

Economic Linkages between Asia and Latin America

Opportunities, Challenges and Policies

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Outline

I. Trade and Financial Linkages

II. Future Opportunities & Potential

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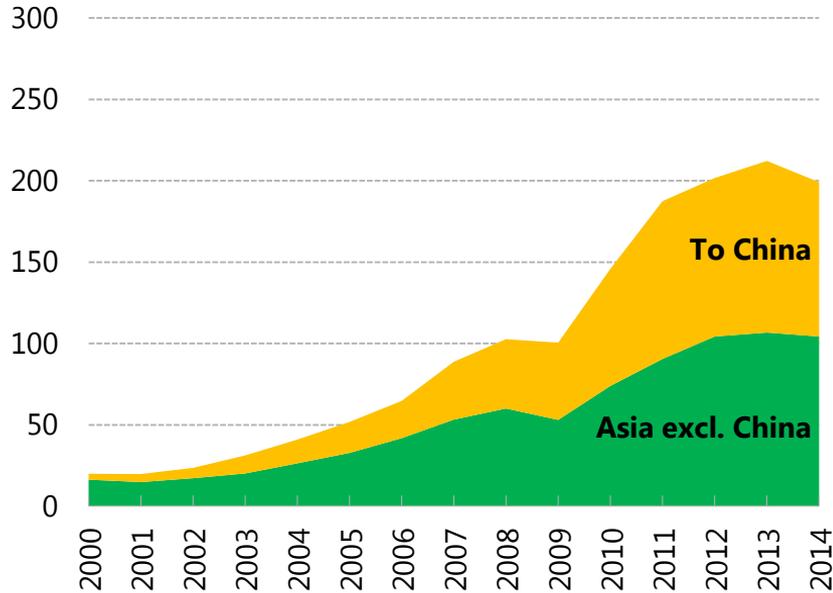
I. Trade and Financial Linkages

II. Future Opportunities & Potential

Trade Ties between Asia and Latin America

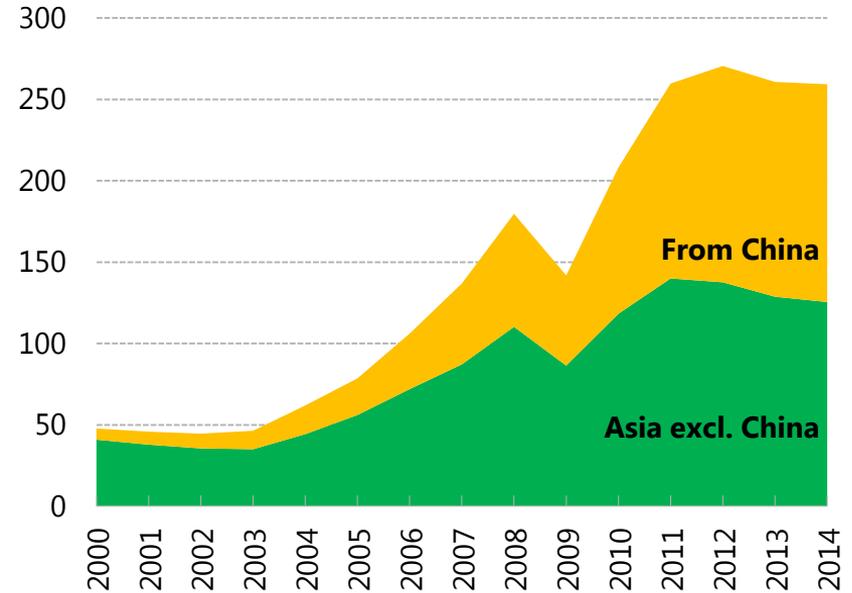
Latin America: Exports of Goods to Asia

(Billions of U.S. dollars)



