

The Americas

Trade, Investment & Geopolitics Issues

Cal Chamber Council for
International Trade

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Agenda

- **California's Trade & Investment Hemispheric Landscape**
- **Geopolitical Issues**
- **Country-Specific Overview**
 - USMCA Partners (Mexico and Canada)
 - Brazil
 - Chile
 - Colombia
 - Peru
 - Guatemala, El Salvador & Honduras (Northern Triangle)
- **Discussion / Q&A**

California's Trade & Investment

California's Exports across the Americas (2021)

The Americas account for **29%** of California's total exports amounting to **\$13.28 Billion.**



Combined **USMCA Partners** accounted for

87.5%

of California's Exports to the Americas
(total \$13.28B)

25.7%

of California's global exports
(total \$155B)

California's Imports from the Americas (2021)

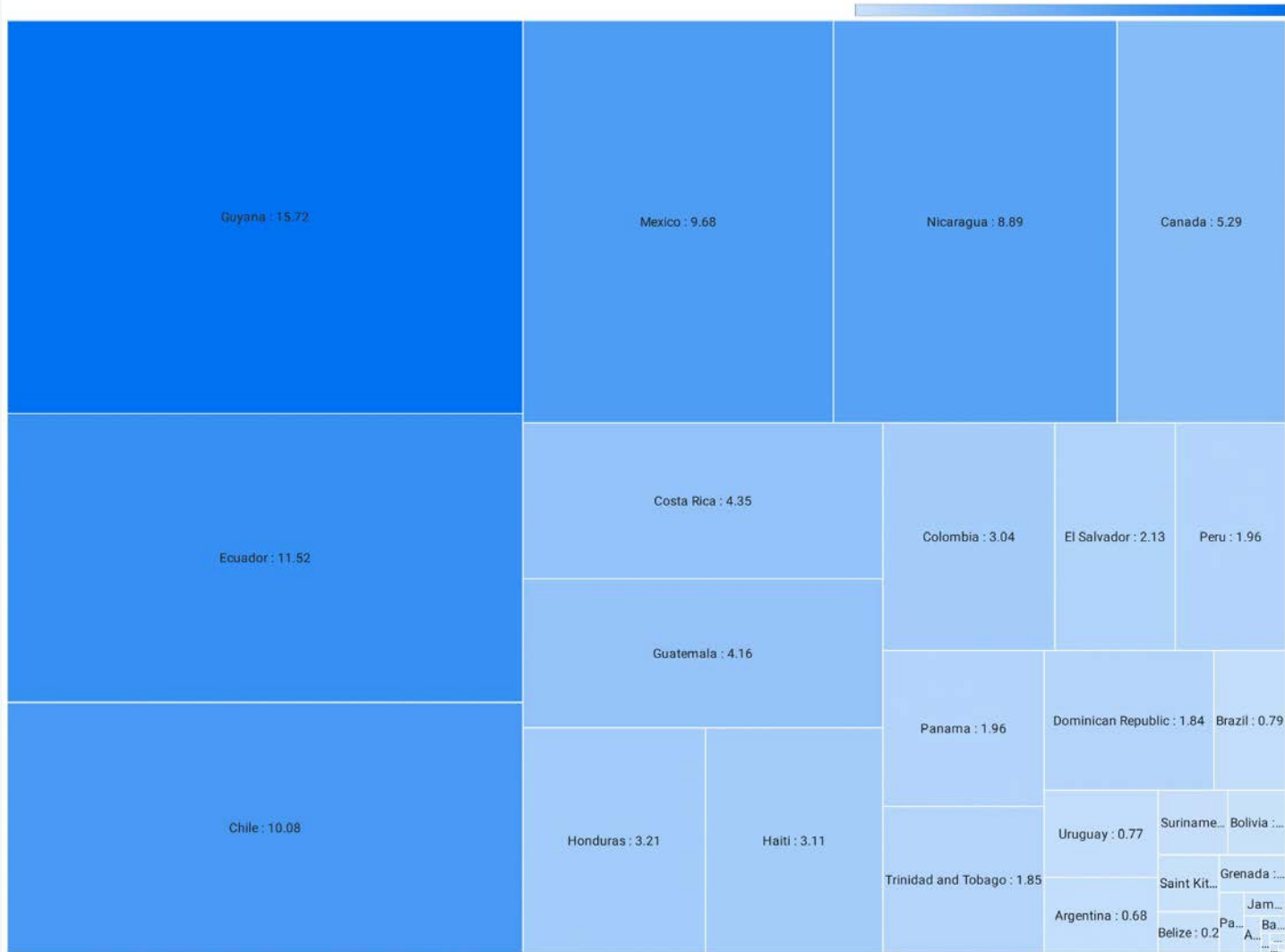
USMCA still leads the pack, followed by **Ecuador**
(in absolute terms)



