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## Analytical Report

### «The Eurasian Economic Union & Latin America and the Caribbean: A Transcontinental Partnership»



## Analytical Report

### «EURASIAN ECONOMIC UNION AND THE COUNTRIES OF LATIN AMERICA AND THE CARIBBEAN: TRANSCONTINENTAL PARTNERSHIP»

#### Presentation of the Key Conclusions

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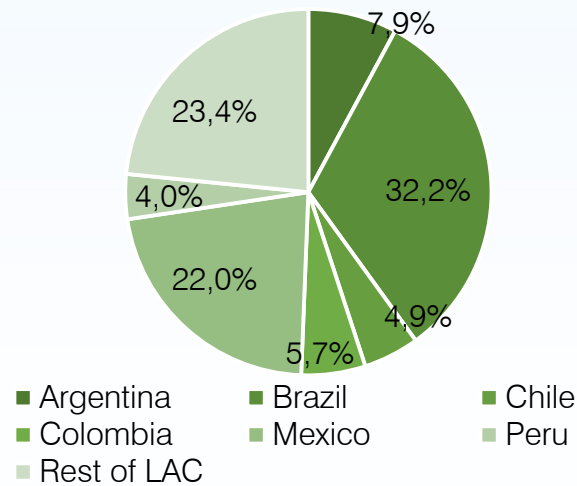
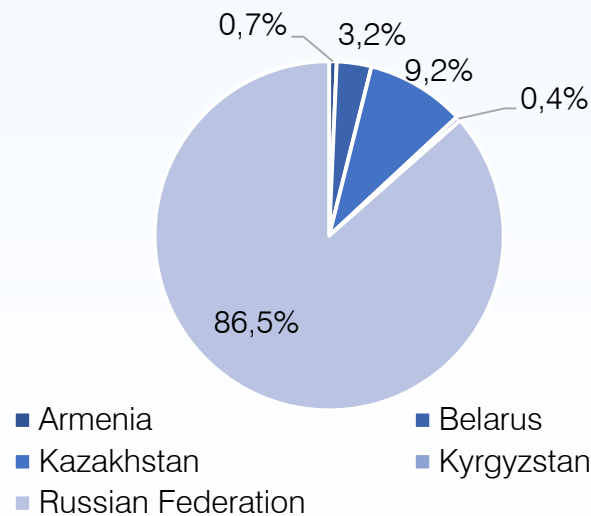
# Structure of the report

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- EAEU and LAC Profiles in International Affairs
- EAEU and LAC Economic Structures and Growth Patterns
- Prospects for Mutual Trade Development
- Prospects for Mutual Investment and Business Cooperation
- Challenges and Opportunities in Achieving Inclusive and Sustainable Growth
- Proposals on Development of Cooperation

