

TRENDS IN RESOURCE USE IN LATIN AMERICA AND THE CARIBBEAN

01. Latin America and the Caribbean consume more than 9% of global natural resources and generates 7.2% of global GDP.

The use of resources is driven by continued economic and demographic growth since 1990.



¹ Domestic Material Consumption (DMC): amount of materials directly used by an economy (DMC = DE: Imports - Exports) / Domestic Extraction (DE): Direct, gross physical extraction of materials within the territory of a country (production perspective)

02. Consumption and production patterns in the region have generated significant environmental and human health impacts.

In 2011, Latin America and the Caribbean was the most affected region by the loss of biodiversity related to land use. The economic sectors that contributed the most were agriculture, food and beverage processing, wood production and paper.

Environmental Impacts

- Climate change impacts
- Particulate matter health impacts
- Water stress
- Land-use related biodiversity loss

Socioeconomic benefits

- Value added
- Employment



Source: Exiobase 3.4 (Exiobase, n.d.; Stadler et al., 2018).

03. Socio-economic benefits generated by extraction and use of resources in the region are well below the global average.

The highest added value in the region is generated by extraction and processing of metals; while the use of biomass generates the highest proportion of employment.

Material productivity, the value added generated per unit of consumed material, has not increase between 1990 and 2015 (0.45 USD / kg in 2015), unlike other regions such as Europe, where it has increased by 40%.



04. Diversification of trade to non-extractive and higher value-added sectors remains a challenge for the region.

45 per cent of exports of Latin America and the Caribbean come from these sectors:



Biomass
25,7%



Fossil fuels
9%



Metals
6,6%



Metals non-metallic minerals
3,8%

Although machinery and electricity, and transportation sectors represent a high percentage of the region's exports, (18.8% and 14% respectively), Mexico and Brazil alone concentrated more than 62% of the region's exports and 57% of the imports in 2015. This indicates the value added and associated employment has not occurred throughout the region.

05. Exports based on extractive economic activities show a gradually increase influenced by the demand of international markets, which will exert additional pressure on natural resources in the region.

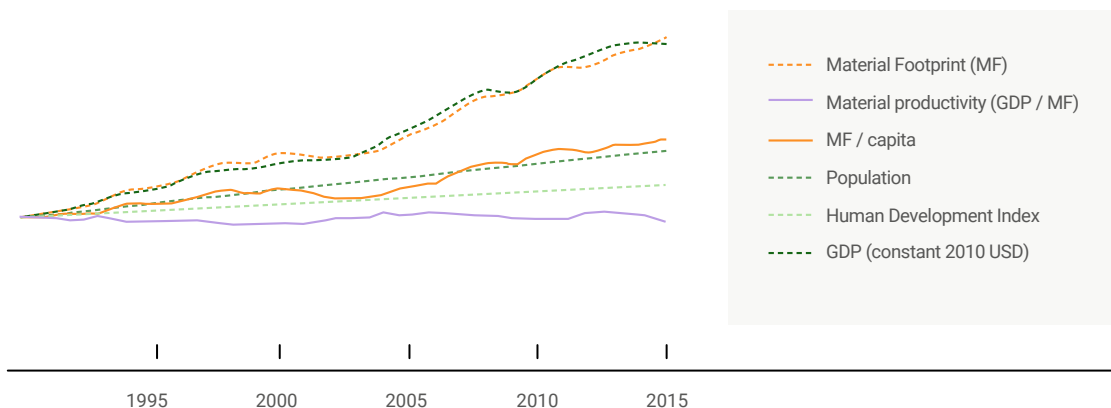


In 2017, the region generated profits of \$US 518.5 billion from exports to other markets.

The loss of biodiversity related to land use is also the main environmental impact in the region derived from international trade. This is mainly due to exports of agricultural products to other regions. In general, the environmental impacts in Latin America and the Caribbean linked to exports are bigger than the impacts that imported products may cause in other parts of the world.

06. The decoupling of natural resource use and environmental impacts from economic growth and human well-being is an essential element to achieve sustainable development.

Latin America and the Caribbean must promote investments in sustainable infrastructure and practices that ensure efficient use of natural resources in all economic activities. The region has an opportunity to achieve an absolute decoupling following more sustainable trajectories.



Sources:
Global Material Flows Database: <http://www.resourcepanel.org/global-material-flows-database>
UN Statistics Division: <https://unstats.un.org/unsd/snaama/>
SCP Hotspot Analysis Tool: <http://scp-hat.lifecycleinitiative.org/>