

Received: 28 November 2022 Accepted: 28 March 2023

DOI: <https://doi.org/10.33182/rr.v8i3.17>

Trends and Challenges of Trade Agreements in Latin America: Economic Implications and Regional Opportunities

Ramiro Abel Rivera Vallejo,¹ Franco Agustín Machado Espinosa,² Paola Elizabeth Vega Piedra,³ Francisco Xavier Aguas Alarcón⁴

Abstract

A documentary review was carried out on the production and publication of research papers related to the study of the variables Trade Agreements and Latin America. The purpose of the bibliometric analysis proposed in this document was to know the main characteristics of the volume of publications registered in the Scopus database during the period 2017-2022, achieving the identification of 131 publications. The information provided by this platform was organized through graphs and figures categorizing the information by Year of Publication, Country of Origin, Area of Knowledge and Type of Publication. Once these characteristics have been described, the position of different authors towards the proposed theme is referenced through a qualitative analysis. Among the main findings made through this research, it is found that the United States, with 22 publications, was the country with the highest scientific production registered in the name of authors affiliated with institutions in that country. The Area of Knowledge that made the greatest contribution to the construction of bibliographic material related to the study of the challenges faced by Trade Agreements in Latin America, was Social Sciences with 94 published documents, and the Type of Publication most used during the period indicated above were Journal Articles with 60% of the total scientific production.

Keywords: trade agreements, economic implications, Latin America.

Introduction

Trade agreements play an important role in Latin America's economic development. The main objective of these bilateral and multilateral agreements is to facilitate trade and investment between the countries of the region and the rest of the world. However, there are also many challenges to face in maximizing the region's economic benefits and opportunities. One of the biggest challenges of trade agreements in Latin America is the economic asymmetry between countries. Some countries have large and diversified economies, while others are small and heavily dependent on specific sectors such as agriculture or natural resources. This can create imbalances in trade flows and make it difficult for all countries to participate equally in regional trade.

In addition, trade agreements can have negative economic effects on certain sectors and population groups. Trade openness can lead to competition from imported products, affecting local industries, especially those that are not competitive enough. This could lead to job losses and economic restructuring challenges. However, despite these challenges, trade agreements also present significant regional opportunities. By facilitating trade and investment, these agreements can boost economic growth and improve productivity. Trade liberalization could facilitate access for Latin American products to new markets, leading to increased exports and stronger local industries. In addition, trade agreements can promote regional integration and cooperation among Latin American countries. This creates economies of scale, facilitates the transfer of knowledge and technology, and facilitates collaboration in areas such as infrastructure, energy and innovation. It is important to emphasize that trade agreements should be designed and implemented taking into account the specific characteristics and needs of each country or region. Maximizing profits and addressing challenges effectively requires strategic planning and careful

¹ Profesor, Universidad de las Fuerzas Armadas ESPE, Sangolquí, Ecuador. EMAIL: rarivera2@espe.edu.ec. ORCID: <https://orcid.org/0009-0004-9176-1565>.

² Profesor, Universidad de las Fuerzas Armadas ESPE, Sangolquí, Ecuador. EMAIL: famachado@espe.edu.ec. ORCID: <https://orcid.org/0000-0003-2212-9318>.

³ Profesor, Universidad de las Fuerzas Armadas ESPE, Sangolquí, Ecuador. EMAIL: pevega5@espe.edu.ec. ORCID: <https://orcid.org/0009-0001-3164-2829>.

⁴ Profesor, Universidad de las Fuerzas Armadas ESPE, Sangolquí, Ecuador. EMAIL: fxaguas@espe.edu.ec. ORCID: <https://orcid.org/0009-0003-3174-8353>

assessment of potential economic and social impacts. In summary, trade agreements in Latin America present economic and regional challenges and opportunities. While necessary to address imbalances and protect vulnerable sectors, these agreements can be powerful tools to boost economic growth, strengthen regional integration, and improve regional well-being. Cooperation and dialogue among nations are essential to maximize the benefits of trade agreements in Latin America. For this reason, this article seeks to describe the main characteristics of the compendium of publications indexed in the Scopus database related to the variables Trade Agreements and Latin America, as well. As the description of the position of certain authors affiliated with institutions, during the period between 2017 and 2022.