2021 Exports to California

(as % of country
total exports)

When looked at in
relative terms,
California's
importance as a
key trading
partner with
otherwise
overlooked
countries is
highlighted.



California accounts for:

15.72%

Guyanese
exports

11.52%

Ecuadorian
exports

10.08%

Chilean
exports

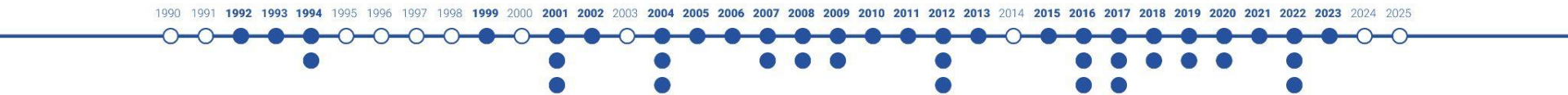
Events Impacting Hemispheric Geopolitics

Washington Consensus & FTAA

- 1st Summit of the Americas established under principles of democracy and free trade.
 - 34 countries attended
 - Free Trade of the Americas (FTAA) proposed
- Expanded U.S. trade and investment in Latin Americas
- Focus on privatization (energy, airlines, transportation, telecom, utilities)



Key Events that are influencing Geopolitics today



- 1990 ○
- 1991 ○
- 1992 ● Clinton becomes U.S. President
- 1993 ● Congress Approves NAFTA
- 1994 ● 1st Summit of Americas, Miami
- 1994 ● FTAA proposed
- 1995 ○
- 1996 ○
- 1997 ○
- 1998 ○
- 1999 ● Chavez becomes Venezuela's President
- 2000 ○
- 2001 ● George W Bush Becomes US President
- 2001 ● Sept 11th Attack
- 2001 ● China Becomes WTO Member
- 2002 ● Guantamamo Bay detention camp established
- 2003 ○
- 2004 ● US Invades Iraq
- 2004 ● US-Chile FTA
- 2004 ● Union of South Americans Nations formed
- 2005 ● FTAA concept dies
- 2006 ● Mexican Drug War Begins
- 2007 ● Subprime Crisis triggers global recession
- 2007 ● US-Peru FTA
- 2008 ● Stock Market Plunge and start of Great Recession

- 2008 ● Obama becomes US President
- 2009 ● BRIC Economic Block Formed
- 2009 ● CAFTA-DR signed
- 2010 ● Community of Latin American and Caribbean States (CELAC) proposed with Pres. Chavez (VZ) and Piñeda (Chile) as Co-Chairs
- 2011 ● CELAC formally established
- 2012 ● Xi Jinping elected General Secretary of CCP
- 2012 ● US-Colombia FTA
- 2012 ● US-Panama Trade Pact
- 2013 ● Uruguay first country to legalize cannabis
- 2014 ○
- 2015 ● Paris Climate Accord
- 2016 ● Colombia signs peace deal with FARC
- 2016 ● Rio Olympics
- 2016 ● Fidel Castro Dies
- 2017 ● Trump becomes US President
- 2017 ● Pulls US out of TPP and Paris Climate Accord
- 2017 ● PRC President Xi Jinping pledges \$250 Billion in investment to LATAM by 2025
- 2018 ● Xi Jinping becomes PRC's President for life
- 2018 ● US-China Trade War Begins
- 2019 ● Bolsonaro becomes Brazil's President
- 2019 ● Protests erupt in Venezuela and Bolivia over disputed elections
- 2020 ● COVID-19 Pandemic Begins

