МИРОВАЯ ЭКОНОМИКА И МЕЖДУНАРОДНЫЕ ОТНОШЕНИЯ, 2023, том 67, № 2, сс. 93-103
WORLD ECONOMY AND INTERNATIONAL RELATIONS, 2023, vol. 67, no. 2, pp. 93-103

LATIN AMERICA: IN SEARCH OF OWN WAY

DOI: 10.20542/0131-2227-2023-67-2-93-103 **EDN:** WYCAAE

MODEL “NEARSHORING” – THE CONCEPT OF THE NEW ECONOMY OF THE LATIN AMERICA

Petr P. YAKOVLEV,
ORCID 0000-0003-0751-8278, petrp.yakovlev@yandex.ru
Institute of Latin America (ILA) RAS, 21/16, B. Ordynka, Moscow, 115035, Russian Federation;
Plekhanov Russian University of Economics, 36, Stremyanny lane, Moscow, 117997, Russian Federation.

Received 19.10.2022. Revised 28.11.2022. Accepted 02.12.2022.

Abstract. In the vocabulary of world economics, the term “nearshoring” has become increasingly common. It implies the spread of business in its most diverse manifestations (e.g. foreign trade, cross-border investment, technology transfer, outsourcing, formation of value chains, etc.) mainly to neighboring countries. This growing trend was a response to the many problems that arose in the global economy and world trade during the coronavirus pandemic and the subsequent geopolitical upheavals. In fact, the process of neoliberal globalization, which for four decades was determining the development vector and the content of world economic relations, switched to low dynamics mode. Latin America, as an important part of a complex international economic hub, has actively participated in the globalization process, but has not become its beneficiary, unlike Asian states. Most of the Latin American economies based their development models on the intensive exploitation of vast natural resources in the interests of world markets. However, this neither brought the region to the forefront of the global economy, nor did it solve the acute social problems of Latin America. Therefore, in the conditions of the ongoing crisis, a growing number of Latin American states are ready to make adjustments to their development models, and focus on the strategy of “nearshoring” in order to maximize intraregional cooperation that would stimulate accelerated economic growth.

Keywords: “nearshoring”, globalization crisis, world economy, Latin America, development models, points of economic growth, neobanks, integration reboot, the region in the system of world economic relations.

About authors:
Petr P. YAKOVLEV, Doctor of Economics, Chief Researcher, Professor.

МОДЕЛЬ “NEARSHORING” – КОНЦЕПЦИЯ НОВОЙ ЭКОНОМИКИ ЛАТИНСКОЙ АМЕРИКИ

 П.П. Яковлев

ЯКОВЛЕВ Петр Павлович, доктор экономических наук, профессор,
ORCID 0000-0003-0751-8278, petrp.yakovlev@yandex.ru
Институт Латинской Америки (ИЛА) РАН, РФ, 115035 Москва, Б. Ордынка, 21/16;
Российский экономический университет им. Г.В. Плеханова, РФ, 117997 Москва, Стремянный пер., 36.

Статья поступила 19.10.2022. После доработки 28.11.2022. Принята к печати 02.12.2022.

Аннотация. В международном экономическом лексиконе все чаще используется термин “*nearshoring*” (“ниаршоринг”), означающий распространение бизнеса в его самых различных проявлениях – внешняя торговля, трансграничные инвестиции, передача технологий, аутсорсинг, формирование цепочек добавленной стоимости и т.д. – преимущественно на соседние или близлежащие страны, говоря иначе, на государства ближнего зарубежья. Этот набирающий силу тренд явился ответом на многочисленные проблемы, возникшие в глобальной экономике и мировой торговле в период пандемии коронавируса *COVID-19* и последовавших геополитических потрясений. По сути, процесс неолиберальной глобализации, в течение четырех десятилетий определявший вектор развития и содержание мирохозяйственных связей, перешел в режим пониженной динамики. Латинская Америка, являясь важной частью сложного международного экономического узла, активно участвовала в глобализации, но не стала ее бенефициаром, подобно государствам Азии. Сердцевину экономической модели большинства латиноамериканских стран составляла интенсивная эксплуатация огромных природных ресурсов в интересах мировых рынков. Но это не вывело регион на передовые позиции в глобальной экономике и не решило острых социальных проблем Латинской Америки. Во многом поэтому в нынешних кризисных условиях растущее число латиноамериканских государств готово внести коррективы в модель развития и акцентировать внимание на стратегии “ниаршоринга” – максимально укрепить внутрирегиональное сотрудничество и сделать его генератором ускоренного экономического роста.

Ключевые слова: “ниаршоринг”, кризис глобализации, мировая экономика, Латинская Америка, модель развития, точки экономического роста, необанки, перезагрузка интеграции, регион в системе мирохозяйственных связей.