# LAC and EAEU Economic Profiles: 1/2

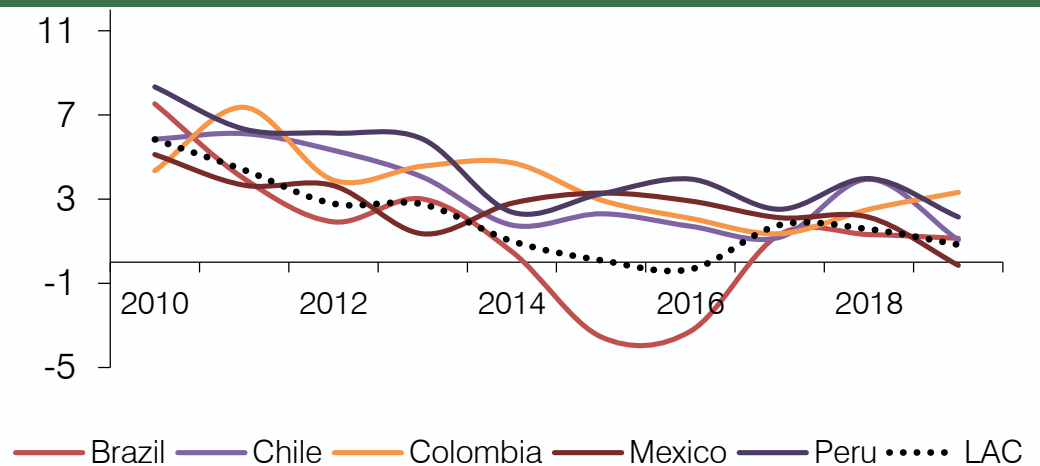
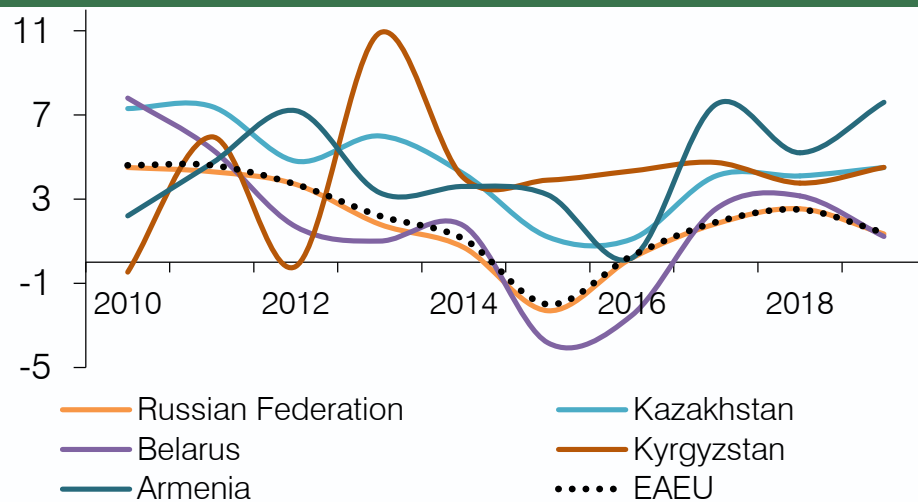
	States	Territory (mln km <sup>2</sup> )	Population (mln)	GDP (current prices, bln USD)
LAC	33	20,4	646	5,72
EAEU	5	20,2	182	1,97



**Uneven GDP distribution**  
is a common characteristic of  
the two regions

**LAC experiences growth slowdown.**

The economic **growth rates** in the **EAEU** is **less synchronized but positive** (except for 2020).

