Strengthening biregional cooperation between Latin America and Asia-Pacific
The role of FEALAC
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   4. GDP growth in Latin America and the Caribbean is expected to reach 3.5% in 2013 and to stay relatively buoyant thereafter ........................................................................................................................................ 16

   5. Developing Asia is expected to account for nearly 60% of world economic growth between 2012 and 2022. Latin America’s contribution, while much smaller, is expected to exceed those of Western Europe, Eastern Europe, Africa and the Middle East ........................................................................................................................................ 17

   6. Although world FDI inflows fell in 2012, those to developed countries declined much more dramatically. FDI inflows to Latin America and the Caribbean actually increased, reaching an all-time high ........................................................................................................................................ 18

   7. The share of FEALAC in world output far surpasses that of the United States and the European Union. By any measure, FEALAC is a very substantial grouping ........................................................................................................................................ 19

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   9. FEALAC-East Asia merchandise trade is almost four and a half times larger than that of FEALAC-Latin America ........................................................................................................................................ 21

  10. The Latin American members of FEALAC account for just 3% of world exports of commercial services, and their share in the dynamic “other services” category is only 2% ........................................................................................................................................ 22

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1. Intraregional trade in ASEAN+3 (plus Hong Kong SAR and Taiwan Province of China) accounts for half of this group's total exports, primarily due to the construction of complex supply chain networks ................................................................. 29

2. Intermediate goods account for a small share of intraregional trade in Latin America and the Caribbean, especially when compared with other regions ................................................................. 30

3. Asia-Pacific continues to increase its weight as a trading partner for Latin America and the Caribbean ................................................................. 31

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8. Trade between Asia-Pacific and Latin America is almost entirely inter-industry. This structure makes it difficult to upgrade trade and investment links ................................................................. 36

9. Latin America exports a limited range of products to Asia compared with its exports to the United States, the European Union and Latin America itself ................................................................. 37

10. Several Asian economies maintain high tariffs in agriculture, a sector of great export interest for many Latin American countries. In turn, Asian economies face quite high tariffs for their manufactures in Latin America ................................................................. 38

11. High transport costs are another trade barrier between the two regions. Therefore, implementing trade facilitation reforms in each region and between the two is urgent ................................................................. 39
12. Over the past fifteen years, a number of Latin American countries have signed FTAs with Asia-Pacific economies. The main rationale for those agreements has been to gain or consolidate access to these major markets.

13. In contrast to its growing presence in merchandise trade, Asia remains a relatively minor investor in Latin America and the Caribbean. Japan is still Asia’s largest foreign direct investor in the region.

14. The signing of FTAs does not guarantee that economic agents utilize them. This is illustrated in the Asia-Pacific region, where the FTA utilization rate is still low but rising.

15. FTA utilization rates vary considerably by company size. Therefore, it is important to address effectively the implementation of FTAs so that most of the firms can make use of the negotiated preferences.

16. The already complex trade architecture of Asia-Pacific is getting even more complicated in light of new large-scale initiatives, with several countries simultaneously participating in several such processes.

17. New trade integration initiatives under way in Asia-Pacific account for substantial shares of world GDP and exports, while most of them also account for large shares of world population.

18. While advancing towards the creation of its own single market, ASEAN can also act as a catalyst for the formation of RCEP and as an interlocutor for other initiatives geared towards Asia, such as the Pacific Alliance.

III. FEALAC as a mechanism for biregional cooperation in areas of systemic competitiveness.

1. East Asia’s better growth performance compared to Latin America and the Caribbean is largely explained by the latter region’s lower investment rate.

2. Latin America’s lacklustre growth performance compared to East Asia is also attributable to a chronic deficit in productivity growth. In 2010, labour productivity was only just above the 1980 level in Latin America, whereas it had nearly tripled for a sample of Asian countries.

3. Diverging growth paths between Asia and Latin America and the Caribbean are also associated with changes in their patterns of production and export specialization.

4. Production networks in the South are concentrated in East Asia. Latin America’s participation in these networks has been quite limited so far.

5. Product diversification of exports continues to be a major concern for FEALAC members in both regions. For most FEALAC economies, product concentration has grown over the years.
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