Currently, the priority task in the economic development of most countries in Latin America (or Latin-Caribbean America, LCA) is to adapt to the long-term changes, tectonic in terms of their scale, that are underway in the system of world economic relations. The slowdown of global economic growth in the late 2010s, the detrimental impact of the COVID-19 pandemic, as well as the geopolitical and geoeconomic ruptures and shocks of 2022, clearly outlined the crisis of the already familiar image of neoliberal globalization and marked the beginning of the transit, of the world economy, to a new but not yet fully established configuration [1].

In the developing coordinated system of the global trade and economic agenda, Latin America will have to find its new place in the world economy and be ready to respond to the challenges emerging from deep international imbalances and acute interstate conflicts on the path of its own modernization. The author of the present study believes that for the LCA states, one of the main pathways of economic modernization and successful adaptation to changing geoeconomic realities can become the "nearshoring" strategy, which implies the priority development of trade, production, technological, and other relationships with neighboring countries, in the present case, within the Latin American region. In the current setting, it is precisely the focus on nearshoring that can expand the windows of opportunity for Latin America's modernization breakthrough, the unconditional need for which is recognized by all experts and most of the political and business establishment.

RESULTS OF GLOBALIZATION UNSATISFACTORY FOR LCA

The process of neoliberal globalization, which for several decades has determined the main vector of international economic development and trade, has produced its winners and losers – those countries that have received the greatest dividends in the new structure of the world economy, and those that have either gained comparatively limited benefits or have found themselves to be excluded. The main beneficiaries of globalization are Asian countries led by China, some European states, as well as Australia, Canada, and New Zealand. The diverse group of "losers" includes both the developed countries of the West, which have lost their international competitiveness in a number of strategic industrial sectors, and many developing states, including Latin American ones, which have mainly preserved their raw material specialization in the global division of labor and critically dependent on market fluctuations [source 1].

As a result, the key long-term economic challenge for Latin America remains the growth model that has been established in most countries of the region and has not undergone fundamental changes (as has happened in a number of Asian countries) in the context of globalization. This results in the noticeable slowdown of economic growth in the second decade of the 21st century, which clearly indicates that the potential of the Latin American economic model is actually exhausted (Table 1).

Lagging behind GDP growth rates, as compared not only with other groups of developing countries but also with global indicators, threatened to further slowdown economic development and aggravate the risks of LCA states' failing to fulfill their social obligations, which was one of the main reasons for the mass protests that swept across the region in 2019 [2].

One more essential indicator of Latin America's lagging behind in restructuring the regional economy, in the context of globalization processes, was the preservation of a relatively low share of goods exports in GDP. Statistical data show that over the four decades of globalization (1980–2021), this indicator changed insignificantly in the largest Latin American countries and remained at a low level compared to Asian and European countries – the beneficiaries of globalization. For example, in Brazil, this share increased from 13.2 to 17.5%, while in Poland, it increased from 30.1 to 49.8%, in Hungary from 37.5 to 77.9%, in Malaysia from 49.1 to 80.2%, and in Vietnam from 1.2 to 92.6% (!), etc. (Table 2).

Taken together, these facts showed the relatively weak influence of globalization changes on Latin America's position in terms of enhancing its role in the world economy and international trade. With a few exceptions that confirm the rule, Latin American countries, in fact, "got stuck in traffic jams" of complex and contradictory transformational processes, and therefore did not join the ranks of the main beneficiaries of globalization. On top of that, the region increasingly suffered from the lack of its own political and economic

Table 1. Dynamics of global GDP growth,%

	2000–2015	2016	2017	2018	2019	2020
World	3.9	3.3	3.8	3.6	2.8	–3.0
Developed countries	1.8	1.8	2.5	2.3	1.7	–4.4
Developing countries	5.9	4.4	4.8	4.6	3.6	–1.9
Including:						
Asia	7.9	6.8	6.6	6.4	5.2	–0.6
Europe	3.7	1.9	4.1	3.4	2.5	–1.7
Middle East	4.7	4.2	2.6	2.6	1.7	–2.7
Sub-Saharan Africa	4.8	1.5	3.0	3.3	3.2	–1.6
Latin America	2.8	–0.6	1.4	1.2	0.2	–7.0
Argentina	2.3	–2.1	2.8	–2.6	–2.0	–9.9
Brazil	2.5	–3.3	1.3	1.8	1.2	–3.9
Venezuela		–17.0	–15.7	–19.7	–27.7	–30.0
Colombia	4.0	2.1	1.4	2.6	3.2	–7.0
Mexico	2.3	2.6	2.1	2.2	–0.2	–8.2
Peru	5.1	4.0	2.5	4.0	2.2	–11.0
Chile	3.9	1.7	1.3	3.9	0.9	–6.1

Note. 2000–2015 – annual average; the data for Venezuela for this period are irrelevant.

