THE UNITED STATES AND FOREIGN COMPETITION

IN LATIN AMERICA

By

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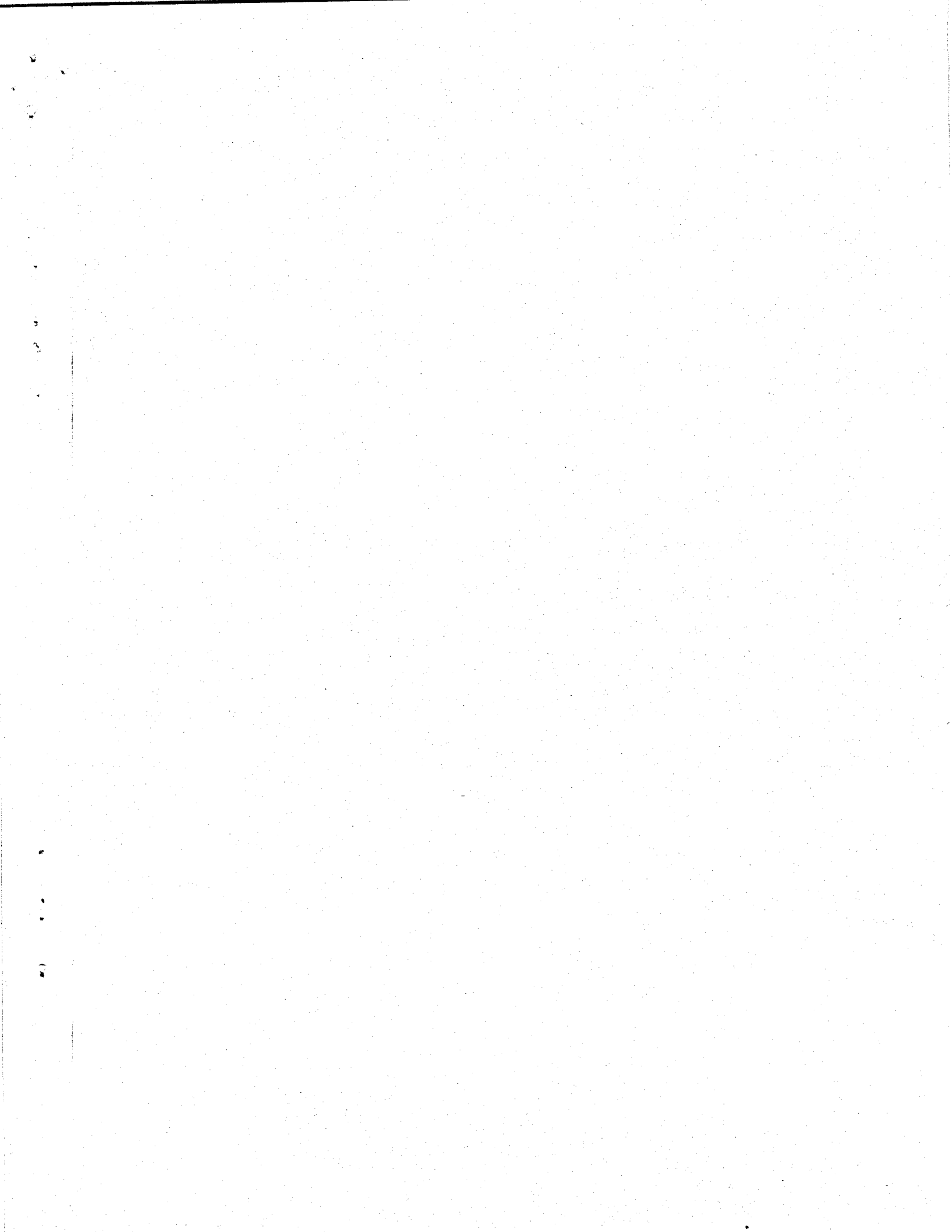The United States and Foreign Competition in Latin America

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ABSTRACT

This paper analyzes the role of the U.S. in the development of Latin America's international trade relations, focussing on the behavior of trade flows between the U.S. and the Latin American nations in the last 15 years or so. The paper analyzes the possible path that these trade relations will take in the future. In doing this, special emphasis is placed on any possible changes in the directions of trade in Latin America, scrutinizing whether there has been or will possibly be, a significant increase in south-south trade, and if new trade partners such as Japan and the newly industrialized countries of Southeast Asia have displaced the more traditional Latin American trade partners (i.e., the U.S.). The paper also deals with issues related to direct investment in Latin America, comparing the importance of the U.S. and other nations. Finally, the role of international trade in the solution of the current Latin American debt crisis, and in the reassumption of sustained growth in the region is discussed. An important issue discussed in the paper relates to the future evolution of the current protectionist mood in the U.S. and much of the developed world.

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I. Introduction

The purpose of this paper is to analyze the role of the U.S. in the development of Latin America's international trade relations. In particular the paper investigates the behavior of trade flows between the U.S. and the Latin American nations in the last 15 years or so, and analyzes the possible path that these trade relations will take in the future. In doing this, special emphasis is placed on any possible changes in the directions of trade in Latin America, scrutinizing whether there has been or will possibly be, a significant increase in south-south trade, and if new trade partners such as Japan and the newly industrialized countries of Southeast Asia have displaced the more traditional Latin American trade partners (i.e., the U.S). The paper also deals with issues related to direct investment in Latin America, comparing the importance of the U.S. and other nations. Finally, the role of international trade in the solution of the current Latin American debt crisis, and in the reassumption of sustained growth in the region is also discussed. An important, indeed crucial, issue relates to the future evolution of the current protectionist mood in the U.S. and much of the developed world.

As we enter the final years of the 1980s policy issues related to the volume and direction of U.S. international trade have become increasingly important. In particular, a number of special interest lobbies have argued with alarming insistence that the "increased competition" by other countries

to capture foreign markets, and unfair trade practices such as dumping and export subsidy schemes not sanctioned by the GATT, have been responsible for the mounting trade deficits and for the "loss of jobs" in the U.S. Several important questions emerge here: the first is: What is exactly meant by "loss of U.S. international competitiveness?" Second, given an answer to the above question, has the U.S. indeed lost competitiveness? Third, what are the future prospects for the U.S. trade relations? And finally, what and to whom will the U.S. export in the future, and from which countries will U.S. imports come from? The present paper will deal with these questions from the perspective of the U.S. trade relations with Latin America.

The future evolution of the volume and directions of trade is also of paramount importance for the Latin American countries. In the early 1980s, after two decades of sustained economic growth averaging approximately six percent per annum, Latin America entered a period of severe adjustment. The need for this adjustment resulted, to a large extent, from a series of major shocks -- both exogenous and policy-induced -- that greatly disturbed the region's economy. The principal exogenous shocks were the oil price increases of 1973-74 and 1979-80, the drastic deterioration of the terms of trade experienced after 1980, and the steep rise of world interest rates in 1980-82 which provoked a major increase in the debt service burden. At the policy level, the substantial increases in government expenditure and fiscal deficits, and the economic liberalization reforms attempted by some of these countries, as well as general and very significant increases in external indebtedness, constituted the most important events. Some countries went from being highly praised "economic miracles" to "international pariahs." Others, which in the mid- to late-1970s were flooded with abundant foreign exchange -- obtained mainly through the exportation of petroleum -- have

experienced very severe difficulties servicing their foreign debt. The region is at this moment still struggling to overcome the worst recession since the 1930s. As it slowly emerges from the crisis, it finds a substantial portion of its export earnings mortgaged for the foreseeable future to service the accumulated external debt, and a general scarcity of additional external funds.

There is little doubt that a permanent solution of Latin America's current crisis, and the reassumption of sustained growth will require a major effort to increase exports and to enhance the role of the external sector as a source of foreign exchange earnings. In that regard, it is especially important to determine whether the Latin American countries efforts to increase their exports will be frustrated by protectionist policies implemented by the industrialized nations. Indeed, the Latin American countries' efforts to adjust and put the crisis behind them would receive a severe blow if the current protectionist lobby scores victories in the U.S. and European countries. Increased protectionism could take two forms: the enactment of protective legislation, or the stepping up the already significant non-tariff barriers existing in these countries.

Some of the sections of this paper are largely descriptive; this has been deliberate, since an important purpose of this study is to scrutinize the data, and document and interpret the recent history of the Latin American trade relations with the U.S. In spite of the descriptive tone of some sections, the paper as a whole makes a number of analytical points related to the nature of these external relations. The plan of the paper is as follows: In Section II some of the main current characteristics of the Latin American economies are briefly discussed, and the way in which the region's external sector policies have evolved is discussed. Section III deals with

Latin American imports. Here we investigate the recent behavior of the region's degree of openness, aggregate imports, and sources of imports at the disaggregated level. In this section it is shown that much of the region's efforts to cope with the debt crisis have been translated in a very substantial drop in the real value of imports. This section contains massive amounts of data on how much, what and from whom 16 Latin American countries import. Emphasis is placed on analyzing the evolution of the U.S. share of the value of Latin America's imports, and of the changing composition of the regions imports from the U.S. It is shown here that when the constant-market-share criterion is used on data on shares of the value of Latin American imports, supporting the contention of a recent loss of aggregate U.S. competitiveness in Latin America.The data, however, do show that there has been a change in the composition of Latin America's imports from the U.S. The share of traditional manufacturing has declined, while primary products and technology intensive manufactures have experienced an increased presence among the region's imports.

Section IV deals with Latin America's exports, and investigates their recent behavior and composition. It is shown that in spite of a series of corrective measures taken by these countries since the debt crisis, for the region as a whole the recent evolution of the (real) value of exports has been very disappointing. An important issue analyzed in this section is related to the role of protectionism in the industrialized countries on the possible access of Latin American products to those markets. Using recent data on nontariff barriers it is shown that the extent of these nontariff impediments to trade are much more generalized than previously thought. It is then argued that only to the extent that there is a drastic change in the protectionist mood in the industrial world it will be possible for Latin

America's trade to gain in prominence.

Section V deals with commercial policy and protectionism in Latin America. Here it is shown how in the late 1960s and 1970s, after the heydays of the import substitution development strategy, most of the Latin American countries slowly began to reduce their impediments to trade. This trend, which was particularly marked in the Southern Cone countries in the late 1970s, was reversed in the 1980s when, as a consequence of the debt crisis, most of these countries resorted to the imposition of controls to reduce imports. In this section we also discuss the role of nontariff barriers in Latin America. Section VI deals with exchange rate policies. Here two main issues are addressed. First, we look at the behavior of real exchange rates in these nations and argue that the fairly generalized tendency towards overvaluation in the late 1970s and early 1980s greatly contributed to the poor behavior of the region's external sector. Second, we point out how the existence of multiple nominal exchange rates and of pervasive parallel markets for foreign exchange have played an important protective role in these countries. Section VII deals with direct investment. Here the historical evidence is analyzed and it is argued that in the next years direct investment will probably be one of the more important sources of external financing that these countries will have. This, of course will require some creative rethinking of the current regional policy on direct foreign investment and related issues. Finally, Section VIII deals with possible future evolution of U.S.-Latin American trade relations, and contains the concluding remarks.

II. The Latin American Economies: A Brief Overview

Table 1 contains data on a number of economic indicators for 16 Latin American countries.[1] As may be seen there are very marked differences across the countries of the region, both in terms of income per capita, recent growth performance and inflation. This, of course, makes generalizations very difficult; in fact there isn't such a thing as "the representative" Latin American country. For this reason in the rest of this paper the analysis will generally provide data on these 16 countries.

Although today the countries of Latin America are economically very diverse, and stand at different junctions of their development paths, they do share a common evolution of their policies towards the external sector. In the rest of this section, and in order to put things in perspective, we provide a very brief description of the role of the external sector in the development of the Latin American countries.

II.1 Latin American Development and External Sector Policies

Until the 1930s the external sector in the great majority of the Latin American countries was highly opened; exchange controls were almost nonexistent, import tariffs were very low, and the "rules of the game" were strictly followed. The great depression, with its devastating effect on the region's economies, put an end to all of that; it marked the beginning of an epoch of import substitution and protectionism.[2]

During the 1950s and 1960s, under the intellectual leadership of the United Nations Economic Commission for Latin America (ECLA), and its charismatic Secretary General Raul Prebisch, most of the Latin American countries embarked on ambitious industrialization programs based on import substitution. This strategy was based on the idea that high import tariffs and other impediments to international trade would provide temporary protec-

tion to the local industries and help them develop. In theory, according to this approach after some time the domestic firms would have "learned", and protection would not be necessary any more (Prebish 1984). Things, however, did not work out as predicted by the theory, and protection became a permanent feature in the region. As a result in most of these countries the industrial sector that was developed under the barriers of protection was largely inefficient, using highly capital intensive techniques (Krueger 1983).

During the 1950s and first half of the 1960s it became apparent that the import substitution strategy was losing dynamism. Although the easier and more obvious imports had already been substituted, these countries remained highly "dependent" on imported intermediate inputs and capital goods. At the same time the highly overvalued domestic currencies conspired against the development of a dynamic export sector, with the consequent scarcity of foreign exchange.[3]

During the late 1960s a reaction against excessive protectionism started to take place, and a number of countries -- Colombia being the premier example -- moved towards export promotion schemes (Diaz Alejandro 1976). Also during this period some serious efforts were made to create common markets comprising subgroups of Latin American countries. In that respect the creation of Andean group and the Central American Common Market were particularly important. Although in some regards these integrationist schemes were successful, they did not turn around the region's economies, and in many cases the external sector -- and the excessive protectionism -- was still seen as the "weak link" by most analysts.[4]

During the second half of the 1970s a fairly generalized recognition of the benefits of export promotion had developed, and most countries tended to

rationalize their external sector. In the countries of the Southern Cone (Argentina, Chile and Uruguay) massive reforms aimed at opening up these economies were implemented: tariffs were reduced, and exchange controls disappeared. After an initial successful period these opening reforms faltered, and in the early 1980s these countries, as the rest of Latin America, entered into a major recession.[5] The 1980 crisis forced the Latin American countries to greatly reduce their imports and to improve their current account balances. As is discussed in Section V, most countries resorted to increased import controls in their attempts to improve their foreign accounts.

III. The Structure and Evolution of Imports in Latin America

The purpose of this section is to analyze the recent evolution of imports in Latin America, placing special emphasis on the role of the U.S. as a trade partner. An important question addressed here is whether the available data show any trend in the value of Latin America's imports from the U.S. The analysis focuses on three important aspects of this problem. We first look at the historical evolution of the dollar value of international trade (imports and exports) in Latin America. Second, we analyze the evolution of the degree of openness of the countries in the region. We present a series of indicators including the ratio of total trade to GDP. We also look in detail at the behavior of the trade and current account balances. And third, we analyze the distribution of Latin American imports both across countries and across productive sectors, looking in detail at the U.S. and other countries shares of the value of Latin American imports.

III.1 Imports, Exports and the Degree of Openness

Tables 2 and 3 contain data on the dollar value of imports and exports for fourteen Latin American countries between 1965 and 1985. In Table 4 the current account balances for these countries are presented. Table 5 presents the evolution of an indicators of openness defined as the ratio of total trade -- imports plus exports --to GDP.

Table 2 on imports is extremely revealing, showing that for most countries the (nominal) dollar value of imports peaked between 1980 and 1982, only to experience a dramatic fall in the years following the eruption of the debt crisis. As can be seen, in every single country the (nominal) dollar value of imports in 1985 was well below its 1980 level. For these 14 countries as a whole the (nominal) dollar value of imports was in 1985 36% below its 1980 value. Moreover, when expressed in real dollar terms, 1985 total imports are 45 percent below their 1980 value![6] Of course, this mainly reflects the reduction in imports required by the adjustment programs implemented by these countries after the 1982 debt crisis.[7] Table 3 on the value of exports also reflects the effects of the adjustment programs. In a number of these countries -- Argentina, Brazil, Ecuador and Mexico -- the value of exports was in 1985 significantly above its 1980 value. This was achieved in spite of the fact that for most of the countries in the region the international prices of their exports declined quite substantially during the period (see Section IV of this paper).

Table 4 on the current account balances also portray in a very vivid way the impact of the crisis on the region's external sector, and the substantial efforts the region has made to adjust to the new post-1982 reality. In 11 out of the 14 countries the current account balance experienced a quite substantial improvement between 1980 and 1985. Moreover, five

of these countries -- Argentina, brazil, Chile, Mexico and Uruguay -- turned trade deficits into fairly large trade surpluses during this period.

Tables 5 contains data on an indicator of these economies degree of openness: the ratio of total trade (imports plus exports) to GDP. Although the behavior of this index differ from country-to-country, it is still possible to draw some general pattern of behavior. According to this index there was a fairly significant increase in the degree of openness in the 1970s. This general move towards greater openness is revealed both when 1975 is compared with 1970 as when 1980 is compared with 1970. For example, between 1970 and 1975 the index of total trade to GDP experienced signifi- cant increases in 12 of the 13 countries that have data. During this period in 9 out of the 13 countries that have data, the ratio of total trade to GDP increased by at least 5 percentage points, and in two other countries it increased by more than two percentage points. Only in the cases of Bolivia and Costa Rica did this index decline. Moreover, the ratio of imports to GDP tells very much the same story. Only for the cases of Bolivia, Costa Rica and Ecuador it declined between 1970 and 1980.[8] Generally speaking the available evidence strongly indicates that the 1970s was a decade where most of the nations of Latin America became more open to the rest of the world. In fact, as is shown in Section V below, this is reflected by the evolution of the level of import tariffs and other impediments to trade during this period.

As Table 5 very clearly shows, during the first half of the 1980s the trend towards greater openness was drastically reversed, with the openness index exhibiting a sharp drop for most countries. This, of course, was partially the consequence of the crisis and adjustment policies that required a significant cut in imports. As can be seen in Table 5, in the

case of the total trade ratio, in 9 of the 14 countries there was a decline between 1980 and 1985.[9] The imports ratios also experienced significant declines in 12 of the 14 countries. More important, however, is the fact that in most of these countries the 1985 imports ratios were significantly below their 1970 and 1975 values.

III.2 The Composition of Imports

In this section we look at the evolution of different countries shares of the value of Latin America's imports both at an aggregate and disaggregate level. This analysis is particularly important to assess whether the U.S. has experienced a loss in its competitive position in the region. In fact, according to the so-called constant-market-share criterion, a country's degree of competitiveness in a particular market will remain constant (decrease) if its share of that region's imports remains constant (decreases).[10] However, the discussion that follows should be interpreted with some caution, since there are shares of the U.S. dollar value of imports, and are thus influenced by changes in the real value of the dollar. In particular, a real appreciation of the dollar will result in an increase in these market shares, even if the quantities imported from the U.S. and other countries remain constant. Naturally, a real depreciation of the dollar will have the opposite effect: it will increase the market shares even if quantities imported are not affected.[11] In spite of this shortcoming, however, the analysis of the evolution of market shares is quite revealing. Moreover, these shares are the only indicators on the distribution of Latin American imports that can be constructed with the available data.

III.2.1 Aggregate Trends

Tables 6, 7, and 8 contain data on the percentage distribution of the value of imports for 16 Latin American countries for 1977-85. These data give us information on what fraction of the U.S. dollar value of each of these countries' imports came from industrialized countries, what share came from oil exporting LDCs and what share from nonoil exporting LDCs. For the case of industrialized countries an additional refinement has been made by explicitly identifying the U.S. and the Japanese shares. Since a few minor trade partners -- mainly from the Soviet bloc --have been excluded, the sum of these shares doesn't necessarily add up to one hundred. Figures 1, 2 and 3 depict the U.S. share of these countries' imports for the same period.

Several interesting facts emerge from these tables and figures. First, the distribution of imports varies significantly across countries. For example, while in some of them the U.S. share in total imports is in the 20 to 25 percent range (i.e., Argentina, Chile, Bolivia), in others it is approximately 40 to 50 percent (or more), while still in others it is below 10 percent (i.e., Uruguay). Second, and more important, these tables -- and in particular these diagrams -- show very clearly that for the great major- ity of the Latin American countries there have been no perceptible changes in the proportion of imports coming from the U.S.[12] Third, even a very detailed analysis at the country level reveals that there is no clear common pattern in the shares behavior during the years immediately following the debt crisis. However, in some of the large and medium size countries either in 1982 or 1983 there is a slight drop in the share of imports coming from the industrialized countries (Argentina, 1982; Brazil, 1982; Chile 1982 and 1983; Mexico, 1983). In Argentina, Mexico and Venezuela there is also a decline in the U.S. share in either 1982 and 1983. Finally (fourth) in 11

of these countries there was a slight increase in the industrialized
countries market share in 1985 (Argentina, Brazil, Mexico, Uruguay,
Venezuela, Colombia, Costa Rica, Ecuador, El Salvador, Honduras and
Bolivia). Moreover in the cases of Brazil, Mexico, Colombia, Ecuador, El
Salvador, Honduras and Bolivia the U.S. share experienced some increase
between 1984 and 1985.

