

Latin America and the Caribbean and the European Union: opportunities for strengthened relations amid global uncertainty

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UNITED NATIONS

ECLAC

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Globalization is changing

Geopolitical

- Core policy of economic nationalism in the United States challenges multilateralism
- United Kingdom votes to leave the European Union
- China consolidates its position as a global manufacturer and investor

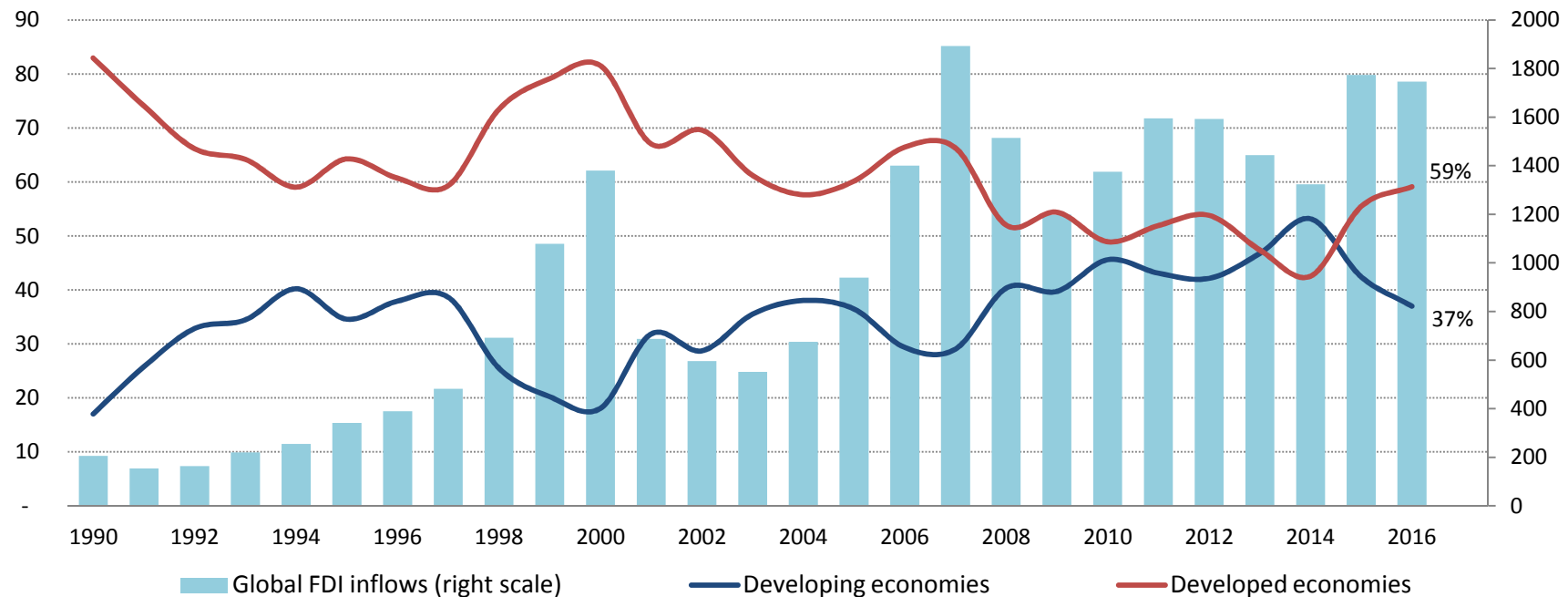
Digital revolution

- Profound changes in economic and social variables
- Digital platforms lead production and consumption changes

Social tensions and environmental crisis

The recovery of FDI flows in 2015 – 2016 was due to cross-border M&A in developed economies