Source: [source 2, pp. 125-130].

Table 2. Goods exports, billion USD, share in GDP,%

	2021		2000		1980	
	Exports	Share	Exports	Share	Exports	Share
Argentina	77.9	15.9	26.3	8.3	7.8	11.3
Brazil	280.8	17.5	55.1	8.4	20.1	13.2
Colombia	40.3	12.8	13.0	13.1	3.9	8.4
Vietnam	335.9	92.6	14.5	36.5	0.3	1.2
Malaysia	299.0	80.2	98.2	95.9	12.9	49.1
Thailand	271.2	53.6	69.0	54.6	6.5	19.5
Hungary	141.7	77.9	28.2	59.6	8.6	37.5
Poland	337.9	49.8	31.8	18.4	17.0	30.1
Czech Republic	226.4	80.4	29.1	47.0		

Source: [source 3].

technologies, as well as a system of effective and trustful relations between the state (authorities), the business community, and civil society. As a result, as noted in a collective study by Russian scientists, governments in most LCA countries lost their positions due to society’s deep disappointment with the authorities’ activities [3, p. 40]. All this gave Latin Americans good reasons for growing dissatisfaction with the results of globalization.

GLOBAL ECONOMY: “CHANGE IS COMING. GET READY”

With these words, *The Economist* concludes the review of the current situation in the system of world economic relations. The analysis is alarming, showing a “painful emergence of a new regime in the world economy”. Experts enumerate signs demonstrating that the process of globalization has lost its drive and has entered a period of turbulence, and the global world itself is experiencing a "state of stress". These signs include the following: imbalance in financial and commodity markets; an energy crisis; double-digit global inflation unseen in nearly 40 years; the unprecedented strengthening of the dollar at the expense of other currencies, dramatically losing value and causing monetary turmoil in their countries; a fever in stock markets and a fall of stocks (by an average of 25%, which has not happened since the 1980s); the greatest depreciation of government debt bonds since 1949; loss of confidence in central banks' policies, etc. *The Economist* states that these are long-term fundamental changes, a "big shift", concludes that "a new macroeconomic era is emerging", and asks: "What will it look like?" [source 4].

Many prominent experts and political leaders openly express concern about the contours of the emerging system of global economic relations. Let us provide just three illustrative examples. First, Nobel Prize Paul Krugman defined the mood prevailing in the economic world as "the triumph of pessimism" [4]. Second, almost in unison with this venerable scientist, researchers from the large American consulting firm *Edelman* described the situation in the global economy as a "vicious circle of distrust" [source 5]. Third, in mid-October 2022, at the summit of the Conference on Interaction and Confidence Building Measures in Asia (CICA), held in Astana, the President of Kazakhstan Kassym-Jomart Tokayev said that the world is living "in the conditions of an unprecedented geopolitical storm" and the growing "global dysfunction" of international trade and economic relations [source 6].

Certainly, not everything is clear with ideas about the future of the global economy. Much will depend on both the content and results of the current geoeconomic changes, and (to no lesser extent) on the new balance of political and military-strategic forces, on the unavoidable rearrangements in the composition and hierarchy of the leading world powers. However, one economic trend has manifested itself very clearly. What is meant here is the transition (at least partial) from globalization, or rather, neoliberal hyperglobalization, to regionalization, to the predominant development of all kinds of business relations with neighboring countries. In the interpretation of a number of researchers (in particular, experts from the World Economic Forum Stefan Legge and Piotr Lukaszuk), deglobalization, which is going to replace globalization, is accompanied by regionalization, or, in other words, "nearshoring" [5].

It should be stressed that "nearshoring" is by no means a new phenomenon in world foreign economic relations, especially in the area of cross-border trade. Let alone the "hoary antiquity", when, for obvious reasons, the vast majority of trade exchanges took place in states located in the same region, the "nearshoring" model was also actively used in the modern period, for example, within the European Union or in the North American Free Trade Area. Against this background, Latin American countries were a very special example – in the vast majority of cases, their main economic counterparties were not neighboring states, but extra-regional partners [6]. Moreover, in the period of neoliberal globalization (1981–2021), the share of Latin American countries themselves in LCA exports decreased from 16.6 to 14.8% (Table 3).

