South Florida’s trade with Latin America slows

Analysts expect an even steeper decline for South Florida’s trade this year, because U.S. recovery likely won’t be strong enough to pull the Latin American region out of its severe financial and economic funk.

“South Florida’s exports could shrink as much as 6-10 percent this year, compared to the 3 percent drop in 2001,” said economist Antonio J. Villamil, who runs Washington Economics Group in Coral Gables. “It’s going to be a very difficult year for Latin America and for South Florida trade.”

In 2001, South Florida’s international trade dropped by $1.8 billion to $54.2 billion, according to just-released U.S. Commerce Department data.

Imports of south Florida’s exports fell to $731 billion and imports to $1.1 trillion.

South Florida suffered less than the country overall, partly because it does less business with Asia, the world region hardest hit by the sharp drop in U.S. purchases of electronics and consumer goods.

“Latin American trade apparently held up a little better than U.S. trade overall,” said John Zdanowicz, a Florida International University professor and trade specialist who helped to post the 2001 trade data on FIU’s trade Web site.

For 2002, South Florida’s exporters will feel the brunt of weaker currencies in two top trade partners, Venezuela and Argentina.

Since late December, both countries have ended policies pegging the value of their money to the U.S. dollar either at a fixed rate or within a certain range. Now, both currencies float freely, and their values have plunged by more than 30 percent. That converts to fewer dollars to buy even fewer goods from South Florida, said economist Villamil.

In 2001, Venezuelan importers apparently bought extra U.S. goods, forecasting that the strong value of their currency couldn’t last long amid sliding prices for Venezuela’s mainstay, petroleum.

South Florida exports to Venezuela rose by $356 million, or nearly 16 percent, to $2.6 billion.

Venezuela gained in the rankings to become the No. 2 export market for South Florida, trailing only Brazil.

Doreen Hemlock can be reached at dhemlock@sun-sentinel.com or 305-810-5009.