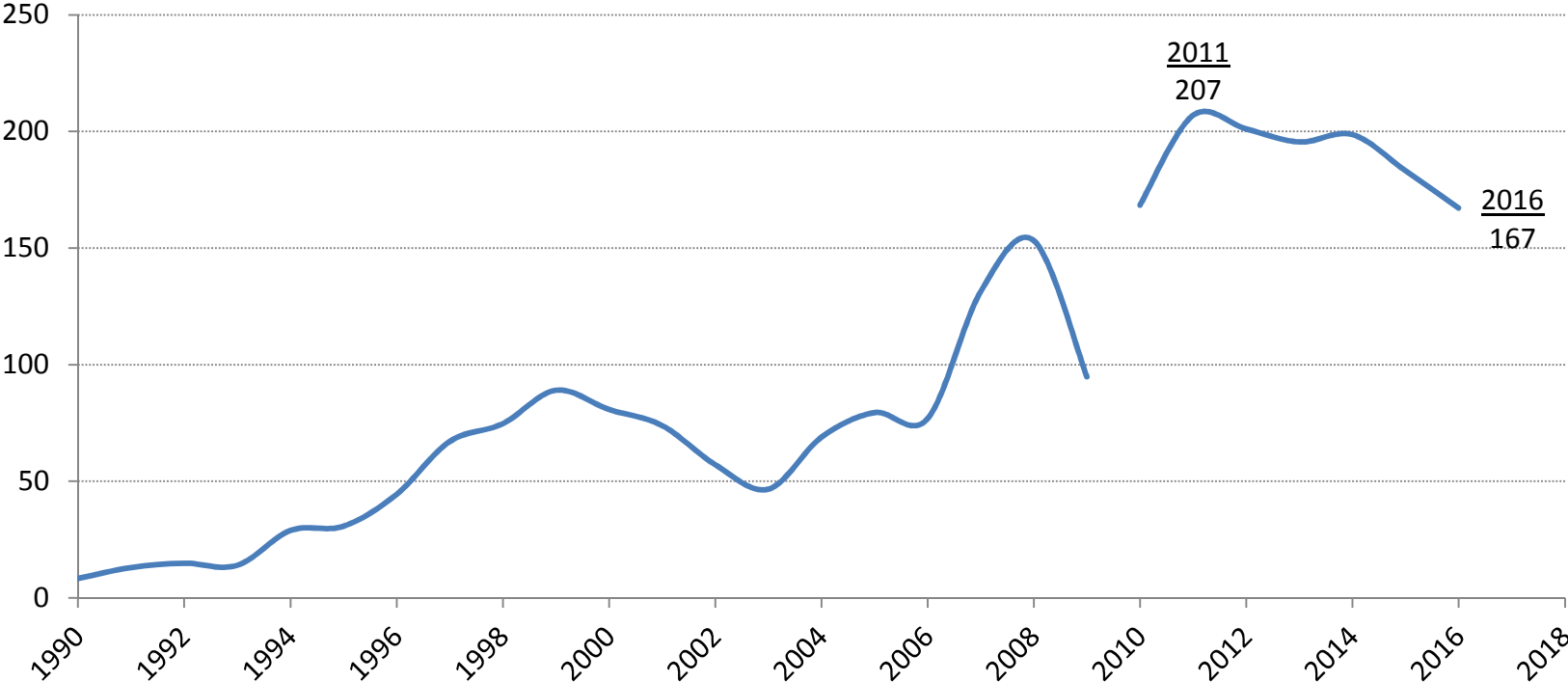
Global FDI flows by groups of economies, 1990 - 2016
(Billions of dollars and percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of United Nations Conference on Trade and Development (UNCTAD), World Investment Report, 2017

FDI flows to Latin America and the Caribbean peaked during the commodity price boom. In 2016 fell by 7.8%

Latin America and the Caribbean, FDI inflows, 1990-2016
(In billions of dollars)

