Abril de 2010 • Número 17

Revista del CEI

Comercio Exterior e Integración

Abril de 2010 - Número 17

Recuperación de las economías del MERCOSUR

Luces y sombras en la economía mundial

Los desequilibrios internacionales: una visión sudamericana

Las preferencias comerciales entre países en desarrollo

Revista del CEI Comercio Exterior e Integración

de Relaciones Exterior... al y Culto

(en línea)

CEI Journal
Foreign Trade and Integration

April 2010 – Number 17

Only the abstracts of the contents are available in English.
For full journal in Spanish, please click here.

Contents:

Structure of Argentine foreign trade
Year 2009

by Mariángeles Polonsky

Abstract

In 2009, both Argentine exports and imports shrank with respect to the previous year, mainly due to the abrupt contraction of the world economy and its negative impact on international trade flows.

That year, exports of goods totalled USD 55.75 billion—20% below the figure recorded in 2008—as a result of lower export prices and volumes. Export contraction was mostly determined by a reduction in exports of Primary products, especially oil seeds and fruits. Export values of manufactures and fuels also fell, mainly as a result of plummeting prices.

In 2009, imports dropped by 33%, following falls in import quantities and, to a lesser extend, prices. The fall in imports of Capital goods and pieces and accessories thereof was mainly attributable to changes in import quantities, whereas the drop in imports of Intermediate goods was mainly due to lower prices.

Driven by a reduction in the deficit in industrial manufactures, the 2009 trade surplus was 36% broader than that of the previous year, thus totalling USD 17.13 billion.

The Centre for International Economy's own projections of the evolution of Argentine foreign trade in 2010 are presented in Annex 3 to the Argentine Trade Review.

MERCOSUR: recovery of the regional economy

by Jorge Lucángeli, Mariana Sanguinetti and Ana L. Zamorano

Abstract

In the second half of 2009, Uruguay held the Pro-Tempore Presidency of MERCOSUR. Although no major changes occurred during that period, progress was made in relation to certain issues that are relevant to the integration process. All national exceptions to the common external tariff were extended, as were certain special import regimes. The VII Round of negotiations on specific service commitments was concluded, further consolidating the process of liberalization of the bloc's trade in services, which is a promising advance.

As for the Bi-Regional Association Agreement between MERCOSUR and the European Union, the third meeting of negotiation coordinators was held last March. MERCOSUR expressed its commitment to reach a satisfactory agreement to both parties. The first stage that would enable negotiators to resume talks on this Association Agreement is expected to conclude in a forthcoming meeting to be held in Brussels.

The MERCOSUR Structural Convergence Fund (FOCEM) added two important projects to the 25 that are currently underway: electrical Interconnection between Brazil and Uruguay (500 MW) and an electrical interconnection project for the Province of Corrientes, Argentina. Investment in infrastructure projects are essential pillars to strengthen the integration process.

In 2009, MERCOSUR members' foreign trade was characterized by a contraction of trade flows as compared to 2008, though this was more pronounced in imports than in exports. Consequently, the regional trade balance showed a significant increase in surplus. The negative impact of the crisis was mostly felt in exports of primary products, in terms of export prices as well as volumes.

In any case, the effects of the crisis appear to be fading. For 2010, GDP growth prospects are above 5% for all countries in the bloc, which would entail a significant recovery with respect to 2009, when GDP behaved dissimilarly in the different member countries: Uruguay showed sustained growth; Argentina a moderate expansion; Brazil a slight fall; while Paraguay showed the sharpest output contraction. Except for Uruguay, the fall in agricultural output was significant—especially in Argentina and Paraguay—while the service sector grew in the four countries.

The light and shade of recovery

by Sebastián Laffaye

Abstract

Although the worst of the crisis seems to be behind us, the world economy is still at risk of a "relapse". The premature dismantlement of policies to buttress demand, within a context of weak private consumption in most developed countries, might undermine the incipient recovery. Likewise, a comprehensive reform of the financial system in industrialized nations as well as in the most severely affected emerging countries is still pending. Support is still needed; the stimulus programmes introduced at the onset of the crisis will thus be gradually phased out, as the situation in the real economy improves, mainly in terms of household expenditure and employment.