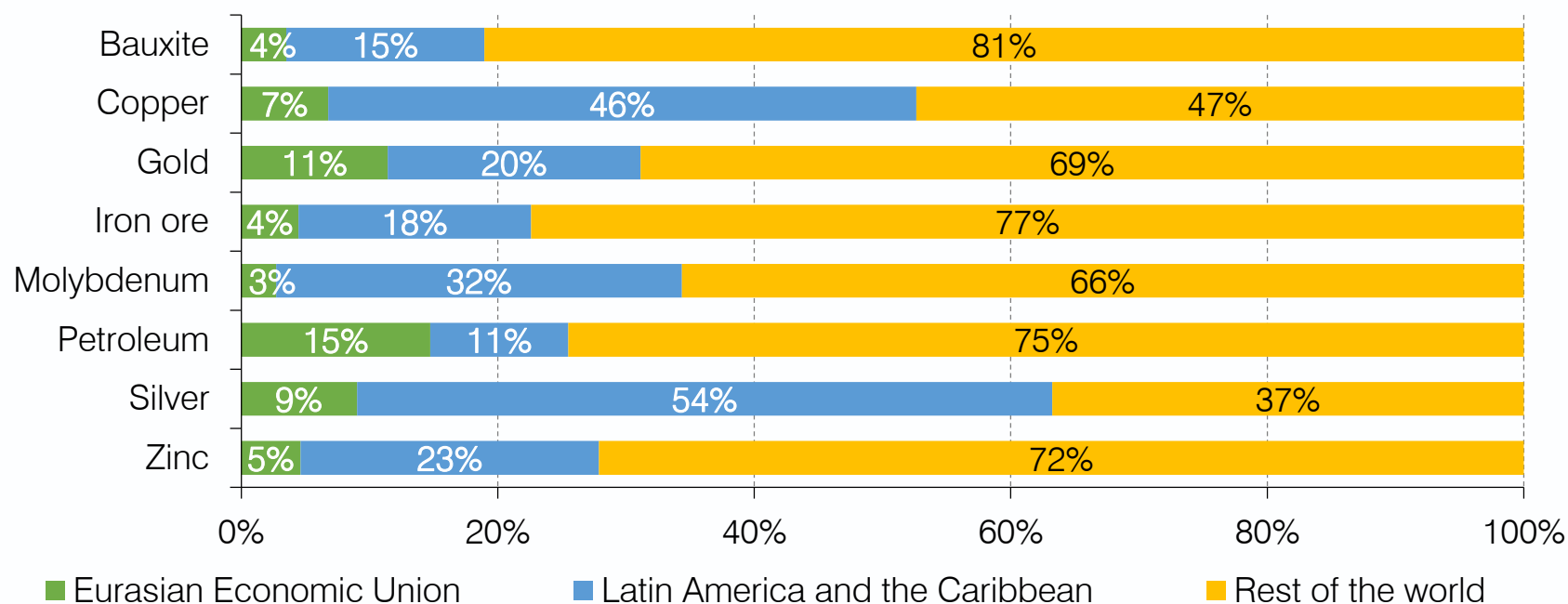


# LAC and EAEU Economic Profiles: 2/2

Both regions' **GDP structure** is dominated by the **tertiary sector**

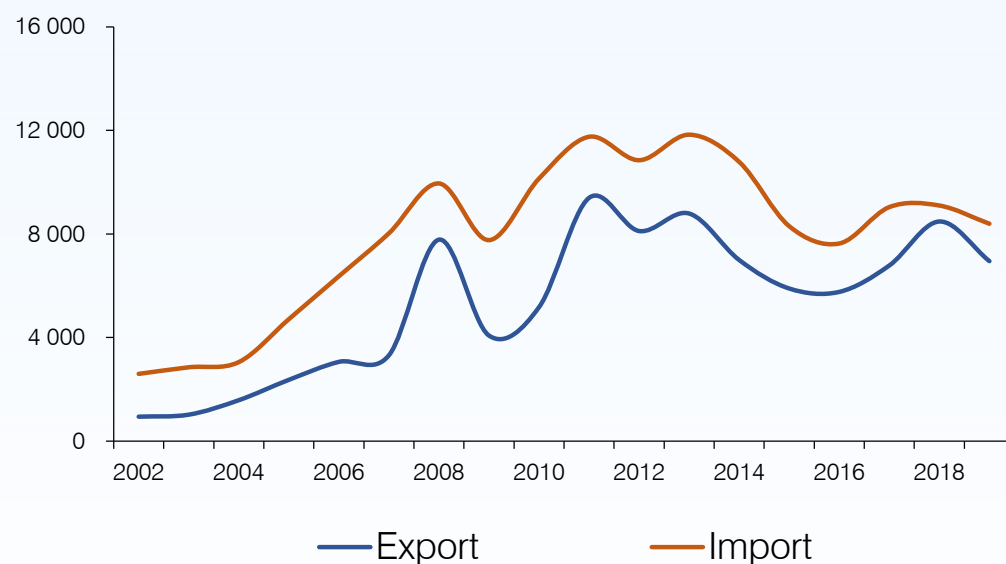


Resource endowment results in **dependence on the raw materials markets dynamics**