General Objective

Analyze from a bibliometric and bibliographic perspective, the preparation and publication of research papers in high-impact journals indexed in the Scopus database on the variables Trade Agreements and Latin America, during the period 2017-2022.

Methodology

This article is carried out through a research with mixed orientation that combines the quantitative and qualitative method. On the one hand, a quantitative analysis of the information selected in Scopus is carried out under a bibliometric approach of the scientific production corresponding to the study of the variables Trade Agreements and Latin America. On the other hand, examples of some research works published in the area of study indicated above are analyzed from a qualitative perspective, starting from a bibliographic approach that allows describing the position of different authors towards the proposed topic. It is important to note that the entire search was performed through Scopus, managing to establish the parameters referenced in *Figure 1*.

Methodological design

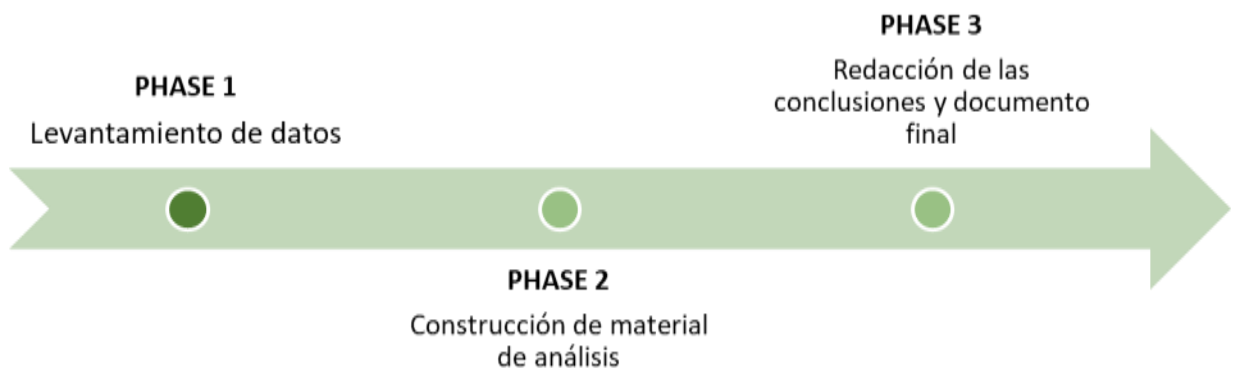


Figure 1. Methodological design

Source: Authors.

Phase 1: Data collection

Data collection was executed from the Search tool on the Scopus website, where 131 publications were obtained from the choice of the following filters:

- TITLE-ABS-KEY (trade AND agreements, AND latin AND america) AND (LIMIT-TO (PUBYEAR , 2022) OR LIMIT-TO (PUBYEAR , 2021) OR LIMIT-TO (PUBYEAR , 2020

) OR LIMIT-TO (PUBYEAR , 2019) OR LIMIT-TO (PUBYEAR , 2018) OR LIMIT-TO (PUBYEAR , 2017))

- Published documents whose study variables are related to the study of Trade Agreements and Latin America.
- Limited to the years 2017-2022.
- Without distinction of country of origin.
- Without distinction of area of knowledge.
- Regardless of type of publication.

Phase 2: Construction of analysis material

The information collected in Scopus during the previous phase is organized and subsequently classified by graphs, figures and tables as follows:

- Co-occurrence of words.
- Year of publication.
- Country of origin of the publication.
- Area of knowledge.
- Type of publication.

Phase 3: Drafting of conclusions and outcome document

In this phase, we proceed with the analysis of the results previously yielded resulting in the determination of conclusions and, consequently, the obtaining of the final document.