An important question is whether this lack of trend in the U.S. share
of the Latin American imports market is only a recent phenomenon (i.e.,
post-1977), or if it reflects a longer run phenomenon. In order to investi-
gate this issue, trend regressions for 1970-83 were estimated both for the
region as a whole and for each of the 16 countries in Table 1. The results
obtained were quite definitive showing that for the region as a whole there
has been no statistically significant change in the U.S. value market share
of aggregate Latin American imports. At the individual country level there
were no changes in nine cases, while in two countries (Mexico and Peru)
there has been an increase in the U.S. share; with 5 countries showing a
decline (Brazil, Colombia, Paraguay, Honduras and Nicaragua). Naturally,
the Nicaraguan trend responding mainly to political reasons.[13]
Interestingly enough, according to this statistical analysis the U.S. market
share of these 16 Latin American countries was not sensitive to
contemporaneous or lagged fluctuations in the real value of the dollar. In
Appendix A, we present the detailed regression analysis performed.

This aggregate market share analysis, then, suggests quite
categorically that for the vast majority of these countries the popular
contention that the U.S. has experienced a major loss of its degree of
competitiveness in the region is not supported by the data. What has
happened is something very different: the value -- both nominal and real --

of the U.S. exports to Latin America has declined quite severely since 1980.
This, however, has little to do with loss of aggregate competitiveness; it
is simply the result of the debt crisis and the accompanying monumental fall
in Latin America's total imports during the period. The region still gets
(approximately) the same proportion of its much reduced imports from the
U.S.A.

III.2.2 What Does Latin America Import from the U.S.?

In the preceding subsection we looked at aggregate imports share, and
found that in most cases the share of the dollar value of imports coming
from the U.S. have not exhibited a trend. In this subsection we deal with
the question "What do these countries import from the U.S.?" Tables 9
through 14 show, for six of the larger Latin American countries how their
imports from the U.S. were distributed across ten "categories", or sections
numbered from zero to 9, for years 1970 through 1983.[14] Each cell in each
of these tables indicate what proportion of that particular country's
imports from the U.S. correspond to that specific "category". Consequently,
except for rounding errors, these percentages should add up to one hundred
across each category for each year. These tables, constructed from data
provided by the U.N.s Economic Commission for Latin America (ECLA) also
contain the dollar value of total yearly imports for each country (column 1)
as well as total yearly imports from the U.S. (column 2).[15] Categories 0
through 9 correspond to the SITC one digit classification and are defined in
the following way:

- Category 0: Food Stuffs and Live Animals

- Category 1: Beverages and Tobacco

- Category 2: Raw Non-Food Materials, except Fuel

- Category 3: Fuel and related products

- Category 4: Oil, greases and waxes of vegetable and animal origins

- Category 5: Chemical products

- Category 6: Manufactured products

- Category 7: Machinery and transport equipment

- Category 8: Other manufactured goods

- Category 9: Other commodities

Two important patterns emerge from these tables. First, with almost no exceptions, the bulk of these country's imports from the U.S. have been concentrated throughout the period on the manufacturing sector (Categories 5, 6, 7 and 8) with capital goods (section 7) being in almost every country the most important single item.

Second, in spite of the dominating role of manufacturing, there is a clear decline through time in the relative importance of Category 7, in almost every country. At the same time Categories 0 (Foodstuffs and live animals) and 5 (Chemical) have increased their relative shares. This change in the composition of Latin American imports from the U.S., away from traditional labor intensive manufacturing industries and into natural resources and capital (including human capital) intensive products (including food, farm products, and chemicals), reflects a change in the U.S. pattern of comparative advantage, which has been observed for some years now. In fact, Leamer (1984) has recently shown that, according to the predictions of the Heckscher-Ohlin theory of international trade, the U.S. exports have shifted from being concentrated on relatively more labor abundant commodities to more capital and resources abundant product.[16]

III.2.3 U.S. and Foreign Competition: Disaggregated Trends

In subsection III.2.1 we looked at the Latin American aggregate imports and their distribution across countries of origin. Subsection III.2.2 dealt

with the question of "What do these countries import from the U.S.?" This section, tackles the equally important question of how are the Latin American import shares of different categories of imports distributed among the U.S. and other countries. Tables 15 through 18 provide disaggregated information on the distribution of imports for the 12 upper middle income and middle income Latin American countries for which these data are available. The disaggregation used here distinguishes between primary products and manufactured goods. These tables contain data for the years 1970, 1975, 1980, 1983 on the share of each of these categories that have been imported from: (a) the rest of Latin America and the Caribbean; (b) the U.S.; (c) Japan; (d) Rest (i.e., other than U.S. or Japan) of the OECD; (e) Soviet bloc (CAME); and (f) Rest of the World. In order to know whether a given share represents a low or high dollar value, on each of these tables data on the dollar value of imports of each category is also included (first column). These tables contain the most recent data available and have been constructed from raw information obtained from the U.N.'s Economic Commission for Latin America (CELA).[17]

The two commodities categories in these tables are defined in the following way.[18]

- Primary Products: Foodstuffs; live animals; beverages; tobacco; raw non-food materials except fuel; oil, greases and waxes of vegetable and animal origins (that is, Categories 0, 1, 2 and 4 as defined in subsection III.2.2 above).

- Manufactured Goods: Categories 5, 6, 7 and 8.

From these tables it is possible to detect some interesting common patterns. First, perhaps with the exception of intra-Latin American imports of manufactured goods, there are no drastic changes in the distribution of

imports between 1970 and 1983. A second interesting pattern is that in Argentina, Chile and Uruguay a majority of imports of primary products came for all these years, from other Latin American countries. Third, the increased importance of imports of primary products from the U.S. has been such that in Brazil, Mexico, Colombia, Peru, Nicaragua, El Salvador and Honduras the U.S. has displaced other Latin American and Caribbean countries as the main providers of this type of goods. Moreover, by 1983 most of these countries imported almost half of their primary products from the U.S.

The distribution of the imports of fuels has not been shown in these tables, but behaves as expected: The majority of the region's non-oil producing countries import most of the fuel from oil producer Latin American countries, with the rest of the world (mainly OPEC countries in this instance) also being important.

The data on manufacturing imports are particularly interesting. They show that in the majority of the cases the OECD as a whole (U.S., Japan and the rest of OECD) lost ground to competitors from the south, and in parti- cular to other Latin American suppliers.[19] As can be seen from Tables 17 and 18 imports from other Latin American and Caribbean countries have increased very significantly. Although Japan has in many cases made import- ant progress, its presence in the region is far from overwhelming. Moreover in many countries the share of Japanese manufactured imports in 1983 was substantially lower than its 1980 or even 1975 share (i.e., Argentina, Chile, Mexico, Uruguay, Venezuela, Paraguay, Guatemala, Ecuador, Nicaragua, El Salvador, Honduras and Bolivia). With regard to the U.S., in many of the countries there is a decline in the share of manufactured imports. A major exception to this, however, is Mexico.

III.2.4 Imports From the U.S.: Further Disaggregation

The preceding discussion showed that although most of the LA's imports from the U.S. are still manufactured goods, in the more recent years the share of this type of goods has been declining. Moreover, it was also shown that this relative drop in manufactured imports has been offset by a substantial increase in imports of foodstuffs from the U.S. In this subsection we look at the issue of the evolution of the U.S. import shares in further detail. Tables 19 through 24 present information on the share of U.S. imports for each of the ten categories for the larger six countries, for the years 1970 through 1983. This information allows us to look at what is behind the more aggregated data on "Primary Products," "Manufactures" in Tables 15, 16, 17 and 18. Each cell in Tables 19-24 refer to the fraction of that country's imports that come from the U.S. in that particular year. Consequently they don't have to add up to one either horizontally or vertically. Figures 4 through 17 depict the evolution of the U.S. import shares for the four categories that constitute the manufacture sector (Categories 5, 6, 7 and 8).

IV. Latin American Exports and Protectionism in the Industrialized Countries

In this section we deal with the behavior of exports in Latin America during the last 15 years or so. As already noted, after the 1982 debt crisis most Latin American countries implemented major adjustment programs aimed at reducing the magnitude of their balance of payments problems. In the majority of cases these adjustment efforts have been largely successful; in fact, as documented in Section 3 above in most countries both the current account and trade balances have experienced drastic improvements between 1980 and 1985. However, a fact many times overlooked is that for the region

as a whole more than 100% of the improved external situation has been the consequence of the decline in imports; in many cases exports have even declined in real terms between 1980 and 1985. For example, for the 14 countries in Table 2 real value of imports declined in 45% between 1980 and 1985 when the U.S. WPI is used as the relevant price index. On the other hand, for the 13 countries for which there are data, the total real value of exports declined by almost 10% during the same period.[20] Of course, in those countries where the real value of exports dropped, this was in part the result of the fall in prices of many of their countries principle exports. The extent of this decline in relative export prices is captured in Table 25 on the evolution of the terms of trade.

There is little doubt that a definitive solution to the current Latin America pressing economic problems, and the reassumption of growth in the region will require a significant increase in exports.[21] Moreover, only to the extent that exports exhibit significant growth in the next few years will the region be able to increase its imports.[22] A crucial question, then, is what and to whom will Latin American export in the next decade or so. The analysis that follows aims at providing some information that will help answer this important question.

IV.1 The Destination of Latin American Exports

Table 26 contains data on the regional distribution of aggregate exports for our 16 countries for 1970 through 1983. Table 27 and 20, on the other hand, contains more disaggregated data on the sectoral distribution of exports destination for the 16 countries. Finally, Tables 29 through 34 provide information at the individual country level on the distribution of exports destination of primary products and manufactured goods.[23]

A number of interesting things emerge from these tables. First at the aggregate level for the region as a whole (i.e., the 16 countries) there is a decline in the proportion of exports going to the OECD. Exports to the U.S., however, have not exhibited that much of a trend. It is also clear from these tables that intra Latin American exports declined in a quite substantial way in 1982 and 1983. Finally, another interesting trend captured in Table 26 is the steady increase in Latin America's exports going to Rest (i.e., non-Japan) of Asia and the Soviet bloc countries.

The data in Tables 27 and 28 show an interesting pattern in the evolution of the composition of regional exports. First, exports of food-stuffs and agricultural products (Section 0) have declined steadily through-out the period. Second, exports of fuel increased in importance both as a result of the increases in the price of oil and of the increased gas and oil production in the region. Third, manufactured exports corresponding to sections 5 (chemicals), 8 (various manufactured products) and 7 (machinery and transportation equipment) experienced an important increase. This trend is captured in an even cleaner way in Table 28 that excludes full fuel: whereas in 1970 Sections 5, 7 and 8 represented no more than 8 percent of nonfuel exports, in 1983 they accounted for 23 percent. Fourth, these data also show that Section 6 manufactures have approximately retained their relative importance accounting for around 19 percent of nonfuel exports. The disaggregated information on the destination of exports in Tables 29 through 34 shows that in the majority of the cases exports of primary products go to the OECD.

Table 32 shows that proportion of the larger countries' exports of manufactured goods that go to the U.S. has increased through time. In most cases this higher share of exports to the U.S. has come out of declining

shares of exports to the rest of Latin America.

Table 35 contains data at an even more disaggregated level on the percentage distribution of the 16 countries exports to the U.S. For each year this table gives information on how Latin American exports to the U.S. are distributed across the 10 one-digit section of the SITC (see Section III for a detailed definition of these categories). By and large, this table confirms the patterns observed for total disaggregated exports reported in Table 28. First, the relative importance of food product exports (section 0) has declined steadily during the period. This, of course, is nothing but another reflection of the changing pattern of comparative advantages discussed above. As the production of food has become more capital intensive, the industrial countries and in particular the U.S., have tended to produce and export more and more food, while the poorer countries have exported less and less of it (Leamer, 1984).[24]

IV.2 Protectionism in the Industrial Nations and the Future Evolution of Latin American Exports

While most Latin American nations have been going through almost heroic efforts aimed at improving their external balance, the industrial countries have been invaded with protectionist sentiments. In fact, already in the past few years the industrial countries have used a series of nontariff mechanisms to impede a freer flow of Latin American goods. According to the GATT (1984) industrial countries currently use more than forty nontariff measures to impede international flows of commodities.[25]

A few authors have dealt with the issue of nontariff barriers, analyzing the extent of these practices, their coverage across countries and products, and their evolution through time.[26] For example, in a comprehensive recent study Nogue's et al. (1986b) analyzed the use of nontariff

barriers in 16 industrialized countries.[27] For the purpose of their analysis they defined the following practices as nontariff barriers: prohibitions, quotas, discretionary import authorization, conditional import authorizations, "voluntary" export restraints, variable levies, minimum price systems, "voluntary" price restraints, tariff-quotas, seasonal tariffs, price and volume investigations, and antidumping and counterveiling duties. Table 36 contains data on an index of the coverage of these nontariff barriers, defined as the proportion of these countries imports of a particular product that are subject to the NTBs.[28] As can be seen, the coverage of this type of impediments is quite broad, affecting more than one-fourth of all these countries imports, with textiles being the industry most severely affected. An important question is whether imports from all countries or regions are affected in the same way by the NTCs: As can be seen in Table 37, this is not the case; imports from the developing world are more severely affected by this type of "semi-disguised" protectionism than those from the industrialized world.

Once the effects of the NTBs are taken into account the degree of protection the industrialized countries grant to some product can be quite remarkable. Table 38, for example, provides estimates of the total average rate of protection to which some Argentinian and Brazilian exports to the EEC, Japan and the U.S. were subject in 1980. These figures are in many ways staggering, indicating that in many cases the NTBs more than double the tariff protection.

What is even more serious is that the existing evidence clearly indicates a slow but steady increase in the degree of coverage of the NTBs. For example Nogues et al. (1986)found that the NTBs coverage for all goods and their 16 industrial countries increased by 1.5 percentage points between

1981 and 1983. To the extent that these NTBs increase, or even if they are maintained at their current level, it will become very difficult if not plainly impossible, for the Latin American countries to increase their exports at the rate required to solve the current debt crisis. While the main responsibility for increasing exports rests with the Latin American countries, their efforts, no matter how serious, can be easily frustrated by the protectionist policies of the industrialized world.[29]

V. Commercial Policies, Protectionism, and Latin American Trade

V.1 Historical Perspective

As noted in Section II, during the 1940s most of the Latin American countries embarked on ambitious industrialization programs based on an import substitution development strategy. This inward looking development program was based on the idea that small developing economies would only grow sufficiently rapidly if they were able to develop a large and diversified industrial sector. This, in turn, could only be achieved if sufficiently high protection in the form of import tariffs or quotas was granted to the incipient domestic industries. Most proponents of the import substitution strategy also pointed out that the high degree of protection would only be necessary as a temporary measure; after an initial learning period these "infant industries" would move into their "adolescence," and would not require tariffs (Prebish, 1984). Reality, however, showed this view to be wrong. In a way protectionism became a semi-permanent feature of the Latin American economies.

During the first years of the industrialization processes, in a number of the larger countries important heavy industries were created, as the bases for a manufacturing sector were set. However, alongside with the

industrialization process an impressive array of restrictions, controls and often contradictory regulations evolved. It was, in fact, thanks to these import restrictions that many of the domestic industries were able to survive. For example, a number of comparative studies have indicated that some of the Latin American countries (i.e., Chile) had for a long time one of the highest, and more variable, structures of protection in the developing world (Balassa 1971). As a consequence, many (if not most) of the industries created under the import substitution strategy were quite inefficient. In an empirical study directed by Krueger (1980), it was found that in Colombia, Chile and Uruguay this inward looking strategy resulted in the use of very capital intensive techniques, which hampered the creation of employment, among other inefficiencies.

As in most historical cases, the Latin American import substitution strategy was accompanied by an acute overvalued domestic currency which precluded the development of a vigorous non-traditional export sector. In particular in many of these countries the agricultural sector was seriously harmed by the real exchange rate overvaluation. In fact in many cases the lagging of agriculture became one of the most noticeable symptoms of Latin America's economic problems of the 1960s. During the early and mid-1960s the import substitution strategy began to run out of steam. At that time most of the easy and obvious substitutions of imported goods had already taken place, and the process was rapidly becoming less dynamic (Furtado 1969).

Starting in the late 1960s, and during most of the 1970s, most countries made important movements towards rationalizing their external sectors via the reduction in coverage of quantitative restrictions, and reduction in the average level of tariffs. In many cases these liberaliza-

tion efforts were accompanied by active policies aimed at promoting exports. In a number of countries these export promotion schemes were based on an active management of the nominal exchange rate, aimed at avoiding overvaluation, and thus help maintain a steady growth in exports.

The Colombian experience is particularly interesting. After decades of an almost chaotic external sector policy -- where exchange rate crises were the norm rather than the exception -- in 1967 the Colombian government implemented a series of measures aimed at encouraging exports and at reducing the extent of protectionism regarding imports. The exchange rate was devalued significantly and a crawling peg system based on periodic adjustments of the nominal exchange rate was adopted. At the same time the percentage of commodities subject to prior import licensing was drastically reduced, as were the average levels of tariffs. The exchange rate and import liberalization policies were supplemented with a dynamic export subsidies scheme (the so-called CATs). The Colombian experience was in many ways a big success. Exports soared, new efficient industries were developed and the external sector stayed extremely healthy, to the extent that Colombia was the only country among the large and medium Latin American nations not affected in a traumatic way by the debt crisis.[30]

Undoubtedly, the most ambitious attempts to liberalize the external sector took place in the Southern Cone during the late 1970s. Starting around 1975 Argentina, Chile and Uruguay embarked on major programs to reform their economies. These cases were particularly interesting since the reforms implemented corresponded closely to what many economists have been advocating for a long time: quantitative restrictions on trade were eliminated, tariff levels and dispersion were reduced, domestic capital markets were developed, and restrictions on international capital movements were

lifted. The main objective of these reforms was to transform these countries into open export-oriented economies.

A decade after these reforms were first implemented, the evidence indicates that they were to a large extent failures. In all three countries the liberalization reforms have been partially reversed. Tariffs have been raised, so that these economies are tending once again to become less integrated to the rest of the world. Severe financial crises resulted in the collapse and virtual nationalization of the banking sectors. Although this is still an area of debate, it is possible to argue that the failure of these liberalizations was, to a large extent (but not exclusively) due to the implementation of inappropriate macroeconomic policies, including wage rate and exchange rate policies. Also, the way in which the financial reforms were implemented -- with little or no supervision on behalf of the authorities -- played an important role in the final disappointing outcome.

A major indirect negative effect of the failure of the Southern Cone experiences is that they have generated an extremely bad press for import liberalization and market-oriented policies in the rest of the region. The collapse of these economies, the financial scandals, and the reversal of the policies have given ammunition to those who, on political or other grounds, oppose economic liberalization and tariff reform as a development strategy.

V.2 Tariffs and "True Protection"

Table 39 contains data on nominal and effective import rates for selected Latin American countries.[31] Although these data refer to only a handful of countries, and in some cases to quite a few years back, they do give a flavor on the extent and evolution of protectionism in the region. First, the effective rates of protection (or protection to value added) are extremely high. This is especially the case in the 1960s and 1970s.

Second, for the cases of Argentina, Chile, Colombia, Peru and Uruguay these figures reflect quite vividly the move towards tariff liberalization that took place towards the late 1970s and early 1980s.

What is not reflected in this table, however, is the post-debt crisis (i.e., post 1982) generalized movement towards greater protection in the region. As these countries were forced to reduce imports, and improve their external balance, they hiked their tariffs in a fairly significant way and imposed other forms of import controls. Even Chile, under the super-open economy approach of Pinochet responded to the crisis by (temporarily?) increasing tariffs by more than 50% in 1983.[32]

Tariffs, of course, constitute only one form of protection, and countries in fact use a large number of other mechanisms to introduce de facto wedges between domestic and world prices. As discussed in Section III above, nontariff barriers can take many different forms ranging from prior-deposits to outright quotas. The history of nontariff barriers in Latin America is long and quite generalized. As a number of authors have pointed out, import licenses, prior import deposits, and quotas have been quite generalized in these countries. Not surprisingly the use of nontariff barriers mechanism increased significantly after the debt crisis.[33] In Colombia, for example, the proportion of imports subject to an import license increased from 47% in 1980 to 66% in 1983.[34]

Unfortunately the data available on NTBs in the developing countries, and in particular in Latin America are exceedingly sketchy. In fact, as far as this author knows it is not possible to find for Latin America data on the coverage of NTBs, which would be equivalent to that presented in Section IV above. However, a recent study by ALADI provides some indication of the coverage of two forms of NTBs: outright prohibitions and prior import

licenses. Table 40 summarizes these data. As can be seen from this table NTBs in Latin America are as prevalent, if not more, than in the developed countries.

