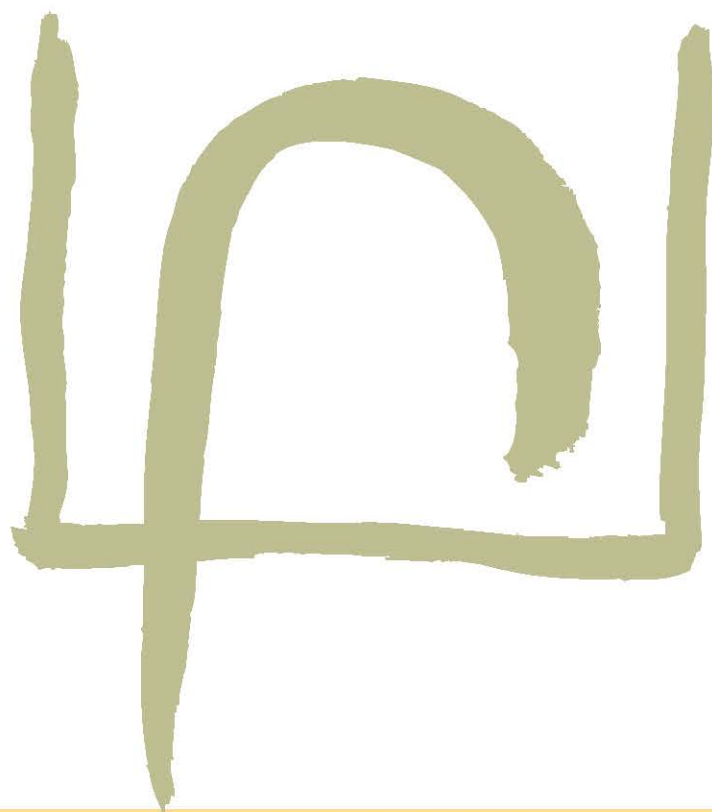


2011



Preliminary Overview of the Economies
of Latin America and the Caribbean



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The CD-ROM presented with the printed version of the *Preliminary Overview of the Economies of Latin America and the Caribbean* contains the analytical notes on the situation in the countries of the region in 2011.

Note:

In this publication, the term "country" is used to refer to territorial entities, whether these are States as understood by international law and practice or simply territories for which statistical data are maintained on a separate and independent basis.

The following symbols have been used in the tables shown in the *Overview*:

Three dots (...) indicate that data are not available or are not separately reported.

A dash (-) indicates that the amount is nil or negligible.

A full stop (.) is used to indicate decimals.

The word "dollars" refers to United States dollars unless otherwise specified.

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Summary

ECLAC projects growth of 4.3% for the Latin American and Caribbean economy in 2011, lower than the rate in 2010 when the region was rebounding from the impacts of the economic and financial crisis of 2008-2009. The forecast growth rate for 2011, which represents a 3.2% rise in per capita GDP, reflects two main factors: the slacking of global economic growth and the cooling of domestic demand in Brazil, the region's largest economy, prompted by the government's measures to keep the economy from overheating after its growth surge in 2010.

During the first part of the year, however, external conditions remained benign for the region, with strong demand for its exports, improvements in the terms of trade and advantageous access to external financing. Several countries posted a more robust performance than in 2010, including oil exporters which gained from high international prices and several Central American and Caribbean countries which benefited from increased exports to the United States and remittances from emigrant workers. GDP growth was 4.6% in South America slightly above the 4.1% rate for Central America, while expansion of only 0.7% for the Caribbean is due to a contraction in Trinidad and Tobago, the subregion's largest economy.

In the first half of the year, macroeconomic policy faced a number of challenges stemming partly from developments in international markets. The countries tackled these in different ways, depending on their structural characteristics, the severity of the respective impacts, the instruments available to them and their policy priorities. First of all, the positive outlook for the region's economy and the interest rate spreads with respect to global financial markets—widened, in some cases, by

the monetary policies deployed to contain the inflationary impact of rising international prices, especially for foods and fuels—spurred capital inflows which contributed to real currency appreciation in the region. In this context, a number of countries also withdrew the fiscal stimulus, seeking at the same time to regain the fiscal space consumed by the measures implemented to soften the impacts of the 2008-2009 crisis. Even so, the central government overall balance rose by 0.4 percentage points on average, mainly owing to higher fiscal revenues. As the year advanced, however, and the global and regional economic slowdown began to take hold, the focus of economic policy turned increasingly to maintaining an acceptable rate of growth, especially as the euro zone situation and outlook deteriorated.