The change in the structure of Latin American intra-regional exports in the first decades of the 21st century is also quite revealing, in particular, the decrease in the share of the main types of local industry products: cars, industrial equipment, and electrical machines. In 2001, these three groups of goods accounted for 17.1% ($9.6 billion), in 2011–21.6% ($51.2 billion), and in 2021, this figure fell to $36.6 billion in monetary terms, and the share of these goods in intra-regional exports decreased to 20.7%. At the same time, in 2021 the Latin

Table 3. Share of intra-regional supplies in the total exports of LCA

Indicator	1981	1991	2001	2011	2021
All exports (USD Billion)	100.7	122.7	344.4	1086.0	1195.4
Intraregional exports (USD Billion)	16.8	18.8	56.2	237.3	176.7
Share of intraregional exports,%	16.6	15.6	16.3	21.9	14.8

Note. The statistical data were taken from the website of the International Trade Center (*ITC*). *Trade Map. Trade Statistics for International Business Development*.

Source: [source 7].

American imports of cars, industrial equipment, and electrical machines in value terms reached \$432.5 billion, or 34.9% of the total purchases of the LCA countries [source 7]. Thus, local industries even in their own region surrendered their positions to foreign competitors.

Facts show that in most cases, the hastily knocked together framework of Latin American integration has not received the necessary substantive measures in the form of a strong industrial link between the countries of the region: effective free trade zones, constantly growing trade exchanges of industrial products, extensive investment relations, a considerable amount of joint infrastructure projects, as well as joint manufacturing and service enterprises with the capitals of neighboring states [7]. This was the main systemic shortcoming in the integration processes in Latin America, which prevented the region from becoming a beneficiary of globalization and a larger player in the international economy.

"NEARSHORING" – RESTARTING INTEGRATION

The resumption of regional and subregional integration processes within the framework of the "nearshoring" model is intended to eliminate the existing demarcation lines between Latin American countries, intensify trade exchange, initiate large-scale capital flows, disseminate effective business practices, and unite the region with a common system of economic and financial interests. At the same time, the "striking force" of the "nearshoring" process will be (and is already becoming) new economic players – the Latin American transnational corporations (TNCs) that emerged in the first decades of the 21st century – so called multilatinas and their advanced technological group – technolatinas, since many of them have relatively wide client networks, subsidiaries and branches, trade representatives, and production assets in neighboring countries [8].

What is even more important is the large-scale investment plans announced in recent years by multi- and technolatinas in Latin American countries. For example, *Grupo ISA*, one of the largest Colombian TNCs (operating in six countries of the region), in December 2020 announced its decision to additionally invest over \$4.8 billion in road construction and creating energy facilities, including high-voltage power lines, in Chile by 2023. As *ISA* President Bernardo Vargas emphasized, the implementation of the proposed plans is carried out within the framework of close cooperation between the two countries in the Pacific Alliance integration group, which also includes Mexico and Peru [source 8]. It should be also added that the Alliance is positioned as a promising example of a new type of association aimed at promoting large intra-regional projects.

Many factors indicate that the "nearshoring" strategy shapes qualitatively new conditions for the consolidation (for example, through mergers and acquisitions) of Latin American companies and banks, and not only transnational ones, and also creates prerequisites for increasing exports. In particular, a special study by the Inter-American Development Bank (IADB) suggests that in the very near future, the use of "nearshoring" mechanisms will increase the exports of LCA countries' goods and services by \$78 billion a year, including Argentina by almost \$4 billion, Brazil – by 8 billion, Colombia – by \$2.5 billion, Chile, Costa Rica, and the Dominican Republic – by \$1.5 billion each [9].

The task of disseminating the "nearshoring" practice acquires particular importance also because Latin America, occupying 15% of the world's land, is a major exporter of agricultural raw materials and food and has tremendous energy and mining resources, the global demand for which will inevitably increase. The role of strengthening inter-Latin American cooperation in augmenting the food potential and developing the region's raw material reserves can hardly be overestimated, above all for the interests of the LCA countries themselves. It is no coincidence that in October 2022, the Argentine Ambassador in Brazil Daniel Scioli, acting on behalf of his government, presented to the Brazilian authorities an ambitious plan for restarting Latin American integration, prioritizing joint investments in the agro-industrial complex, energy, and mining [10].

The Buenos Aires foreign policy initiative is one of a number of recent diplomatic steps by Latin American governments intended to resume regional integration on a more solid basis. To complete the picture, one can mention the idea of Mexican President Andrés Manuel López Obrador to create a "Latin American analogue of the European Union" [source 9]. One thing is evident: the “nearshoring” policy can help to balance the trade and economic interests of integration partners, which are often not quite coincident, and which have always been a stumbling point in the development of integration processes in LCA.