Output is recovering: forecasts expect 2010 world GDP growth to be at around 4% as international trade is slowly restored. Both in the United States and in Europe, recovery has been mainly driven by stimulus policies implemented to offset the effects of recession, which have entailed higher fiscal expenditure within a context of fiscal revenue dragged lower by falling output.

In emerging countries, strong domestic markets and fiscal stimulus packages have helped sustain aggregate demand, which has enabled them to tackle the crisis with relative ease. South East Asia, China and India lead this economic recovery, which is reflected in increasing demand for raw materials. Although Latin America is also recovering, countries show heterogeneous behaviours.

On the one hand, authorities are faced with the challenge of redesigning the financial system without compromising its running, while they outline the necessary strategies to dismantle stimulus packages without affecting the already weakened aggregate demand. A stable financial system is a necessary condition to achieve full and stable recovery over the long-run.

The global system of trade preferences among developing countries:
An opportunity for Argentine foreign trade

by Verónica Fossati and Luis A. Levit

Abstract

This paper analyses the relevance of the Agreement on the Global System of Trade Preferences among Developing Countries (GSTP) to Argentina within the framework of South-South trade and in view of the forthcoming conclusion of the Third Round of Negotiations, launched in June 2004. It also describes the precedents that led to the adoption of current modalities, the future prospects and their possible impact on Argentine trade.

Adopting said modalities would reduce the tariff faced by Argentina by 8.3% on average, and it could entail opportunities for Argentine exports by as much as USD 136 billion, while exports at risk of being displaced in the Brazilian market would total nearly USD 6.5 billion. On the other hand, Argentine imports of goods with a potential increase in imports from GSTP countries amounted to USD 28.6 billion.

The conclusion of the Third Round of Negotiations would lead to expansion and diversification of trade among GSTP members, and it would also strengthen South-South trade flows, thus encouraging the participation of other countries. Furthermore, it constitutes a substantive contribution made by developing countries, when the WTO Doha Round of multilateral negotiations is at a standstill.

Trade and climate change:
Prospects and positions in Copenhagen

by Julia Hoppstock

Abstract

The link between trade and climate change was one of the issues under discussion during the Fifteenth Conference of the Parties to the United Nations Framework Convention on Climate Change, held in Copenhagen on 7–18 December 2009. Given the economic interests at stake, it comes as no surprise that this was one of the most difficult issues to deal with or that no agreement could be reached. This is understandable considering the current international context, in which the relationship between trade policies and climate change has acquired a new dimension, since several developed countries have undertaken the design and implementation of trade-related measures to respond to climate change. These initiatives include border carbon adjustment mechanisms (either in the form of tariffs or emissions trading systems), "carbon footprint" labelling, and "green" subsidies for the development and use of clean energy. Although developed countries have justified these measures on the grounds that they prevent the so-called "carbon leakage" and preserve the competitiveness of their industries—facing emission reduction commitments—against developing countries industries—not obliged to reduce emissions, said initiatives might eventually become trade barriers for developing countries' export products.

Within this framework, this paper analyses how the link between trade and climate change was addressed in the Copenhagen negotiations, from the perspective of developing countries. To this aim, it explains the current state of the debate, the work done in Copenhagen, and the arguments expressed by the Parties during the negotiations held in Denmark, which will continue in the forthcoming meetings to be held in 2010 to finally present their results at the Sixteenth Conference of the Parties (29 November–10 December 2010, Cancun). All this is explained for each of the working groups dealing either directly or indirectly with the relationship between trade and climate change—cooperative sectoral approaches; emissions from international transport; sector-specific actions in agriculture; economic and social consequences and potential impacts of response measures; and development and transfer of technology.