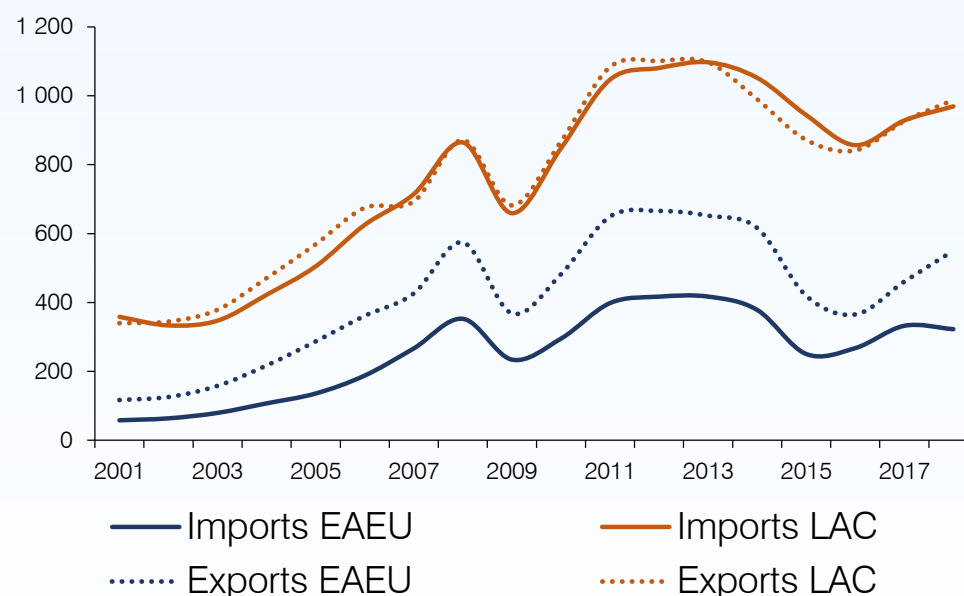


# External and Mutual Trade Dynamics

EAEU Export and Import to LAC, mln USD



Total EAEU and LAC Export and Import, bln USD



EAEU trade balance with LAC is **negative**

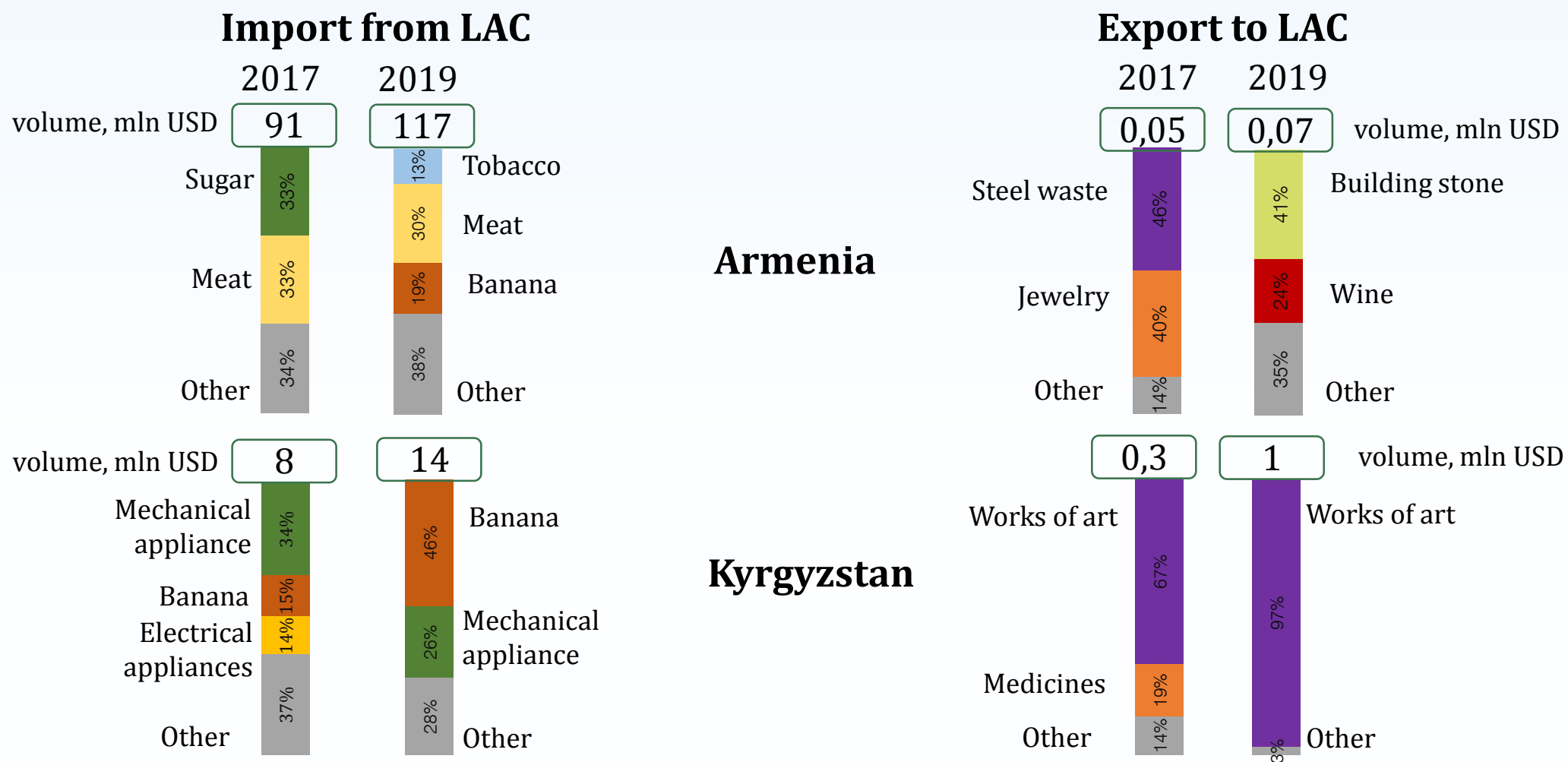
In total trade, EAEU balance is **positive**; LAC trade is **balanced**.

