

Box 6

LATIN AMERICAN EXPORT-RELATED EMPLOYMENT: EXPORTS TO THE EUROPEAN UNION AND SPAIN SUPPORT HIGHER-SKILLED JOBS THAN THOSE TO OTHER REGIONS

José Durán Lima, Sebastián Castresana and Areum Han,¹ in collaboration with the authors of the report

The European Union (EU) is one of Latin America's key trade and investment partners, with interests across a wide range of sectors such as infrastructure, energy, telecommunications, agriculture and agribusiness, medium and high-tech manufacturing and financial services.

This box shows the composition of export-related employment for six Latin American countries (Argentina, Brazil, Chile, Colombia, Mexico and Peru) in 2023-24, taking into account the human capital component of these exports.² To this end, it studies the structure and skill level of employment across various large sectors, and how exports to the EU compare with those to other destinations.

This analysis adds to the existing research on the region's export-related employment,³ with a particular focus on two aspects: (i) differences across trading partners, considering both the structure and geographical distribution of exports; and (ii) the technological content of trade, proxied by workers' skill level.

What do Latin American exports to the European Union look like and what type of employment do they generate in the region?

The data analysed are input-output matrices from Comisión Económica para América Latina y el Caribe (CEPAL), combined with Comtrade and Trade Map data for trade in goods and European Commission data for trade in services. This information is complemented with data from the various countries. The intensity and skill level of labour linked to trade with the European Union and other relevant trading partners are estimated for each country, following a recent CEPAL paper.⁴ The objective is to answer three basic questions:

- How much employment do Latin American exports to the EU generate?

- Which sectors have the most export-related labour intensity?
- Are exports to the EU more skill-intensive than those to other regions?

Exports of goods and services from the six selected Latin American countries to the European Union support around 4.3 million jobs, representing 11.4% of these countries' total export-related employment (Table 1). This is much lower than jobs supported by exports to the United States (over 14 million) and somewhat lower than the figures for intra-regional exports and exports to China (more than 5 million each). Excluding Mexico – which sends 85% of its exports to the United States – the EU's share in export-related employment rises to 14.5%. This share is still lower than that for intra-regional exports (18.4%), China (18.6%) and the United States (17.4%), but the gap with the latter narrows significantly.

Spain accounts for 15% of exports to the EU from the six countries (16% excluding Mexico). On average, approximately two out of every one-hundred jobs in the selected countries are directly linked to exports to Spain.

Export-related employment by country and sector

Brazil generates the most jobs from its exports to the EU (over two million), well above Peru and Colombia (each with over half a million) and Mexico (just under half a million) (Table 2). By sector, goods exports to the EU support close to 3 million jobs, while the remaining 1.3 million are supported by services exports:

- The ratio of jobs related to goods exports to those related to services exports is highest in Brazil and Peru.
- Peru and Colombia are the countries where the primary sector accounts for the largest proportion of jobs

1 José Durán Lima, Sebastián Castresana and Areum Han belong to the Regional Integration Unit in the International Trade and Integration Division at CEPAL (United Nations). An extended version of this box will be published in CEPAL's International Trade series.

2 The following skill levels are defined: employment is considered low-skilled when workers have fewer than 12 years of formal education, medium-skilled when they have between 12 and 17 years of formal education and high-skilled when they have more than 17 years of formal education.

3 These studies have focused, among other issues, on employment multipliers (for Ecuador, see José Durán Lima and Sebastián Castresana. (2016). "Estimación del empleo directo e indirecto asociado a las exportaciones del Ecuador a la Unión Europea". Serie Comercio Internacional, 127, CEPAL; for Colombia and Argentina, see Departamento Administrativo Nacional de Estadística. (2021). *Boletín técnico: Matriz insumo producto 2017*), the effects of employment on trade (see Luis Villanueva. (2014). "Wage inequality and trade globalization in Chile and Mexico". Draft for discussion only) and sector-specific estimations of export-related employment (see Confederação Nacional da Indústria. (2023). "Exportações focadas em bens industriais impulsionam a economia brasileira". Nota Econômica, 29).

4 See CEPAL. (2025). *Perspectivas del Comercio Internacional de América Latina y el Caribe, 2025*.

Box 6

LATIN AMERICAN EXPORT-RELATED EMPLOYMENT: EXPORTS TO THE EUROPEAN UNION AND SPAIN SUPPORT HIGHER-SKILLED JOBS THAN THOSE TO OTHER REGIONS (cont'd)

supported by exports to the EU (67.6% and 32.5%, respectively).