Asia: Exports of Goods to Latin America

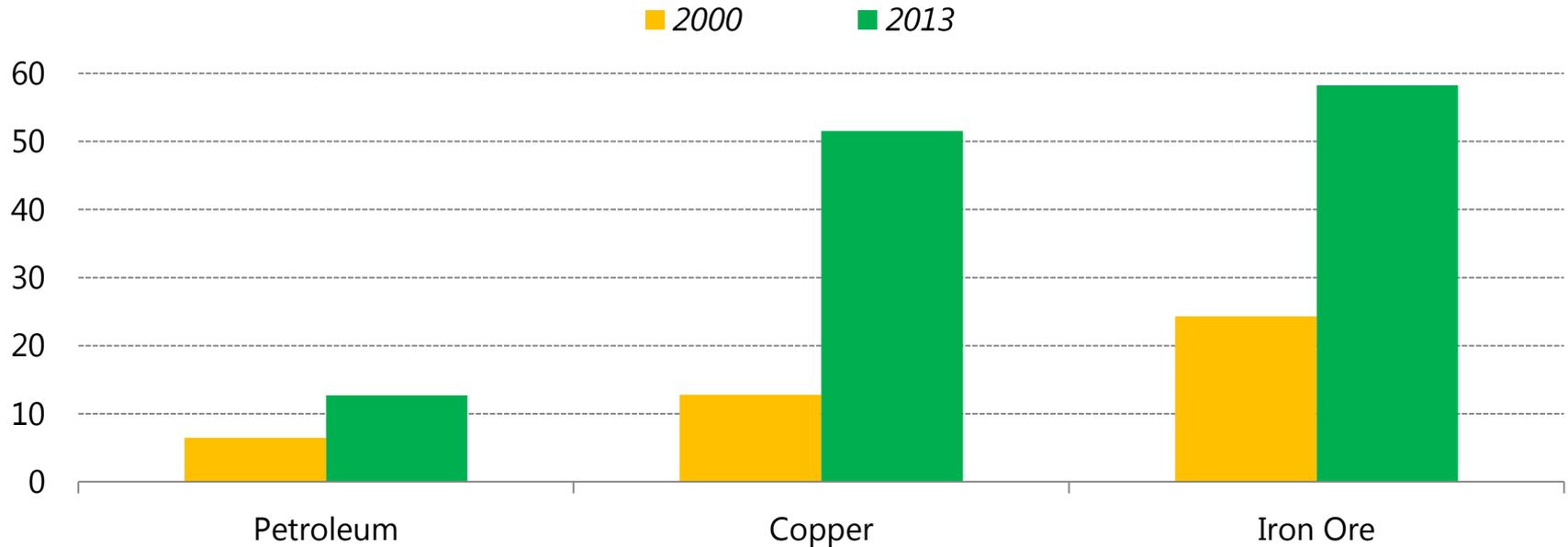
(Billions of U.S. dollars)



Sources: IMF, Direction of Trade Statistics; and IMF staff calculations.

China's Consumption of Major Commodities Exported by Latin America

(In percent of total world consumption)

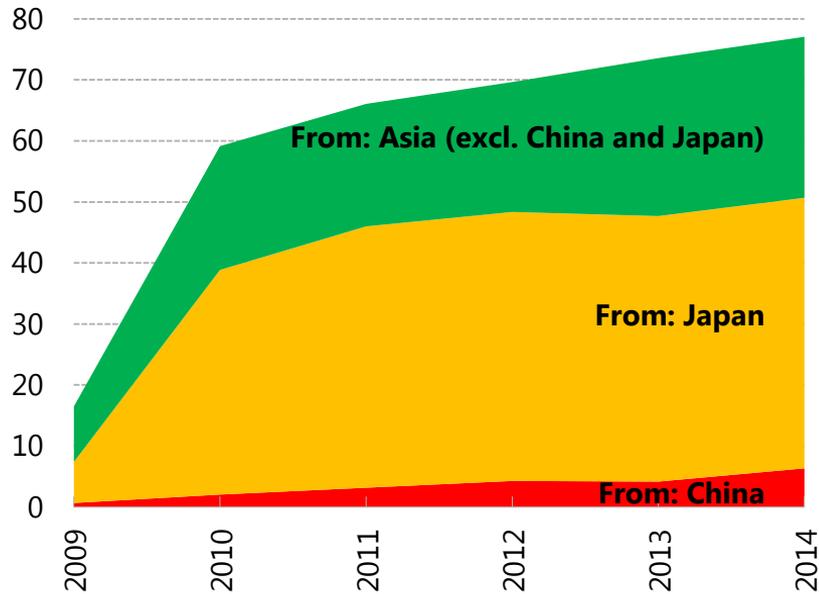


Source: IMF staff calculations.