Results

Co-occurrence of words

Figure 2 shows the Co-occurrence of keywords found in the publications identified in the Scopus database.

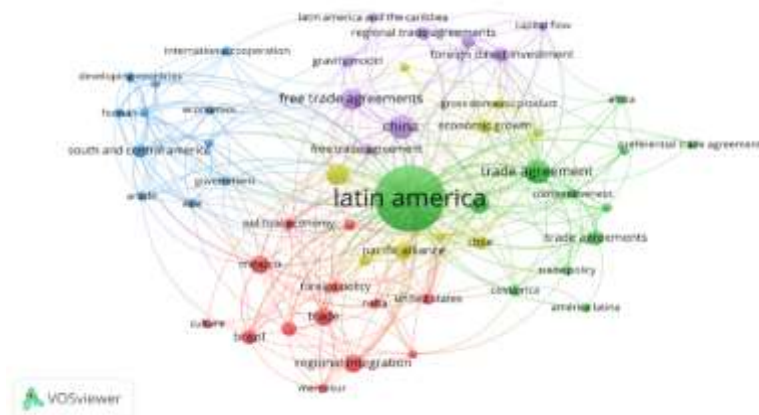


Figure 2. Co-occurrence of words

Source: Own elaboration (2023); based on data exported from Scopus.

Latin America was the most frequently used keyword within the studies identified through the execution of Phase 1 of the Methodological Design proposed for the development of this article. Regional Integration is also among the most frequently used variables, associated with variables such as Economic

Policy, Trade Agreements, Economic Growth. From the above, it is striking that one of the main challenges is the effective implementation of trade agreements. This involves harmonizing trade regulations and standards among member countries, which can take time and effort. In addition, some Latin American economies have different productive structures and capacities, which can make it difficult to integrate and take advantage of the benefits of the agreements. Trade agreements can also help attract foreign direct investment to the region. By establishing a clear and predictable regulatory framework, agreements can build confidence among international investors and promote capital inflows in key sectors, which can boost economic growth and job creation.

Distribution of scientific production by year of publication

Figure 3 shows how scientific production is distributed according to the year of publication.

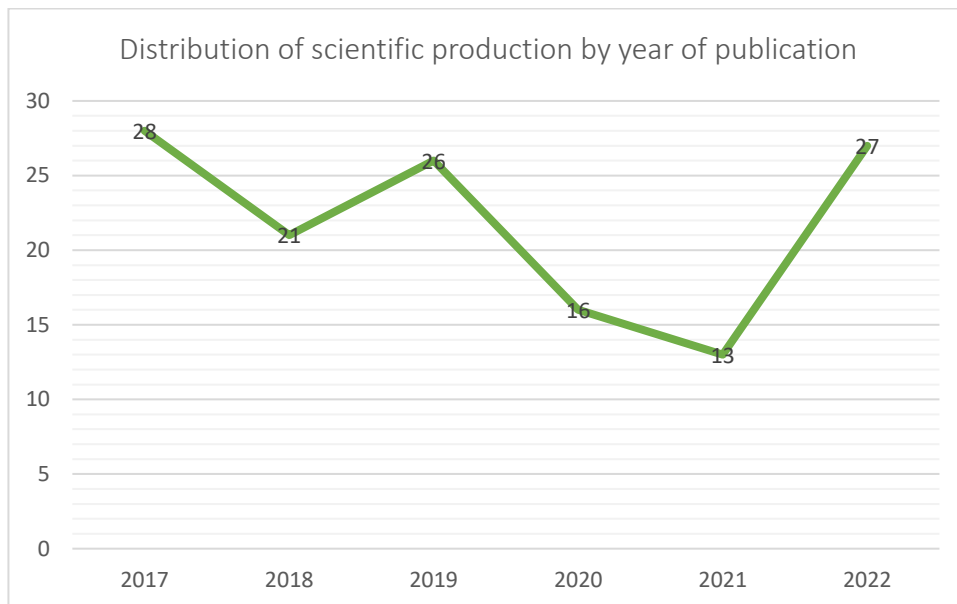


Figure 3. Distribution of scientific production by year of publication.