- For the six countries as a whole, export-related manufacturing employment is concentrated in the light manufacturing segment (in particular, the food, beverages and tobacco sector), especially in Argentina and Brazil.
- By contrast, Mexico has the highest share of export-related employment in heavy manufacturing (47%), concentrated mainly in the automobile, machinery and electrical and non-electrical equipment sectors. Despite this, at regional level, Brazil accounts for a larger share of total regional employment in heavy manufacturing supported by exports to the EU (41%) than Mexico (36%), reflecting its larger volume of trade with Europe.

For comparison purposes, exports of goods and services from the selected countries to Latin America and the Caribbean (which represent 11.6% of their total exports, compared with 9% in the case of the EU) support just over 5.2 million jobs. Slightly more than 50% of these jobs are in manufacturing, with heavy manufacturing playing a larger role (36%) than in the case of the EU (15%). In Brazil and Mexico, compared with exports to the EU, employment supported by intra-regional exports is more heavily weighted towards food, beverages and tobacco, iron and

steel, chemicals, machinery and equipment, and automobiles, among other products. Only Argentina – and, to a lesser extent, Peru – features a greater proportion of light manufacturing (mainly agricultural products, including oilseeds and fruits and vegetables) in employment supported by intra-regional exports. In Colombia and Chile, the proportion of intra-regional exports of chemicals, fuel, food beverages and tobacco, cellulose and fabricated metal products stands out.

Exports to the EU support higher-skilled employment than those to other regions

By analysing the skill level of jobs supported by exports, it is possible to estimate the relationship between exports and their human capital content and to overcome a traditional constraint of the technological content approach: the absence of criteria to identify low, medium and high-technology products within the primary goods and manufacturing categories.

Jobs supported by exports to the EU are often in high-skilled sectors, particularly modern services such as finance, insurance and telecommunications, where medium and high-skilled jobs account for over 74% of the total. This is in contrast to jobs supported by exports of agricultural products and transport-related services, which are all low-skilled-labour intensive (Chart 1).

Table 1

Latin America-6: Distribution of exports of goods and services and supported employment, by main destination (a)

Countries / regions	Distribution of exports (% of total)		Employment supported by exports			
	LatAm-6	Excl. Mexico	(number of people)		(% of total)	
	LatAm-6	Excl. Mexico	LatAm-6	Excl. Mexico	LatAm-6	Excl. Mexico
European Union	9.0	12.2	4,271,475	3,777,193	11.4	14.5
Spain	1.4	2.4	636,293	606,773	1.7	2.3
Latin America and the Caribbean	11.6	18.4	5,205,008	4,785,986	13.9	18.4
China	12.8	26.3	5,006,319	4,859,816	13.3	18.6
United States	45.3	13.3	14,042,494	4,535,370	37.4	17.4
ASEAN	2.9	5.3	1,393,799	1,347,297	3.7	5.2
Rest of the world	18.3	24.5	7,619,389	6,131,584	20.3	23.5
TOTAL	100	100	37,538,484	26,073,539	100	100

SOURCE: CEPAL.

a Calculated using the input-output approach, input-output matrices of each selected country, total domestic employment and exports of goods and services for the period 2023-24. LatAm-6 includes Argentina, Brazil, Chile, Colombia, Mexico and Peru.

Box 6

LATIN AMERICAN EXPORT-RELATED EMPLOYMENT: EXPORTS TO THE EUROPEAN UNION AND SPAIN SUPPORT HIGHER-SKILLED JOBS THAN THOSE TO OTHER REGIONS (cont'd)

On average, between 2023 and 2024, the combined exports of medium and high-skilled goods and services from the selected Latin American countries to the EU amounted to \$68 billion⁵ (53% of total goods and services exports). Brazil is the country with the most export-related high-skilled employment, followed by Mexico and Chile.

The proportion of high-skilled employment supported by goods and services exports to the EU and to Latin America (16.1% in both cases) is greater than for exports to China (13.9%), the Association of Southeast Asian Nations (ASEAN) (14.7%) and the rest of the world (15%) (see top panel in Table 3). It is also greater than for exports to the

Table 2
Latin America-6: Jobs supported by exports of goods and services, 2023-24 (a)