At the regional level, growth in all demand components was down for the year overall, after the brisk recovery in 2010 from the lows during the global financial crisis. Household consumption continued to grow at rates above output, however, thanks to rising real wages and to strong job creation which brought the regional unemployment rate down from 7.3% in 2010 to 6.8% in 2011. Credit also continued to expand rapidly. Readily available credit at rates of interests which in many countries actually fell in real terms also contributed to a fresh rise in gross fixed capital formation, which took the investment ratio to a new record for recent decades, although it is still not high enough to sustain the growth rates required to satisfy the many economic and social needs of the region. Imports surged in response to buoyant domestic demand, while exports climbed mainly because of higher prices, while volumes increased less. In this context, the deficit on the

balance-of-payments current account widened slightly to 1.4% of GDP, and was more than offset by voluminous inflows of foreign direct investment and, to a lesser extent, portfolio investment, which enabled fresh rises in international monetary reserves.

Driven mainly by high international prices for foods and fuels, the inflation rate rose in the first part of 2011, but began to ease later and ended the year at a rate of around 7%, only slightly higher than end-2010.

The slowdown in regional growth steepened in the second half of the year, reflecting slackening export growth, falling prices for the region's main export commodities—which nonetheless remained at historically high levels—and cooling domestic demand. Particularly in the fourth quarter, regional growth expectations took a more negative turn as uncertainty mounted over the future of the global economy, especially in view of doubts over whether a sustainable solution will be found to the debt crisis in several euro zone countries, and the resulting volatility in international markets.

This is the scenario underlying 2012 economic growth projections for Latin America and the Caribbean.

With global economic growth remaining sluggish, the regional slowdown is likely to continue, with a fresh, albeit moderate fall in the growth rate to 3.7%. A bleaker scenario cannot be ruled out, however, if the euro zone crisis deepens. This would take a toll on global markets and would certainly hurt the region's growth prospects by impacting on both the real economy and the financial markets. Amid such great uncertainty and facing the possibility of sharp changes in the external environment, the Latin American and Caribbean countries should prepare the best possible measures in light of their national situations to protect and strengthen the bases of their economic and social development. Standing them in good stead are voluminous international monetary reserves and—with the exception of some Caribbean countries—low levels of public and external debt. On the other hand, less leeway is now available for some of the countercyclical instruments deployed during the 2008-2009 crisis and some of the external factors which contributed to the rapid recovery of the global economy at that time, especially the developed countries' fiscal and monetary coordination, are now weaker.

Regional panorama



Chapter I

Introduction

Economic growth slowed in Latin America and the Caribbean in 2011 after a brisk recovery from the economic and financial crisis of 2008-2009. The growth rate of 4.3% estimated for the year would be equivalent to a 3.2% rise in per capita output. As in the two previous years, however, economic performance has been uneven from one subregion to another: GDP growth is expected to be 4.6% in South America, 4.1% in Central America and 0.7% in the Caribbean.

Generally speaking, external conditions remained benign for the Latin American and Caribbean economies during the first part of the year. Strong demand for the region's exports pushed up export volumes and rising international commodity prices underpinned a fresh gain in the terms of trade. In addition, abundant global market liquidity, combined with the positive economic and financial expectations prevailing for many of the countries of the region, facilitated relatively advantageous access to external financing. Domestic demand remained buoyant thanks to positive labour market trends, readily available credit and good expectations regarding the economies' performance. In this context, the Latin American and Caribbean countries had to deal with a number of challenges which arose to a greater or lesser degree depending on their structural characteristics.

The first of these challenges was entry of large capital inflows in the form of both foreign direct investment (FDI) and portfolio investment, fuelled by interest rate spreads between markets in the region and in developed economies traditionally perceived as low-risk, together

with the positive growth outlook and limited risk perception for the Latin American countries. Partly as a result of this, early in the year currencies in the region came under strong upward pressure (although with significant differences from one country to another), which eroded the competitiveness of all tradable activities other than commodity-based production.

Second, similarly to the pattern in 2008, international prices surged for many commodities, including foods, minerals, metals and hydrocarbons, chiefly owing to strong global demand driven by several Asian economies. Although this was a positive development for the external accounts of the region's commodity-exporting countries, it also helped to drive up consumer prices, especially for these same products or others which use them as inputs. But with domestic demand burgeoning as well, prices for products reflected in core inflation also rose fairly steadily, albeit below the rate for the first group.