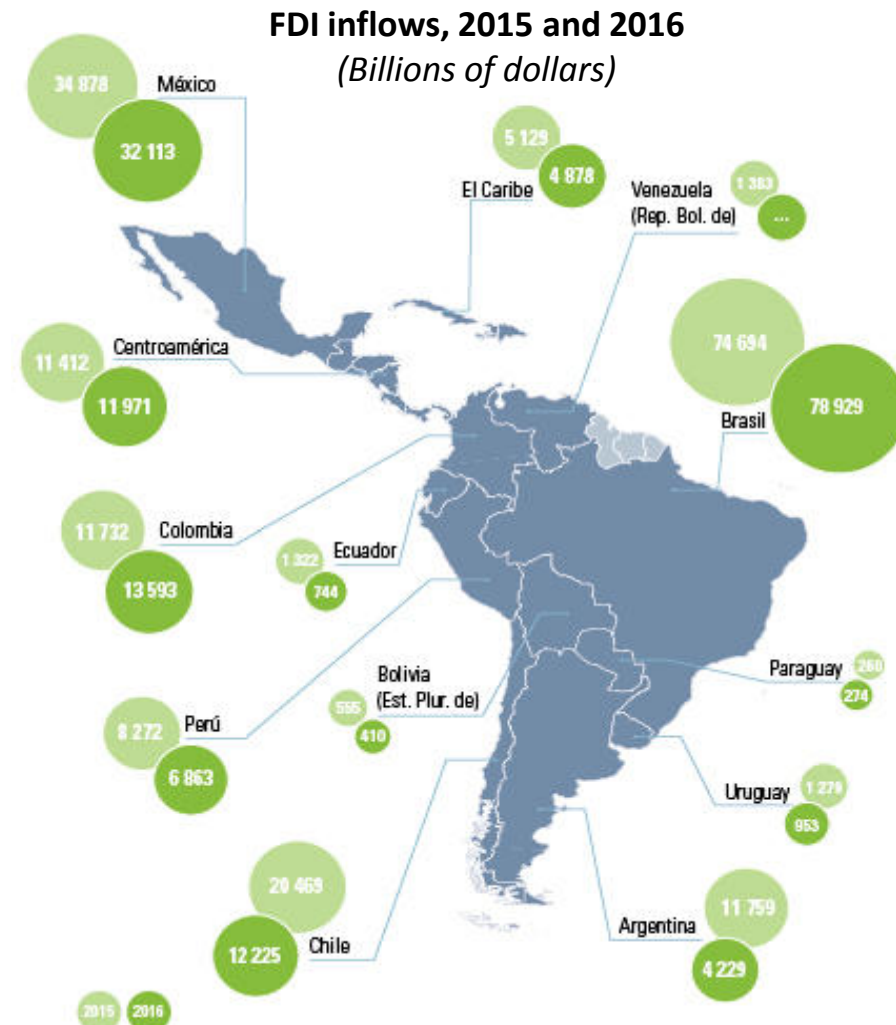


Source: Economic Commission for Latin America and the Caribbean (ECLAC), Foreign Direct Investment in Latin America and the Caribbean 2017, available at <https://www.cepal.org/>

Brazil, Mexico, Chile and Colombia are the largest recipients of FDI in the region

FDI grew in 10 out of 30 countries in 2016

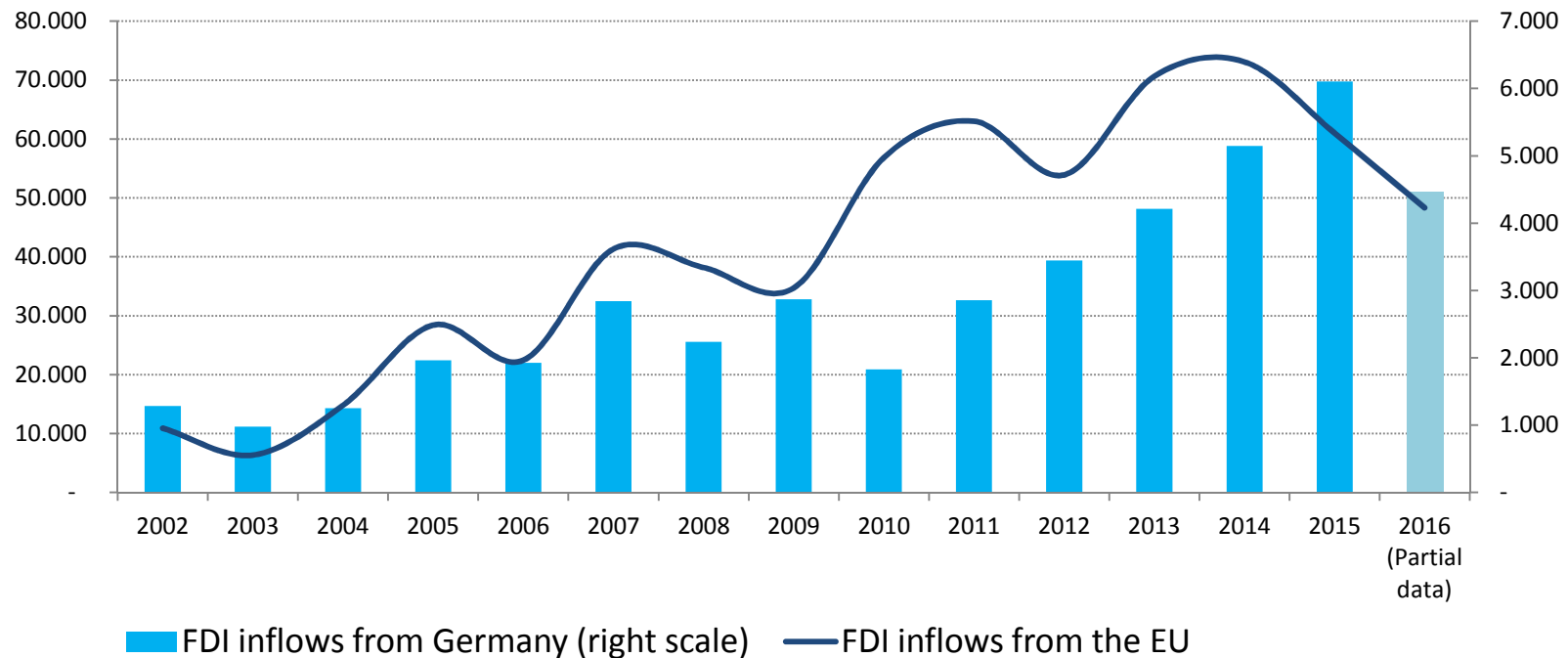
The largest increases were in Colombia and Panama