Financial linkages through FDI have also become significant

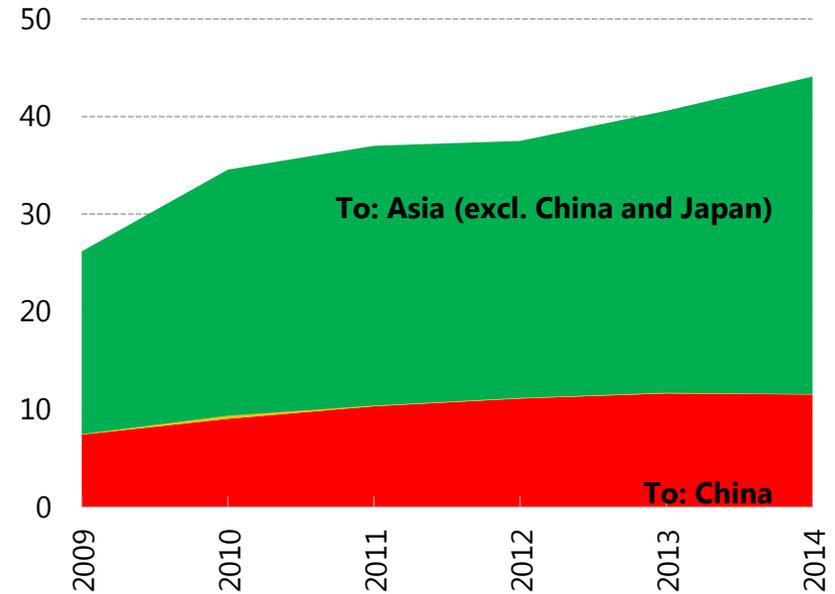
Latin America: FDI from Asia

(Billions of U.S. dollars)



Asia: FDI from Latin America

(Billions of U.S. dollars)



Sources: IMF, Coordinated Direct Investment Survey; and IMF staff calculations.

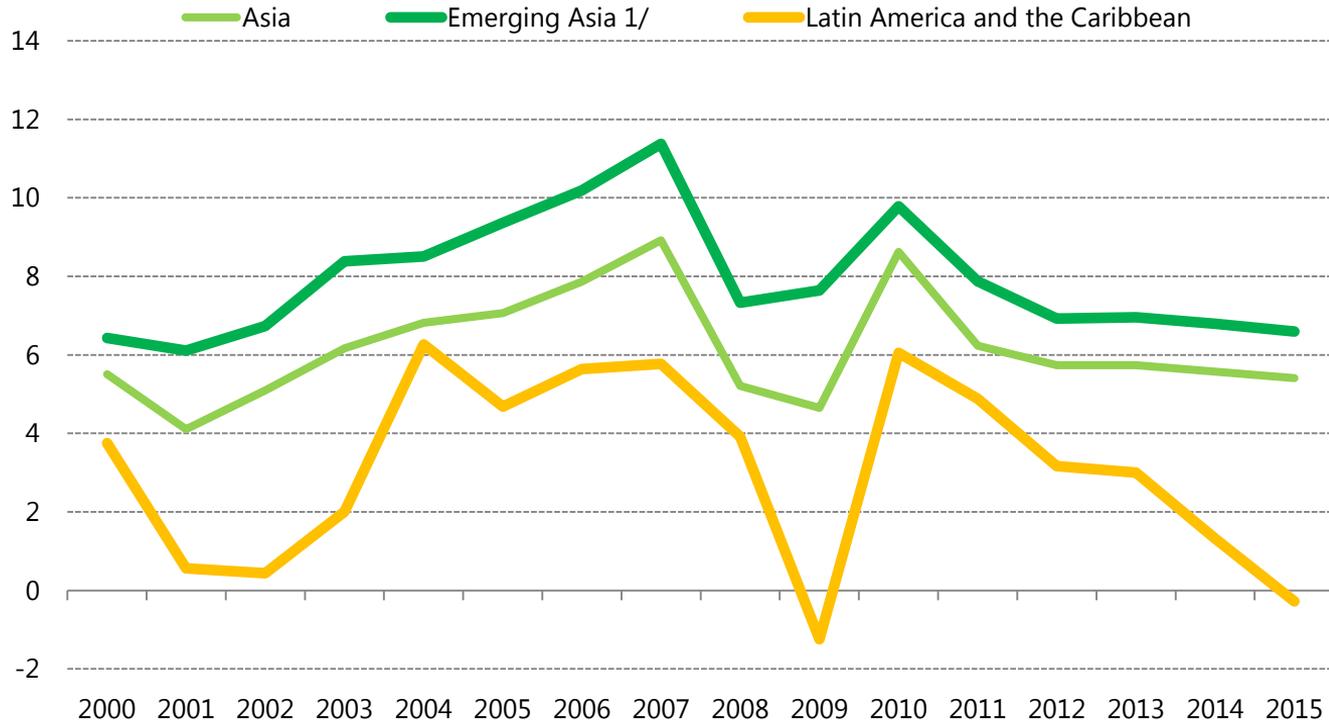
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Real GDP Growth