Lastly, in several countries the economic recovery of 2010 and 2011 was sustained in part by the countercyclical policies implemented to offset the impacts of the economic

and financial crisis of 2008-2009. This posed the challenge of rebuilding the countercyclical policy space needed to ride out future downswings, while also dealing with the issues mentioned above without dampening the economic upturn which, in many countries, had been fuelled by expansionary macroeconomic policy. Accordingly, facing mounting inflationary pressures, upward currency pressure and the need for investment and growth, administrations in the region had to deal with certain trade-offs. In this connection, as will be discussed, the mix of policies implemented varied from one country to another.

Starting mid-year, the markets began to show mounting uncertainty over the course of the world economy, especially the debt crisis in a number of euro area countries and, to a lesser extent, the sluggish growth and macroeconomic management of the United States economy and doubts over the ability of the Asian economies to offset the slower growth in these regions. This fed growing volatility in the international financial markets and dampened growth expectations for Latin America and the Caribbean, generating fresh challenges for the authorities. The prospect of slackening external demand had a negative impact on international commodity prices, which dropped back from the year's high point in the second semester, especially in the cases of metals and some agricultural commodities. The external context became more complex as of September, owing to worsening economic conditions in the euro zone and the difficulties of the governments and authorities concerned in managing the debt crisis.

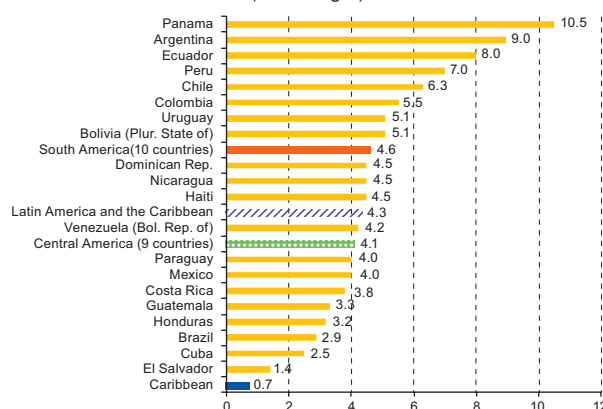
The complex external context began to threaten domestic demand in Latin America and the Caribbean as well, owing to its impact both on gross national disposable income and on business and household expectations in the countries.

Amid growing uncertainty in international financial markets over the outcome of the debt crisis in several euro zone countries, capital flows into the region dropped off and risk premiums rose reflecting a flight to quality. The pressure on the currencies also shifted from upward to downward. These developments show that United States Treasury bonds continue to be perceived as a lower-risk investment and suggest that the region would not be immune to a rapid cooling of the global economy.

In these circumstances, all the components of demand lost momentum with respect to 2010 and many of the region's countries achieved lower economic growth rates than the previous year (see figure I.1 and table A-2).

Inflation climbed throughout the year, mainly as a result of rising international prices for food and petroleum, but eased in the second semester. Towards the end of 2011 the year-on-year inflation rate was 7%, slightly higher than the figure for 2010.

Figure I.1
LATIN AMERICA AND THE CARIBBEAN: GROWTH RATES, 2011^a
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Estimates.

However, the various factors accounting for the pattern of growth at the regional level affected the performance of the countries and subregions in rather different ways. Specifically, the terms of trade which benefited the South American countries and—to a lesser extent— Mexico, worsened for the Central American countries and probably also for some Caribbean countries which are not large exporters of commodities. Much of the fall in the regional rate of expansion is also explained by the cooling of economic growth in Brazil, which was largely desired and deliberately instigated by policymakers to avoid overheating after the growth surge in 2010.

Expectations for 2012 are for slacker growth of the global economy and a heavy dose of uncertainty and volatility in financial markets. In this context, ECLAC forecasts that the region will see its growth slow again—to 3.7%— but will be spared a fresh economic crisis. Nevertheless, the Latin American and Caribbean countries should be prepared for a deterioration in external conditions, especially in view of the risks associated with the euro zone. If some of these come to pass, the repercussions in global markets would certainly be felt in Latin America and the Caribbean as well.

The following section looks at the external context, which strongly affected the performance of the region's economies in 2011. Section B examines the macroeconomic policies instruments deployed by the countries to deal with the shifting challenges they faced over the course of the year. Section C summarizes developments in the region's main indicators of domestic and external performance. The final section discusses the outlook in 2012, the main challenges the external context is expected to throw out during the year and the strengths the region may draw upon—and its vulnerabilities—in facing them.