Source: Own elaboration (2023); based on data exported from Scopus

Among the main characteristics evidenced by the distribution of scientific production by year of publication, a level of number of publications registered in Scopus is notorious in 2017, reaching a total of 28 documents published in journals indexed in said platform. This article can be explained thanks to articles such as the one entitled "Intra-block tariffs and preferential margins in trade agreements" this article aims at how countries choose intra-bloc tariffs and preferential margins in Preferential Trade Agreements (PTAs). Our model indicates that countries should set systematically lower preferential margins when the bloc takes the form of a free trade area, relative to a customs union. Moreover, in customs unions (but not necessarily in free trade areas) preferential margins should increase with supply from partner countries and decrease with the level of preferential imports. These relations reflect, respectively, the internalization of political economy objectives within the bloc and the desire to curb trade diversion. Using a sample covering most of the ACPs formed by Latin American countries in the 1990s, we found empirical support for each of these predictions. These findings explain why governments often keep duties within the bloc strictly positive. We show that this tends to worsen the welfare consequences of ACPs, and that requiring the elimination of domestic tariffs would be socially desirable. (Ornelas, 2022)

Distribution of scientific production by country of origin

Figure 4 shows how scientific production is distributed according to the nationality of the authors.



Figure 4. Distribution of scientific production by country of origin.

Source: Own elaboration (2023); based on data provided by Scopus.

Within the distribution of scientific production by country of origin, records from institutions were taken into account, establishing the United States, as the country of that community.

with the highest number of publications indexed in Scopus during the period 2017-2022, with a total of 22 publications in total. In second place, Spain with 17 scientific papers, and Chile occupying the third place presenting to the scientific community, with a total of 15 documents among which is the article entitled "

The fisheries and aquaculture sector in Latin America: Exports to East Asia and production" The present research work analyzed the fisheries and aquaculture sector through the estimator of the Generalized Method of Moments in first differences to establish the behavior of exports from Latin American countries to Asia, the production of each Latin American country, and the consequent effect on the economic growth of Latin American countries. Fisheries and aquaculture sector during the period 2012-2019.

The findings of this article suggest a significant positive relationship between output and economic growth, and a non-significant negative relationship between exports to East Asia and the economy. (De las Mercedes Jaime Muñiz, 2022)

Distribution of scientific production by area of knowledge

Figure 5 shows the distribution of the elaboration of scientific publications from the area of knowledge through which the different research methodologies are implemented.