Copenhagen Accord:
negotiations on climate change after the 15th Conference

by Raúl A. Estrada Oyuela

Abstract

This year marks the beginning of a new stage in the efforts of the organized international community to define its response to climate change. We are midway through the first commitment period of the Kyoto Protocol, which has aimed at a modest 5% emission reduction by the five-year period 2008–2012, taking 1990 emissions as the baseline. The United States has not joined this effort and developing countries—including those whose total emissions have rocketed—have not assumed any quantified emission limitation commitment. Hopes of reaching a new post-2012 agreement were dashed in 2009. At present, there is nothing more than a set of reciprocally conditioned mitigation promises. All those promises together are not enough to guarantee that the increase in global mean surface temperature will not disrupt the climate system. Consequently, there is a pressing need to adapt living conditions as well as methods of production and consumption to the future circumstances that can reasonably be expected.

The global regime and international imbalances

An overview from a South American perspective

by José María Fanelli

Abstract

The crisis has been mostly evident in the financial system; therefore, it comes as no surprise that the most significant changes have involved developed countries' financial and monetary regulations as well as the international financial architecture (IFA) and its rules. This requires a structural change as far as capital flows and inter-country financial relations are ruled by monetary policy guidelines and by the regulatory frameworks of major financial centres and of the IFA. In this context, it should be remembered that the global economy is a system; changing the rules of the game in the monetary and financial field will inevitably bring about the need to adapt them in other fields, too.

Nevertheless, pressure for change stems not only from monetary imbalances and the running of the financial system in connection with the crisis. There are major structural factors—which have been at play for a long time—also calling for a redesign of the rules of the game at the global level. Moreover, the global economic scheme is mutating and will continue to do so, and changes in the trade regime, the IFA and the monetary system will undoubtedly bring about sensitive changes in the international environment. The aim of this paper is to contribute elements to draw up a regional agenda on the basis of an assessment of changes in the international regime from a South American perspective.

Workshop on the world financial crisis

1. Introduction

On Friday, 19 November 2009, on the occasion of the visit to Buenos Aires of Patrick Low (Director of the Development and Economic Research Division of the WTO), a workshop for economists was organized at the auditorium of IDB-INTAL with the aim of discussing the vicissitudes of the crisis and likely future scenarios. Apart from Mr. Low, Julio Berlinski took part introducing the topics under discussion, and the remaining participants were Roberto Bouzas, Ricardo Carciofi, José María Fanelli, Aldo Ferrer, Pablo Guidotti, Bernardo Kosacoff, Jorge Lucángeli, Raúl Ochoa, Jorge Riaboi, Néstor Stancanelli and Héctor Torres.

All participants agreed that the world financial crisis had been triggered by structural rather than current factors, and that it was thus necessary to come up with a new global paradigm of production and trade.

Regarding the impact of the crisis, they stated that the most serious consequences were those relating to employment and anticipated that restoring pre-crisis employment levels would take a very long time. As for the regional impact, they expressed that, although the almost generalised recession affected Latin American countries less severely than other countries, the former are now faced with the challenge of adapting themselves to a new world economic structure.

They considered that the stimulus measures adopted to mitigate the effects of the crisis seemed to be adequate for the short and medium term, but that for their economies to be sustainable in the long run it was necessary to develop exit strategies and those needed to reform the economic system.

Seminar on Trade and Climate Change:
summary of the debate

Abstract

On 18–19 November 2009, the World Trade Organization and the Ministry of Foreign Affairs, International Trade and Worship jointly organized a seminar on Trade and Climate Change at the auditorium of IDB-INTAL in Buenos Aires.

The aim of the seminar was to discuss the problem of climate change, focusing on its economic effects and, particularly, on its relation to foreign trade, trade policies and economic and trade negotiations within the framework of those that are currently underway at the United Nations Framework Convention on Climate Change.

The seminar consisted in an introductory session, five panels and a final round table. Panellists' presentations, the seminar agenda, and speakers' and moderators' background information can be found on the CEI website. The following sections summarise the discussions held at the end of each session and the round table debate.