Multiple exchange rates are another mechanism used quite extensively by the Latin American nations to impede trade flows. Interestingly enough, studies on NTBs have not focused on this protective tool. In Section VI below, however, we analyze in quite a bit of detail the way their work and their importance in Latin America.

The lack of reliable data on NTBs has generally frustrated analysts that have tried to assess with some degree of rigor the extent of protection in the developing world. For this reason in a recent massive cross country study undertaken at the World Bank, an effort to construct subjective "indexes of liberalization" was made. These indexes are supposed to capture the extent of trade impediments, including tariffs and other NTBs. They are subjective, in the sense that they don't combine actual objective measures. Although there are some shortcomings related to this subjectivity, including the nonverifiability and noncomparability across countries, their construction has been extremely useful, helping understand the evolution of "true protectionism" in some of these countries. For the five Latin American nations included among the 18 countries covered by the study, the indexes reflect both the protectionist history of these countries, as well as the efforts toward liberalization implemented in the late 1970s and early 1980s (see Michaely, Papageorgion and Choksi, 1986).

VI. Latin America's Exchange Rate Policies and the External Sector

The purpose of this section is to briefly analyze the exchange rate policies of the Latin American countries, placing especial emphasis on two

issues: (a) real exchange rate overvaluation, and (b) the protective role of multiple and parallel (or black) market exchange rates. The evolution of the external sector can be affected in several ways by the evolution of the real exchange rate.[35] For example, real exchange rate misalignment, and especially an overvalued real exchange rate greatly harms export performance (and in particular nontraditional exports), and encourages capital flight. On the other hand a highly volatile real exchange rate enhances uncertainty tending to reduce and even mislocate investment.[36]

VI.1 Exchange Rate Policies, The Dollar and Real Exchange Rates

During the last 13 years or so the Latin American countries have followed the most diverse nominal exchange rate policies, including fixed to the dollar, crawling peg (i.e., periodic adjustments approximately determined by differential between domestic and world inflation), periodic devaluations, preannounced declining rate of nominal devaluation and so on. Surprisingly perhaps, in spite of these different policies, during the late 1970s and early 1980s a large number of countries experienced significant real appreciations, which led to acute overvaluation of their currencies.[37]

In general, it is possible to single out three main causes for these fairly generalized movements toward real appreciation: (1) many of these countries pursued expansive monetary and fiscal policies that became incompatible with the nominal exchange rate regime chosen (i.e., Mexico, Peru, Argentina). In this case, the loose macropolicies result in expansions of aggregate demand which exercise upward pressure on domestic prices. As prices increased at a rate higher than the nominal rate of devaluation (which under fixed nominal rates is zero), the real exchange rate appreciated and the country's exports became less competitive in international markets. (2) A second cause for real appreciation, which affected mainly

the Southern Cone countries, was the adoption of preannounced declining

devaluation schedules, which started at rates below the ongoing rate of

inflation (i.e., the "Tablitas"). The combination of these tablitas with

other policies such as backward wage indexation in Chile and relaxation of

capital controls in Argentina, Chile and Uruguay conspired to generate

significant real appreciations in these three countries.[38]   (3) A final and

important factor that contributed to the loss in the region's competitive-

ness was the significant appreciation of the dollar in international

financial markets between 1980 and 1985. Most of the Latin American

countries either peg their nominal exchange rate to the U.S. dollar or use

the dollar as a term of reference to conduct their exchange rate policy.

Consequently, as the dollar appreciated in the international financial

markets with respect to other industrial countries' currencies, so did most

of the Latin American currencies.[39]

Figures 4 through 7 depict the behavior of two indexes of real exchange

rate behavior for Brazil, Chile, El Salvador, Paraguay, Peru and Mexico.

These indexes were constructed using quarterly data and in most cases cover

up to mid-1983 or early 1984. The average for 1980 is equal to 100.[40] In

these diagrams an increase in the indexes reflect real depreciation, while a

decline in the index denotes real appreciation on loss of international

competitiveness. The first index is the traditional bilateral real exchange

rate computed with respect to the U.S. dollar, and is called "off bilateral"

in the diagrams. The second index, called "off.multilateral" was construc-

ted taking into account, for each country, the changes in international

competitiveness relative to a group of its ten most important trade

partners. In this way this multilateral real exchange rate index is able to

take into account the way in which fluctuations among the partners exchange

rates affect international competitiveness.

These diagrams neatly reflect some of the features of real exchange behavior discussed above. First in all countries we observe that in the mid- to late 1970s a process of real appreciation, which entailed a reduction in the countries degree of international competitiveness, took place. While in some cases this declining trend in the RER was reversed in the early 1980s (Brazil, Chile, Peru, Mexico) via nominal devaluations, in others (Paraguay, El Salvador) it continued until at least 1984. These diagrams also reflect in a nice way the differences between bilateral and multilateral real exchange rates, as well as the effects of the dollar appreciation in the first half of the 1980s. Notice that in all countries after 1980 the multilateral index declines (i.e., appreciates) much faster than the bilateral rate, indicating that the degree of "true" overvaluation -- which takes into account changes in the degree of competitiveness relative to all trade partners -- was much greater than that computed with respect to the U.S. dollar only.

VI.2 Multiple Exchange Rates, Parallel Markets and Protectionism in Latin America

In many cases non-unified exchange rates play an important protective role. To the extent that two types of international transactions are subject to different rates of exchange, a wedge between their prices, that acts in the same way as a tax will be imposed.[41] Moreover, multiple exchange rates for commercial transactions, will have an effect equivalent to import tariffs (or export tax), since the domestic public will have to pay a higher price for those imports subject to a higher exchange rate.

It is important to note that in order for the exchange rate system to play a protective role, it is not necessary that the authorities officially

adopt multiple rates. In fact, a parallel market for foreign exchange will most times also have a protective effect. Generally speaking in many cases marginal imports will be brought into the country at the higher parallel market (or free) exchange rate.[42]

The Latin American countries have had a long tradition with multiple exchange rates. In many cases -- as in Argentina and Colombia for example -- a lower rate has been applied to traditional exports as an implicit way of taxing them. Also, in most countries, and for long periods of time, different rates have been applied to commercial and financial transactions. Perhaps the most extreme case is that of Chile in 1972, when 15 different "official" exchange rates were in effect.

In fact in the 1980s multiple rates have become such so common place, that in 1983 all but 3 of the Latin American countries for which there are data had two or more official exchange rates. Table 41 presents a summary on the role of multiple rates. Two interesting facts emerge from this table. First, while in many of these countries multiple rates have been a long term feature (Argentina, Colombia, Paraguay, Ecuador), in many others they have only made an appearance (or reappearance) in the early 1980s, usually as part of the packages aimed at dealing with the debt and economic crisis (i.e., Chile, Venezuela, Dominican Republic). This table, as well as the significant parallel market premia observed in many of these countries indicate that the extent of protection in Latin America is generally higher than what data on tariffs, or even import licenses and quotas would suggest.

VII. Direct Foreign Investment in Latin America

For many years now direct foreign investment has been a controversial issue in Latin America. Most countries in the region have carefully regu-

lated the conditions under which direct foreign investment can take place, and have determined with even greater care regulations that govern profits repatriations, reinvestment, transfer pricing and so on. Moreover, in a number of countries regulations establish a time limit after which any foreign investment should be "nationalized", with at least 51% of the equity belonging to locals. Perhaps the most severe of these regulations regarding direct foreign investment was contained in Article 24 of the Cartagena Agreement which governed the functioning of the Andean Pact.[43] According to this regulation any foreign investment had to be nationalized before 15 years.

Latin America's attitude towards foreign investment has in many instances been discriminatory and sector specific; while direct foreign investment is welcomed in some sectors it is completely kept out of other so-called "strategic areas". Good examples of this type of policy are the Brazilian and Mexican rejections of recent proposals to develop U.S. owned computer manufactures in those countries.[44] Also the incorporation in the Chilean constitution of the state ownership of all major copper (and other) mines is quite striking.[45]

In spite of the "suspicious" attitude with which many of the Latin American countries have faced the subject, the direct foreign investment in the region has continued to be quite substantial, with the U.S. being the principal actor. Table 42 contains the latest available data on the accumulated value of direct foreign investment in Latin America by country of origin. Although these data -- as much of the information on direct foreign investment in the region -- are highly incomplete, they reflect two interesting facts. First, the U.S. has a very dominant role in the area. Second, as far as this information can tell, the relative importance of the

U.S. declined between 1976 and 1981. In fact according to the data the U.S. share in the accumulated value of foreign direct investment fluctuated around 63-64 percent between 1967 and 1978; in 1981 the last year for which there are data, this share was only 54 percent.

Table 43 contains data on the distribution of the U.S. accumulated investment in Latin America by sector. In addition, Tables 44 and 45 provide information on the flow of direct investment by the U.S. into Latin America for 1982-84. In Table 44 the data are organized by host country, while in Table 45 it refers to sector of destination. Several things stand out from these tables. First, between 1982 and 1984 there was no change in the value of U.S. investments in the region. Second, 1983 was a year of a fairly important net disinvestment. Third, this net disinvestment was almost exclusively concentrated in Venezuela (Table 44) and corresponded mainly to manufacture sector investments. Fourth, in 1984 there was a net positive investment of almost the same value as the drop of 1983. However, the geographical, as well as sector composition changed quite drastically. While investments in Venezuela were minimum in 1984, they surged in Brazil. Also, oil saw a big dip in 1984, with manufactures and commerce experiencing important increases.

Undoubtedly, the economic and political uncertainties of the last few years in Latin America have dictated the relative stagnation of U.S. investment flows into the region. On the other hand the existence of abundant natural resources and of substantial labor cost differentials still makes the region a very attractive place for U.S. and other multinationals to locate. For example, the data in Figure 8 suggests that the relative differential between U.S. and local labor costs has widened since the mid-1970s.[46]

In the aftermath of the debt crisis, direct foreign investment will probably become very important for the Latin American countries. It is clear that for a number of years to come the region will not be able to obtain abundant (or even meager) funds from the international banking community, nor from the flotation of bonds. Consequently, additional funds to finance increased capital accumulation and the resumption of growth will have to come from other sources. Of course, the natural alternative sources of funds to finance investment are: (a) increased domestic savings (both private and public); (b) reversal of the massive capital flight that took place in the early 1980s;[47] (c) increased funds obtained from multilateral organizations such as the World Bank and the Interamerican Development Bank; and (d) increased direct investment.

Whether these potential sources of additional foreign funds will actually become available will depend on a series of factors, including the countries domestic policies. It is clear, however, that with respect to direct foreign investment, substantial increases in the flow of funds will require fairly creative policies by the Latin American countries, that would encourage these additional funds from abroad, while at the same time would allow these countries to maintain their main development and "national objectives". In that regard, an interesting possibility would be to link any efforts to attract new direct foreign investment to the opening up of the "services sector". Notice, for example, from Table 43 that in 1984 the U.S. accumulated direct investment in the commercial banks, and finance, insurance and real estate sectors was only 11.9% of the total of these investments.[48]

VIII. <u>Concluding Remarks</u>

In this paper we have analyzed in detail a number of different aspects related to the evolution and recent behavior of the U.S. trade relations with the Latin American countries. In this section we wrap up the analysis by summarizing our findings and by discussing the possible future evolution of the U.S.-Latin American trade relations. The main conclusions of this study are the following:

(1) When market import shares (computed U.S. dollar values of imports) are used as an indicator of competitiveness, there is no evidence of a loss in the U.S. degree of competitiveness in Latin America in the last 15 years or so. In fact, the statistical analysis of the existing empirical evidence shows that there has been no significant change in the U.S. share of the aggregate Latin American imports markets since 1970.

(2) At the individual country level, however, there have been some changes. In 9 countries the U.S. share of imports has not changed significantly, in two it has increased, while in 5, including Nicaragua, there has been a decline.

(3) Although at the overall aggregate level, there have been no significant changes in the degree of U.S. competitiveness in Latin America, there have been substantial changes in what the U.S. exports to these count- ries. There has been a very important increase in Latin American imports of primary products and of chemicals from the U.S., with a decline in imports of other (traditional) manufactured goods. Thus, there has been an increase in the "degree of competitiveness" of U.S. primary products and chemicals in Latin America, accompanied with a loss in competitiveness of traditional manufacturing sectors.

(4) Although the share of the U.S. in total Latin American imports has not changed, the (real) dollar value of U.S. exports to the region has

declined very significantly in the last 3 or 4 years. This is because, as a result of the debt crisis, every country in the region has gone through major -- and in some cases highly innovative -- adjustment programs, which have resulted in very important reductions in total imports. For the region as a whole the _real_ value of aggregate imports declined by more than 45 percent between 1980 and 1985.

(5) The reduction in the real value of Latin America's imports in the last years was a result of the contractionary demand policies implemented in many countries, of important (real) exchange rate adjustments, and of the imposition in many cases of fairly massive import controls. These import controls -- which take many forms, including higher tariffs, more general- ized NTBs, multiple exchange rates, and parallel exchange rates -- mark an important turn from a liberalizing trend observed, since the mid-1970s in most countries in the region. It is clear that this mode of Latin American adjustment is not sustainable in the long run. The resumption of growth will require a rationalization of the external sector, increase in imports and in exports.

(6) In terms of foreign competition, Japan has not experienced any significant increases in its presence in the Latin American imports market. At the manufactured goods level the drop in the U.S. share has been picked up by other NICs (i.e., Korea, Taiwan) and especially by intra-Latin American trade. In fact, CEPAL/ECLA projects a substantial increase in overall intraregional trade for the next years.[49] For example, in July of 1986 CEPAL/ECLA projected that the share of intra-Aladi imports would increase from 16% in 1985 to 18.6% in 1990 and to 22.2 in 1994. Naturally, if this happens other countries shares, including the U.S.'s, would decline. Although we cannot discard ECLA's projections lightly, their numbers are

possibly on the high side, since they are based on the (fairly unlikely) assumption of "desdollarization" of the interregional trade.

(7) A remarkable fact, and surprisingly not widely known, is that practically all of the recent adjustment has come through a reduction in imports, with the real value of exports having declined in many of these countries, mainly as a result of the reduction of prices of commodity exports.

(8) There is little doubt that the recovery of the Latin American economy will require an increase in exports and a rationalization of these nations import sector, via reduced protection and increased efficiency. This rationalization and easing of the current high levels of import restrictions will probably come about slowly, and it is highly likely that these countries will proceed cautiously avoiding this time around, the errors and mistakes of the recent Southern Cone liberalization. In that regard, special care will be placed on avoiding exchange rate overvaluation.

(9) A sustained increase in Latin America's exports -- which is, of course, a prerequisite for an increase in its imports -- requires a number of conditions. First, there has to be a steady increase in the demand for these goods by the developed world. In fact, it has been recently estimated that an average increase in industrial countries GDP of approximately 3% per annum will be "required" during the next years (Balassa, et al. 1986). (b) Increased efficiency in the regional productive process. This could be achieved via a generalized increase in efficiency, including the rational- ization of the external sector. (c) Avoiding real exchange rate overvaluation and (d) More important, it is absolutely crucial that the current protectionist trend in the industrial countries is reversed.

(10) The data presented in this paper indicate that at this time the extent of nontariff barriers, as a form of protection in the industrial countries, is very significant. Moreover, the data show that these NTBs are particularly important for goods originating in the developing nations, and that their tariff equivalents are in many cases very significant.

(11) Although the U.S. is still the most important country regarding direct investment in Latin America, its relative importance has declined in the recent years. Since 1981 the accumulated value of U.S. investment in Latin America did not change. However its sectoral and geographical composition did change, with oil and commerce being negatively affected. Both from a point of view of resources and labor costs, Latin America continues to be an attractive region for foreign investors. Moreover, in the aftermath of the debt crisis, direct foreign investment has become one of the few possible sources of foreign funds to finance capital accumulation and growth in the region. Whether significant investments will in fact materialize will depend on expected economic and political stability, and on innovative changes in local regulations.

To sum up, then, the evidence examined in this paper suggests that the U.S. overall competitive position in Latin America has not changed significantly in the last 15 years or so. At the sectoral level, however, the composition of U.S. exports to Latin America has changed, reflecting a changing pattern of U.S. comparative advantage: chemicals and primary products have increased their shares with traditional manufactures hurting. Foreign competition in Latin America is not coming from Japan but from other NICs, and more importantly from intra-Latin American trade. As a result of the debt crisis the value of Latin American imports has greatly declined, bringing down with it the value of U.S. exports to the region. As imports

recover, and move towards their peak (real) value, the U.S. will also increase its exports to the region. A crucial point here is how will the recovery of imports be financed? The answer is that possibly, in part by higher exports -- this in turn requires steady growth in the industrial world and an end to the protectionist mood -- and partially through new funds that will possibly be made available by increased direct foreign investment. Naturally this increased foreign investment will only be possible if existing legislation and regulations are reformed in an innovative way.

Footnotes

[1]These are the countries for which disaggregated data on directions of trade are available.

[2]On the evolution of Latin America's external sector see, for example, Furtado (1969). On Latin America and the great depression see Diaz Alejandro (1982, 1983) and Madison (1985). On the development strategies in Latin America, see Corbo (1986).

[3]See, for example, the discussion in Furtado (1969).

[4]See Blejer (1984).

[5]On the Southern Cone see, for example, Calvo (1986), Corbo (1985), Hanson and de Melo (1985), Edwards (1985) and Edwards and Edwards (1987).

[6]An important issue refers to which external price index should be used to compute the evolution of the real value of imports and exports. The figure quoted above was calculated using the U.S. CPI. If instead the wholesale price index for the industrialized countries as a whole, as

computed by the IMF, is used, Latin American imports declined by 49% on real terms between 1980 and 1985.

[7] In some of these countries imports had also grown at a fantastically high pace between 1975 and 1980 (i.e., the Southern Cone Countries). Notice, however, for the 14 countries as a whole, the real value of imports grew at a slower rate during 1975-80 than in the period 1965-75.

[8] It should be noted, however, that for the trade-GDP and the import-GDP ratios exhibit quite a bit of fluctuation from year-to-year. In order to get a sense of the general trend in the degree of openness, regressions of the log of both of these indexes on time were run for period 1960-83. The results, available from the author on request, show that in the great majority of these countries openness increased during this period.

[9] The decline of the trade ratio, however, is less marked than that of the imports ratio. The reason for this is that as a result of the adjustment program in some of these countries exports increased during the period.

[10] On the constant market-share criterion for assessing the degree of international competitiveness see Leamer and Stern (1970).

[11] This can be illustrated using the following example. Assume that a particular Latin American country imports goods from the U.S. and the rest of the world. The _quantities_ imported are M^{US} and M^R respectively. The price of imports from the U.S. is P^{US}, while the price of imports from R, expressed in U.S. dollars, is EP^R, where E is the nominal exchange rate between the U.S. and the rest, and P^R is the price of M^R in the rest of the world currency. Out market share then is equal to $s = =[P^{US}M^{US}/(P^{US}M^{US}$

$+ P^R EM^R]$. This can be rewritten as: $s = \{M^{US}/(M^{US} + (EP^R/P^{US})M^R)\}$ Notice that (EP^R/P^{US}) is the real value of the dollar. Clearly, then, even if M^{US} and M^R -- the quantities imported -- remain constant, changes in (EP^R/P^{US}) will affect s.

[12]In Argentina, Chile, Venezuela, Peru, and El Salvador the U.S. share exhibited a slight increase between 1977 and 1982; in Brazil, Paraguay and Nicaragua there was somewhat of a decline during the same period. In the other countries the U.S. share fluctuated around a fairly stable value during 1977-81.

[13]The coefficient for the time trend turned out to be -0.004 with a t-statistic of -1.2. In fact, Nicaragua is the only country with a signifi-cant increase in imports from the Soviet bloc during the 1980s.

[14]Due to space considerations, detailed data for the rest of the countries are not provided here. However, these data are available from the author on request.