Economic sectors	Argentina	Brazil	Chile	Colombia	Mexico	Peru	LatAm-6
A. Number of people							
Goods	189,687	1,491,195	195,367	365,401	269,128	488,040	2,998,816
Primary (b)	57,376	673,999	115,216	277,713	20,527	382,898	1,527,729
Manufacturing	132,310	817,196	80,152	87,687	248,601	105,142	1,471,088
Light (b)	113,165	549,839	37,147	29,627	16,700	81,991	828,467
Heavy (b)	19,145	267,357	43,005	58,061	231,902	23,151	642,620
Services	117,132	585,050	92,344	174,183	225,155	78,796	1,272,659
Goods and services	306,818	2,076,244	287,711	539,584	494,283	566,836	4,271,475
B. Percentage share (%)							
Goods	61.8	71.8	67.9	67.7	54.4	86.1	70.2
Primary (b)	18.7	32.5	40	51.5	4.2	67.6	35.8
Manufacturing	43.1	39.4	27.9	16.3	50.3	18.5	34.4
Light (b)	36.9	26.5	12.9	5.5	3.4	14.5	19.4
Heavy (b)	6.2	12.9	14.9	10.8	46.9	4.1	15
Services	38.2	28.2	32.1	32.3	45.6	13.9	29.8
Goods and services	100	100	100	100	100	100	100
C. Distribution by country (%)							
Goods	6.3	49.7	6.5	12.2	9	16.3	100
Primary (b)	3.8	44.1	7.5	18.2	1.3	25.1	100
Manufacturing	9	55.6	5.4	6	16.9	7.1	100
Light (b)	13.7	66.4	4.5	3.6	2	9.9	100
Heavy (b)	3	41.6	6.7	9	36.1	3.6	100
Services	9.2	46	7.3	13.7	17.7	6.2	100
Goods and services	7.2	48.6	6.7	12.6	11.6	13.3	100

SOURCE: CEPAL.

- a** Calculated using the input-output approach, input-output matrices of each selected country, total domestic employment and exports of goods and services for the period 2023-24.
- b** Primary products include agriculture, hunting and fishing, and mined energy (coal, oil and gas) and non-energy products (metals, including iron, copper, zinc, gold and silver). Manufacturing is, in turn, broken down into light manufacturing (which includes food, beverages and tobacco, textiles, clothing and footwear, and wood, cellulose and paper) and heavy manufacturing (which includes chemicals, fuels, rubber and plastic, pharmaceuticals, machinery and equipment, automobiles, iron and steel, metal products and other manufactures).

⁵ Of the \$128 billion exported to the EU by the six selected countries, \$24.3 billion are linked to high-skilled employment, \$43.9 billion to medium-skilled employment and \$59.5 billion to low-skilled employment.

Box 6

LATIN AMERICAN EXPORT-RELATED EMPLOYMENT: EXPORTS TO THE EUROPEAN UNION AND SPAIN SUPPORT HIGHER-SKILLED JOBS THAN THOSE TO OTHER REGIONS (cont'd)

United States (15.4%), where the gap is even wider in the medium-skilled category.

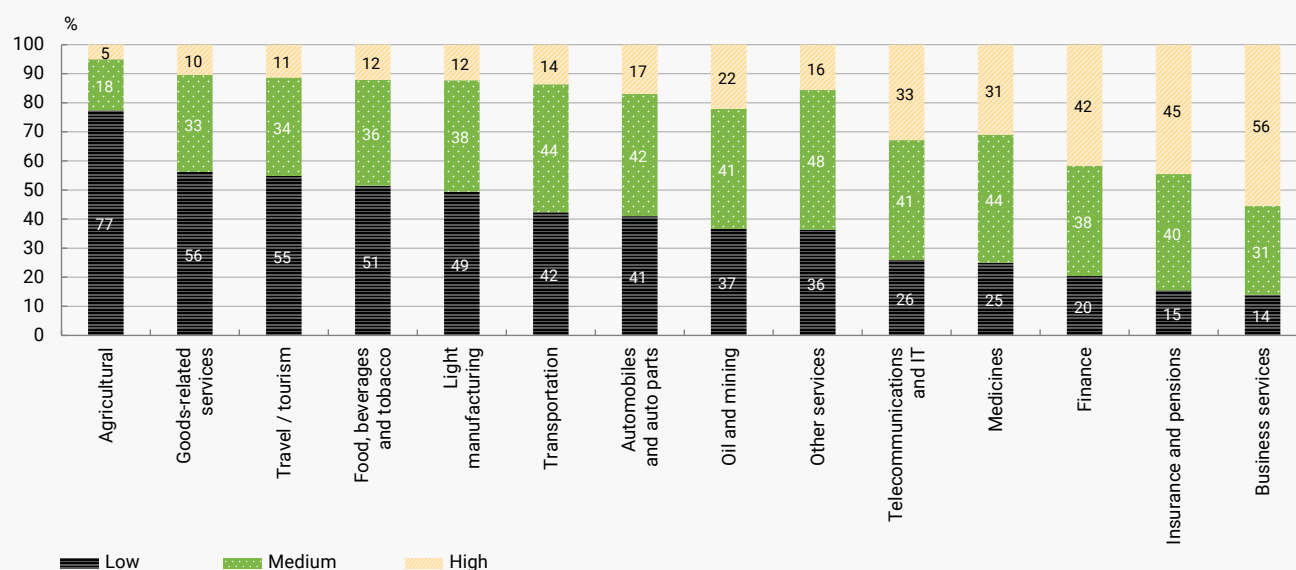
On average for the six countries, the greater relative skill level is due to the fact that the European-bound export basket includes a higher proportion of services sectors, such as finance, telecommunications, insurance and business services, where between 42% and 56% of jobs are high-skilled positions.⁶ A breakdown of the skill level by exporting country shows a larger proportion of high-skilled workers in Mexico, Chile, Argentina and Brazil (see bottom panel in Table 3). Colombia and Peru