Source: Economic Commission for Latin America and the Caribbean (ECLAC), Foreign Direct Investment in Latin America and the Caribbean 2017, available at <https://www.cepal.org/>

Investments from the EU in LAC grew in the aftermath of the global financial crisis and fell in the last two years

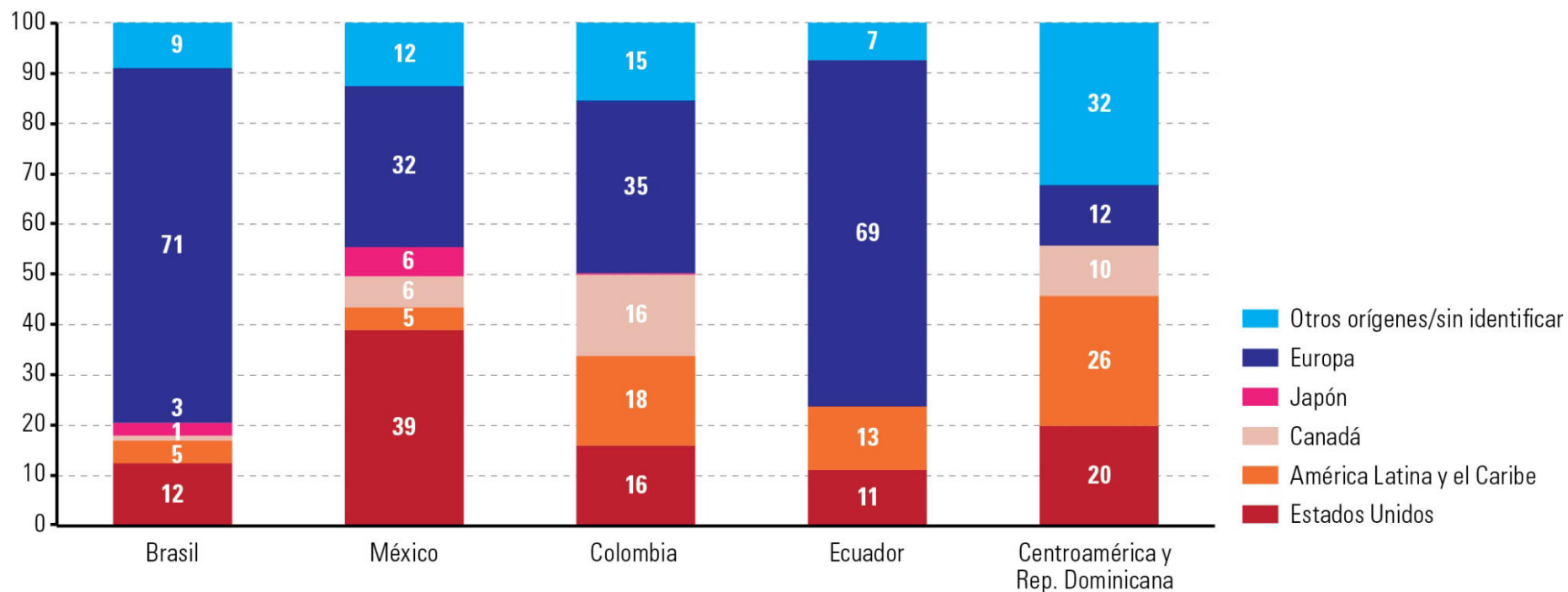
FDI inflows from the European Union and Germany, 2016
(In millions of dollars and percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC) on the basis of official figures