[15]Given the different sources (IMF and ECLA) there are some (minor) divergences between these figures and those in Tables 2.1 through 2.4. See CEPAL Origen y Destino del Comercio Exterior de los Paises de la Asociacion Latinoamericana de Integracion y del Mercado Comun Centroamericano, Cuadernos Estdisticos de la CAPAL 9, Santiago, Chile, 1985 and "Origen y Destino del Comercio Exterior en 1983," CEPAL, Santiago Chile, 28 August 1986.

[16]The Heckscher-Ohlin theory predicts that, in general, a country will tend to export those goods whose production process is intensive in the factor that the country has a relative abundance (see Leamer (1984)).

Notice that Leamer's study covers only up to 1975. The data presented here,

then, confirms that Leamer's results are also valid for the more recent period.

[17]See "Origen y Destino del Comercio Exterior, 1983,", CEPAL, Santiago

de Chile, 28 August 1986 (LC.L. 395).

[18]This classification corresponds to ECLA.

[19]This of course is consistent with the shift in U.S. comparative

advantage detected above and documented in Section III.2.2.

[20]Not in every country, however, did the real value of exports declined

during this period. In Brazil, Ecuador and Mexico, for example, the real

value of exports was significantly higher in 1985 than in 1980. In both

cases the real values of imports and exports were computed using the data in

Tables 2 and 3 and the U.S. WPI as a price deflator for the nominal dollar

values. If, however, the wholesale price index for the industrialized

countries as a whole is used as the deflator, real exports of these 13

countries have declined by almost 18 percent.

[21]For a comprehensive discussion on the role of exports in the recovery

of Latin America see the analysis in Balassa, Bueno, Kuczynski and Sirvansan

(1986). Even in those quarters where there has traditionally been

skepticism regarding the role of trade, there is now agreement on the

importance of exports expansion in the next decade or so.

[22]See, however, Section VII below for a discussion on alternative

possible sources of financing of new imports.

[23]As in the case of imports these shares have been computed by dividing the dollar value of exports to a particular country by the total dollar value of exports.

[24]A second interesting regularity from Table 4.11 is the relative importance of fuels exports (category 3) increased very dramatically during the period. This rapid growth, of course reflects both increases in the prices of oil prices (notice for example the jump of this share in 1979) and in oil production. Naturally, the recent decline in the price of oil has had the opposite effect on these shares.

[25]See GATT "Report of the Group on Quantitative Restrictions and Other Non-Tariff Measures," Geneva, 1984.

[26]See Balassa and Balassa (1984), Cline (1985), Jones (1983) and Nogues, Olechowski and Winters (1986a,b).

[27]Denmark, France, Germany, Greece, Ireland, Italy, Netherlands, U.K., Australia, Austria, Finland, Japan, Norway, Switzerland, and the U.S.

[28]Since the numerator in this index is _actual_ imports, its value will tend to be biased downward. For this reason Nogues et al. construct alternative indexes, which is pretty much the same story as that presented here.

[29]In fact, in their recent blueprint for Latin American recovery Balassa et al. (1986) stress that it is crucial that the industrialized countries avoid any new import protection or export subsidization, "indeed [what is required is] a renewal of trade liberalization" (p. 34). In that regard it should be noted that the U.S. 1984 Trade and Tariff Act allows for the possibility of implementing a series of protectionist measures. For an

analysis of the act from a Latin American perspective see Rodriguez Mendoza (1986).

[30]Of course, the coffee boom of 1975-79 and the boom in illegal drug-related trade also helped. On coffee and the Colombian economy see Edwards (1986a). On the Colombian external sector see Diaz Alejandro (1976) and Thomas (1986).

[31]The effective rate of protection is a measure of the relative degree of inefficiency of domestic production relative to international production. A positive value means that domestic value added for that particular activity exceeds value added at international prices. The effective tariff for good i (r_i) is computed as $r_i = (t_i - \Sigma a_{ij} t_j)/(1 - \Sigma a_{ij})$, where t_i is the nominal tariff, a_{ij} is the input/output coefficient between input j and good i, and t_j is the nominal tariff on input j. Notice that if the good and __all__ inputs have the same nominal tariff, then the effective and nominal rates of protection are the same ($r_i = t_i$).

[32]See Edwards and Edwards (1987, pp. 126-29).

[33]See, for example, CEPAL "Reorientacion del Comercio Exterior de Productos Basicos Hacia America Latina," LC/R.506 (Santiago, Chile, 25 June 1986).

[34]See Edwards (1983).

[35]The real exchange rate measure of the international competitiveness of a country, and is defined as $RER = EP*/P$; where E is the nominal exchange rate, and $P*$ and P are foreign and domestic price levels. An increase in RER represents a real depreciation and reflects an increase in

competitiveness. A decline in a real appreciation.

[36]On the effects of real exchange rate overvaluation in the developing countries see, for example, Pfefferman (1985). On overvaluation and capital flight see Cuddington (1985). A series of essays on exchange rates in developing countries can be found in Edwards and Ahamed (1986).

[37]Notice that since overvaluation is defined as a (significant) discrepancy between the actual and equilibrium real exchange rate, not all real appreciation necessarily reflect a situation of overvaluation. It is possible that the equilibrium real exchange rate appreciates. For a fuller discussion see Edwards (1987).

[38]See Edwards (1984).

[39]Balassa et al. (1986) for example, considers the dollar appreciation episode of 1982-85 as an important determinant of the debt crisis.

[40]For a detailed discussion on the construction of these indexes see Edwards and Ng (1985).

[41]There is an extensive technical literature on multiple exchange rates. See, for example, Dornbusch (1986).

[42]For a general discussion on the role of multiple and parallel rates in the developing countries see Dornbusch (1986a,b) and Edwards (1987).

[43]Even the ultra free market oriented Pinochet government in Chile showed apprehension regarding direct foreign investment when the Mining Law was enacted. (See _Estudios Publicos_, Summer 1986.)

[44]On the Brazilian computer industry see Evans (1986).

[45]The constitution allowed the state to grant concessions to foreign firms. The nature of these concessions was regulated by the Mining Law of 1979, which included an ingenious system for calculating indemnization in case of early termination of the concessions. See Pinera (1986.)

[46]Of course these comparisons are highly sensitive to the exchange rate used. To the extent that the Latin American countries succeed in avoiding real overvaluation their real wages will remain relatively low by international comparisons.

[47]On the extent of capital flight see, for example, Cuddington (1986).

[48]This is significantly below its 1977 share of 25 percent.

[49]CEPAL "Cooperacion Comercial y Negociaciones Regionales," LC/R.513; Santiago de Chile, 28 July 1986.

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TABLE 1

Basic Indicators for Selected Latin American Countries

	GNP Per Capita 1984 (1984 US$)	Average Rate Growth GDP (%) 65-73	73-84	(%) Average Yearly Inflation 1973-84	1984 Total Long Term Gross Foreign Debt As % GNP	Manufacturing Production As % GDP 1984
Upper Middle Income						
Argentina	2,230	4.3	0.4	180.8	46.8	30
Brazil	1,720	9.8	4.4	71.4	44.0	27
Chile	1,700	3.4	2.7	75.4	100.2	21
Mexico	2,040	7.9	5.1	31.5	54.2	24
Uruguay	1,980	1.2	2.0	50.0	54.5	n.a.
Venezuela	3,410	5.1	1.9	11.7	52.7	18
Middle Income						
Colombia	1,390	6.4	3.7	23.8	25.7	18
Paraguay	1,240	5.1	7.5	12.9	36.2	17
Costa Rica	1,190	7.1	2.8	24.1	114.0	n.a.
Guatemala	1,160	6.0	3.1	9.4	7.0	n.a.
Ecuador	1,150	7.2	4.8	17.8	75.1	19
Peru	1,000	3.5	1.5	56.7	162.0	25
Lower Income						
Nicaragua	860	3.9	-1.1	13.0	7.0	25
El Salvador	710	4.4	-0.3	11.3	9.0	16
Honduras	700	4.5	3.8	8.6	4.0	15
Bolivia	540	4.4	0.8	54.5	n.a.	20

Source: World Bank.

TABLE 2

Evolution of Imports in Selected Latin American Countries:

1965-1985 (Millions U.S.$)

	1965	1970	1975	1980	1982	1983	1984	1985
Argentina	1199	1694	3946	10541	5337	4504	4585	3814
Bolivia	134	159	575	678	578	545	474	582
Brazil	1096	2849	13592	24961	21069	16801	15210	14346
Chile	604	941	1338	5123	3528	2968	3191	2742
Colombia	454	843	1495	4663	5478	4968	4498	4141
Costa Rica	178	317	694	1540	889	988	1094	1098
Dom. Rep.	97	304	889	1640	1444	1471	1446	1487
Ecuador	151	274	987	2253	1989	1465	1716	1606
Guatemala	229	284	733	1598	1388	1135	1277	1175
Mexico	1560	2461	6571	19460	15127	8023	11788	13994
Panama	208	357	892	1449	1569	1412	1984	1423
Peru	729	622	2551	2500	3601	2548	2212	1835
Uruguay	151	231	557	1680	1110	788	777	788
Venezuela	1393	1869	6004	11827	12944	8709	7594	8178

Source: International Monetary Fund.

TABLE 3

Evolution of Exports in Selected Latin American Countries:

1965-1985 (Millions U.S.$)

	1965	1970	1975	1980	1982	1983	1984	1985
Argentina	1493	1773	2961	8021	7624	7836	8107	8396
Bolivia	n.a.	190	444	942	828	755	725	673
Brazil	1596	2739	8670	20132	20175	21899	27005	25639
Chile	637	1248	1552	4671	3710	3836	3657	3797
Colombia	539	736	1465	3945	3095	3080	3461	3551
Costa Rica	112	231	493	1002	870	882	1006	962
Dom. Rep.	126	249	894	961	767	785	868	735
Ecuador	164	190	974	2481	2128	2224	2583	2905
Guatemala	187	298	641	1557	1153	1180	1127	-
Mexico	1120	1403	2904	15570	21214	21818	24407	22108
Panama	79	110	286	361	375	321	276	335
Peru	685	1034	1291	3898	3293	3015	3147	2966
Uruguay	191	233	384	1059	1023	1045	925	855
Venezuela	2455	2627	8800	19221	16499	15159	13971	12272

Source: International Monetary Fund.

TABLE 4

Current Account Balance in Selected Latin American Countries:

1965-1985 (Millions U.S.$)

	1965	1970	1975	1980	1982	1983	1984	1985
Argentina	222	-163	-1287	-4774	-2353	-2436	-2495	-954
Bolivia	-24	4	-130	-118	-94	-151	-179	-282
Brazil	284	-837	-7008	-12806	-16312	-6837	42	-273
Chile	-43	-91	-490	-1971	-2304	-1117	-2060	-1307
Colombia	-21	-293	-172	-206	-3054	-3003	-1401	-1390
Costa Rica	-68	-74	-218	-664	-278	-317	-253	-374
Dom. Rep.	43	-102	-73	-671	-443	-418	-163	n.a.
Ecuador	-19	-113	-220	-642	-1195	-104	-248	-85
Guatemala	-35	-8	-66	-163	-399	-224	-377	-246
Mexico	-352	-1068	-4042	-8162	-6218	5328	3966	540
Panama	-100	-64	-169	-311	-51	247	-70	21
Peru	-	-22	-1541	62	-1612	-875	-223	53
Uruguay	72	-45	-190	-709	-235	-60	-124	-108.1
Venezuela	35	-104	2171	4728	-4246	4427	5418	2923

Source: International Monetary Fund.

TABLE 5

Openness Index in Selected Latin American Countries:

1965-1985[*]

	1965	1970	1975	1980	1985
Argentina	-	-	33.8	12.8	18.4[a]
Bolivia	40.2	33.6	41.4	30.9	14.6[b]
Brazil	12.5	13.7	19.3	21.0	20.2b
Chile	18.6	29.2	61.1	35.5	38.0
Colombia	22.0	22.5	23.8	27.2	21.0
Costa Rica	48.9	55.6	60.5	52.6	56.8
Dom. Republic	23.3	37.2	49.5	39.2	47.7
Ecuador	28.6	33.1	45.5	40.3	33.4[b]
Guatemala	31.3	30.6	37.1	40.0	25.6[b]
Mexico	13.0	10.9	10.81	18.9	13.3
Panama	43.6	45.7	64.0	50.8	37.4
Peru	33.0	26.6	31.4	41.9	31.6[b]
Uruguay	34.8	19.3	29.3	29.0	34.8[b]
Venezuela	45.2	38.3	53.7	52.4	51.6[b]

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[*]This index was constructed as the ratio of total trade (imports plus exports) to GDP.

Source: Constructed from data from the International Monetary Fund.

TABLE 6

Upper Income Latin American Countries:

Distribution of Total Imports by Origin, 1977-1985 (percent)*

	1977	1978	1979	1980	1981	1982	1983	1984	1985
Argentina									
From:									
Industrialized	65.8	67.5	65.0	68.2	69.1	62.8	65.0	58.1	62.7
- U.S.	18.8	18.6	21.1	22.6	22.2	35.1	20.2	18.5	17.5
- Japan	-	-	-	-	-	12.8	6.7	8.2	6.6
Oil Exporting	5.9	2.4	3.0	5.6	4.5	3.3	.7	n.a.	n.a.
Non-Oil LDCs	26.5	27.1	30.2	24.6	24.4	32.2	33.2	n.a.	n.a.
Brazil									
From:									
Industrialized	53.4	56.1	48.9	46.6	41.8	38.6	38.5	39.7	46.7
- U.S.	19.6	21.1	18.3	18.6	16.3	15.0	15.6	16.6	21.2
- Japan	7.1	8.9	6.0	4.8	5.7	4.6	3.7	4.0	4.4
Oil Exporting	30.2	29.1	33.1	36.4	41.4	41.9	40.9	n.a.	n.a.
Non-Oil LDCs	14.8	13.4	16.9	16.0	15.8	17.2	17.4	n.a.	n.a.
Chile									
From:									
Industrialized	53.4	57.4	54.2	60.1	60.7	57.0	50.1	52.2	52.1
- U.S.	20.5	27.0	22.6	28.5	25.6	26.0	25.5	21.5	21.1
- Japan	11.0	7.5	7.6	7.2	10.6	6.5	5.9	9.0	6.0
Oil Exporting	13.7	10.3	12.7	5.2	7.6	7.7	11.3	n.a.	n.a.
Non-Oil LDCs	31.8	28.5	28.9	30.9	26.0	21.8	38.5	n.a.	n.a.
Mexico									
From:									
Industrialized	92.8	93.1	92.0	85.8	87.1	88.2	84.1	84.9	89.9
- U.S.	63.7	60.4	62.6	61.6	63.8	59.9	60.3	62.2	68.5
- Japan	5.4	8.1	6.5	5.1	5.0	5.7	4.4	4.2	5.6
Oil Exporting	0.3	0.4	0.4	0.2	0.2	0.3	0.2	n.a.	n.a.
Non-Oil LDCs	6.6	6.2	6.9	5.6	6.6	6.6	15.3	n.a.	n.a.

(continued)

Table 6 (cont.)

	1977	1978	1979	1980	1981	1982	1983	1984	1985
Uruguay									
From:									
Industrialized	38.5	36.8	34.9	35.9	35.8	34.7	29.8	31.8	36.8
- U.S.	9.6	8.7	9.3	9.8	9.7	12.3	8.3	8.5	9.3
- Japan	2.4	2.0	2.5	4.1	4.9	2.8	2.4	1.8	2.4
Oil Exporting	25.5	26.0	22.0	25.4	21.4	27.8	29.7	n.a.	n.a.
Non-Oil LDCs	34.8	31.0	41.5	36.4	41.4	36.5	38.2	n.a.	n.a.
Venezuela									
From:									
Industrialized	85.5	86.2	85.3	86.3	86.1	84.6	85.2	84.7	86.9
- U.S.	39.6	41.5	46.1	47.8	48.3	43.5	46.0	50.1	49.5
- Japan	11.0	9.6	8.2	8.0	8.0	9.8	5.7	5.2	5.2
Oil Exporting	-	0.1	-	0.4	0.1	-	-	n.a.	n.a.
Non-Oil LDCs	12.7	12.7	13.7	12.6	13.1	14.2	n.a.	n.a.	n.a.

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*These indexes were constructed as the ratio of the dollar value of each year's imports from a particular country (or group of countries) to total imports.

Source: Constructed from Data reported by the International Monetary Fund.

TABLE 7

Middle Income Latin American Countries:

Distribution of Total Imports by Origin, 1977-1985 (percent)

	1977	1978	1979	1980	1981	1982	1983	1984	1985
Colombia									
From:									
Industrialized	76.2	75.7	75.4	75.3	70.7	70.4	71.4	71.6	78.9
- U.S.	35.2	35.2	39.6	39.5	34.4	34.6	34.5	34.2	39.3
- Japan	10.4	9.9	9.1	9.3	9.6	11.1	11.3	9.6	11.5
Oil Exporting	4.6	3.9	3.3	4.2	7.9	6.5	7.2	n.a.	n.a.
Non-Oil LDCs	17.5	19.0	19.5	18.4	19.7	21.7	19.3	n.a.	n.a.
Paraguay									
From:									
Industrialized	44.1	44.9	40.3	36.8	38.9	34.5	34.0	38.8	30.4
- U.S.	12.2	11.0	11.5	9.9	9.9	9.0	6.4	8.7	7.9
- Japan	9.0	7.9	8.2	8.1	8.3	5.5	4.2	11.9	4.6
Oil Exporting	9.3	10.9	12.0	7.4	7.4	13.0	13.7	n.a.	n.a.
Non-Oil LDCs	45.4	42.4	46.2	54.3	52.0	51.3	52.1	n.a.	n.a.
Costa Rica									
From:									
Industrialized	65.6	68.0	62.4	63.7	60.9	56.3	58.8	61.7	65.1
- U.S.	33.7	34.3	30.4	34.3	33.3	35.6	40.2	36.3	37.2
- Japan	13.4	14.4	12.4	11.6	9.8	4.2	5.6	7.5	8.7
Oil Exporting	3.5	1.0	3.8	5.8	7.6	12.1	6.8	n.a.	n.a.
Non-Oil LDCs	30.2	30.2	32.9	29.4	30.6	30.8	34.2	n.a.	n.a.
Guatemala									
From:									
Industrialized	67.4	63.3	60.3	59.4	60.6	57.6	53.6	52.7	55.4
- U.S.	34.5	30.0	32.2	34.5	33.8	31.1	32.9	32.5	35.3
- Japan	11.4	10.6	8.2	8.0	7.7	5.2	4.6	5.1	4.5
Oil Exporting	8.2	7.4	7.3	9.9	6.8	5.9	7.0	n.a.	n.a.
Non-Oil LDCs	22.2	27.9	29.1	29.0	30.4	34.7	37.2	n.a.	n.a.

Table 7 (cont.)

	1977	1978	1979	1980	1981	1982	1983	1984	1985
Ecuador									
From:									
Industrialized	83.1	83.1	79.1	73.8	73.5	78.8	74.3	69.9	76.3
- U.S.	37.9	38.3	38.8	35.5	33.7	37.3	39.7	29.9	33.1
- Japan	18.4	16.1	11.3	11.8	11.7	12.4	6.9	13.6	11.9
Oil Exporting	0.6	0.4	0.6	1.1	1.1	1.0	0.8	n.a.	n.a.
Non-Oil LDCs	14.4	13.9	16.6	22.2	22.3	17.2	23.6	n.a.	n.a.
Peru									
From:									
Industrialized	67.0	74.9	63.7	62.0	66.7	67.7	64.8	61.5	57.4
- U.S.	28.9	36.3	31.0	29.7	33.1	32.0	34.1	29.5	24.6
- Japan	7.4	7.2	6.0	8.0	8.6	8.8	6.9	6.3	7.0
Oil Exporting	9.4	3.4	1.4	1.1	1.1	0.9	1.1	n.a.	
Non-Oil LDCs	23.0	14.8	12.5	12.7	15.2	17.2	33.7	n.a.	n.a.

Source: See Table 3.7.