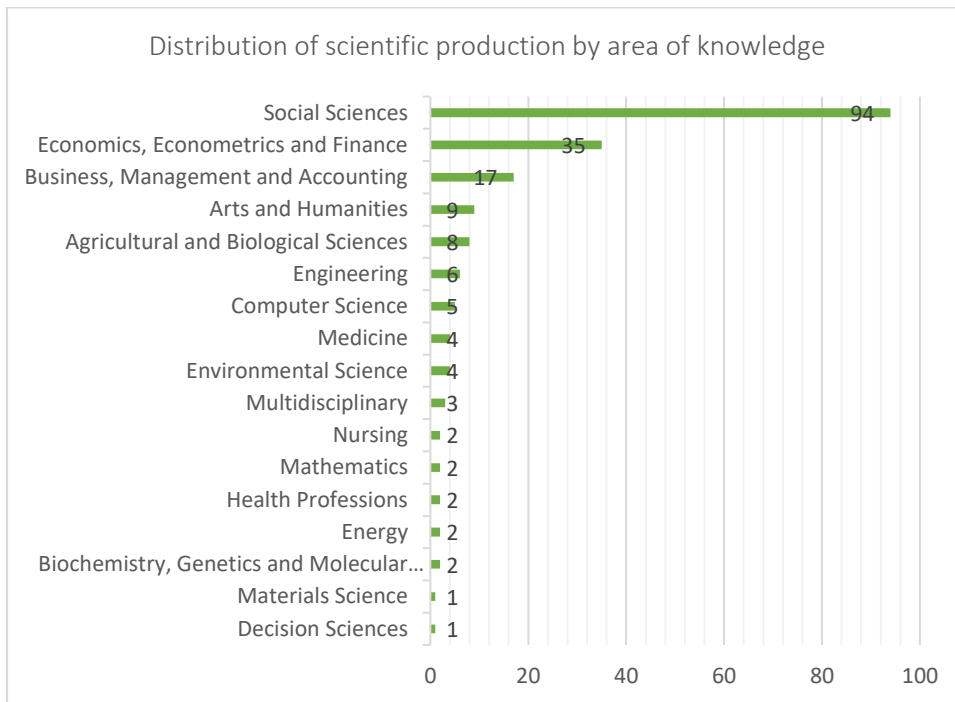


Figure 5. Distribution of scientific production by area of knowledge.

Source: Own elaboration (2023); based on data provided by Scopus.

Social Sciences was the area of knowledge with the highest number of publications registered in Scopus with a total of 94 documents that have based their methodologies Trade Agreements and Latin America. In second place, Economics, Econometrics and Finance with 35 articles and Business, Management and Accounting in third place with 17. The above can be explained thanks to the contribution and study of different branches, the article with the greatest impact was registered by the Social Sciences area entitled "Trade agreements and participation in global value chains: empirical evidence from Latin America" This article analyzes the effect of regional trade agreements (RTAs) on participation in the Global Value Chains of Latin American countries between 1995 and 2015. We combined the gravity equations framework with value-added trade, applying a Pseudo Poisson Maximum Likelihood (PPML) with panel data and fixed effects to address endogeneity and heteroscedasticity. Heterogeneous estimates show that deeper RTAs strengthen the position of suppliers to lower-tech industries, driven by an extra-regional strategy of Latin American trade policy. The geography of value chains has little effect on the region's industrial upgrading, reducing development potential. The study concludes that the region's trade policy could reduce the dependency relationship between distant partners and pay more attention to the creation of shorter value chains as a strategy to generate local capacities to gain competitiveness in value chains.(Sanguinet, 2022)

Type of publication

In the following graph, you will observe the distribution of the bibliographic finding according to the type of publication made by each of the authors found in Scopus.

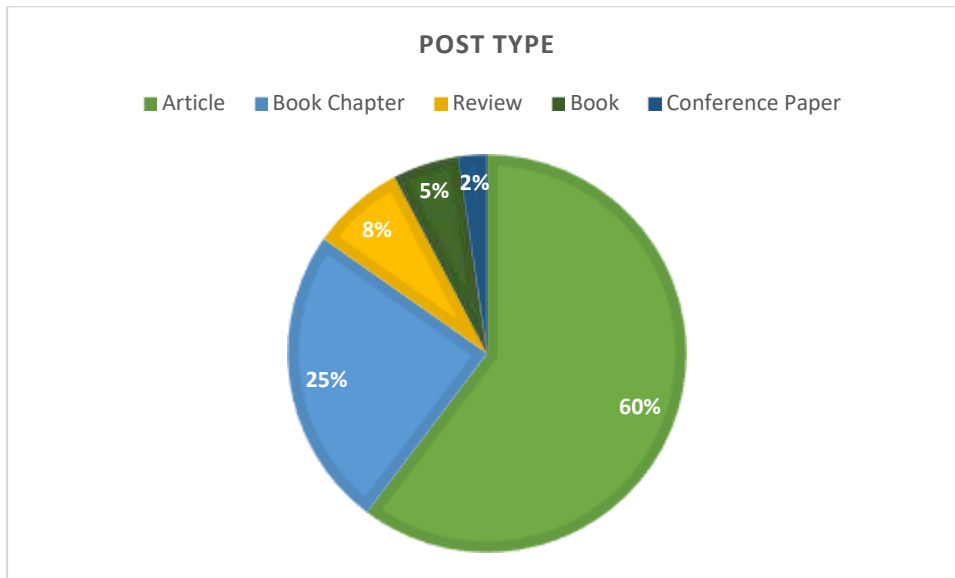


Figure 6. Type of publication.