(In percent; year-on-year growth)

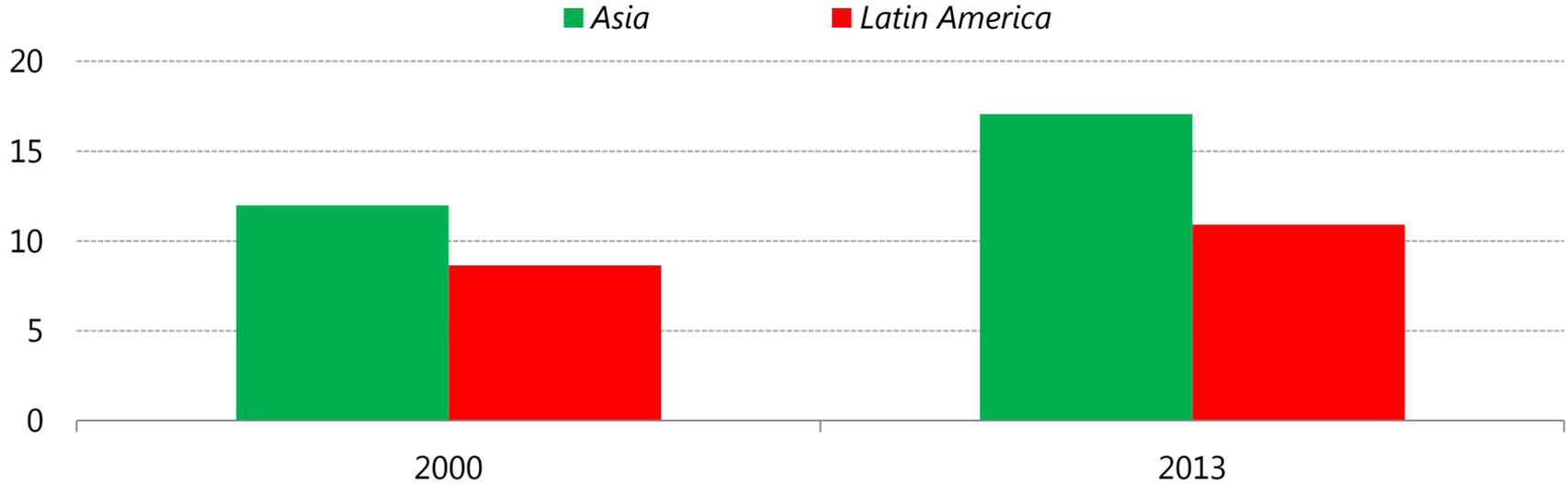


Source: IMF, World Economic Outlook.