In this respect, let us make an assumption that in the new system of global coordinates, the repositioning of the Latin American economy in the world economy on the path of “nearshoring”, which is currently on the agenda, is becoming (or should become) a common strategic denominator of the macroeconomic policy of all the leading states of the region. This, in no small measure, concerns the restarting of integration processes, making them an effective tool for regional cooperation. This impression is by no means an optical illusion, but a reflection of real emerging trends in the stage of Latin American countries’ transition through the next historical bifurcations [11].

In this demanding period, “*smart modernization*” becomes vital for LCA countries. One of its major tasks, in the context of the “nearshoring” strategy, is to intensify the region’s spatial development, including by creating a modern cross-border transport, production, financial, and investment infrastructure.

More specifically, it is not possible to ensure the necessary economic interconnection of Latin America without an extensive network of intra-regional transport corridors and a system of modern communications. In this area, Latin American countries still have a lot of work to do. It may seem paradoxical, but only one highway connects the Atlantic and Pacific coasts of South America, and the famous Pan-American Highway, existing for decades and passing through twelve LCA states (from Mexico to Argentina), is still not fully functional [7].

Transport corridors and communication arteries are multifaceted endeavors, which are usually extremely complex and capital-intensive. Their construction requires not only large investments but also the combined efforts of public authorities and private sector organizations, primarily multilatinas, which are most interested in the deep integration of the region. This is quite understandable, because the modernization of the transport and communication infrastructure in LCA will greatly facilitate the implementation of intra-regional cross-border business projects.

It is noteworthy that in a number of Latin American countries, the process of modernizing the forms and methods of public-private partnership has begun. For example, the Ministry of Economy and Finance of Peru has created a special body – the High-Level Inter-Sectoral Commission to monitor and evaluate the progress of public, private, and public-private investments (*CANSEIPP*). The Commission’s tasks are to inform local and foreign entrepreneurs about available business opportunities, to help investors to overcome bureaucratic obstacles, and to monitor the implementation of already launched business projects. Special attention will be paid to the implementation of cross-border production initiatives within the framework of development programs approved by the bodies of the Pacific Alliance [source 10].

It is no less important that the Latin American economy and social sphere should be permeated with modern financial instruments and institutions, including fintech companies and neobanks – credit institutions that operate only online (without offices or branches). Through the digitalization of banking, they can make credit services accessible to the majority of the population, provide the financial boost that is critical for the region’s comprehensive development, and turn Latin America into an important financial asset for the global economy. The movement in this direction has already begun: many experts note that, literally before their eyes, the region is becoming an area of increased activity of neobanks, which, having mastered the national markets, vigorously penetrate neighboring countries [12]. At the

Table 4. Largest neobanks in Latin America (2020)

No.	Bank	Year of establishment	Country	Number of clients, million
1	Nubank	2013	Brazil	48
2	Neon	2016	Brazil	15
3	DaviPlata	2018	Colombia	14
4	Nequi	2016	Colombia	10
5	C6 Bank	2019	Brazil	Over 7
6	Uala	2017	Argentina	4.5
7	Agi	2018	Brazil	Over 3

Source: [12].

same time, some Latin American neobanks have reached a significant size and have actually become transnational structures (Table 4).

The data on the “first seven” LCA neobanks for 2020 show the following. First, most of these technologically advanced financial institutions were established relatively recently – at the end of the second decade of the 21st century. Second, in spite of their “youth”, the leading neobanks managed to attract an impressive number of clients – about 101 million, and this figure continues to grow. According to some estimates, by the end of the 2020s, more than 50% of Latin America’s adult population will be served by neobanks. Third, having emerged as national credit structures in a limited number of major countries, neobanks have quickly become regionalized. For example, Brazil’s *Nubank* has firmly itself established in Argentina, Colombia, and Mexico, and also intends to expand its activities to other LCA states [source 11].

The example of neobanks clearly demonstrates that new points of economic growth are emerging in the region under the influence of digitalization and other technological shifts, accompanied by all kinds of innovations. The development of this process along the lines of the “nearshoring” policy is expected to strengthen intra-regional ties and restart Latin American integration.

THE REGION IN THE EMERGING WORLD ORDER

The priority development of the whole range of intra-regional financial and economic links in Latin America, certainly, should not imply less attention to business relations with extra-regional partners, both traditional and new. The former include the United States and the European Union, the latter – China, Russia, India, South Korea, and members of the Association of Southeast Asian Nations (ASEAN). China, which has become a major trading partner for LCA, has increased its trade turnover with Latin America by 27 (!) times over the first two decades of the 21st century, having significantly outperformed both the United States and the European Union (Table 5).