The European Union has a larger presence in the south, while the United States in Mexico and Central America

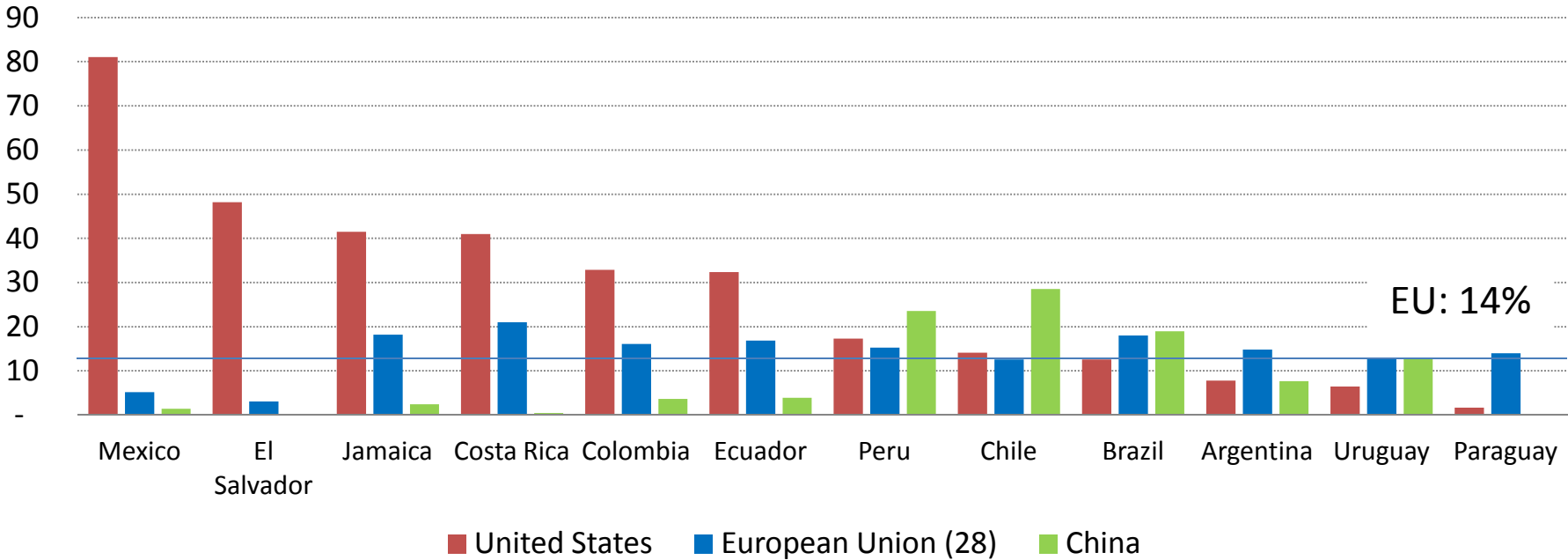
Origin of FDI inflows, 2016
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), Foreign Direct Investment in Latin America and the Caribbean 2017, available at <https://www.cepal.org/>

Trade flows also show a similar pattern and the north of the region is more US oriented