Demographic Differences

Old-Age Dependency Ratio

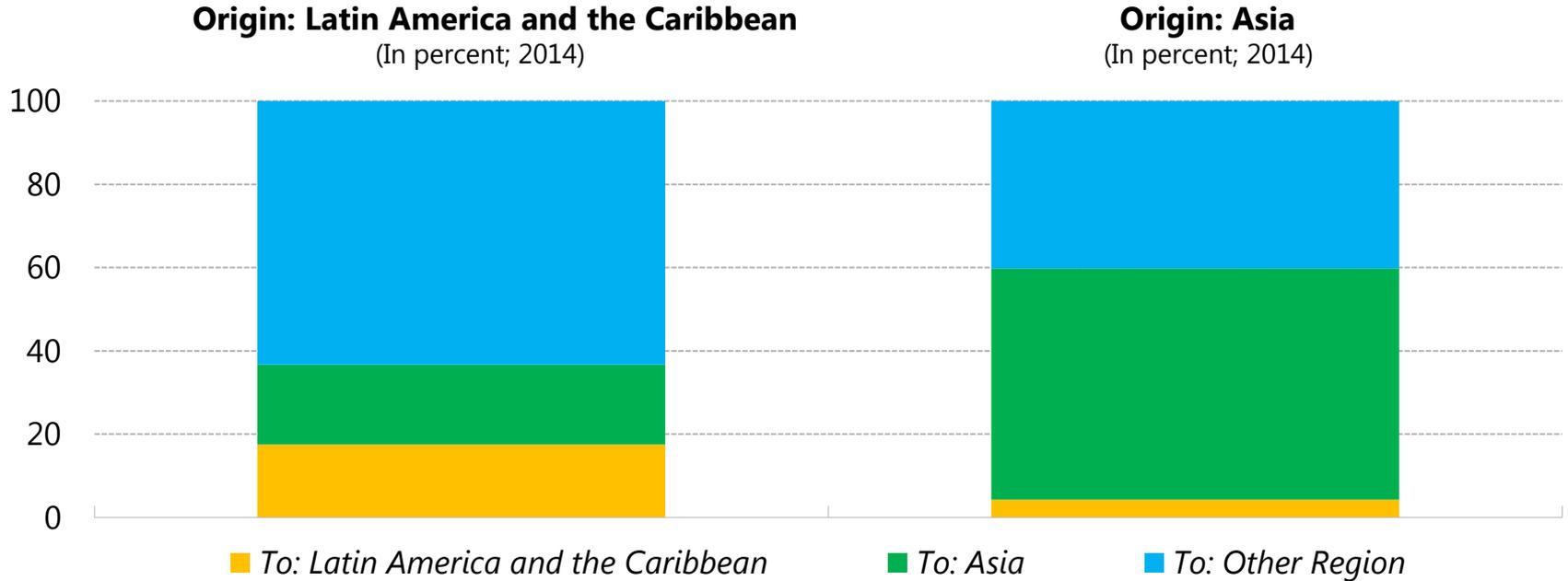
(In percent of working-age population; average in each region)



Sources: World Bank, World Development Indicators; and IMF staff calculations.

Note: Asia includes: China, Japan, Korea, India and Indonesia; Latin America includes Brazil, Chile, Colombia, Mexico and Peru.

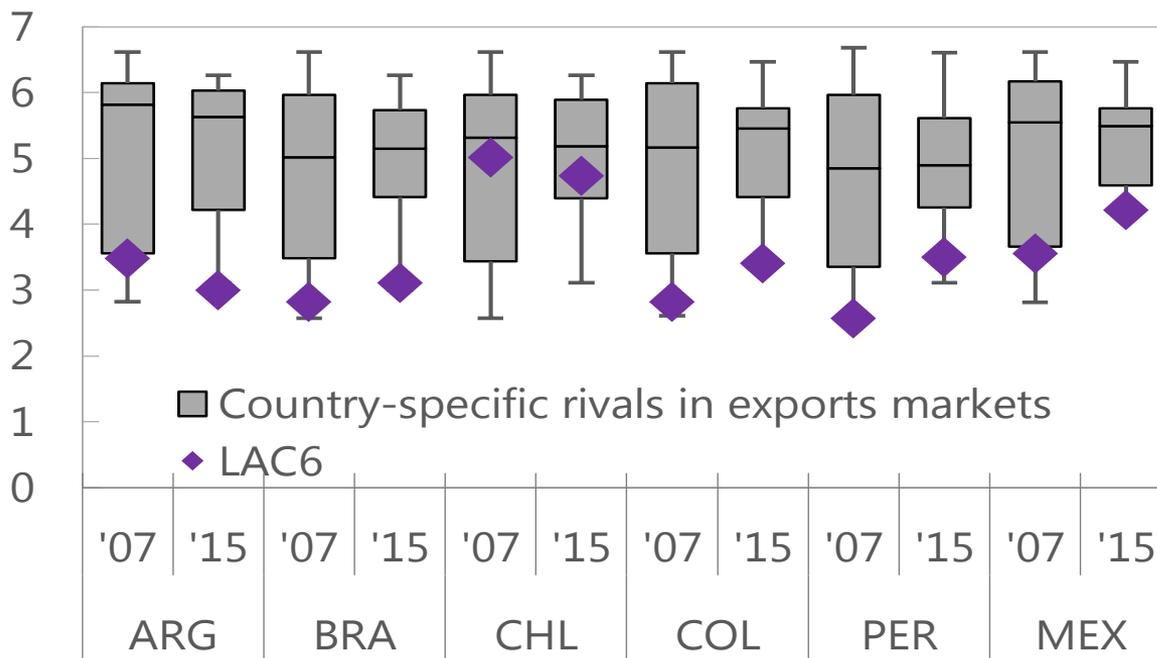
Intra- and Inter- Regional Exports



Sources: IMF, Direction of Trade Statistics; and IMF staff calculations.