Behind the dry figures of changes in trade with extra-regional partners, there is something more than a simple rearrangement of Latin America’s economic counterparties. What is meant here is the transition from quantity to quality, the projection of a radical shift in the global balance of power onto the Latin American region, and the consolidation of China as the world’s largest supplier of goods (primarily industrial products) and one of the leading exporters of capital, including direct investment. “The rapid growth of economic relations with China has become one of the main, if not the most important event in the development of foreign economic relations of LCA states”, is rightly noted in the study by Russian Latin Americanists [3, p. 319]. The problem is that China’s active trade and economic expansion in Latin America has not only failed to contribute to the structural modernization of the production profile of most LCA economies and the goods diversification of Latin American exports, but, on the contrary, has strengthened the region’s role as a primary supplier of raw materials and agricultural products to the world market.

It is indicative that over the decade (2012–2021), the share of basic raw materials and foodstuffs (ores, mineral fuels, oilseeds, meat and fish, cereals, sugar, fruits) in total Latin American exports to China increased from 77% to 87%, or from $65 billion to $148 billion. At the same time, exports from LCA countries to China of basic industrial products either remained at virtually the

Table 5. Foreign trade turnover of LCA in general and with the main partners, USD billion

Year	Total		USA		EU-27		China	
	Volume	Share, %	Volume	Share, %	Volume	Share, %	Volume	Share, %
2001	606	100.0	359	59.2	87	14.6	16	2.6
2010	1757	100.0	617	35.1	208	11.8	193	11.0
2019	2103	100.0	796	37.9	226	10.8	321	16.7
2020	1843	100.0	693	37.6	193	10.5	305	16.6
2021	2434	100.0	877	36.0	245	10.1	428	17.6

Source: [source 7].

same low level or even declined, both in absolute volumes and in terms of the specific weight in the total exports. For example, during this period, supplies of electrical machinery and equipment fell from $1,183 million to $961 million (1.8% and less than 0.6% of total exports to China, respectively) [source 7].

Thus, the exponential, multiple growth of trade with China did not meet the hopes of Latin American industrial circles and did not contribute to a progressive change in the goods structure of Latin American exports. This stimulated the interest of LCA countries in searching for new, untapped markets and new extra-regional trading partners. As already noted, in the first decades of the 21st century, these partners included the ASEAN countries, India, South Korea, and Russia (Table 6).

The entry of LCA exporters into new markets, including comparatively large Asian markets, has taken place, but the established trade balance was not in favor of Latin America. Between 2012 and 2021, total Latin American exports to India, South Korea, and ASEAN countries rose from $50 billion to $73 billion and imports rose from $85 billion to $119 billion, which for LCA meant an increase in trade deficit with these nations from $35 billion to $46 billion. Moreover, as in trade with China, Latin America's exports to the new Asian markets retained their traditional, raw materials-based nature.

Let us take as an example, the dynamics of the structure of Latin American exports to ASEAN markets. In 2012, the total value of major commodities and agricultural products was $12.4 billion, or 63% of total exports. In 2021, these figures were $25 billion and 75%, respectively. At the same time, in 2012–2021 there was stagnation or a decline in the volume (in value terms) of Latin American industrial supplies to ASEAN. In particular, exports of equipment and mechanical devices fell from $724 million to $708 million, electrical machinery – from $855 million to $654 million, and vehicles – from $528 million to $180 million [source 7].

Latin America's trade with the Russian Federation is characterized by certain specifics. Three key points should be emphasized here. First, between 2001 and 2021, trade turnover increased by more than 3.5 times and exceeded $20 billion. This is certainly an example of significant growth in mutual trade (Table 7).

Second, the exchange of goods was relatively balanced: in some years, LCA had a surplus balance, while in others – the Russian Federation. Third, Russian exports to the region (unlike supplies from the European Union and Asian countries) to a considerable extent met Latin America's need for such basic goods as petroleum products and, most importantly, agricultural fertilizers, critically important for the rapidly growing agrarian sector of the region's states [13].

Table 6. Foreign trade of LCA in general and with the ASEAN countries, India, and South Korea, USD billion

Indicator	Total		ASEAN countries		India		South Korea	
	2012	2021	2012	2021	2012	2021	2012	2021
Export	1105	1195	20	33	15	19	15	21
Import	1111	1239	36	64	14	22	35	33
Volume	2216	2434	56	97	29	41	50	54
Balance	–6	–44	–16	–31	+1	–3	–20	–12

Source: [source 7].

Table 7. Russia's trade with LCA countries, million USD

Indicator	2001	2010	2018	2019	2020	2021
Export	1989	7983	7605	6223	4626	12 267
Import	3824	4089	8319	7859	7288	8601
Volume	5813	12 072	15 914	14 082	11 914	20 868
Balance	–1835	+3894	–714	–1636	–2662	+3666

Source: [source 7].

