also given to how they have affected the trade flows of the main exporters of these products, and regional policy proposals for dealing with their implications are offered.

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