Both regions are **predominantly supplying raw and resource-based materials**, whereas **importing technology-based manufactures**.

# EAEU-LAC Trade: Armenia, Kyrgyzstan

Export structure is **volatile**.

The reason: export is comprised of **one-off supplies**, fading in 3-4 years.

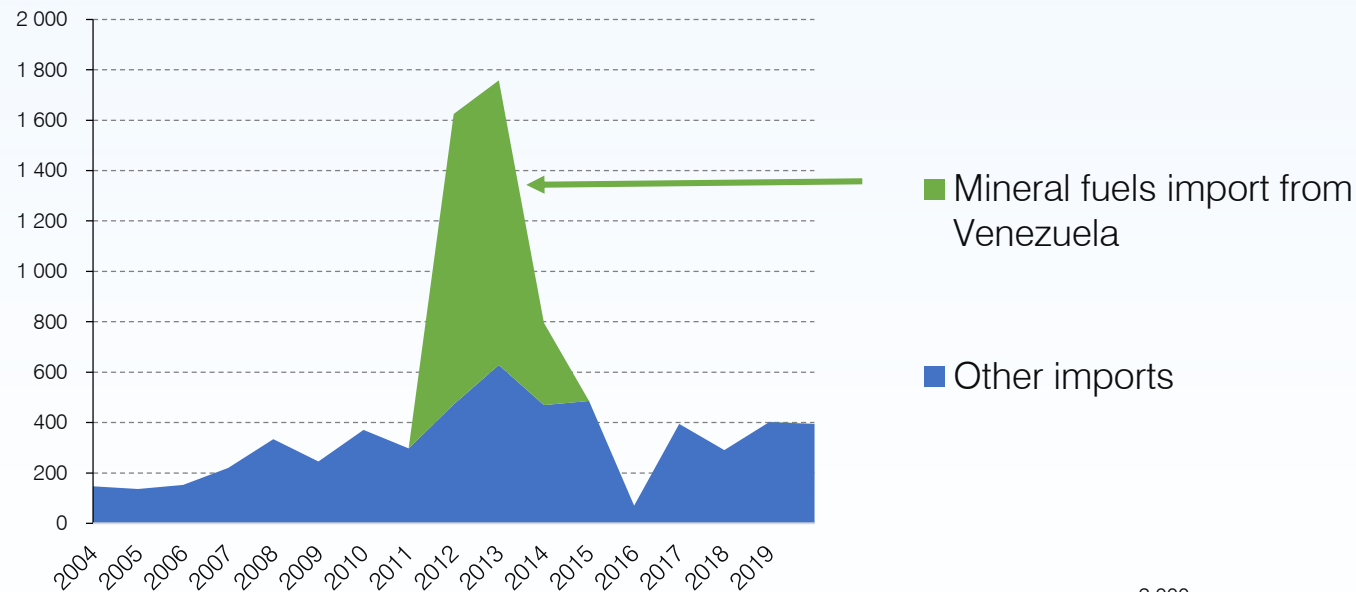


**Sustained export niches** appear to have **not yet been identified**

# EAEU-LAC Trade: Belarus

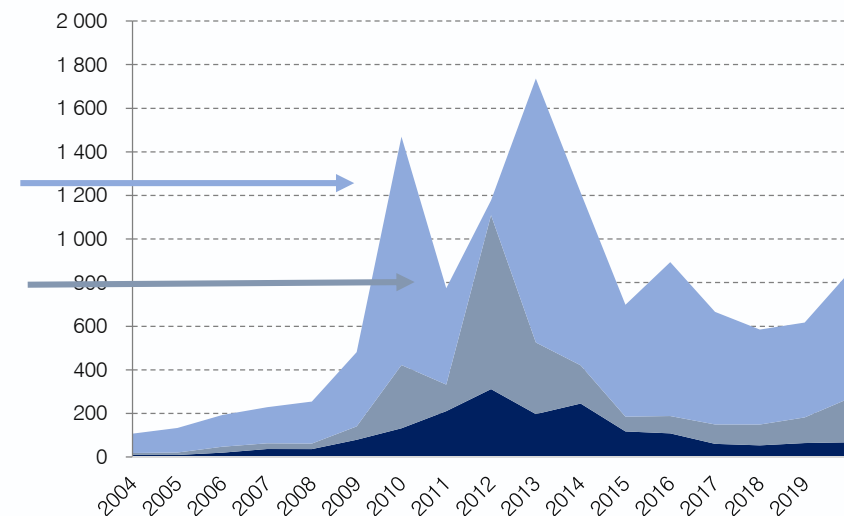
Disregarding one-off oil supply, import volume is **negligible**.

## Import, mln USD



## Export, mln USD

- Potash fertilizers export to Brazil
- Potash fertilizers export elsewhere
- Other exports