have a natural resource-intensive export structure and, therefore, a greater concentration of low-skilled employment.

In conclusion, although Latin American exports to the EU and Spain are lower than to other regions, they generate employment of a higher quality. Higher-skilled jobs are associated with greater productivity, stronger R&D&I, higher wages and other benefits. This makes the region's economic relationship with the EU all the more valuable, increasing the potential for more productive and higher quality development in Latin America.

Chart 1

Human capital content of employment supported by exports of goods and services to the European Union, 2023-24 (a)



SOURCE: CEPAL.

a Calculated using the input-output approach, input-output matrices of each selected country, total domestic employment and exports of goods and services for the period 2023-24.

⁶ See CEPAL. (2021). *Perspectivas del Comercio Internacional de América Latina y el Caribe, 2021. La Integración regional es clave para la recuperación tras la crisis*. A high density of high-skilled employment is, in turn, associated with better wage conditions, especially in financial intermediation (banking and insurance) and business services. In 2018, average hourly wages in the three highest-skilled sectors ranged between \$6 and \$9, which is two to four times higher than the roughly \$2 earned by low-skilled workers.

Box 6

LATIN AMERICAN EXPORT-RELATED EMPLOYMENT: EXPORTS TO THE EUROPEAN UNION AND SPAIN SUPPORT HIGHER-SKILLED JOBS THAN THOSE TO OTHER REGIONS (cont'd)

Table 3

Latin America-6: Employment supported by exports, by skill level, destination and country of origin, 2023-24 (a)

Number of people and percentage

Destination countries / regions	Total employment	Low-skilled	Medium-skilled	High-skilled	% low-skilled	% medium-skilled	% high-skilled
European Union	4,271,475	2,167,562	1,417,687	686,215	50.7	33.2	16.1
Spain	636,293	327,065	214,022	95,204	51.4	33.6	15.0
Latin America and the Caribbean	5,205,008	2,466,536	1,898,141	840,321	47.4	36.5	16.1
China	5,006,319	2,490,727	1,818,906	696,675	49.8	36.3	13.9
United States	14,042,494	7,890,153	3,995,467	2,156,844	56.2	28.5	15.4
ASEAN	1,393,799	631,212	557,281	205,301	45.3	40.0	14.7
Rest of the world	7,619,389	3,633,895	2,840,713	1,144,759	47.7	37.3	15.0
TOTAL	37,538,484	19,280,085	12,528,195	5,730,115	51.4	33.4	15.3

Employment supported by exports to the European Union

Exporting countries	Total employment	Low-skilled	Medium-skilled	High-skilled	% low-skilled	% medium-skilled	% high-skilled
Argentina	306,818	131,461	117,764	57,593	42.8	38.4	18.8
Brazil	2,076,244	819,207	896,616	360,422	39.5	43.2	17.4
Colombia	539,584	435,190	54,296	50,084	80.7	10.1	9.3
Chile	287,711	80,362	146,553	60,796	27.9	50.9	21.1
Peru	566,836	465,509	64,784	36,543	82.1	11.4	6.4
Mexico	494,283	235,834	137,674	120,777	47.7	27.9	24.4
TOTAL LatAm-6	4,271,475	2,167,562	1,417,687	686,215	50.7	33.2	16.1

SOURCE: CEPAL.

a Calculated using the input-output approach, input-output matrices of each selected country, total domestic employment and exports of goods and services for the period 2023-24. LatAm-6 is the aggregate of Argentina, Brazil, Chile, Colombia, Mexico and Peru.