Quality of Infrastructure in Latin America

(Index, 7 = best; 2007–15)

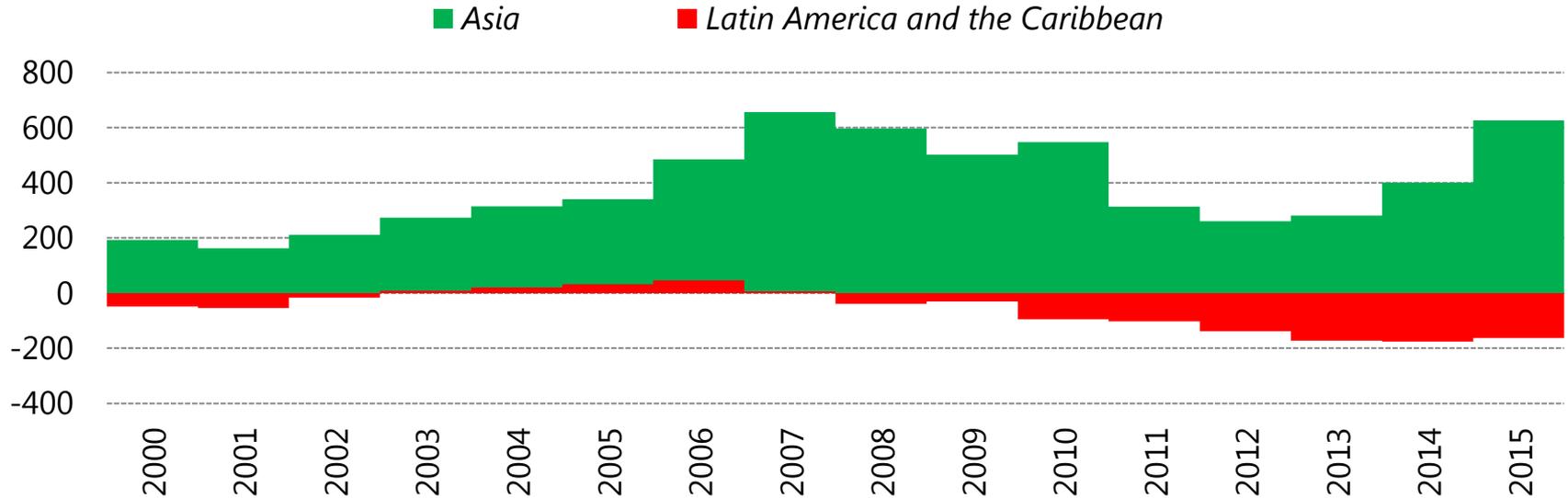


Source: IMF Staff estimates with World Economic Forum and UNCOMTRADE data.

Trade rivals sample defined as the top 5 exporters of each of the top 5 goods exported by the respective country.

Difference in Saving-Investment Balances

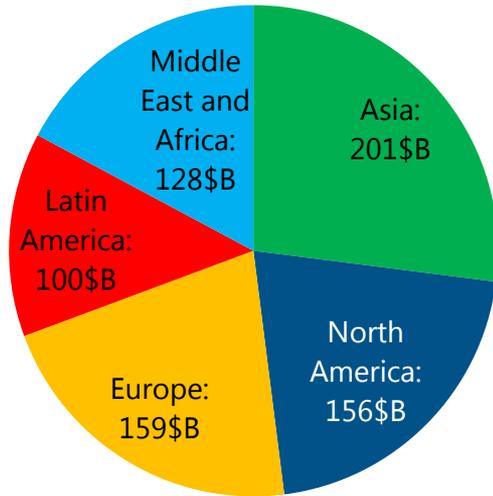
Current Account Balance (Billions of U.S. dollars)