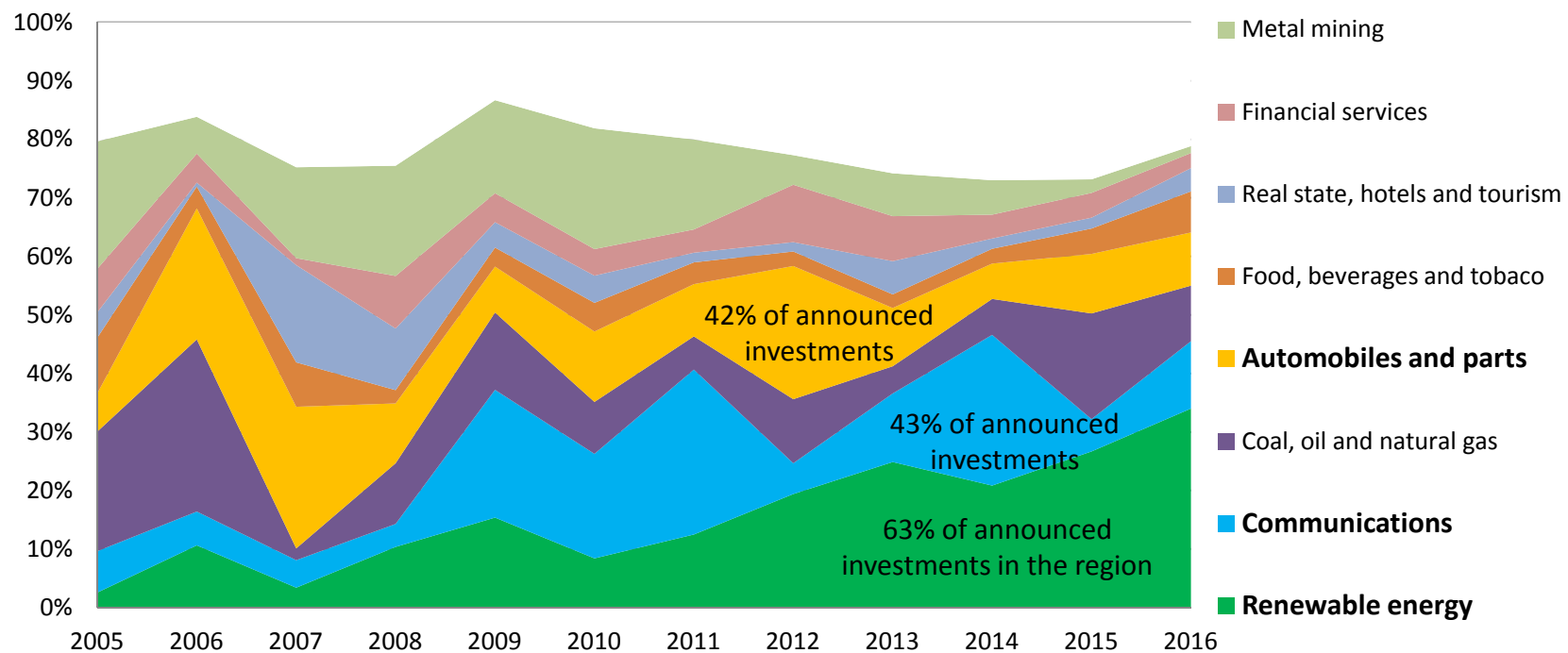
Exports of goods by destination, 2016
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of COMTRADE

EU investments play a key role in contributing to the region's sustainable development agenda

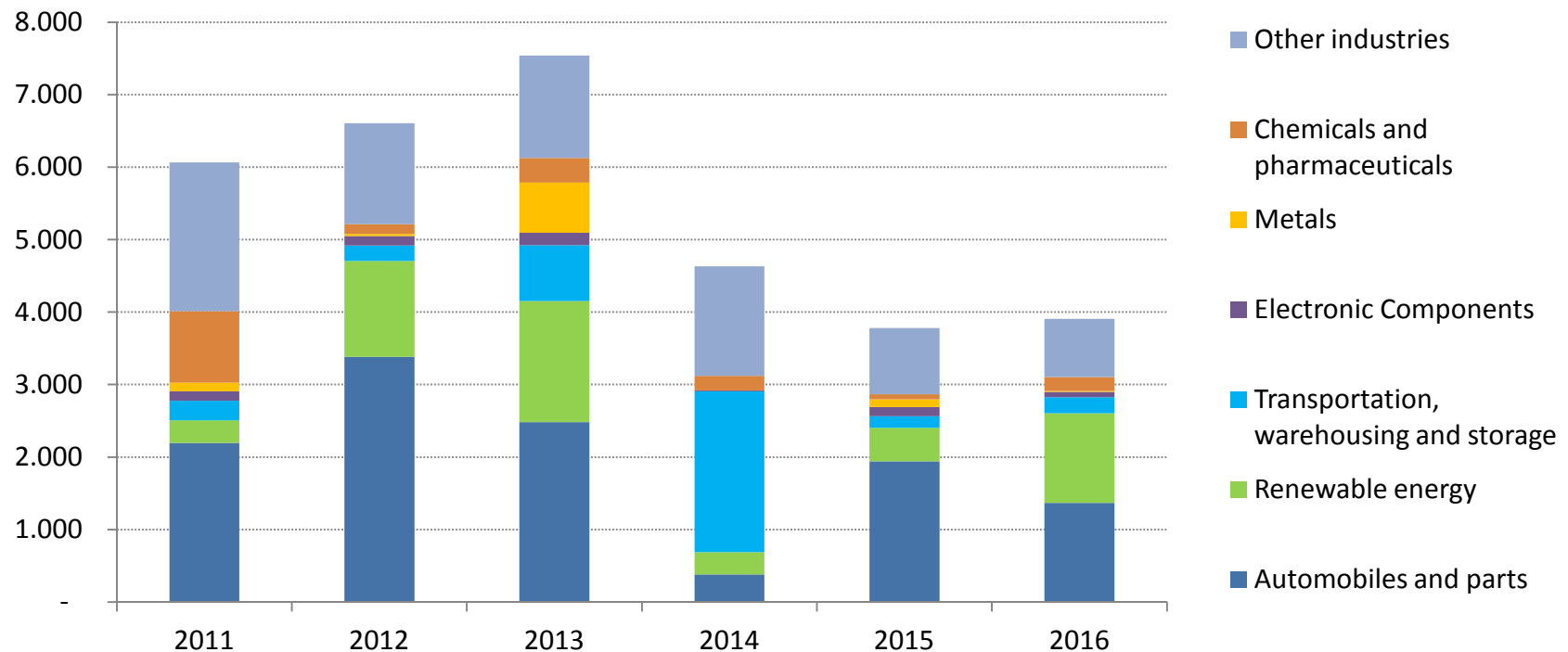
Latin America and the Caribbean: announced FDI projects from the EU by sector, 2005- 2016