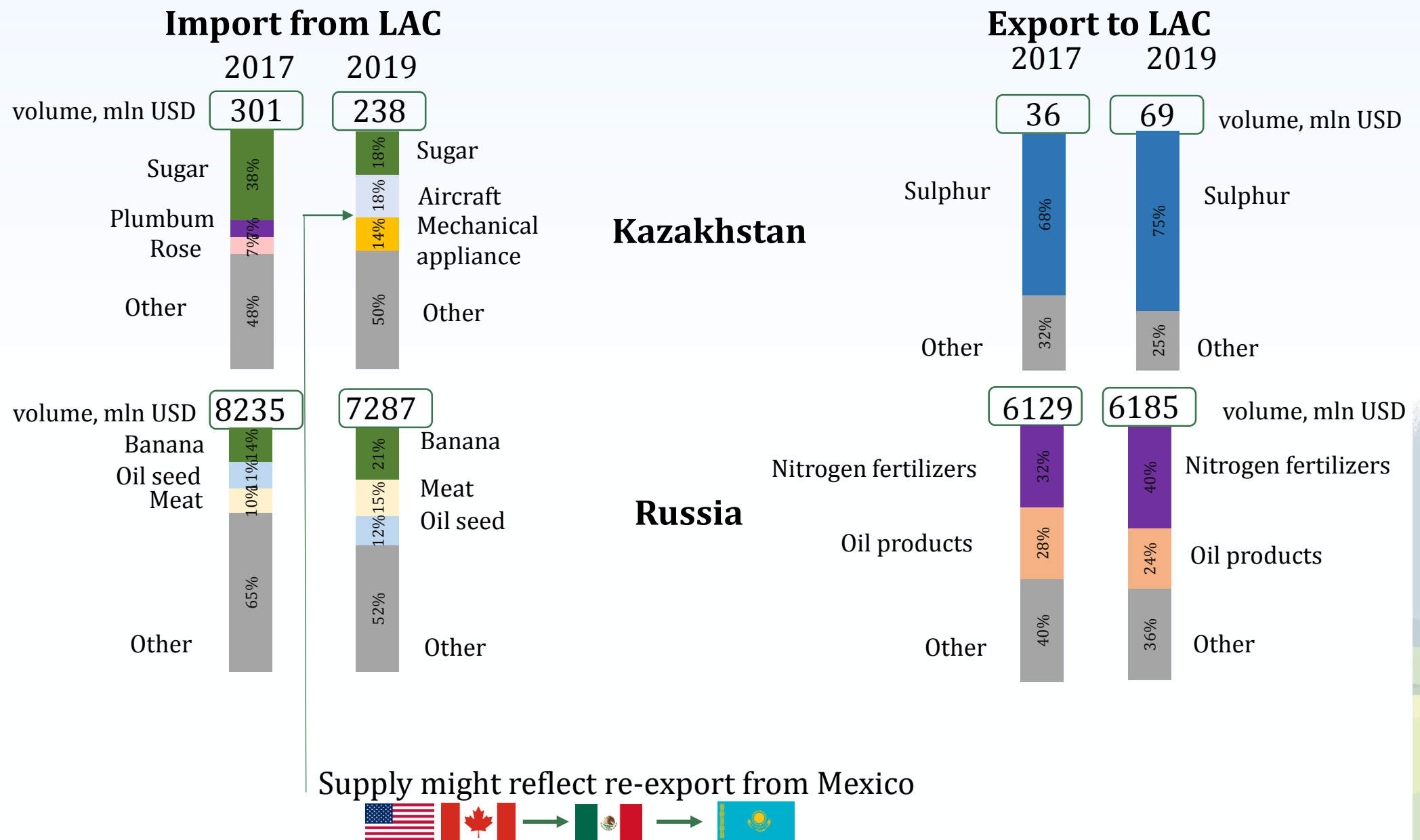


Export specialization is **potash fertilizers**.



# EAEU-LAC Trade: Kazakhstan, Russia

Although Russia and Kazakhstan's trade cooperation with the LAC region is **sustained**, it is primordially based on **low added-value products**.





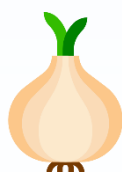
# Impediments to Trade Development

**Expensive logistics resulting from far distances and remoteness from transport hubs**

**16 380** km – distance between Nur-Sultan and Santiago (by air)

## Non-tariff barriers

Examples:



Dominican Republic's import duty  
85%-99% - out of quota (including EAEU)  
20%-25% - under quota



Brazil bans import of wine  
in containers of volume  
larger than 5 liters

## Integration in the key trade partners' supply chains

**31%** share of EAEU import from EU

**2%** share of EAEU import from LAC

**32%** share of LAC import from USA

**1%** share of LAC import from EAEU

# EAEU-LAC Investment: Statistics

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974

mln USD – volume of LAC FDI to EAEU, 2019

189

mln USD – volume of EAEU FDI to LAC, 2019

99%

of LAC FDI to EAEU are engendered by offshore territories\*,  