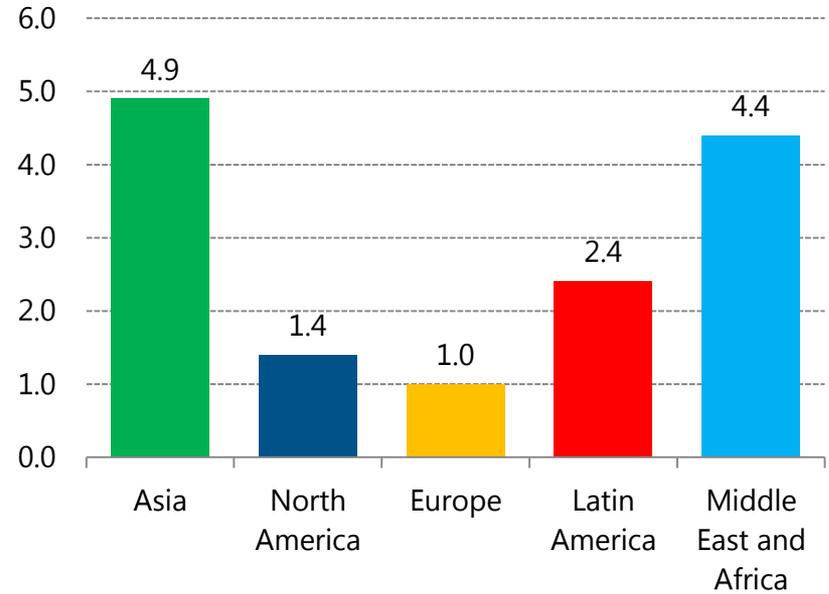
Sources: IMF, World Economic Outlook database; and IMF staff calculations.

China: Outward FDI by Region

(Billions of U.S. dollars; end-2014)



(In percent of GDP; end-2014)

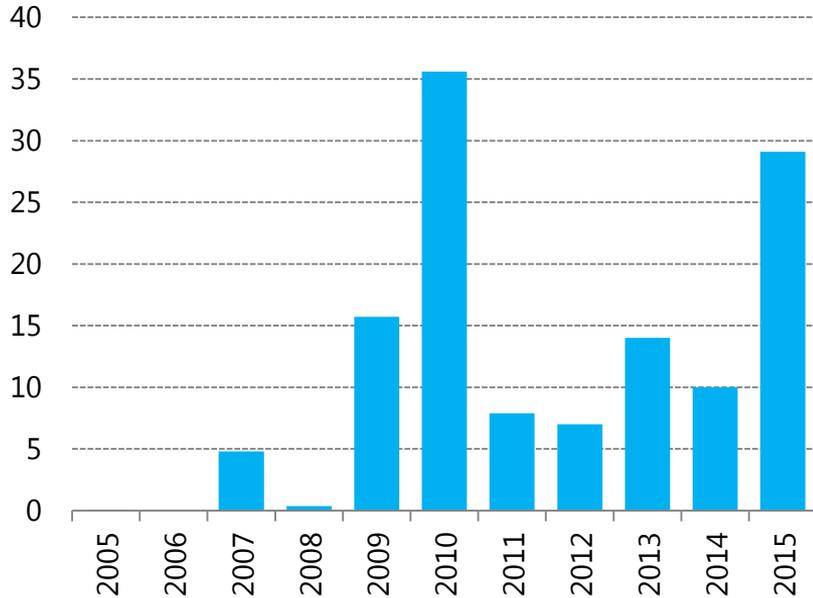


Sources: National authorities; China Global Investment Tracker (AEI and Heritage Foundation); and IMF staff estimates.
Note: Figures in red indicate the average size of ODI in each region as a percent of recipient country's 2014 GDP.

China: Official Loans to Latin America

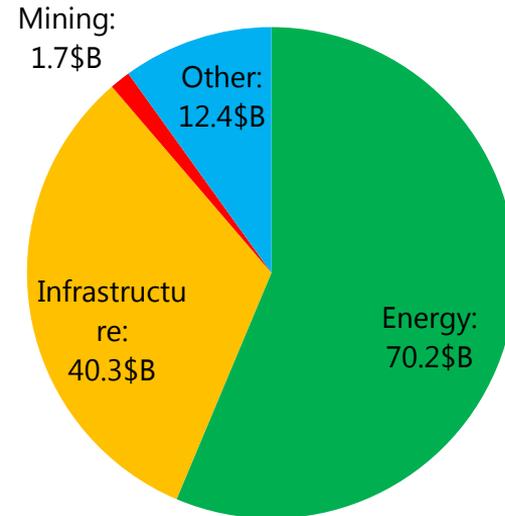
Loans per Year

(Total of 125\$B; 2005-2015)