Additional opportunities for intensifying mutual trade, in particular, the supply of Latin American goods to the Russian market, have opened up due to the introduction of trade and economic sanctions against Russia by the collective West. The task of actively promoting their products in Russia, including industrial products earlier supplied by Western countries, is a real challenge for Latin American businesses in the emerging new world order.

In light of the aforesaid, it can be stated that the key to the success of LCA exporters in global markets has been and remains the systematic modernization of national production structures, which is currently carried out through the intensification of intra-regional business relations in line with the "nearshoring" policy and based on modern digital technologies and best entrepreneurial practices. The synergy of these factors in the foreseeable future should increase the efficiency of integration processes in Latin America and turn this vast region into an independent center of sustainable development in the future world economy.

* * *

In the author's opinion, the issues considered in this paper shape the epicenter of the current problems of Latin America, when "at the moment" geoeconomic and geopolitical risks are pulled into one tight knot. Ultimately, in the period of neoliberal globalization, Latin America lost its international competitiveness in the top tier of the global economic hierarchy, a position appropriate for such a large region, rich in natural and human resources.

In the changing geopolitical and geoeconomic context, the region's state establishment and business elites need a new understanding of the content and tasks of integration processes, in fact, a rethinking of the conceptual framework of the policy of inter-Latin American relations policy. In practical terms, it is required to move toward a more integrated and interconnected regional economic space with collectively developed and rigorously observed norms and rules. Without the initiation of these processes, no sustainable and dynamic (ahead of the world average) socio-economic development in Latin America is possible.

The intentional use of the available levers and mechanisms of the "nearshoring" strategy by the LCA countries can radically tighten the fabric of inter-Latin American trade, production, technological, and financial relationships, really integrate national economies if not into a single regional organism, then at least into a sustainable system of close cross-border business relations. At the same time, the consistent implementation of the "nearshoring" model, eliminating economic borders and possessing significant growth acceleration capabilities, is intended to become the driving force of the modernization process, and therefore in the foreseeable future will be able to determine the development vector of Latin American countries, enhance Latin America's ability to compete in international markets, and strengthen the region's position in the world.

REFERENCES

1. Яковлев П.П. Риски мировой рецессии в условиях кризиса глобализации. *Мировая экономика и международные отношения*, 2020, т. 64, № 2, сс. 5-14.

   Yakovlev P.P. Risks of world recession in the context of the crisis of globalization. *World Economy and International Relations*, 2020, vol. 64, no. 2, pp. 5-14. (In. Russ.) Available at: https://doi.org/10.20542/0131-2227-2020-64-2-5-14

2. Яковлев П.П., Яковлева Н.М. Протестный потенциал Латинской Америки: региональный срез глобального феномена. *Мировая экономика и международные отношения*, 2020, т. 64, № 7, сс. 89–99.

   Yakovlev P.P., Yakovleva N.M. Protest potential of Latin America: regional slice of the global phenomenon. *World Economy and International Relations*, 2020, vol. 64, no. 7, pp. 89-99. (In. Russ.) Available at: https://doi.org/10.20542/0131-2227-2020-64-7-89-99

3. Симонова Л.Н., отв. ред. *Латинская Америка в системе международных экономических отношений*. Москва, ИЛА РАН, 2020. 486 с.

   Simonova L.N., ed. *Latin America in the system of international economic relations*. Moscow, ILA RAN, 2020. 486 p. (In. Russ.)

4. Krugman P. Technology and the Triumph of Pessimism. *The New York Times*, 28.06.2022. Available at: https://www.nytimes.com/2022/06/28/opinion/technology-progress-innovation-satisfaction.html (accessed 18.10.2022).
5. Legge S., Lukaszuk P. Regionalization vs globalization: what is the future direction of trade? *WEF*, 15.07.2021. Available at: https://www.weforum.org/agenda/2021/07/regionalization-globalization-future-direction-trade/ (accessed 30.09.2022).
6. Vargas-Alzate L.F. Latin American Integration: The Dilemma. *E-International Relations*, 10.10.2019. Available at: https://www.e-ir.info/2019/10/10/latin-american-integration-the-dilemma/ (accessed 10.10.2022).
7. O'Neil S. Por que America Latina perdió con la globalización – y cómo puede ganar ahora. *Americas Quarterly*, 26.07.2022. Available at: https://www.americasquarterly.org/article/why-latin-america-lost-at-globalization-andhow-it-can-win-now/ (accessed 22.09.2022).
8. Яковлев П.П. Экономические шансы Латинской Америки в постковидном мире. *Мировая экономика и международные отношения*, 2021, т. 65, № 5, сс. 5-13.