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of Financial Times, *fDi Markets*.

Germany announced investments lead by the automotive and renewable energy industries

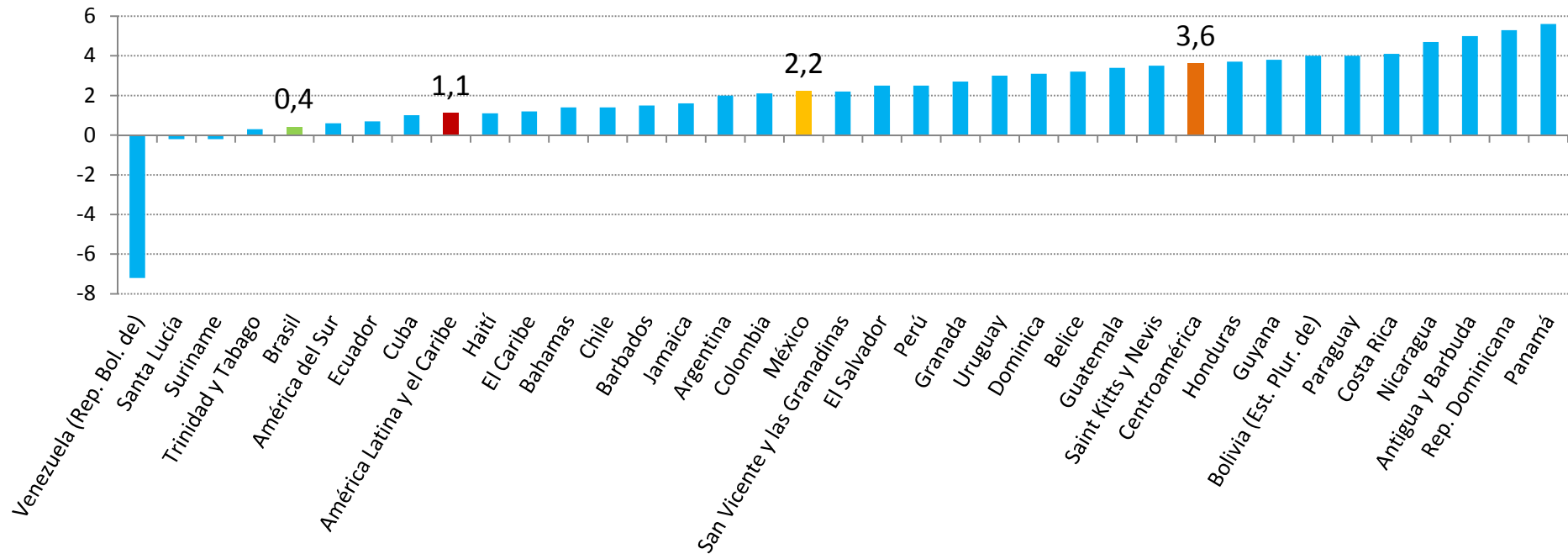
Latin America and the Caribbean: announced FDI projects from Germany by sector, 2011- 2016
(In millions of dollars)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of Financial Times, *fDi Markets*.