and 98.3% thereof target Russian Federation.

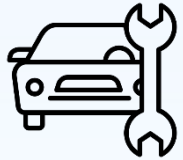
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\* According to the Russian Federal Tax Service, LAC offshore territories comprise: Antigua and Barbuda, Bahamas, Belize, Grenada, Dominica, Panama, Saint Vincent and the Grenadines, Saint Vincent and the Grenadines, Saint Kitts and Nevis, Saint Lucia.

# EAEU-LAC Investment: Business Cases

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## Automobile Industry



Bus manufacturing (Russia) – «KAMAZ» (Russia) & «Marcopolo» (Brazil)

Tractors production (Venezuela) – «MAZVEN» (Belarus) & Government of Venezuela

Automobile assembling (Cuba) – «GAZ» (Russia)

## Food Industry



Meat-processing plant (Russia) – «JBS» (Brazil) & «Cremonini» (Italy)

Nachos production (Russia) – «Gruma» (Mexico) & «Mission Foods Stupino» (Russia)

Soybean production – «Sodrujestvo» group (Russia) & «Carol» (Brazil)

## Pharmacy



Flue vaccines production (Nicaragua) – Mechnikov's Latin American Biotech Enterprise (Russia & Nicaragua)

## Technical Maintenance



Maintenance and repair of civil and military helicopters (Peru) – «Rostech» (Russia)