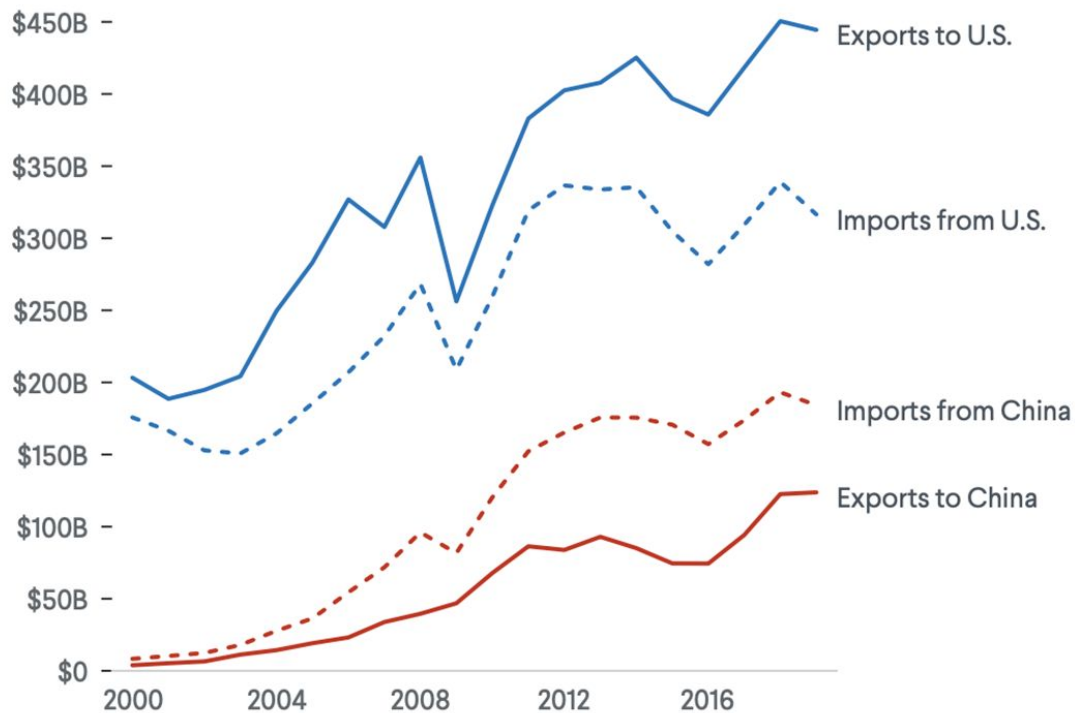
- 2020 ● USMCA Enacted
- 2021 ● Biden becomes US President
- 2022 ● Russia Invades Ukraine
- 2022 ● US Hosts IX Summit of Americas in LA
- 2022 ● US enacts IRA Act/US Chips Act to Counter-China
- 2023 ● Republicans Regain U.S. Congress
- 2024 ○
- 2025 ○

China's Growing Economic Footprint in Latin America

- In 2000, the Chinese market accounted for less than 2% of Latin America's total exports.
- By 2010, China grew to 31% of total Latin American exports reaching \$180 billion. In 2020, LATAM imports to China grew to \$450 Billion.
- China is South America's top trading partner and a major source of foreign investment and lending in energy and infrastructure projects through the Belt & Road Initiative
- China now has FTAs with Chile, Costa Rica and Peru and now negotiating one with Ecuador.

U.S. Remains Latin America's Top Trade Partner

Latin America's trade in goods



Source: World Integrated Trade Solution.