Loans by Sector

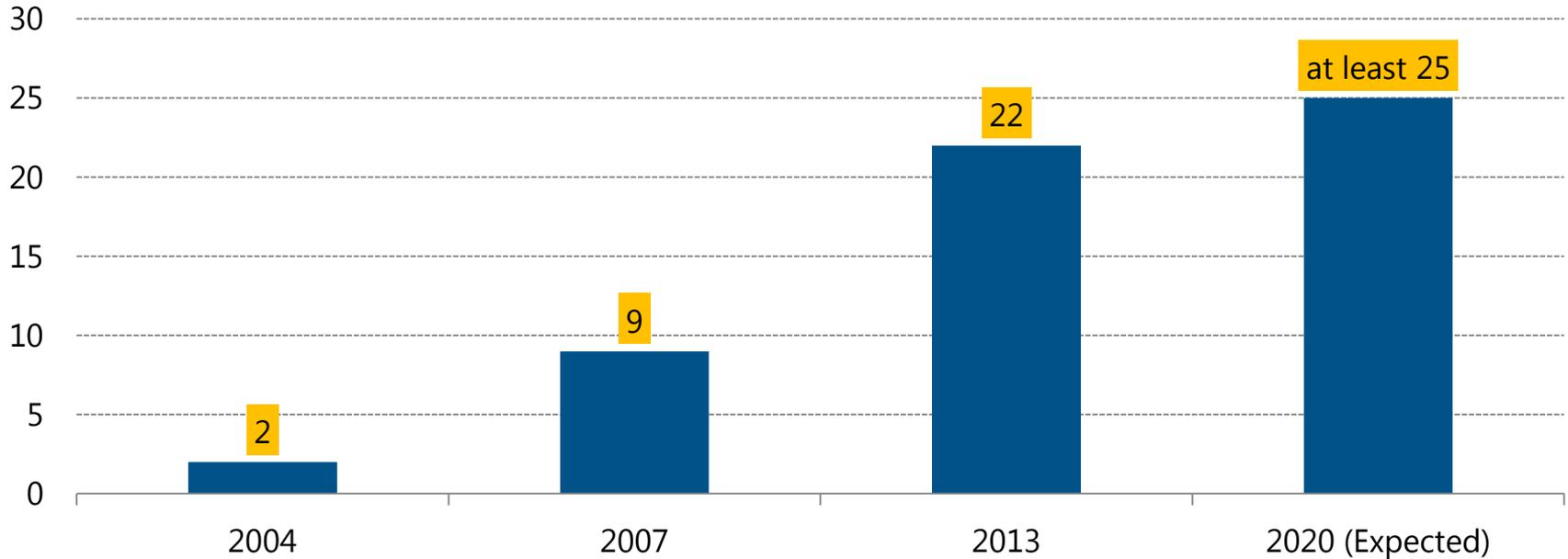
(Total of 125\$B; 2005-2015)



Source: The Inter-American Dialogue.

Free Trade Agreements

Number of Agreements between Asia and Latin America



Source: East Asia Forum.

Facilitating further integration

- **Resist protectionism at home.**
- **Use trade and investment agreements to deepen integration.**
- **Prefer multilateral approaches.**
- **Regional agreements also have a key role, and should be open and transparent.**
- **Outside trade and investment agreements, infrastructure cooperation can contribute to a win-win relationship.**
- **Enhanced regulatory cooperation can facilitate trade and FDI, and encourage small and medium-sized enterprises to get involved in trade.**

IMF Contributions

- **Analysis and capacity-building that promote regional cooperation and exchanges.**
- **Enhanced dialogue on regional cooperation, policies, and information**
 - **Organized a predecessor conference at the 2015 Annual Meetings in Lima - Bridging the Pacific: Harnessing The Benefits Of Rising Trade And Financial Integration Between Asia And Latin America.**
 - **Participated in the IISS Cartagena Dialogue: The Trans-Pacific Summit in 2014.**
 - **Support for the APEC work through Finance Ministers Process, by providing inputs on the outlook and risks, as well as on more technical issues (e.g., disaster risk financing; infrastructure; investment financing).**

Thank You