## Chemical Industry

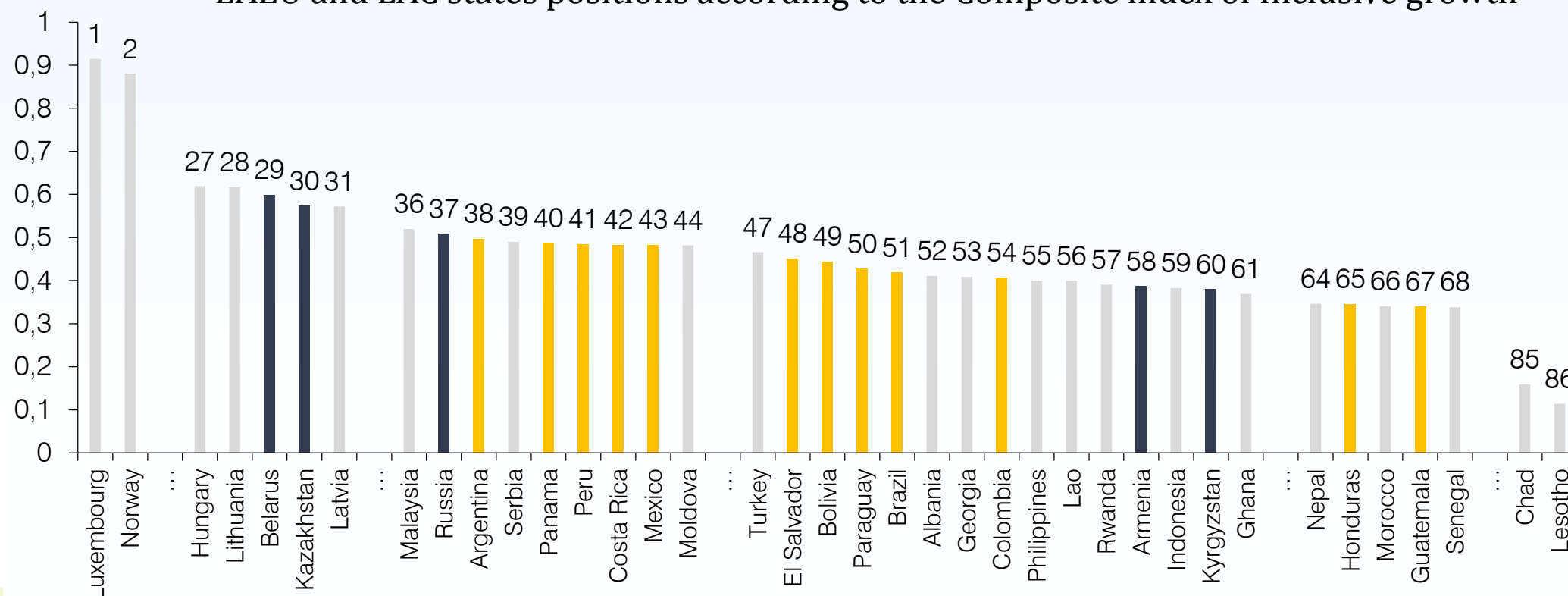


Fertilizers production (Brazil) – «Eurochim» (Russia)

# Inclusive growth: Composite Index

**Inclusive growth index** (calculated based on joint EEC & UNCTAD methodology) – composite assessment of **economic development, quality of life and fight against inequality**.

EAEU and LAC states positions according to the Composite index of Inclusive growth



The **most challenging** direction for both regions is «**economic growth**» pillar.

The **EAEU** comparative advantage is **fight against inequality**, above all, in the labor market.

The **LAC** comparative advantage is **ecological responsibility**.

# Propositions of Cooperation Development: 1/2

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## Trade expansion

Enhancement of awareness on business opportunities in LAC and EAEU

Identification and alleviation of the most challenging barriers, above all in the spheres, where:

- prices are insensitive to the cost of logistics (ICT-services)
- demand is insensitive to prices (coffee from LAC, jewelry, fruit spirits, palladium from EAEU)



## Joint value chains and ventures establishment

Identification of the spheres of complementarity

Diagnostics and mitigation of the most challenging barriers



## Cooperation in the sphere of energy

here including in the sphere of “green” energy provided favorable regulatory environment in LAC



## Tourism

Launch of direct flights and tours with the organized stops at the transfer spots

Information campaigns promotion

Cultural and eco-tourism

# Proposals of Cooperation Development: 2/2

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## **Multilateral system support**

Promotion of principles of transparency in trade and economic relations and international cooperation



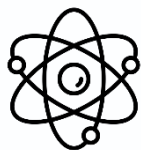
## **Exchange of regulatory experience**

here including as far as the structural economic problems are concerned



## **Exchange of experience in regional integration**

here including provided LAC experience in approaching deep integration stages, such as currency union and common parliament



## **Scientific and technological cooperation**

Mutual R&D investment promotion





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**Thank you for your attention!**

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The presentation materials and the press release link are to be available at the Commission's web-site  
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