COUNCIL *on*
FOREIGN
RELATIONS

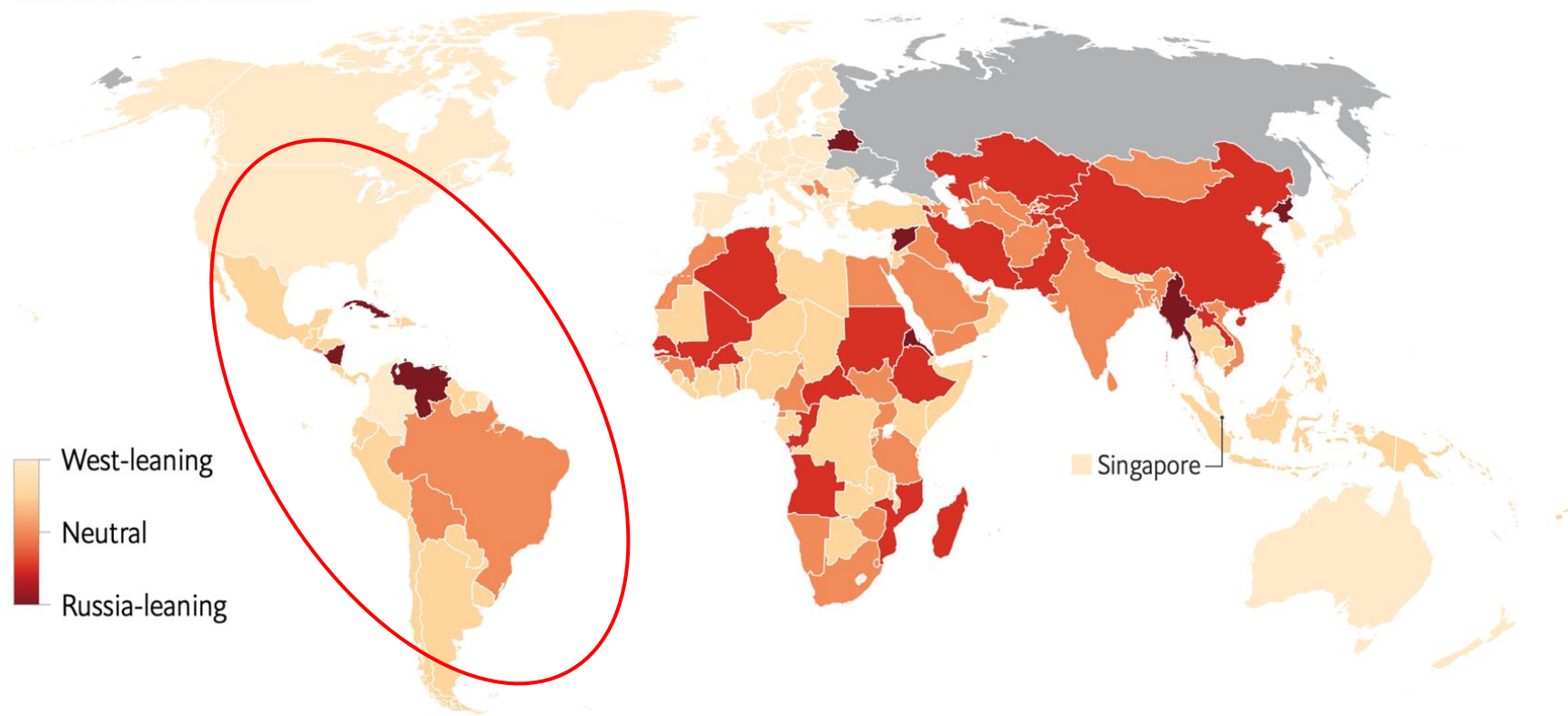
Across Latin America, China Is an Important Trade Partner

Goods trade with China as a share of country's total trade in goods, 2020



Russia's growing influence in the Americas

Two-thirds of the world's population live in countries that are neutral or Russia-leaning regarding the war in Ukraine