TABLE 8

Lower Income Latin American Countries:

Distribution of Total Imports by Origin, 1977-1985 (percent)

	1977	1978	1979	1980	1981	1982	1983	1984	1985
Nicaragua									
From:									
Industrialized	58.9	56.4	43.7	42.0	40.2	39.9	37.0	44.4	42.3
- U.S.	28.8	31.4	25.3	27.4	25.2	18.9	20.8	17.1	7.3
- Japan	10.1	6.9	3.8	3.2	1.6	1.4	1.4	2.0	4.1
Oil Exporting	11.4	11.6	18.5	16.7	11.4	11.3	10.0	n.a.	n.a.
Non-Oil LDCs	29.3	31.3	37.5	40.7	47.7	47.7	49.5	n.a.	n.a.
El Salvador									
From:									
Industrial	60.2	60.6	54.9	35.9	46.9	49.3	50.8	50.0	59.0
- U.S.	29.3	30.8	28.4	19.9	25.5	33.6	38.5	36.0	42.8
- Japan	11.0	11.8	7.9	3.9	3.4	2.8	3.3	4.3	4.2
Oil Exporting	9.3	7.6	11.1	25.2	4.1	3.6	3.0	n.a.	n.a.
Non-Oil LDCs	29.6	31.2	32.9	37.8	40.4	35.4	46.1	n.a.	n.a.
Honduras									
From:									
Industrialized	67.7	66.5	66.0	67.0	64.8	60.2	69.3	65.0	68.3
- U.S.	42.9	41.9	43.3	42.4	41.5	39.5	47.5	40.6	43.3
- Japan	11.0	8.8	7.7	9.9	6.7	6.5	6.2	4.6	6.6
Oil Exporting	5.4	6.2	8.4	10.4	4.4	1.9	1.8	n.a.	n.a.
Non-Oil LDCs	25.6	25.8	24.3	21.3	29.7	36.7	28.8	n.a.	n.a.
Bolivia									
From:									
Industrialized	58.7	66.2	61.0	61.1	57.9	59.8	55.7	38.2	47.5
- U.S.	23.0	27.2	28.4	28.5	22.9	28.9	26.4	16.9	22.0
- Japan	13.4	13.3	9.7	9.7	11.9	11.0	3.6	3.4	8.7
Oil Exporting	0.1	0.1	0.1	0.1	0.1	-	-	-	-
Non-Oil LDCs	35.9	28.9	33.2	32.6	38.6	36.1	44.2	n.s.	n.s.

Sources: See Table 6.

Table 9

ARGENTINA
Imports From The U.S
As A Fraction of Total U.S. Imports*

year	Total $ World	Total $ U.S.	0	1	2	3	4	5	6	7	8	9
1970	1688.8	420.4	.006	.001	.041	.045	0	.173	.262	.408	.062	0
1971	1844.7	416.2	.008	.001	.057	.069	.008	.207	.13	.462	.059	0
1972	1903.6	388.2	.007	0	.075	.037	.001	.23	.12	.489	.042	0
1973	2234.7	479.9	.19	0	.078	.058	0	.206	.14	.284	.043	0
1974	3634.3	616.6	.008	0	.108	.065	0	.331	.148	.293	.046	0
1975	3942.3	643.8	.012	0	.159	.111	0	.294	.107	.274	.042	0
1976	3027.6	544.1	.003	.001	.083	.09	0	.315	.109	.365	.034	0
1978	3831.7	712.2	.009	.002	.036	.058	0	.246	.077	.503	.067	0
1979	6691.7	1413.7	.01	.001	.042	.074	0	.208	.079	.52	.065	0
1980	10535.2	2378.1	.016	.003	.031	.034	0	.179	.106	.521	.11	0
1981	9426.0	2092.4	.014	.004	.028	.04	0	.188	.112	.498	.114	0
1982	5335.2	1176.3	.008	.003	.037	.07	.001	.269	.089	.456	.068	0
1983	4503.0	986.2	.005	.001	.046	.038	.001	.328	.101	.413	.068	0

*

  Data for 1977 not available

Source: CEPAL

Table 10

BRAZIL
Imports From The U.S
As A Fraction of Total U.S. Imports

year	Total $ World	Total $ U.S.	category 0	1	2	3	4	5	6	7	8	9
1970	2829.5	915.9	.075	0	.036	.08	.003	.196	.129	.43	.05	0
1971	3657.7	1040.6	.093	0	.044	.064	.007	.2	.106	.435	.05	0
1972	4715.1	1320.4	.049	0	.044	.045	7.003	.223	.095	.463	.063	.002
1973	6917.4	1982.4	.137	.001	.038	.039	.004	.191	.128	.408	.053	.001
1974	14061.5	3401.6	.081	.001	.047	.038	.011	.237	.179	.364	.042	0
1975	13575.8	3379.1	.093	0	.039	.056	.004	.234	.108	.42	.045	0
1976	13748.2	3102.7	.088	0	.039	.057	.002	.266	.081	.42	.047	0
1977	13567.3	2758.5	.041	0	.042	.067	.001	.286	.09	.422	.051	0
1978	15630.9	3423.5	.161	0	.037	.043	0	.262	.079	.369	.048	0
1979	20568.0	3994.3	.123	0	.044	.062	.007	.279	.084	.35	.05	0
1980	25601.2	4922.9	.141	0	.034	.06	.006	.294	.084	.334	.047	0
1981	24768.5	4362.9	.215	0	.033	.056	0	.195	.079	.386	.045	0
1982	21958.5	3719.7	.149	0	.038	.088	.001	.188	.084	.398	.052	0
1983	17293.1	2834.9	.179	0	.032	.099	0	.192	.068	.371	.058	0

Source: CEPAL

Table 11

CHILE
Imports From The U.S
As A Fraction of Total U.S. Imports

year	Total $ World	Total $ U.S.	category 0	1	2	3	4	5	6	7	8	9
1970	930.5	344.4	.051	.01	.019	.034	.018	.117	.163	.547	.041	.001
1971	979.4	267.2	.029	.014	.03	.04	.021	.136	.135	.537	.058	0
1972	944.8	165.3	.069	.007	.103	.04	.006	.189	.118	.421	.048	0
1973	1102.0	183.8	.13	.003	.056	.068	.004	.209	.102	.388	.039	.0
1974	1910.0	415.6	.307	.005	.056	.065	.052	.163	.067	.255	.03	0
1975	1533.2	446.7	.265	.001	.032	.022	.006	.155	.084	.406	.031	0
1976	1642.6	522.7	.316	.003	.038	.036	.005	.091	.095	.376	.041	0
1977	2034.1	468.3	.14	.013	.045	.051	.022	.145	.1	.407	.075	0
1978	2594.9	698.1	.28	.012	.026	.031	.024	.121	.098	.342	.064	0
1979	4229.1	955.4	.236	.014	.026	.012	.025	.152	.114	.355	.067	0
1980	5122.7	1302.0	.227	.016	.023	.041	.006	.15	.118	.354	.066	0
1981	6276.7	1530.3	.222	.012	.027	.017	.011	.148	.123	.358	.082	0
1982	3526.5	898.7	.273	.028	.024	.033	.005	.138	.105	.308	.086	0
1983	2694.6	689.1	.269	.003	.032	.03	.01	.206	.096	.266	.068	0

Source: CEPAL

Table 12

MEXICO
Imports From The U.S
As A Fraction of Total U.S. Imports

year	Total $ World	Total $ U.S.	category 0	1	2	3	4	5	6	7	8	9
1970	2461.2	1567.8	.053	.001	.1	.04	.005	.117	.115	.494	.075	0
1971	2406.1	1479.0	.045	0	.09	.048	.003	.133	.103	.495	.083	0
1972	2934.0	1774.3	.084	.002	.07	.045	.001	.127	.107	.477	.088	0
1973	4144.5	2609.2	.098	.001	.087	.045	.013	.114	.117	.453	.072	0
1974	6051.8	3778.6	.154	.001	.109	.042	.023	.143	.130	.357	.041	0
1975	6571.8	4131.9	.116	.001	.081	.051	.007	.125	.119	.46	.041	0
1976	5885.3	3686.4	.043	.001	.09	.042	.005	.139	.132	.5	.048	0
1977	5525.2	3505.3	.111	.001	.107	.035	.009	.153	.118	.421	.044	0
1978	8048.2	4864.3	.092	.001	.111	.034	.013	.143	.125	.437	.044	0
1979	12196.4	7681.9	.086	.002	.097	.025	.006	.126	.144	.464	.051	0
1980	17788.7	12004.6	.144	.001	.074	.027	.008	.115	.158	.420	.044	0
1981	23743.5	15668.3	.133	.001	.067	.034	.003	.102	.165	.454	.05	0
1982	14420.2	9312.1	.089	.003	.078	.043	.012	.123	.134	.468	.05	0
1983	10651.4	7808.0	.2	.002	.103	.026	.011	.133	.107	.368	.05	0

Source: CEPAL

Table 13

COLOMBIA
Imports From The U.S
As A Fraction of Total U.S. Imports

year	Total $ World	Total $ U.S.	category									
			0	1	2	3	4	5	6	7	8	9
1970	836.4	397.3	.042	.023	.05	.013	.01	.182	.12	.515	.042	.002
1971	917.0	390.2	.092	.009	.054	.01	.02	.167	.093	.51	.038	.006
1972	853.1	333.9	.09	.002	.058	.005	.019	.19	.09	.504	.04	.002
1973	1059.4	430.4	.156	.005	.077	.004	.021	.223	.084	.376	.052	.002
1974	1593.8	640.4	.141	.004	.064	.003	.028	.266	.11	.334	.048	.002
1975	1494.5	644.8	.114	.003	.05	.007	.022	.225	.106	.431	.04	.002
1976	1707.7	725.1	.117	.002	.046	.006	.049	.168	.119	.451	.041	.002
1977	2028.0	753.1	.107	.009	.041	.006	.058	.22	.085	.428	.043	.003
1978	2836.0	999.3	.149	.011	.033	.01	.048	.207	.09	.41	.04	.003
1979	3232.9	1278.7	.103	.012	.039	.093	.065	.174	.081	.386	.043	.003
1980	4662.3	1839.8	.133	.014	.036	.081	.046	.186	.085	.374	.04	.004
1981	5198.8	1787.4	.087	.013	.028	.051	.054	.193	.109	.399	.052	.014
1982	5477.3	1884.9	.112	.012	.039	.033	.041	.181	.103	.424	.047	.008
1983	4950.6	1761.8	.131	.011	.046	.018	.04	.182	.099	.413	.051	.009

Source: CEPAL

Table 14

VENEZUELA
Imports From The U.S
As A Fraction of Total U.S. Imports

year	Total $ World	Total $ U.S.	category									
			0	1	2	3	4	5	6	7	8	9
1970	1902.6	924.8	.1	0	.058	.021	.009	.12	.119	.509	.063	.001
1971	2124.9	945.3	.104	0	.053	.011	.016	.119	.115	.52	.059	.003
1972	2485.4	1107.6	.112	0	.047	.005	.011	.109	.119	.534	.062	.001
1973	2844.2	1194.1	.123	0	.041	.004	.017	.106	.132	.516	.06	.001
1974	4307.6	2448.2	.11	0	.073	.003	.016	.128	.156	.464	.049	.001
1975	5806.7	2821.8	.097	0	.043	.004	.021	.093	.146	.542	.053	.001
1976	6905.2	3098.9	.086	.001	.036	.004	.009	.099	.118	.595	.051	.001
1977	11200.0	4340.5	.091	0	.032	.009	.012	.101	.135	.572	.048	0
1978	11667.9	4829.4	.077	.001	.037	.007	.017	.094	.125	.581	.061	0
1979	11037.0	5085.7	.094	0	.044	.009	.02	.108	.131	.53	.062	.001
1980	12257.7	5898.3	.125	.001	.047	.014	.023	.122	.13	.474	.036	0
1981	13555.9	6555.0	.142	.001	.033	.012	.028	.104	.123	.494	.063	0
1982	13389.8	6128.8	.106	.001	.038	.009	.017	.108	.131	.515	.076	0
1983	6146.5	2849.6	.202	.001	.048	.012	.037	.157	.104	.385	.054	0

Source: CEPAL

Table 15

Upper Middle Income Countries : Imports
of Primary Products
Selected Years, 1970-1983

	year	Total $	L.A & Caribbean	U.S.	Japan	Rest of OECD	CAME	Rest of World
Argentina								
	1970	287.4	0.693	0.071	0.002	0.166	0.001	0.067
	1975	600.1	0.616	0.185	0.004	0.14	0.004	0.051
	1980	499.0	0.181	0.319	0.011	0.462	0.015	0.012
	1983	530.5	0.646	0.113	0.007	0.133	0.001	0.1
Brazil								
	1970	391.8	0.38	0.267	0.009	0.302	0.006	0.036
	1975	1209.3	0.243	0.381	0.019	0.267	0.008	0.082
	1980	3141.3	0.333	0.283	0.003	0.317	0.003	0.061
	1983	1857.7	0.252	0.323	0.004	0.33	0.031	0.06
Chile								
	1970	188.3	0.628	0.178	0.002	0.169	0.011	0.012
	1975	353.8	0.418	0.383	0.005	0.158	0.023	0.013
	1980	1080	0.412	0.327	0.011	0.212	0	0.038
	1983	611.6	0.451	0.377	0.002	0.129	0.002	0.039
Mexico								
	1970	374.7	0.082	0.661	0.002	0.222	0	0.033
	1975	1286.1	0.191	0.657	0.001	0.098	0.002	0.051
	1980	3528	0.041	0.775	0.001	0.112	0.036	0.035
	1983	2816.7	0.029	0.876	0.001	0.06	0.009	0.025
Uruguay								
	1970	51.5	0.671	0.071	0.005	0.164	0.003	0.086
	1975	90.7	0.463	0.181	0.006	0.207	0.001	0.142
	1980	208.9	0.642	0.097	0.009	0.159	0.002	0.091
	1983	99.4	0.655	0.087	0.002	0.197	0.002	0.057
Venezuela								
	1970	281.3	0.079	0.549	0.014	0.294	0.011	0.053
	1975	879.6	0.098	0.515	0.012	0.282	0.005	0.088
	1980	2182.3	0.089	0.529	0.006	0.246	0.006	0.124
	1983	1514.1	0.21	0.542	0.001	0.191	0.005	0.051

Source: CEPAL

Table 16

Middle Income Countries : Imports
of Primary Products
Selected Years, 1970-1983

year	Total $	L.A & Caribbean	U.S.	Japan	Rest of OECD	CAME	Rest of World
Colombia							
1970	105	0.321	0.472	0.006	0.167	0.001	0.033
1975	224.9	0.241	0.539	0.041	0.13	0.002	0.047
1980	733.3	0.218	0.578	0.009	0.151	0.003	0.041
1983	705.5	0.218	0.568	0.008	0.17	0.001	0.035
Paraguay							
1970	17.1	0.313	0.426	0.004	0.246	0	0.011
1975	32.2	0.237	0.198	0.004	0.552	0	0.009
1980	75.7	0.333	0.216	0.004	0.436	0	0.011
1983	55.1	0.635	0.084	0.004	0.27	0.003	0.004
Costa Rica							
1970	40.2	0.546	0.331	0.003	0.093	0	0.027
1975	80.9	0.437	0.394	0.015	0.122	0.001	0.031
1980	172.4	0.313	0.457	0.003	0.142	0	0.085
1983	123.5	0.262	0.553	0	0.093	0	0.092
Guatemala							
1970	37.1	0.341	0.463	0.026	0.142	0	0.028
1975	80.1	0.262	0.555	0.028	0.137	0	0.018
1980	160.7	0.219	0.556	0.035	0.16	0.001	0.029
1983	129.9	0.299	0.545	0.008	0.122	0	0.026
Ecuador							
1970	29.5	0.113	0.565	0.124	0.166	0.002	0.03
1975	102.1	0.059	0.688	0.041	0.182	0.001	0.029
1980	227.5	0.1	0.631	0.008	0.208	0.008	0.045
1983	204.9	0.221	0.555	0.012	0.184	0.001	0.027
Peru							
1970	151.2	0.496	0.183	0.013	0.271	0.012	0.025
1975	452.7	0.101	0.479	0.01	0.313	0.003	0.094
1980	670.3	0.217	0.52	0.015	0.162	0.001	0.085
1983	613	0.246	0.527	0.002	0.174	0.016	0.035

Source: CEPAL

Table 17

Upper Middle Income Countries : Imports
Manufactured Goods
Selected Years, 1970-1983

	year	Total $	L.A & Caribbean	U.S.	Japan	Rest of OECD	CAME	Rest of World
Argentina								
	1970	1320.7	0.108	0.288	0.064	0.499	0.011	0.03
	1975	2822.9	0.12	0.164	0.170	0.517	0.029	0.00
	1980	8311.4	0.132	0.262	0.117	0.424	0.011	0.054
	1983	3509	0.2	0.249	0.097	0.41	0.018	0.026
Brazil								
	1970	2058.5	0.047	0.358	0.084	0.463	0.027	0.021
	1975	8812.4	0.042	0.31	0.14	0.472	0.016	0.02
	1980	11659.7	0.093	0.32	0.099	0.421	0.018	0.049
	1983	6020.3	0.083	0.325	0.109	0.426	0.036	0.021
Chile								
	1970	682.8	0.069	0.438	0.04	0.441	0.003	0.009
	1975	875.8	0.16	0.344	0.085	0.396	0.005	0.01
	1980	3097.6	0.156	0.289	0.124	0.311	0.002	0.118
	1983	1503.5	0.155	0.291	0.103	0.368	0.002	0.081
Mexico								
	1970	2007.1	0.017	0.626	0.042	0.301	0.003	0.011
	1975	4923.4	0.026	0.625	0.062	0.274	0.012	0.001
	1980	13898.3	0.042	0.644	0.064	0.229	0.004	0.017
	1983	7585.9	0.013	0.677	0.052	0.21	0.002	0.046
Uruguay								
	1970	147.2	0.254	0.168	0.022	0.471	0.055	0.03
	1975	264.6	0.298	0.136	0.044	0.481	0.018	0.023
	1980	932.8	0.362	0.14	0.066	0.349	0.031	0.052
	1983	323.9	0.361	0.134	0.046	0.368	0.044	0.047
Venezuela								
	1970	1597.5	0.034	0.47	0.092	0.378	0.011	0.015
	1975	4871.4	0.052	0.483	0.09	0.35	0.003	0.022
	1980	9871.7	0.071	0.472	0.097	0.313	0.002	0.045
	1983	4454.5	0.085	0.448	0.077	0.35	0	0.04

Source: CEPAL

Table 18

Middle Income Countries : Imports
Manufactued Goods
Selected Years, 1970-1983

	year	Total $	L.A & Caribbean	U.S.	Japan	Rest of OECD	CAME	Rest of World
Colombia								
	1970	720.8	0.063	0.474	0.072	0.355	0.023	0.013
	1975	1249	0.084	0.414	0.096	0.375	0.012	0.019
	1980	3338.1	0.107	0.378	0.128	0.329	0.024	0.034
	1983	3562.9	0.111	0.299	0.153	0.368	0.034	0.035
Paraguay								
	1970	47.2	0.226	0.195	0.106	0.439	0.006	0.028
	1975	134.8	0.494	0.133	0.082	0.268	0.005	0.018
	1980	367.9	0.472	0.113	0.15	0.215	0.008	0.042
	1983	341.4	0.486	0.315	0.077	0.091	0.003	0.028
Costa Rica								
	1970	263.8	0.218	0.36	0.108	0.292	0.004	0.018
	1975	534.9	0.223	0.376	0.112	0.246	0.01	0.033
	1980	1094.2	0.227	0.369	0.153	0.21	0.007	0.034
	1983	670.3	0.228	0.211	0.078	0.425	0.003	0.055
Guatemala								
	1970	240.5	0.265	0.332	0.117	0.277	0.002	0.007
	1975	553.9	0.223	0.372	0.115	0.277	0.003	0.01
	1980	1020.5	0.188	0.416	0.121	0.238	0.004	0.033
	1983	828.7	0.305	0.21	0.071	0.38	0.005	0.029
Ecuador								
	1970	224.1	0.079	0.444	0.097	0.348	0.021	0.011
	1975	859.1	0.122	0.363	0.167	0.316	0.009	0.023
	1980	1790.3	0.119	0.362	0.147	0.295	0.024	0.053
	1983	1267.7	0.172	0.314	0.108	0.336	0.017	0.053
Peru								
	1970	456.4	0.06	0.369	0.102	0.448	0.004	0.017
	1975	1638.6	0.103	0.314	0.109	0.444	0.018	0.012
	1980	1948.6	0.122	0.339	0.125	0.362	0.021	0.031
	1983	1545.4	0.14	0.375	0.133	0.316	0.003	0.033