In this context, growth prospects for the region are positive after two years of contraction: overall 1.1%

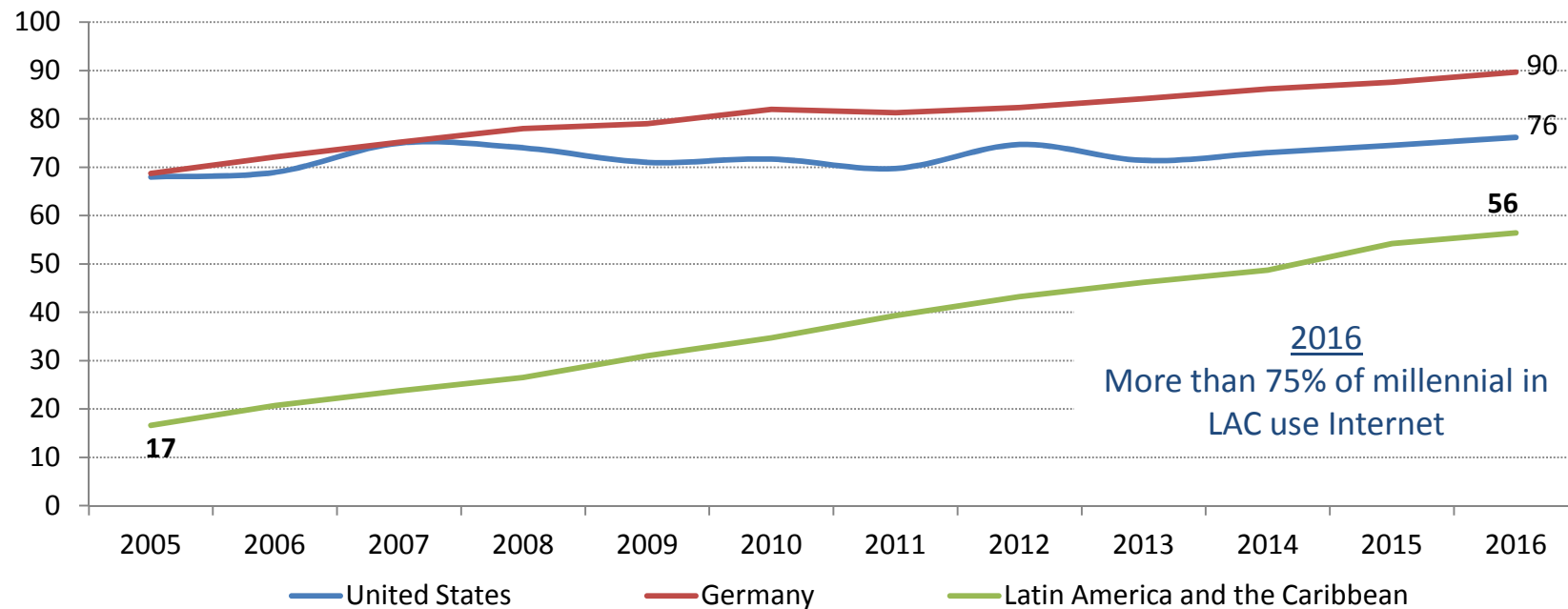
Latin America and the Caribbean: GDP growth projections, 2017
(Percentages, on the basis of dollars at constant 2010 prices)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), Economic Survey of Latin America and the Caribbean , 2017, available at <https://www.cepal.org/>

In a globalization that is growing digital, internet adoption in LAC is dynamic

Percentage of individuals using the Internet



Source: UIT, World Telecommunications Indicators Database, 2017

A strengthened relationship with the EU can contribute to face global challenges

Geopolitical

- Multilateralism: modernization and approval of agreements between Latin America and the Caribbean and the European Union
- Rethink investment policies in conjunction with technological change and sustainable development

Digital revolution

- Investments in advance manufacturing
- Develop capabilities to succeed in the digital economy (SMEs)

Social tensions and environmental crisis

- Investments in renewable energy and green technologies
- Work together to achieve the Sustainable Development Goals

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