Source: Own elaboration (2023); based on data provided by Scopus.

The type of publication most frequently used by the researchers referenced in the body of this document was the Journal Article with 60% of the total production identified for analysis, followed by the Book Chapter with 25%. Conference Journal are part of this classification, representing 8% of the research papers published during the period 2017-2022 in journals indexed in Scopus. In this last category, the one entitled "Agrifood exports of Latin America, 1994–2019: a gravity model approach" stands out. This study analyzes the causes of the strong growth of agrifood exports from Latin America between 1994 and 2019. To this end, a series of severity models are estimated, using the agri-food exports of 15 Latin American countries as a dependent variable. To its 185 main trading partners. The empirical specification is based on the theory of trade gravity, according to which trade between two countries is determined by the size of their markets and their transport costs. Other variables have also been included, considering the theoretical foundations proposed for the gravity model. Initially we used the PPML estimator since it is the method that provides estimates with better properties. We then compared these results with those obtained using OLS and Heckman's selection model. Our findings show that the growth of agri-food exports is explained by both supply and demand factors, but that the latter plays a more important role since we have obtained evidence of an inverse effect of the domestic market. In addition, we can conclude that the creation of regional trade agreements, such as NAFTA, MERCOSUR, MCCA, APEC and TPP, has significantly favored agri-food exports from the region. (Ayuda, 2022)

Conclusions

Through the bibliometric analysis carried out in the present research work, it was established that the United States was the country with the largest number of records published with respect to the variables Trade Agreements and Latin America with a total of 22 publications in the Scopus database. Likewise, it was established that the application of theories framed in the area of Social Sciences, the challenges of trade agreements in Latin America have important economic implications and regional opportunities. Trade agreements bring benefits in terms of economic growth, regional integration and access to new markets, but they also bring with them challenges and imbalances that must be addressed. One of the economic effects of trade agreements is the creation of a more favourable environment for trade and investment. These agreements eliminate tariff and non-tariff barriers to trade and facilitate the exchange

of goods and services among the countries of the region. This could lead to increased exports and increased competitiveness of local industries. But trade agreements can also expose Latin American economies to greater external competition. Local companies may find it difficult to compete with cheaper or higher-quality imported products. This could lead to job losses and deindustrialization in some sectors, especially those that are not competitive enough. Another challenge of Latin American trade agreements is the economic asymmetry among member countries. Some countries have larger, developed economies that can benefit more from trade agreements compared to smaller developing countries. This can generate trade imbalances and exacerbate economic and social disparities within the region. But trade agreements also provide regional opportunities. These agreements can promote economic integration and strengthen regional value chains. This means that Latin American countries can use their comparative advantages to specialize in the production of specific goods and services and trade with each other to benefit from economic complementarity. In addition, trade agreements can attract foreign direct investment to the region. Companies may see Latin America as an attractive destination to establish operations and access wider markets. This will facilitate job creation, technology transfer and the development of production capacity in recipient countries.