Source: CEPAL

Table 19

ARGENTINA
Imports From The U.S
As A Fraction of Total Imports*

year	category 0	1	2	3	4	5	6	7	8	9	total $
1970	.029	.084	.09	.238	.101	.32	.223	.33	.331	.414	420.4
1971	.043	.034	.114	.234	.564	.324	.114	.317	.317	.449	416.2
1972	.023	.025	.156	.20	.168	.287	.095	.287	.259	.441	388.2
1973	.465	.018	.167	.164	.035	.305	.106	.227	.278	.519	479.9
1974	.033	.041	.175	.076	.019	.276	.094	.254	.214	.557	616.6
1975	.049	.026	.244	.138	.027	.256	.06	.218	.219	.557	643.8
1976	.011	.033	.162	.092	.054	.295	.091	.258	.28	.658	544.1
1978	.034	.109	.092	.087	.071	.293	.094	.243	.239	.306	712.2
1979	.032	.045	.126	.094	.062	.284	.111	.335	.235	.373	1413.7
1980	.072	.116	.136	.075	.117	.328	.145	.293	.248	.36	2378.1
1981	.072	.191	.127	.083	.098	.326	.178	.26	.256	.5	2092.4
1982	.044	.248	.113	.12	.136	.303	.129	.285	.267	.481	1176.3
1983	.081	.084	.127	.08	.153	.297	.131	.282	.208	.633	986.2

*
 Data for 1977 not available
Source: CEPAL

Table 20

BRAZIL
Imports From The U.S
As A Fraction of Total Imports

| year | category | | | | | | | | | | total $ |
	0	1	2	3	4	5	6	7	8	9	
1970	.243	.01	.411	.194	.115	.402	.249	.393	.345	.389	915.9
1971	.327	.011	.376	.128	.303	.386	.177	.333	.318	.121	1040.6
1972	.197	.031	.397	.117	.179	.399	.183	.322	.351	.769	1320.4
1973	.391	.064	.33	.074	.021	.367	.217	.345	.313	.683	1982.4
1974	.285	.15	.309	.038	.484	.365	.201	.361	.33	.61	3401.6
1975	.406	.006	.353	.054	.379	.454	.157	.33	.346	.431	3379.1
1976	.268	.003	.307	.041	.161	.419	.16	.328	.353	.109	3120.7
1977	.13	.003	.27	.041	.091	.403	.148	.318	.345	.04	2758.5
1978	.367	.004	.253	.03	.02	.408	.175	.293	.323	.036	3423.5
1979	.253	.006	.24	.034	.204	.396	.159	.286	.307	.086	3994.3
1980	.323	.003	.189	.027	.295	.415	.188	.31	.348	.126	4922.9
1981	.528	.005	.166	.02	.004	.373	.144	.342	.344	.079	4362.9
1982	.394	.08	.19	.029	.128	.358	.204	.341	.322	.047	3719.7
1983	.378	.008	.205	.03	.001	.354	.223	.342	.307	.013	2834.9

Source: CEPAL

Table 21

CHILE
Imports From The U.S
As A Fraction of Total Imports

| year | category | | | | | | | | | | total |
	0	1	2	3	4	5	6	7	8	9	$
1970	.148	.853	.126	.201	.409	.373	.435	.475	.285	.296	344.4
1971	.053	.938	.116	.12	.261	.335	.303	.392	.297	.057	267.2
1972	.055	.671	.216	.077	.053	.273	.171	.241	.221	.093	165.3
1973	.09	.45	.147	.156	.039	.266	.152	.2	.188	.017	183.8
1974	.223	.357	.222	.098	.444	.299	.149	.244	.232	.473	415.6
1975	.471	.263	.226	.032	.067	.422	.242	.361	.247	.109	446.7
1976	.416	.331	.191	.096	.108	.372	.341	.36	.209	.172	522.7
1977	.305	.331	.242	.063	.288	.362	.262	.272	.155	.214	468.3
1978	.458	.396	.171	.05	.417	.364	.242	.274	.248	.192	698.1
1979	.307	.412	.186	.013	.434	.412	.237	.259	.246	.113	955.4
1980	.346	.452	.226	.057	.153	.433	.262	.27	.244	.102	1302
1981	.422	.333	.26	.029	.315	.424	.23	.236	.204	.168	1530.3
1982	.464	.478	.261	.048	.092	.372	.212	.266	.208	.167	898.7
1983	.491	.099	.189	.036	.098	.381	.192	.306	.248	.128	689.1

Source: CEPAL

Table 22

MEXICO
Imports From The U.S
As A Fraction of Total Imports

year	category										total
	0	1	2	3	4	5	6	7	8	9	$
1970	.57	.2	.735	.804	.637	.61	.623	.627	.655	.128	1567.8
1971	.543	.068	.714	.679	.576	.565	.589	.623	.634	.827	1479
1972	.736	.171	.712	.553	.224	.553	.639	.594	.604	.131	1774.3
1973	.698	.114	.729	.397	.657	.601	.673	.642	.607	.092	2609.2
1974	.768	.12	.727	.375	.909	.615	.641	.6	.535	.214	3778.6
1975	.612	.119	.749	.579	.887	.646	.58	.637	.579	.598	4131.9
1976	.608	.145	.688	.458	.68	.675	.66	.623	.595	.257	3686.4
1977	.814	.166	.688	.736	.852	.636	.608	.60	.539	.272	3505.3
1978	.798	.21	.737	.625	.894	.66	.424	.605	.541	.193	4864.3
1979	.777	.257	.739	.612	.867	.656	.558	.616	.572	.21	7681.9
1980	.792	.197	.763	.917	.956	.717	.613	.652	.529	.192	12004.6
1981	.71	.193	.676	.873	.891	.721	.611	.66	.542	.47	15668.3
1982	.695	.492	.712	.887	.938	.699	.598	.625	.522	.544	9312.1
1983	.897	.949	.829	.836	.974	.739	.718	.638	.758	.262	7808.0

Source: CEPAL

Table 23

COLOMBIA
Imports From The U.S
As A Fraction of Total Imports

year	category										total $
	0	1	2	3	4	5	6	7	8	9	
1970	.466	.69	.446	.59	.348	.525	.318	.523	.408	.519	397.3
1971	.600	.446	.419	.366	.382	.432	.232	.48	.389	.351	390.2
1972	.576	.102	.369	.312	.526	.400	.22	.436	.317	.308	333.9
1973	.699	.233	.453	.352	.543	.418	.216	.402	.396	.283	430.4
1974	.546	.299	.402	.476	.629	.437	.229	.42	.441	.154	640.4
1975	.647	.201	.395	.283	.609	.44	.257	.477	.37	.435	644.8
1976	.565	.203	.369	.104	.728	.403	.321	.455	.388	.395	725.1
1977	.435	.42	.313	.034	.798	.431	.215	.423	.373	.588	753.1
1978	.412	.496	.282	.048	.749	.414	.212	.397	.383	.49	999.3
1979	.507	.544	.351	.367	.762	.443	.197	.412	.405	.628	1278.7
1980	.625	.529	.358	.262	.82	.486	.223	.392	.416	.315	1839.8
1981	.465	.514	.275	.125	.617	.473	.239	.366	.434	.575	1787.4
1982	.536	.458	.336	.093	.558	.446	.222	.376	.408	.507	1884.9
1983	.607	.449	.427	.05	.751	.448	.249	.378	.406	.486	1761..8

Source: CEPAL

Table 24

VENEZUELA
Imports From The U.S
As A Fraction of Total Imports

year	category										total $
	0	1	2	3	4	5	6	7	8	9	
1970	.584	.012	.587	.892	.649	.484	.31	.554	.358	.317	924.8
1971	.614	.014	.563	.705	.805	.466	.290	.476	.326	.696	945.3
1972	.684	.01	.528	.343	.758	.45	.306	.487	.306	.189	1107.6
1973	.523	.006	.336	.245	.569	.423	.305	.462	.377	.596	1194.1
1974	.576	.019	.583	.252	.837	.442	.32	.563	.383	.141	2048.2
1975	.551	.018	.527	.291	.688	.442	.368	.548	.403	.259	2821.8
1976	.457	.032	.434	.348	.306	.461	.29	.532	.352	.184	3098.9
1977	.381	.015	.393	.504	.325	.449	.244	.452	.352	.156	4340.5
1978	.386	.02	.484	.453	.441	.431	.274	.482	.354	.335	4829.4
1979	.489	.016	.534	.382	.532	.475	.324	.526	.375	.327	5085.7
1980	.542	.018	.589	.404	.783	.516	.349	.533	.368	.363	5898.3
1981	.489	.031	.495	.708	.952	.481	.346	.55	.366	.291	6555
1982	.417	.044	.529	.718	.886	.497	.294	.55	.369	.161	6128.8
1983	.574	.03	.428	.197	.812	.51	.368	.46	.4	.036	2849.6

Source: CEPAL

TABLE 25

Terms of Trade Index:

Selected Latin American Countries (1970=100)

	1975	1980	1982	1984
Argentina	100.7	94.2	82.0	86.4
Bolivia	111.0	143.6	132.1	138.1
Brazil	85.4	67.4	54.2	59.5
Chile	53.2	49.0	35.4	34.5
Colombia	81.5	126.3	109.9	115.4
Costa Rica	85.5	97.3	90.0	84.7
Ecuador	159.0	237.6	196.9	177.7
Guatemala	70.8	94.2	72.1	70.1
Mexico	105.7	164.3	134.7	127.7
Peru	104.0	131.1	93.8	93.0
Uruguay	75.4	81.4	71.6	74.7
Venezuela	335.3	509.9	492.1	500.5

Source: CEPAL: Anuario Estadistico de America Latina y El Caribe (Santiago, Chile, August 1986).

TABLE 26

Destination of Exports: 16 Latin American Countries -- 1970-1983[*]

(percent)

	1970	1975	1976	1977	1978	1979	1980	1981	1982	1983
Latin America & Caribbean	13.4	16.5	15.8	16.1	15.6	16.4	16.2	15.9	14.3	10.5
• ALADI	9.3	12.5	12.1	12.7	12.1	13.4	13.2	12.8	11.8	8.2
OECD	75.0	63.6	66.1	66.4	67.5	66.2	63.6	58.4	62.8	69.0
• U.S.	30.4	28.5	28.9	29.8	32.3	31.1	29.4	26.8	29.5	37.1
• Japan	5.8	4.8	4.8	4.5	4.4	4.5	4.9	4.6	6.0	5.5
CAME	2.5	5.2	4.9	4.6	3.9	3.3	4.6	6.1	4.3	4.5
Rest of Asia	1.1	2.9	2.1	3.4	3.6	3.8	3.7	3.1	4.8	7.1
REST	8.0	11.8	11.1	9.5	9.4	10.3	11.9	16.5	12.0	8.9
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

[*]The countries included here are Argentina, Bolivia, Brazil, Colombia, Costa Rica, Chile, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Paraguay, Peru, Uruguay and Venezuela.

Source: United Nation's Economic Commission for Latin America.

TABLE 27

Sectoral Composition of Exports for 16 Latin American Countries:

1970-1983 (percent)

Section	1970	1975	1976	1977	1978	1979	1980	1981	1982	1983
0	38.9	30.9	34.0	38.0	35.4	30.2	26.0	23.4	22.3	25.6
1	0.6	0.9	0.9	0.9	1.0	0.9	0.7	0.8	1.0	0.9
2	15.1	14.0	13.3	11.8	11.9	11.4	10.6	10.1	9.1	8.5
3	22.5	31.6	28.4	25.5	24.7	30.2	37.9	42.6	45.0	40.3
4	1.7	1.3	1.6	2.0	2.0	1.9	1.5	1.5	1.3	1.4
5	2.2	2.8	2.6	2.5	2.8	2.8	2.9	3.0	3.1	3.4
6	15.2	10.5	11.8	11.3	12.1	13.8	11.4	9.7	9.8	11.5
7	2.4	5.3	4.7	5.2	6.8	6.0	6.2	6.5	6.1	7.8
8	1.4	2.6	2.6	2.9	3.4	3.0	2.7	2.5	2.4	2.8
9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	13648	32124	37398	44732	48744	65454	83096	89718	81893	85828

(Millions U.S. $)

Source: CEPAL.

TABLE 28

Sectoral Composition of Non-Fuel Exports of

16 Latin American Countries: 1970-1983[*]

(percent)

Section	1970	1975	1980	1983
0	50.1	45.2	41.9	39.6
1	0.7	1.4	1.1	1.5
2	19.5	20.1	17.4	14.2
4	2.2	2.0	2.5	2.3
5	2.8	4.0	4.7	5.7
6	19.7	15.4	18.4	19.3
7	3.1	7.7	10.0	13.0
8	1.8	3.8	4.3	4.4
9	0.0	0.0	0.0	0.0

[*]Due to rounding the sum across sections may not add up to 100.

Source: CEPAL

Table 29

Upper Middle Income Countries : Exports
of Primary Products
Selected Years, 1970-1983

	year	Total $	L.A & Caribbean	U.S.	Japan	Rest of OECD	CAME	Rest of World
Argentina								
	1970	1517.2	0.16	0.07	0.07	0.61	0.044	0.045
	1975	2223	0.17	0.06	0.05	0.43	0.15	0.14
	1980	5737	0.176	0.074	0.02	0.34	0.3	0.09
	1983	6136.1	0.094	0.05	0.054	0.257	0.292	0.253
Brazil								
	1970	2329	0.062	0.261	0.055	0.507	0.054	0.061
	1975	6068	0.051	0.137	0.096	0.448	0.119	0.149
	1980	11906	0.047	0.174	0.079	0.45	0.098	0.152
	1983	11465.3	0.042	0.15	0.079	0.477	0.113	0.139
Chile								
	1970	214.7	0.196	0.133	0.306	0.33	0.014	0.018
	1975	454	0.305	0.133	0.202	0.255	0.008	0.097
	1980	1713	0.237	0.057	0.226	0.302	0.014	0.164
	1983	1548.8	0.119	0.159	0.182	0.336	0.024	0.18
Mexico								
	1970	682	0.021	0.77	0.085	0.1	0.003	0.021
	1975	1337	0.025	0.72	0.078	0.118	0.008	0.051
	1980	2688	0.022	0.667	0.064	0.176	0.02	0.051
	1983	2579.2	0.02	0.744	0.052	0.122	0.022	0.04
Uruguay								
	1970	192	0.098	0.057	0.001	0.583	0.145	0.116
	1975	265	0.228	0.012	0.021	0.509	0.088	0.142
	1980	657	0.317	0.043	0.014	0.328	0.11	0.188
	1983	253	0.058	0.032	0.031	0.334	0.198	0.347
Venezuela								
	1970	231.4	0.006	0.588	0.021	0.337	0.007	0.041
	1975	378.4	0.016	0.621	0.004	0.286	0.03	0.043
	1980	423.8	0.034	0.413	0.009	0.459	0.019	0.066
	1983	97.5	0.026	0.189	0.047	0.219	0.064	0.455

Source: CEPAL

Table 30

Middle Income Countries : Exports
of Primary Products
Selected Years, 1970-1983

	year	Total $	L.A & Caribbean	U.S.	Japan	Rest of OECD	CAME	Rest of World
Colombia								
	1970	591.301	0.062	0.347	0.03	0.477	0.06	0.024
	1975	1050.801	0.114	0.316	0.017	0.489	0.03	0.034
	1980	3055.2	0.06	0.293	0.036	0.527	0.046	0.038
	1983	2032.5	0.038	0.269	0.051	0.562	0.053	0.027
Paraguay								
	1970	185.6	0.049	0.521	0.06	0.324	0.036	0.01
	1975	364.5	0.07	0.548	0.022	0.334	0.008	0.018
	1980	673.7	0.072	0.468	0.012	0.409	0.007	0.032
	1983	601.2	0.046	0.444	0.008	0.413	0.028	0.061
Costa Rica								
	1970	185.7	0.092	0.433	0.182	0.236	0.045	0.012
	1975	364.3	0.149	0.44	0.027	0.238	0.097	0.049
	1980	836.8	0.19	0.489	0.039	0.186	0.044	0.052
	1983	559	0.101	0.692	0.028	0.111	0.027	0.041
Guatemala								
	1970	208.4	0.134	0.384	0.094	0.36	0.001	0.027
	1975	467	0.082	0.295	0.069	0.501	0.009	0.044
	1980	1029.1	0.108	0.375	0.04	0.345	0.003	0.129
	1983	771.8	0.139	0.447	0.054	0.251	0.024	0.085
Ecuador								
	1970	58.4	0.387	0.119	0.02	0.403	0.001	0.07
	1975	132.2	0.327	0.09	0.014	0.534	0.001	0.034
	1980	273.7	0.416	0.049	0.04	0.449	0	0.046
	1983	240.1	0.39	0.085	0.021	0.454	0	0.05
Peru								
	1970	715.7	0.062	0.253	0.164	0.428	0.046	0.047
	1975	942.5	0.147	0.232	0.113	0.241	0.232	0.035
	1980	1286.4	0.148	0.225	0.146	0.302	0.074	0.105
	1983	809.9	0.109	0.311	0.19	0.289	0.034	0.067

Source: CEPAL

Table 31

Lower Middle Income Countries : Exports
of Primary Products
Selected Years, 1970-1983

	year	Total $	L.A & Caribbean	U.S.	Japan	Rest of OECD	CAME	Rest of World
Nicaragua								
	1970	146.1	0.253	0.347	0.152	0.24	0	0.008
	1975	306.4	0.118	0.324	0.158	0.303	0.004	0.093
	1980	343.5	0.04	0.454	0.037	0.42	0.035	0.014
	1983	393.9	0.076	0.2	0.167	0.325	0.106	0.126
El Salvador								
	1970	159.9	0.052	0.215	0.157	0.452	0.039	0.085
	1975	364.3	0.035	0.375	0.165	0.401	0.002	0.022
	1980	430.6	0.076	0.48	0.079	0.273	0.014	0.078
	1983	290.2	0.069	0.42	0.099	0.25	0.066	0.096
Honduras								
	1970	148.6	0.061	0.608	0.016	0.265	0.011	0.039
	1975	249.6	0.085	0.576	0.036	0.243	0.002	0.058
	1980	705.9	0.028	0.581	0.048	0.3	0	0.043
	1983	156	0.144	0.438	0.085	0.273	0.006	0.054
Bolivia								
	1970	116.7	0.068	0.511	0.186	0.235	0	0
	1975	188	0.162	0.422	0.093	0.261	0.001	0.061
	1980	499	0.181	0.319	0.011	0.462	0.015	0.012
	1983	205.8	0.103	0.282	0.071	0.512	0.032	0

Source: CEPAL

Table 32

Upper Middle Income Countries : Exports
Manufactured Goods
Selected Years, 1970-1983

	year	Total $	L.A & Caribbean	U.S.	Japan	Rest of OECD	CAME	Rest of World
Argentina								
	1970	248	0.499	0.205	0.003	0.231	0.031	0.031
	1975	722.3	0.546	0.084	0.022	0.157	0.185	0.006
	1980	1995.3	0.415	0.155	0.042	0.248	0.058	0.082
	1983	1363.8	0.281	0.276	0.024	0.204	0.049	0.166
Brazil								
	1970	368.5	0.403	0.169	0.04	0.279	0.014	0.095
	1975	2209.9	0.369	0.201	0.036	0.263	0.019	0.112
	1980	7546.7	0.377	0.182	0.038	0.227	0.019	0.157
	1983	8987.3	0.173	0.222	0.059	0.258	0.016	0.272
Chile								
	1970	1104.1	0.143	0.137	0.074	0.622	0	0.024
	1975	1180.4	0.204	0.069	0.081	0.601	0.004	0.041
	1980	2807	0.244	0.129	0.041	0.527	0	0.059
	1983	2010.1	0.132	0.343	0.021	0.457	0.012	0.035
Mexico								
	1970	454.1	0.213	0.596	0.022	0.126	0.005	0.038
	1975	1062.2	0.297	0.416	0.01	0.2	0.027	0.05
	1980	2156.9	0.231	0.541	0.026	0.153	0.007	0.042
	1983	6194.9	0.067	0.782	0.022	0.086	0.006	0.037
Uruguay								
	1970	41	0.259	0.22	0	0.466	0.014	0.041
	1975	114.2	0.424	0.198	0.001	0.292	0.05	0.035
	1980	401.8	0.463	0.135	0.001	0.34	0.02	0.041
	1983	313.3	0.319	0.236	0.006	0.279	0.069	0.091
Venezuela								
	1970	39	0.623	0.126	0.001	0.09	0	0.16
	1975	103.4	0.428	0.32	0	0.118	0	0.134
	1980	692.8	0.213	0.124	0.375	0.177	0.003	0.108
	1983	564.5	0.128	0.244	0.371	0.18	0.004	0.073

