IMF cuts U.S. sales in Latin America

by Renée Sigerson and Mark Sonnenblick

Thanks to the International Monetary Fund's austerity "adjustment programs," U.S. exports to the eleven major countries of Latin America have fallen by 37 percent from last year's depressed levels. And, as countries are forced into ever-greater import reductions and their suppliers find their receivables uncollectable, the prospects are far from encouraging.

The destruction of what was once the "natural market" for U.S. exporters has hurt balance sheets and caused unemployment in the United States. The Brazilian finance minister estimates each $1 billion in lost exports means 24,000 lost jobs in the United States.

Furthermore, each country has been ordered by the IMF and the banks to achieve a trade surplus by means of trade war policies which pump out their products into the world's remaining markets at prices far below the real cost of production; this harms them as well as the American industry they undersell. A Chicago-based exporter of high-technology capital goods confided to *EIR* that its sales to Latin America have fallen 65 percent from last year's first four months; a chemical and fertilizer producer claims its sales are down "only 18 percent."

Some big companies are simply giving up their top markets. Caterpillar says, "When your receivables in a country reach a certain level, you cease acting like an industry and you begin to act like a bank."

American multinationals operating in Latin America are slowly waking up to the painful reality of their mistake in letting the banks run debt renegotiations with their customers. Unpublicized roundtables have taken place in Coral Gables, Florida, where over a hundred multis have their Latin American headquarters. At a secret May 20 meeting in New York among the Coral Gables crew, Mexican Finance Minister Jesús Silva Herzog, and the major banks, the industrialists "delivered the message" to the banks that "they have to come through with cash" to cover trade arrears, and not leave industrial suppliers hanging for up to eight years.

The accompanying tables are the still-unpublished official accounts from the U.S. Department of Commerce on trade between the U.S.A. and the eleven largest economies in Ibero-America through the first quarter of 1983. These figures shed light on how the Ibero-American countries are allegedly achieving the trade surpluses the IMF is demanding: with the exception of Chile, these surpluses are arising strictly from a brutal slashing of their imports. Their exports to the United States—despite the oft-heralded "recovery"—show a nominal growth rate of 3 percent, less than inflation.

The Mexican Finance Ministry reports that Mexico's imports for the quarter were $1.476 billion, down a whopping 70 percent from the $5.059 billion in the same period last year. The decline in U.S. exports to Mexico will presumably turn out to be even larger than the 42 percent reported here, given the fact that the U.S.A. normally provides two-thirds of Mexico's imports.

The presidents of Mexico and Brazil sent an "urgent message" to the United States at the end of their April 26-29 summit, in which they explained how "the accelerated development of the countries of the South" through "the reform of the international monetary system" would solve the world economic crisis. "Under conditions in which the developed countries have ample idle capacity in many sectors, the import demand of the developing countries offers them an enormous potential to reactivate their economies on a non-inflationary basis," they declared. The message was blacked out of every U.S. publication except *EIR*.

U.S.-Latin American trade

U.S. exports to Latin America
(millions of U.S. dollars)

Country	1st quarter, 1982, ($)	1st quarter, 1983, ($)	Percent change, (%)
Latin America Integration Association*	7420.8	4677.7	−37
Mexico	3618.8	2085.6	−42
Venezuela	1247.0	854.8	−31
Brazil	856.4	575.7	−32
Argentina	458.1	251.0	−45
Chile	234.6	156.0	−33
Peru	267.8	184.1	−31

U.S. imports from Latin America
(millions of U.S. dollars)

Country	1st quarter, 1982, ($)	1st quarter, 1983, ($)	Percent change, (%)
Latin America Integration Association*	7480.9	7722.3	3
Mexico	3728.4	3861.5	4
Venezuela	1319.4	1245.1	− 6
Brazil	1108.3	1197.2	8
Argentina	354.4	200.9	−43
Chile	150.4	253.4	68
Peru	255.7	285.4	12

* The Latin American Integration Association includes the countries listed on this chart, plus Colombia, Ecuador, Bolivia, Paraguay, and Uruguay.

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