References

- Help, M.-I. B. (2022). Agrifood exports of Latin America, 1994–2019: a gravity model approach. Spain.
- De las Mercedes Jaime Muñiz, R. d. (2022). The fisheries and aquaculture sector in Latin America: East Asian exports and production. Guayaquil, Ecuador .
- Ornelas, E. T. (2022). Intra-bloc tariffs and preferential margins in trade agreements. Sao Paulo .
- Sanguinet, E. R. (2022). Trade agreements and participation in global value chains: empirical evidence from Latin America. Chile.
- Ahumada, J. M. (2019). The political economy of peripheral growth: Chile in the global economy. The political economy of peripheral growth: Chile in the global economy (pp. 1-253) doi:10.1007/978-3-030-10743-7 Retrieved from www.scopus.com
- Alhajeri, H. (2019). Ambition and consequences the future of iran's involvement in latin america after the nuclear agreement of 2015. *International Journal of Advanced Science and Technology*, 28(14), 461-468. Retrieved from www.scopus.com
- Anguiano, F. J. G. (2021). The fondo de cultura economica and its branch in argentina: Trade agreements and circulation of editorial productions (1945-1955). [The Fondo de Cultura Economica and its branch in Argentina: commercial agreements and circulation of editorial productions (1945-1955)] *Anuario Colombiano De Historia Social y De La Cultura*, 48(2), 301-326. doi:10.15446/achsc.v48n2.95656

- Anríquez, G., & Melo, O. (2018). The socio-economic context of Chilean water consumption and water markets growth: 1985–2015 doi:10.1007/978-3-319-76702-4_4 Retrieved from www.scopus.com
- Aramayo, L. G. D., & Vokoun, M. (2017). Analysis of international trade between Latin America and Germany using gravity models. Paper presented at the Proceedings of the 30th International Business Information Management Association Conference, IBIMA 2017 - Vision 2020: Sustainable Economic Development, Innovation Management, and Global Growth, , 2017-January 4043-4050. Retrieved from www.scopus.com
- Arena, P. Z., Aurre, E. B., & Jaén, A. C. (2019). Implications for Central America of the partnership agreement with the European Union. [Implications for Central America of the association agreement with the European Union] *Revista CIDOB d'Afers Internacionals*, (123), 225-247. doi:10.24241/rcai.2019.123.3.225
- Arévalo, J. A. L., & Marzábal, Ó. R. (2019). THE TRADE INTEGRATION of CHINA in LATIN AMERICA. [CHINA'S TRADE INSERTION IN LATIN AMERICA] *Economic Research*, 78(310), 137-167. doi:10.22201/FE.01851667P.2019.310.71549
- Ayuda, M. -, Belloc, I., & Pinilla, V. (2022). Latin American agri-food exports, 1994–2019: A gravity model approach. *Mathematics*, 10(3) doi:10.3390/math10030333
- Babatunde, M. A., & Odularu, G. (2017). Understanding bilateral trade flows and negotiating south-south RTAs: Lessons and policy directions for the tripartite free trade area agreement (TFTA) doi:10.1007/978-3-319-45569-3_8 Retrieved from www.scopus.com
- Bair, J., & Gereffi, G. (2018). Local clusters in global chains: The causes and consequences of export dynamism in Torreon's blue jeans industry. *Century capitalism* (pp. 176-204) doi:10.1017/9781108559423.007 Retrieved from www.scopus.com
- Balogh, J. M., & Borges Aguiar, G. M. (2022). Determinants of Latin American and the Caribbean agricultural trade: A gravity model approach. *Agricultural Economics (Czech Republic)*, 68(4), 127-136. doi:10.17221/405/2021-AGRICECON
- Bejarano Copo, H., Molero Oliva, L., Villegas Pocaterra, E., & Borgucci García, E. (2020). Ecuador and the Pacific Alliance: Comparative study on growth opportunities via the foreign sector. [Ecuador and the Pacific Alliance: Comparative Study on Growth Opportunities via the External Sector] *Revista Venezolana de Gerencia*, 25(Special Issue 4), 628-646. Retrieved from www.scopus.com
- Bengoa, M., Sanchez-Robles, B., & Shachmurove, Y. (2020). Do trade and investment agreements promote foreign direct investment within Latin America? Evidence from a structural gravity model. *Mathematics*, 8(11), 1-32. doi:10.3390/math8111882
- Benita, F. (2019). Trade openness, economic growth and the global financial crisis of 2007–2009 in Latin America. *Journal of International Development*, 31(5), 411-431. doi:10.1002/jid.3411
- Biderbost, P., Boscán, G., & Calvo, B. (2018). The US and Latin America relations in the 2009-2018 period. Some central aspects. [Relations between the United States and Latin America in the period 2009-2018. Some central aspects] *UNISCI Magazine*, 2018(48), 343-368. doi:10.31439/UNISCI-24
- Biedermann, R. (2018). China's raw materials diplomacy and governance cycle: Toward sustainable mining and resource extraction? *Issues and Studies*, 54(4) doi:10.1142/S101325111840009X