Source: CEPAL

Table 33

Middle Income Countries : Exports
Manufactued Goods
Selected Years, 1970-1983

	year	Total $	L.A & Caribbean	U.S.	Japan	Rest of OECD	CAME	Rest of World
Colombia								
	1970	62.8	0.386	0.325	0.043	0.122	0.005	0.119
	1975	308.1	0.443	0.203	0.03	0.215	0.006	0.103
	1980	777.4	0.501	0.174	0.046	0.146	0.008	0.125
	1983	549	0.365	0.281	0.063	0.154	0.007	0.13
Paraguay								
	1970	5.7	0.365	0.359	0.004	0.26	0	0.012
	1975	30.8	0.465	0.039	0.057	0.389	0	0.05
	1980	36.5	0.733	0.1	0.011	0.121	0	0.035
	1983	18.1	0.51	0.181	0.006	0.274	0	0.029
Costa Rica								
	1970	42.9	0.853	0.017	0	0.005	0	0.125
	1975	117.7	0.822	0.021	0	0.009	0	0.148
	1980	289.7	0.799	0.049	0	0.021	0	0.131
	1983	228.6	0.738	0.069	0	0.02	0	0.173
Guatemala								
	1970	81.6	0.937	0.026	0.003	0.008	0	0.026
	1975	156.1	0.896	0.039	0	0.017	0	0.048
	1980	428.1	0.739	0.03	0.02	0.15	0	0.061
	1983	279.2	0.896	0.03	0	0.005	0	0.069
Ecuador								
	1970	3.3	0.79	0.132	0.007	0.034	0.002	0.035
	1975	21.5	0.761	0.183	0.011	0.028	0	0.017
	1980	75.3	0.875	0.081	0.006	0.024	0	0.014
	1983	22.2	0.793	0.132	0.005	0.046	0.001	0.023
Peru								
	1970	320.9	0.059	0.514	0.077	0.344	0.001	0.005
	1975	349.7	0.191	0.278	0.128	0.211	0.049	0.143
	1980	1396.3	0.267	0.166	0.087	0.296	0.009	0.175
	1983	735.1	0.192	0.426	0.041	0.258	0.012	0.071

Source: CEPAL

Table 34

Lower Middle Income Countries : Exports
Manufactured Goods
Selected Years, 1970-1983

year	Total $	L.A & Caribbean	U.S.	Japan	Rest of OECD	CAME	Rest of World
Nicaragua							
1970	28.2	0.953	0.022	0	0.012	0	0.013
1975	63	0.916	0.066	0	0.011	0	0.007
1980	59.9	0.88	0.069	0.002	0.03	0	0.019
1983	34.7	0.595	0.002	0.005	0.008	0.375	0.015
El Salvador							
1970	67.2	0.96	0.016	0.001	0.009	0	0.014
1975	142.8	0.909	0.017	0.001	0.031	0	0.042
1980	269.2	0.918	0.026	0.001	0.032	0	0.023
1983	165.9	0.851	0.057	0.001	0.045	0	0.046
Honduras							
1970	14.9	0.852	0.131	0	0.012	0	0.005
1975	33.3	0.744	0.116	0.001	0.068	0	0.071
1980	103.7	0.689	0.205	0.001	0.073	0	0.032
1983	60	0.691	0.225	0	0.036	0	0.048
Bolivia							
1970	102	0.037	0.19	0	0.754	0.019	0
1975	187.9	0.117	0.338	0.004	0.389	0.149	0.003
1980	293	0.149	0.487	0.012	0.201	0.15	0.001
1983	191.5	0.107	0.546	0.006	0.284	0.056	0.001

Source: CEPAL

TABLE 35

Sectoral Distribution of 16 Latin American

Exports to the U.S.: 1970-1983

(percent)

Category	1970	1975	1976	1977	1978	1979	1980	1981	1982	1983
0	44.3	30.1	36.4	36.5	35.7	30.8	26.2	22.1	19.7	17.3
1	0.4	1.0	0.9	0.9	0.9	0.9	0.8	1.1	1.4	0.6
2	10.9	9.5	8.0	5.4	5.9	5.2	4.7	5.4	4.0	4.0
3	25.6	44.3	37.6	39.4	36.0	44.6	52.0	51.5	55.0	48.5
4	0.6	0.4	0.4	0.5	0.3	0.2	0.2	0.2	0.1	0.1
5	1.6	1.8	1.8	1.8	1.7	1.8	2.1	3.3	2.4	2.4
6	12.5	6.6	8.6	8.9	10.2	9.0	6.9	16.2	8.5	11.5
7	2.8	2.7	2.9	3.1	5.0	4.4	4.3	2.5	5.4	11.4
8	1.4	3.4	3.4	3.5	4.3	3.2	2.8	0.2	3.3	4.4
9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: United Nations Economic Commission for Latin America.

TABLE 36

Coverage of NonTariff Barriers in 16 Developed Countries:

1983* (percent)

	Coverage %
All Products	27.1
Fuel	43.0
Agriculture	36.1
Manufactures	16.1
• Textiles	44.8
• Footwear	12.6
• Iron and Steel	35.4
• Electrical Machinery	10.0
• Vehicles	30.4
• Other Manufactures	8.8

*This coverage index is defined as the proportion of these countries imports subject to the following nontariff barriers: Prohibitions, Quotas, Discretionary Import Authorization, Conditional Import Authorizations, "Voluntary" Export Restraints, Variable Levies, Minimum Price Systems, "Voluntary" Price Restraints, Tariff Quotas, Seasonal Tariffs, Price and Volume Investigations, and Andi-Dumping and Counterveiling Duties.

Source: Nogues, Olechowski and Winters (1986).

TABLE 37

Coverage of Developed Countries NonTariff Barriers On

Imports From Industrialized and

Developing Nations: 1983

	Coverage (%)
• Industrialized Countries	21.0
• All LDCs	34.3
• Major Manufacturing Exporters	26.5
• Major LDC Borrowers	35.4

Source: Nogues, Olechowski, and Winters (1986).

TABLE 38

Extimated Total Rates of Protection For Some

Argentinian and Brazilian Exports: 1980

(percent)

	EEC	Japan	USA
Argentina			
Fresh meat (011)	118	328	46
Wheat (041)	120	145	0
Corn (044)	63	n.a.	10
Textile Fibers (26)	59	13	68
Hides (611)	18	25	5
Steel (67)	43	8	35
Garments (84)	59	18	79
Brazil			
Fresh Meat (011)	118	328	46
Sugar and Honey (061)	160	44	27
Coffee and Derivatives (071)	93	161	39
Cocoa (072)	12	173	4
Textiles (65)	59	13	68
Footwear (851)	27	16	9

*The numbers in parentheses refer to the SITC classification. Total rate of protection is defined as tariff rate plus tariff equivalent of NTBs.

Source: Economic Commission for Latin America "Relaciones Economicas Internacionales y Cooperacion Regional de America Latina y el Caribe," Santiago de Chile (22 May 1986).

TABLE 39

Nominal and Effective Rates of Protection

In Selective Latin American Countries

	Year	Nominal Rate of Protection	Effective Rate of Protection
Argentina			
Manufacturing	1969	51.1	97.4
All Industries	1969	35.5	46.9
Manufacturing	1976	94.0	n.a.
Manufacturing	1980	53.4	n.a.
Brazil			
Consumer Goods (Manufactured)	1967	n.a.	66
Capital Goods	1967	n.a.	52
Chile			
Manufacturing	1974	n.a.	10.1
Manufacturing	1979	n.a.	13.6
Colombia			
All Industries	1979	n.a.	47.6
All Industries	1981	n.a.	38.7
Peru			
All Industries	1973	80.1	n.a.
Manufacturing	1975	n.a.	198
All Industries	1980	37.0	n.a.
Uruguay			
All Industries	1974	452	n.a.
All Industries	1982	53	n.a.

Sources: Argentina: Cavallo and Cottani (1986)
          Brazil: Carvalho and Haddad (1981)
          Chile: Edwards and Edwards (1987)
          Colombia: Edwards (1983)
          Peru: Nogues (1986)
          Uruguay: Favaro and Spiller (1986).

TABLE 40

Coverage of Some NonTariff Barriers in Selected

Latin American Countries: 1983

	Percent of Import Items Subject To Outright Prohibition	Percent of Import Items Subject To Import Licenses
<u>Argentina</u>		
• All Products	23	29
<u>Brazil</u>		
• All Products	42	n.a.
• Textiles	93	n.a.
• Agriculture	86	n.a.
• Wood	80	n.a.
<u>Chile</u>		
• All Products	0	0
<u>Colombia</u>		
• All Products	n.a.	60
<u>Ecuador</u>		
• All Products	30	n.a.
• Agriculture	71	n.a.
<u>Mexico</u>		
• All Products	n.a.	82

<u>Source</u>: ALADI "Elementos de Juicio Para el Estable cimiento de un Programa de Negociaciones Para la Eliminacion de Restricciones No Arancelarias," ALADI/SEC/dt. at 60, 1984.

TABLE 41

Multiple Exchange Rates Practices in Latin America:

Number of Exchange Rates: 1975-1983

	1975	1976	1977	1978	1979	1980	1981	1982	1983
Argentina	5	5	2	2	2	2	2	2	2
Bolivia	1	1	1	1	2	2	2	1	1
Brazil	1	1	1	1	1	2	2	3	3
Chile	1	1	1	1	1	1	1	2	3
Colombia	4	3	4	4	3	3	3	3	3
Costa Rica	2	2	2	2	2	1	4	4	1
Dominican Republic	1	1	1	1	1	1	1	4	4
Ecuador	2	3	3	3	3	3	3	5	5
El Salvador	1	1	1	1	1	1	1	2	2
Guatemala	2	2	2	2	2	2	2	2	2
Mexico	1	2	2	2	2	2	2	3	3
Nicaragua	1	1	1	2	4	3	3	6	6
Paraguay	3	3	3	3	3	3	3	4	6
Peru	3	3	4	4	4	4	4	4	4
Uruguay	2	2	2	1	1	1	1	1	1
Venezuela	2	1	1	1	1	1	1	1	3

Source: World Currency Yearbook.

TABLE 42

Accumulated Value of Direct Foreign Investment In Latin America

(by Country of Origin): Millions of U.S. $

	1967	1976	1977	1978	1979	1980	1981	1984
U.S.A.	11,777	23,934	27,514	32,662	35,056	38,882	38,864	28,094
Japan	403	3,301	3,757	4,373	5,000	6,168	n.a.	n.a.
Germany (FR)	753	3,494	4,381	4,674	n.a.	n.a.	n.a.	n.a.
U.K.	1,228	n.a.	n.a.	1,995	n.a.	n.a.	n.a.	n.a.
Canada	1,093	2,287	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
OECD Total	18,453	37,740	43,293	50,550	n.a.	n.a.	71,800	n.a.
ALADI	n.a.	n.a.	n.a.	n.a.	n.a.	590	654	n.a.

Source: CEPAL, "Banco de Datos Sobre Inversion Extrangesan Directa en America Latina y el Caribe," LC/L.386, Santiago de Chile, 9 September 1986.

TABLE 43

Accumulated Value of U.S. Direct Investment In Latin America

by Sector, 1977-1984 (Millions of U.S. $)

	1977	1980	1981	1982	1983	1984
Mining	982	1,309	1,600	1,752	1,692	1,752
Fuel	1,842	3,054	3,890	4,796	5,025	4,266
Food	994	1,529	1,852	1,928	1,861	2,059
Chemicals	2,168	3,411	3,514	3,239	3,059	3,269
Semi-elaborated Metal	915	...	1,532	1,594	...	...
Non-electric Machinery	942	1,388	1,635	1,577	1,407	1,611
Electronic Equipment	836	985	1,087	1,042	971	980
Transportation	1,065	1,897	1,748	1,693	1,517	1,413
Other Industries	1,404	...	3,932	4,009	...	...
Manufactures	9,324	14,103	15,300	15,081	14,193	15,061
Commerce	1,785	2,845	3,141	2,925	2,831	2,977
Banks	505	857	1,319	1,450	1,436	1,503
Finance, Insurance, Real Estate	2,131	2,762	2,998	3,495	3,561	3,696
Other	1,014	1,563	1,773	1,507	1,466	1,668
TOTAL	17,583	26,493	30,020	30,827	30,224	30,879

Source: CEPAL (1986); see Table 42.

TABLE 44

U.S. Direct Investment in Latin America:

Total Flow of Resources by Host Country[*]

(Millions U.S. $)

	1982	1983	1984
Argentina	238	63	79
Brazil	877	48	522
Colombia	477	242	209
Chile	-85	12	-19
Ecuador	108	38	-74
Peru	341	25	-103
Venezuela	56	-767	26
Other South American	78	-22	-11
Mexico	-1,254	-493	346
Panama	470	189	-489
Other Central American Countries	-200	-18	132
TOTAL[*]	995	-683	617

---

[*]Includes equity, external debt within subsidiaries plus reinvestment of profits.

Source: See Table 42.

TABLE 45

U.S. Direct Investment in Latin America:

Total Flow of Resources by Sector

(Millions of U.S. $)

	1982	1983	1984
Mining	130	122	54
Oil	873	150	-775
Footstuffs	105	-115	201
Chemicals	-176	-189	207
Semi-elaborate Metals	62	...	163
Non-electric Machinery	-42	-161	174
Electronic Equipment	-4	-59	8
Transportation Equipment	-48	-150	-104
Other Manufactures	18	...	200
Manufactures	-85	-910	849
Commerce	-177	-112	146
Banks	139	-38	66
Finance, Insurance, Real Estate	347	107	75
Other Industries	-231	-	185
TOTAL	995	-684	617

Source: See Table 42.

APPENDIX

TABLE A.1

Regression Results for U.S. Import Market Shares in

16 Latin American Countries: 1970-1983

Country	Constant	Time Trend	Log U.S. Real Exchange Rate	Log U.S. RER Lagged	D.W.	R^2
Argentina	0.626 (0.292)	0.013 (1.088)	-0.044 (-0.066)	-0.439 (-0.571)	1.229	0.222
Brazil	3.061Q* (4.678)	-0.046* (-12.469)	0.387 (1.824)	-0.470 (-1.890)	2.572	0.975
Chile	1.487 (0.398)	-0.009 (-0.442)	-1.383 (-1.143)	1.003 (0.706)	1.238	0.132
Mexico	2.999* (4.973)	0.009* (2.603)	-0.171 (-0.877)	-0.059 (-0.258)	2.173	0.598
Uruguay	0.613 (0.246)	-0.009 (-0.677)	-0.232 (0.281)	0.131 (0.971)	2.010	0.159
Venezuela	4.271* (3.798)	-0.005 (-0.887)	-0.569 (-1.564)	0.657 (1.537)	1.521	0.211
Colombia	4.354* (4.008)	-0.021* (-3.462)	-0.176 (-0.501)	0.287 (-0.696)	1.805	0.647
Paraguay	-1.659 (-0.557)	-0.061* (-3.608)	0.354 (0.367)	-1.331 (1.175)	1.377	0.814
Costa Rica	1.984* (2.521)	0.001 (0.305)	-0.389 (1.525)	0.065 (0.219)	1.475	0.388
Guatemala	3.453 (3.742)	-0.004 (-0.676)	-0.577 (-1.929)	0.560 (1.598)	1.749	0.278
Ecuador	3.023* (2.758)	-0.005 (-0.757)	-0.179 (0.505)	0.043 (0.103)	1.041	0.144
Peru	3.480* (2.521)	0.027* (3.469)	0.395 (0.882)	-0.359 (0.684)	1.254	0.658

(continued)

Table A.1 (continued)

Country	Constant	Time Trend	Log U.S. Real Exchange Rate	Log U.S. RER Lagged	D.W.	R^2
Nicaragua	7.534 (6.311)	-0.045* (-6.680)	0.063 (1.627)	0.182 (0.402)	2.674	0.901
El Salvador	3.017 (2.334)	-0.002 (-0.232)	0.680 (1.625)	-0.753 (-1.532)	1.091	0.378
Honduras	5.211 (5.816)	-0.011* (-2.147)	0.067 (0.237)	0.227 (0.665)	1.539	0.435
Bolivia	-1.365 (-0.760)	0.009 (0.904)	0.274 (0.470)	-1.238 (-1.813)	1.940	0.428

Notes: The regression run was the following $\log share_t = a_o + a_1 TIME + a_2 \log USRER_t + a_3 \log USRER_{t-1} + \mu_t$. The data on real exchange rates correspond to (the inverse) of the IMF MERM indexes.

The numbers in parentheses are t-statistics, D.W. is the Durbin-Watson statistic, R^2 is the coefficient of determination. All asterisks mean that the coefficient is significant.

Figure 1

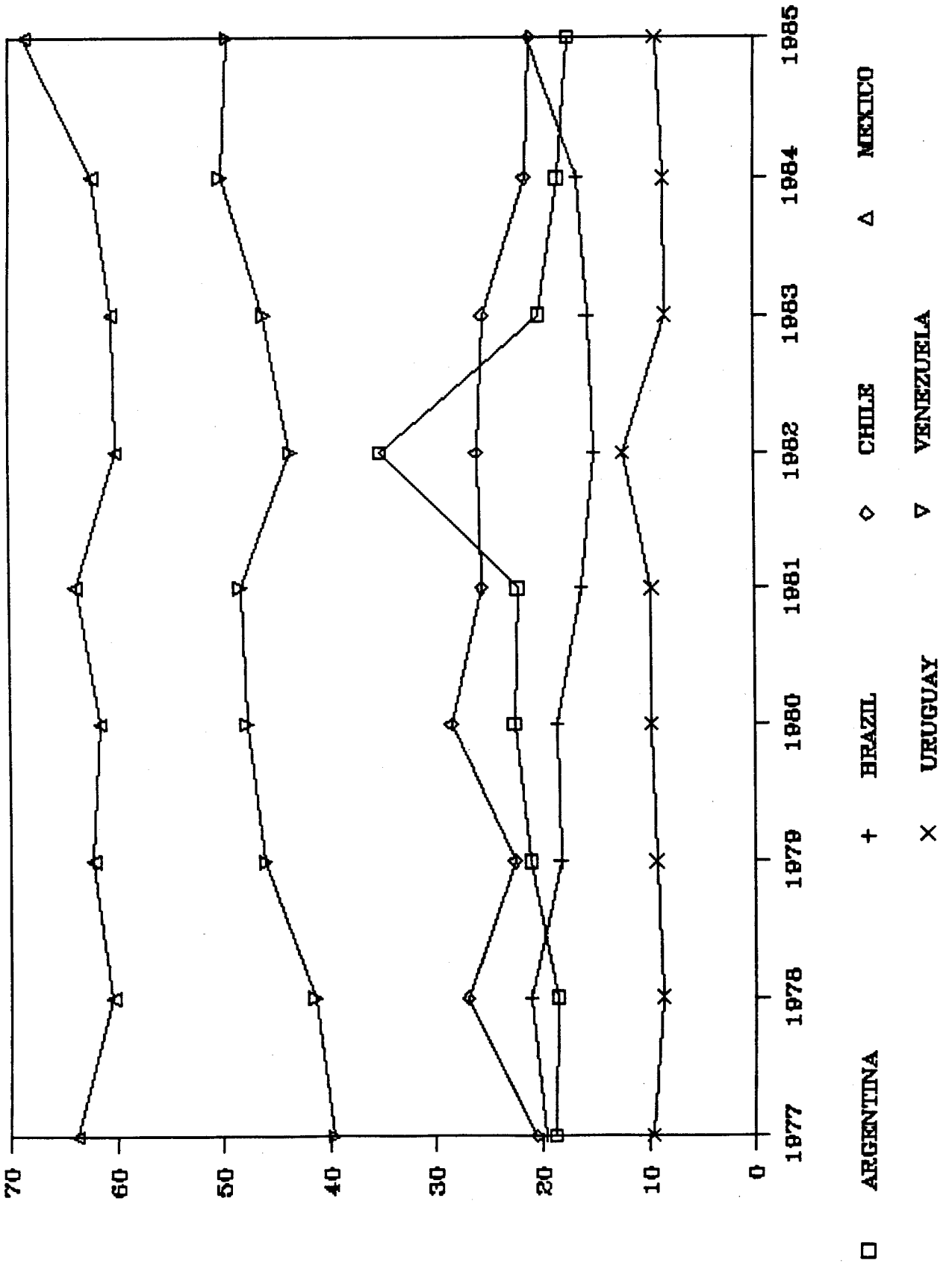# U.S. SHARES OF L.A. IMPORTS:

UPPER INCOME COUNTRIES

□	ARGENTINA	+	BRAZIL	◇	CHILE	△	MEXICO
		×	URUGUAY	▽	VENEZUELA		

Figure .2

U.S. SHARES OF L.A. IMPORTS:

MIDDLE INCOME COUNTRIES

□ COLOMBIA	+ PARAGUAY	◇ COSTA RICA	△ GUATEMALA
	▽ EQUADOR	▽ PERU	
	×		
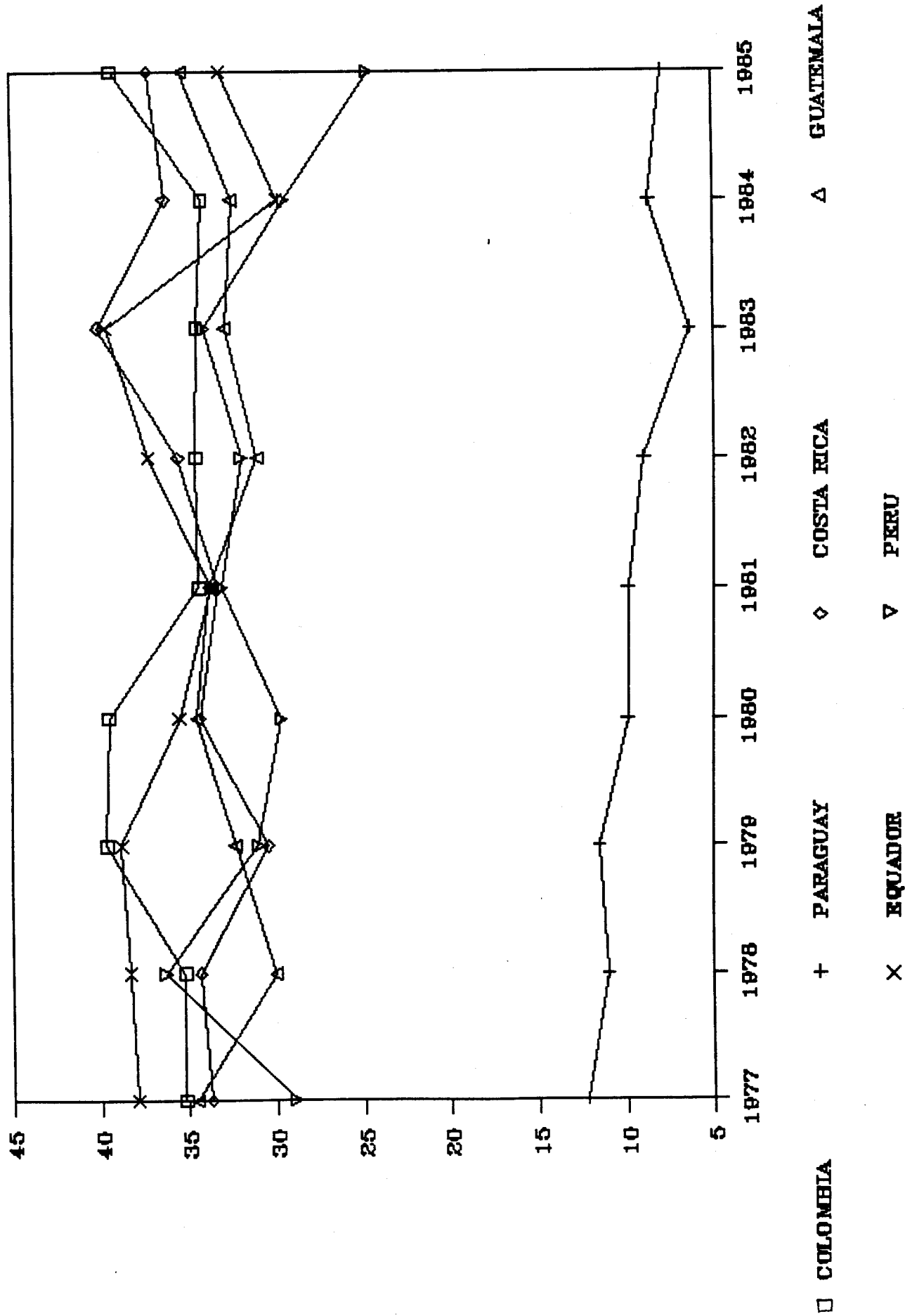
Figure 3

U.S. SHARES OF L.A. IMPORTS:
LOWER INCOME COUNTRIES

□ NICARAGUA + EL SALVADOR ◇ HONDURAS △ BOLIVIA
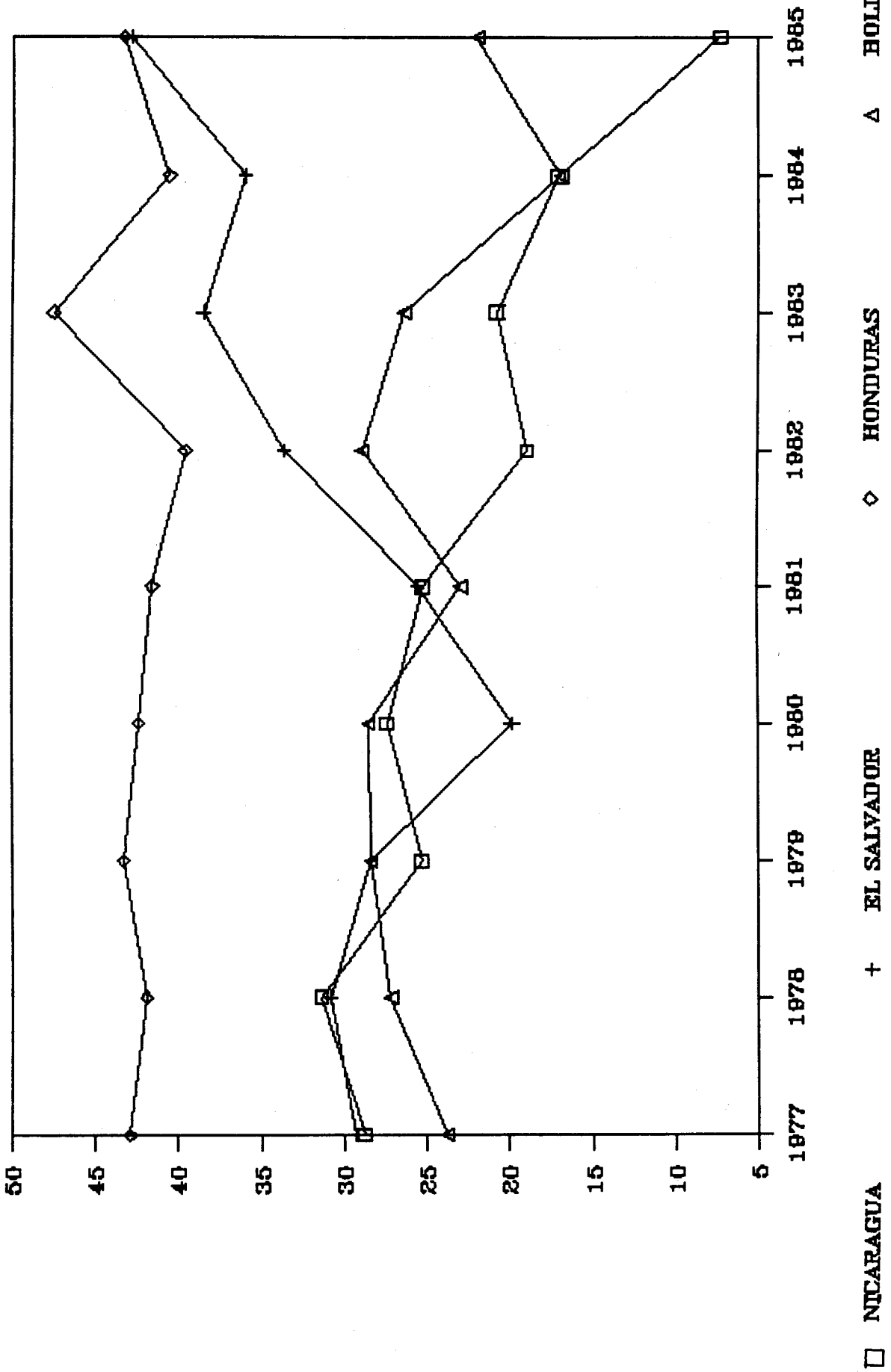
Figure 4

BRAZIL

Real Ex. Rate:e=E*CPI(world)/CPI(home) (1980=100)

years

☐ Off. Bilateral   ◇ Off. Multilateral
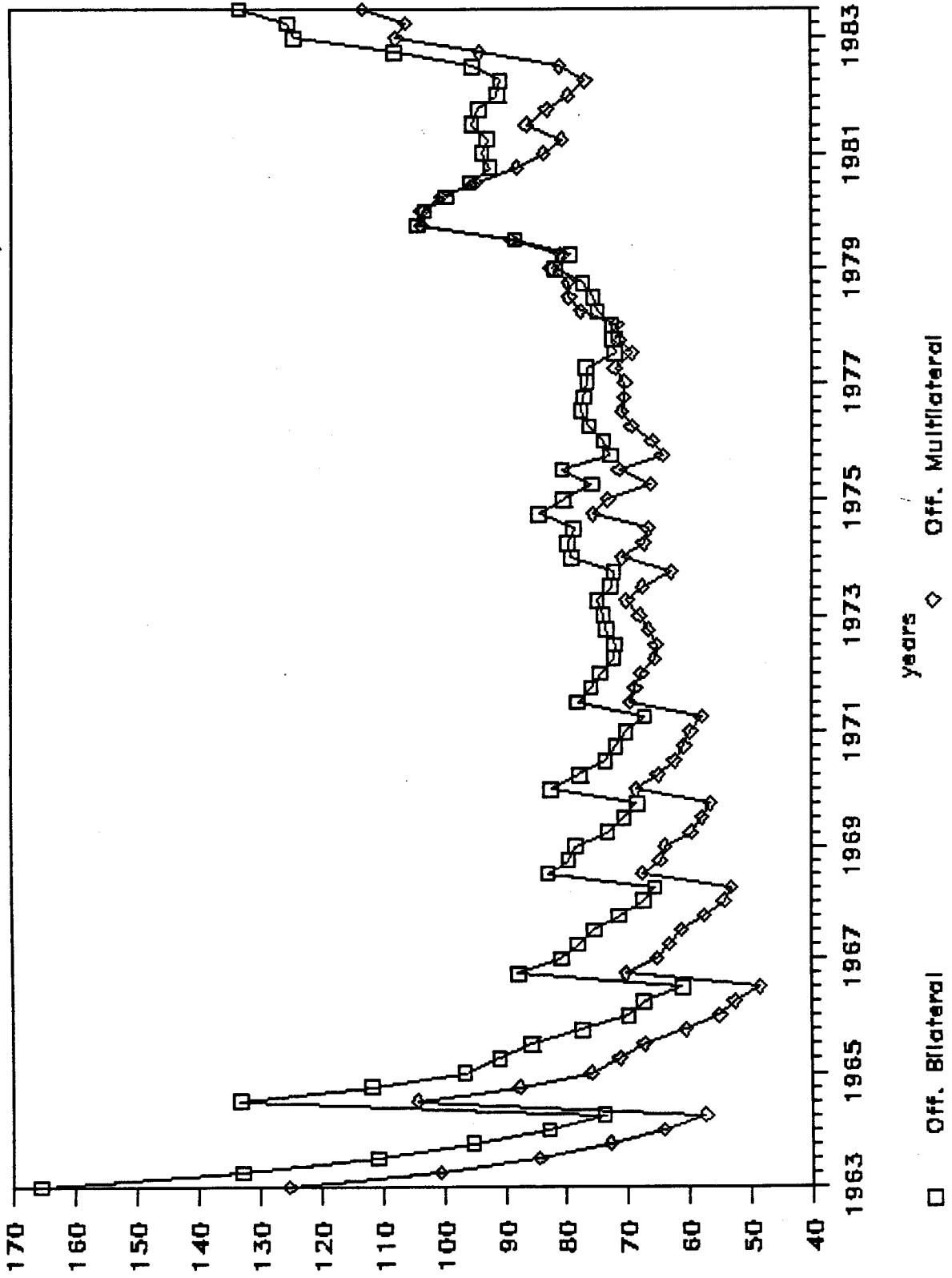
Figure 5

CHILE

Real Ex. Rate:e=E*CPI(world)/CPI(home) (1980=100)

Off. Bilateral   years   Off. Multilateral

Figure 6

PERU

Real Ex. Rate:a=E*CPI(world)/CPI(home)   (1980=100)

years

□   Off. Bilateral   ◇   Off. Multilateral
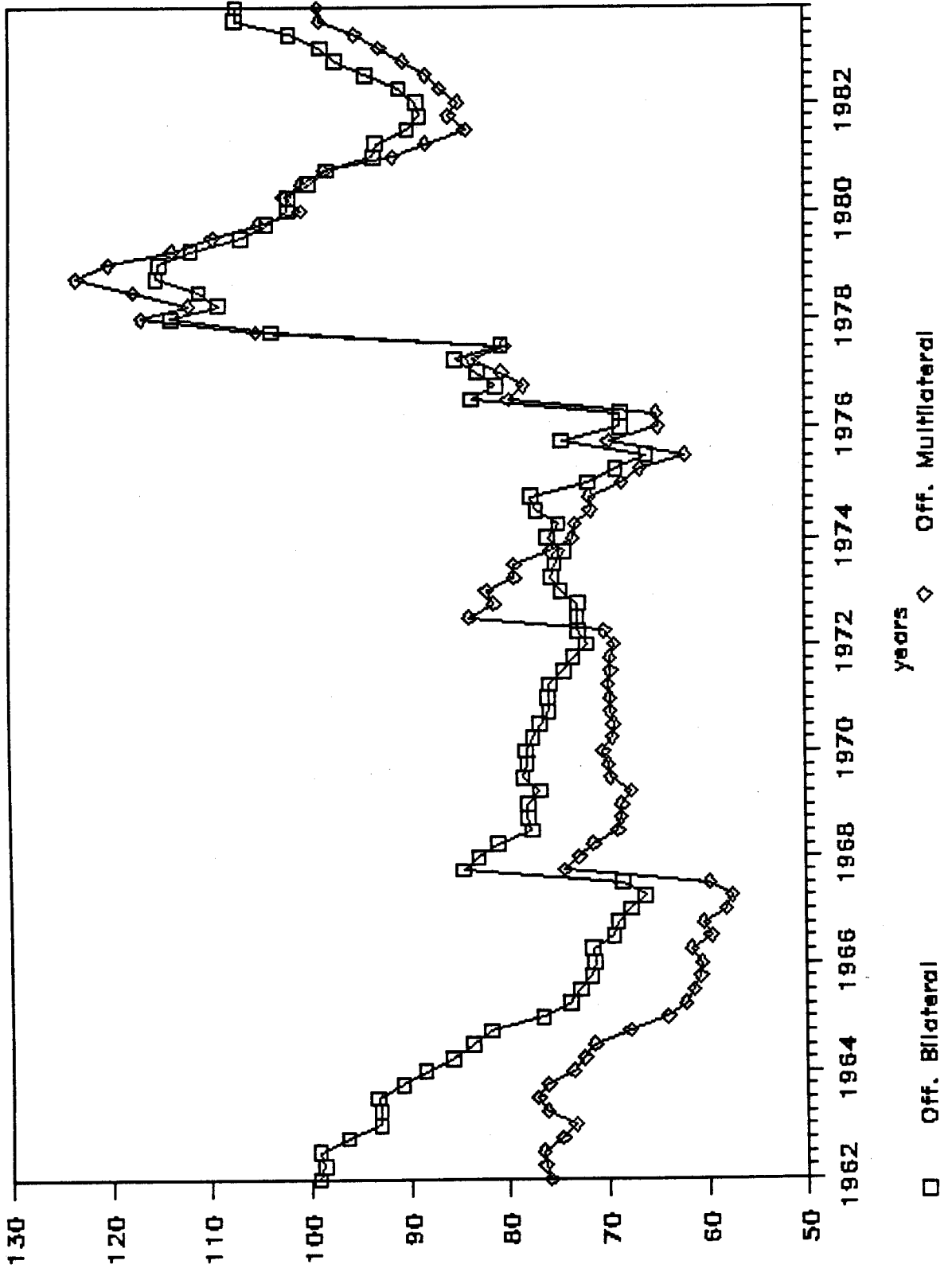
Figure 7

MEXICO

Real Ex. Rate=E*CPI(world)/CPI(home) (1980=100)

□   Off. Bilateral   ◇   Off. Multilateral

years

Figure 6
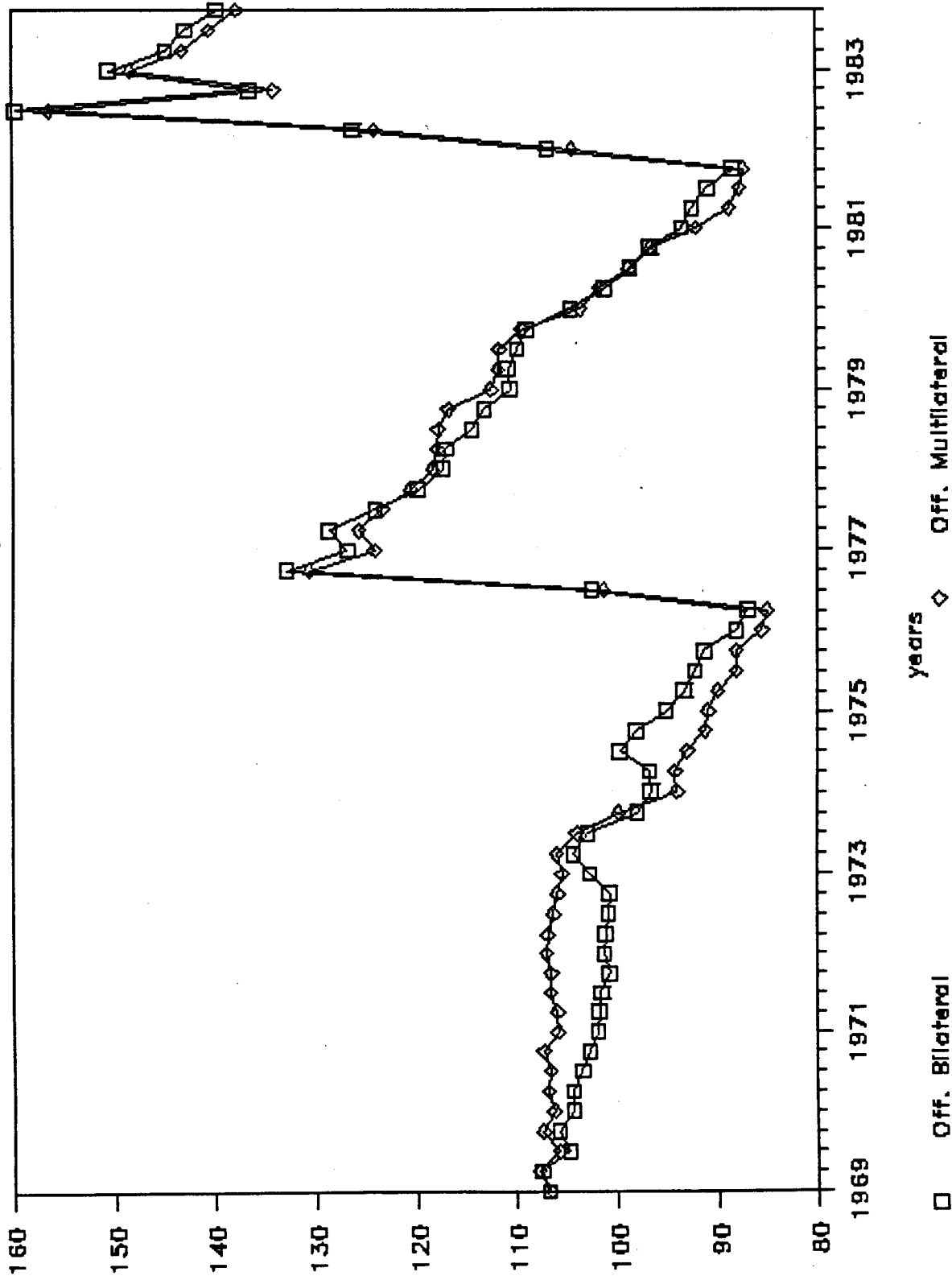
WAGES IN MANUFACTURING

SELECTED YEARS: 1975 - 1983

◇ MEXICO	△ PERU	× U.S.			
□ COLOMBIA	▽ VENEZUELA				
+ ECUADOR					