

PERSPECTIVES ON FLORIDA'S GLOBAL TRADING PARTNERS

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LATIN AMERICA

- ❑ Argentina's Crisis and devaluation was inevitable. The economy suffered an institutional and economic collapse, followed by ad-hoc economic management. The economy will experience a painful contraction this year, followed by recovery in 2003, if the Government adopts a coherent economic program.
- ❑ The impact of Argentina's crisis on other Latin American economies was limited. There was an initial impact on the Brazilian and Chilean currencies. Brazil and Chile are vulnerable because of trade and investment links.
- ❑ The U.S. recession and global economic slowdown are having a greater impact on Latin America than the Argentinian crisis.

☞ Good Performers: Brazil and Chile

☞ Problem Countries: Argentina, Colombia, and Venezuela

☞ In - Between: Mexico and Peru

- ❑ Outlook for the region:

✓ Sluggish economic growth until the second half of 2002

✓ Healthy recovery in 2003 hinges on U.S. recovery.

✓	Latin America	<u>2001</u>	<u>2002</u>	<u>2003</u>
	GDP growth:	0.4%	0.6%	3.5%

GLOBAL ECONOMIC OUTLOOK:

- ❑ The Organization for Economic Cooperation and Development (OECD), which comprises all industrial countries and some newly industrialized economies, predicts GDP growth of 1.0 percent in 2002, identical to 2001 and 3.2 percent in 2003 for its members.
- ❑ The economies of the U.S. and Europe are expected to rebound more strongly by 2003, but the Japanese economy is expected to remain stagnant.
- ❑ World trade is estimated to grow by 0.3 percent in 2001, followed by 2.0 percent in 2002, and 8.7 percent in 2003.
- ❑ With a Euro area rebound in 2003, the Euro is likely to strengthen relative to the US\$.

OUTLOOK FOR FLORIDA TRADE:

- ❑ Lower volume of trade during 2001-2002, with a healthy recovery in 2003
- ❑ Increasing U.S. appetite for imports bodes well for Latin America once the U.S. economy starts a recovery.
- ❑ Currency adjustments will boost exports from Latin America and give rise to investment opportunities in the region for Florida companies.