- Biegón, R. (2017). The united states and latin america in the trans-pacific partnership: Renewing hegemony in a Post–Washington consensus hemisphere? *Latin American Perspectives*, 44(4), 81-98. doi:10.1177/0094582X17699903
- Blanc, J., & Freitas, F. (2018). Big water: The making of the borderlands between brazil, argentina, and paraguay. *Big water: The making of the borderlands between brazil, argentina, and paraguay* (pp. 1-329) Retrieved from www.scopus.com
- Blanco-Jiménez, M., Parra-Irineo, G., González-González, N., & Tavizon-Salazar, A. (2019). Pacific alliance: Political, economic, and commercial implications. *Regional integration in latin america: Dynamics of the pacific alliance* (pp. 1-12) doi:10.1108/978-1-78973-159-020191001 Retrieved from www.scopus.com
- Bohigues, A., & Rivas, J. M. (2019). Free trade agreements and regional alliances: Support from latin american legislators. *Revista Brasileira De Politica Internacional*, 62(1) doi:10.1590/0034-7329201900101
- Borges, F. A. (2019). Debating trade: The legislative politics of free trade agreements in latin america. *Government and Opposition*, 54(2), 336-364. doi:10.1017/gov.2017.28
- Boza, S., Núñez, A., & Molina, M. (2022). Agricultural trade and investments between latin america and china: Development, implications, and challenges doi:10.1007/978-3-030-98664-3_10 Retrieved from www.scopus.com
- Caldentey, E. P., Tomassian, G. C., & Melo, F. V. (2022). A critical analysis of transnational payment systems in latin america doi:10.1007/978-3-030-64576-2_2 Retrieved from www.scopus.com
- Cameron, M. A., & Tomlin, B. W. (2019). Canada and latin america in the shadow of U.S. power: Toward an expanding hemispheric agreement? Toward a north american community?: Canada, the united states, and mexico (pp. 129-154) doi:10.4324/9780429269325-8 Retrieved from www.scopus.com
- Canovas, G. V. (2019). Mexico, latin america and the group of three in the context of nafta. Toward a north american community?: Canada, the united states, and mexico (pp. 107-128) doi:10.4324/9780429269325-7 Retrieved from www.scopus.com
- Castillo Mezarina, J. L. (2021). The impact of free trade agreements in national markets: Evidence from the telecommunications sector in latin america. *Review of International Economics*, 29(4), 860-903. doi:10.1111/roie.12512
- Chancay, T. S. A., López, V. E. R., Mogrovejo, M. I. P., & Quiroz, C. A. M. (2022). Small and medium enterprises and the international trade policy of ecuador. [Small and Medium-sized Enterprises and Ecuador's International Trade Policy] *Journal of Social Sciences*, 28(4), 448-469. doi:10.31876/rsc.v28i4.39141
- Changanaquí Miranda, J. L., & Cusipuma Frisancho, J. R. (2022). INTERNATIONAL TRADE POLICY IN LATIN AMERICA (PACIFIC ALLIANCE— MERCOSUR). *The oxford handbook of international trade law, second edition* (pp. 319-340) doi:10.1093/oxfordhb/9780192868381.013.13 Retrieved from www.scopus.com