   Yakovlev P.P. Economic chances of Latin America in the post-COVID world. *World economy and international relations*, 2021, vol. 65, no. 5, pp. 5-13. (In Russ.) Available at: https://doi.org/10.20542/0131-2227-2021-65-5-5-13
9. Dempsey C. Nearshoring in Latin America 'could up exports by $78B'. *Biz Latin Hub*, 09.06.2022. Available at: https://www.bizlatinhub.com/nearshoring-latin-america/ (accessed 13.10.2022).
10. 10. Lerner A. Swap, energia, mineria y alimentos: plan de integración que Scioli les acercó a Lula y Bolsonaro. *Ambito*, 06.10.2022. Available at: https://www.ambito.com/economia/lula/swap-energia-mineria-y-alimentos-el-planintegracion-que-scioli-les-acerco-y-bolsonaro-n5553222 (accessed 13.10.2022).
11. Яковлев П.П. Тренды, меняющие экономику стран Латинской Америки. *Контуры глобальных трансформаций: политика, экономика, право*, 2022, т. 15, № 1, сс. 77-101.

   Yakovlev P.P. Trends that change the economy of Latin American countries. *Outlines of global transformations: politics, economics, law*, 2022, vol. 15, no. 1, pp. 77-101. (In Russ.) DOI: 10.23932/2542-0240-2022-15-1-4
12. Gonzalez Fajardo D. *Neobancos: sus ventajas, y desventajas frente a la banca tradicional*. 07.04.2020. Available at: https://blog.cobistopaz.com/neobancos-ventajas-desventajas (accessed 15.09.2022).
13. Яковлев П.П. Россия и Латинская Америка: константы и переменные торгово-экономических отношений. *Контуры глобальных трансформаций: политика, экономика, право*, 2021, т. 14, № 3, сс. 209-226.

   Yakovlev P.P. Russia and Latin America: constants and variables of trade and economic relations. *Outlines of global transformations: politics, economics, law*, 2021, vol. 14, no. 3, pp. 209-226. (In Russ.). DOI: 10.23932/2542-0240-2021-14-3-12

SOURCES

1. Benefits and Challenges of Globalization. *G-P*, 06.02.2020. Available at: https://www.globalization-partners.com/blog/benefits-and-challenges-of-globalization/ (accessed 30.09.2022).
2. *Countering the Cost-of-Living Crisis*. World Economic Outlook. Report October 2022. IMF. October 2022. 186 p. Available at: https://www.imf.org/en/Publications/WEO/Issues/2022/10/11/world-economic-outlook-october-2022 (accessed 25.09.2022).
3. Exportaciones de Mercancias. *Datosmacro.com*. Available at: https://datosmacro.expansion.com/comercio/exportaciones/ (accessed 25.09.2022).
4. A new macroeconomic era is emerging. What will it look like? *The Economist*, 06.10.2022. Available at: https://www.economist.com/leaders/2022/10/06/a-new-macroeconomic-era-is-emerging-what-will-it-look-like (accessed 18.10.2022).
5. Government and media fuel a vicious cycle of distrust. *Edelman*, 18.01.2022. Available at: https://www.edelman.com/news-awards/2022-edelman-trust-barometer-reveals-even-greater-expectations-business-lead-governmenttrust (accessed 16.10.2022).
6. Токаев заявил о "глобальной дисфункции" в мировой экономике. *РИА Новости*, 13.10.2022. Available at: https://ria.ru/20221013/tokaev-1823574424.html?ysclid=l96p4qoev2983987415 (accessed 17.10.2022).
7. *ITC. Trade map. Trade statistics for international business development*. Available at: https://www.trademap.org/Index.aspx (accessed 25.09.2022).
8. Colombiana ISA invertira mas de US$4.800M en Chile hasta 2023. *El Universal*, 11.12.2020. Available at: https://www.eluniversal.com.co/colombia/isa-invertira-mas-de-us-4850-millones-en-chile-hasta-2023-EI3921305 (accessed 10.09.2022).

9. Propone Lopez Obrador crear en Latinoamerica "algo semejante" a la UE. *Lopez-Doriga Digital*, 24.07.2021. Available at: https://lopezdoriga.com/nacional/lopez-obrador-latinoamerica-union-europea/ (accessed 13.10.2022).
10. *Peru: MEF crea comisión multisectorial para impulsar inversión publica*. 07.10.2022. Available at: https://andina.pe/agencia/noticia-peru-mef-crea-comision-multisectorial-para-impulsar-inversion-publica-913113.aspx (accessed 18.09.2022).
11. *Sobre o Nu*. Available at: https://international.nubank.com.br/pt-br/sobre/ (accessed 19.09.2022).