Source: 2022 Democracy Index, Economist Intelligence Unit

Impacts on Democratic Governance

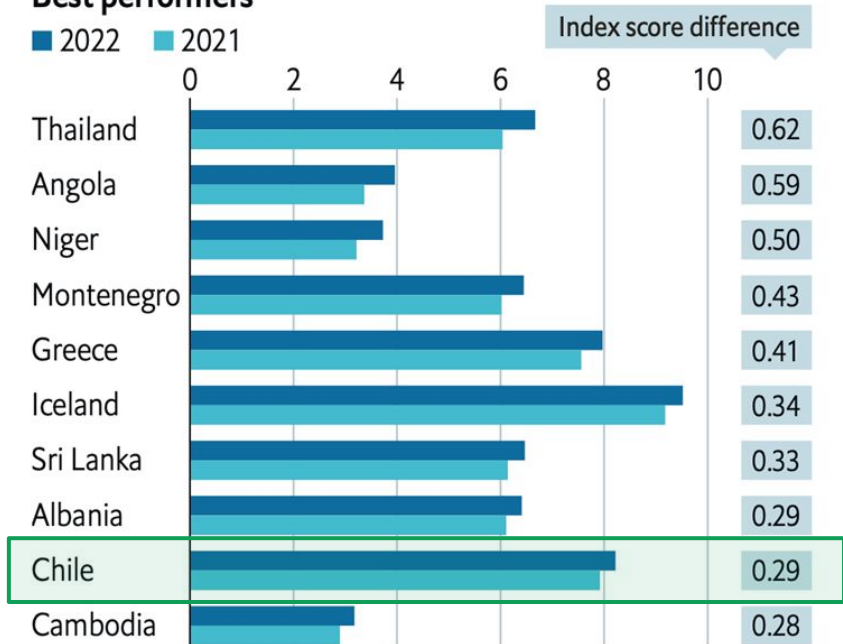
Democratic Backsliding in the Americas

Top 10 upgrades and downgrades

(Annual change in index score; index scale 0-10)

Best performers

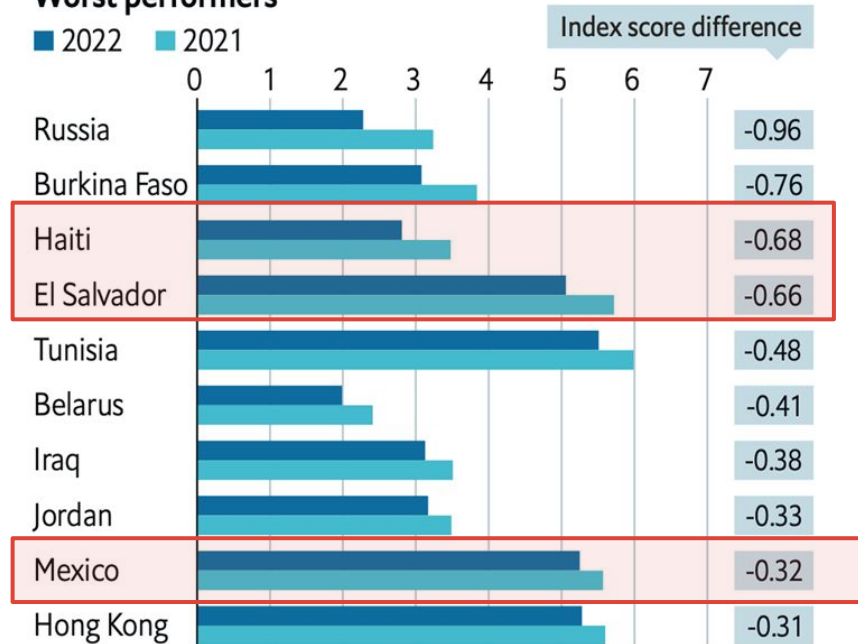
■ 2022 ■ 2021



Source: EIU.

Worst performers

■ 2022 ■ 2021



Source: 2022 Democracy Index, Economist Intelligence Unit

**Chile, Costa Rica and Uruguay are
the only full democracies in Latin
America.**

Washington Consensus?

Politics:

- US excludes Cuba, Venezuela & Nicaragua leading Presidents of Mexico and Guatemala to not attend.

Outcomes:

- Americas Partnership for Economic Progress (APEG) announced
- Inter-American Action Plan for Democratic Governance;
- LA Declaration for Migration & Protection

*"Building a Sustainable, Resilient, and Equitable Future."
IX Summit of the Americas, Los Angeles, June 6-10, 2022*



Credit: Alan Santos/PR | [source](#)

Geopolitics Impacts U.S. Trade Policy & Private Investment

- The Biden administration shies away from FTA, opting instead for economic framework agreements;
 - Aim to align countries on issues such as supply chains, clean energy, labor rights and digital trade without lowering tariffs.
 - US Chips Act
 - Inflation Reduction Act
 - FTAs (Ecuador and Uruguay) are not off the table but they are not the priority right now
- Growing US-Sino Trade tensions spur near-sourcing investments in the Americas, particularly Mexico.

Country-Specific Overviews



Discussion/Q&A

Thank You



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