A. The international context

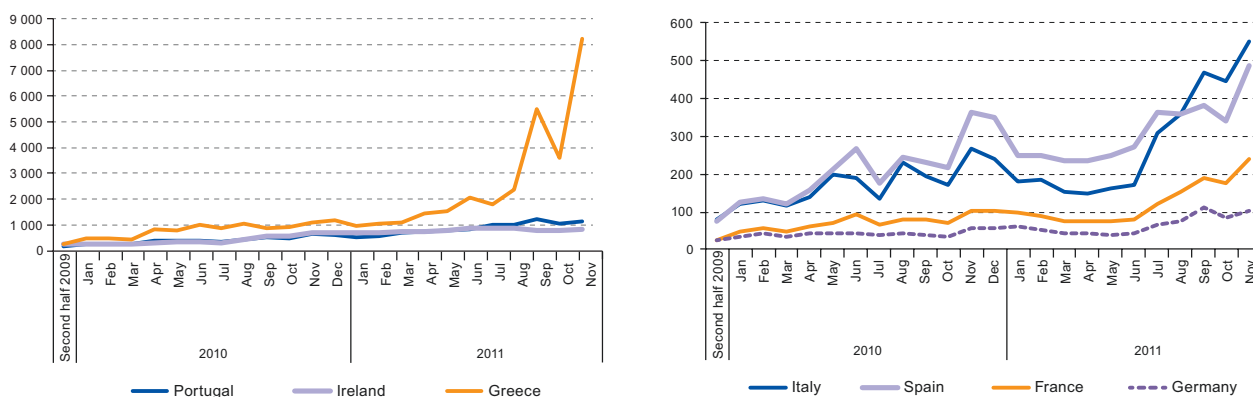
The global economy continued to show two-tier growth, with the developed countries expanding more slowly than the emerging economies. Global activity seemed to be staging a slow recovery during the first half of the year led by growth in the emerging countries, while some developed economies managed to sustain a positive, albeit very low, rates of growth.

The main challenge for the developed economies has been to stabilize their public debt in a context of low growth and amid serious doubts as to whether some States would remain solvent enough to honour their commitments. In the case of the United States, disagreements over fiscal consolidation programmes remain to be resolved. Meanwhile, in Europe, particularly in the euro zone, tensions have mounted over how to solve the debt crisis in five countries (Greece, Ireland, Italy, Portugal and Spain), following a series of unsuccessful attempts to reach a credible agreement and to find the resources necessary for meeting the massive financing needs of major economies such as Italy and Spain. In the absence of a plan backed up with sufficient resources, the prospect of a disorderly exit from the crisis has become more likely. At this point, if any euro zone country declares bankruptcy other States will be forced to assume losses in their financial systems to prevent the debt crisis from unleashing a bank crisis—which would compound the previous one from which the banks have still to fully recover. The failure to agree is thus worsening expectations as regards the public debt situation.

At the same time, uncertainty as to whether and to what extent the banks, the State in each country and the euro zone institutions are capable of absorbing the cost of the debt reduction, coupled with the fact that no exchange-rate instrument exists to allow a real devaluation—such as might help to tackle the competitiveness problems at the heart of some countries’ difficulties—tends to railroad governments into resorting to fiscal consolidation. Unfortunately, the contractionary impact of this course undermines growth prospects and has weakened economic activity (actually pushing growth into negative territory in some cases), thus drying up sources of fiscal revenue and increasing borrowing needs, so deepening the debt crisis yet further. This vicious cycle has undermined confidence even in economies which, prior to the crisis, boasted apparently sustainable public debt levels and sound credit ratings. The upshot has been that the proposed solutions, which to a certain extent rely on the ability of States in the zone with a better risk-rating to absorb part of the cost, are losing credibility.

As a result, risk premiums, which had already begun to rise, albeit hesitantly, in 2010, escalated sharply as of July 2011, even in Germany. This drove up public borrowing costs and hampered the stabilization of fiscal positions in systemically important countries experiencing major sustainability problems (Italy and Spain, see figures I.2A and I.2B). Following the downturn in expectations, indices of purchase orders in the manufacturing sector fell in the third quarter, auguring a contraction in activity levels in many of the euro zone countries in the short term.

Figure I.2
EUROPE (SELECTED COUNTRIES): FIVE-YEAR CREDIT DEFAULT SWAP RISK PREMIUMS, 2009-2011
 (Basis points)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of information from Bloomberg.

The United States, meanwhile, has been unable to overcome problems in its real estate and financial sector and continues to battle with persistently high unemployment. Failure to agree on fiscal policy guidelines has had a contractionary fiscal impact and growth has slowed significantly compared with 2010 (1.7% down from 3.0%). The Japanese economy is still feeling the impact of the March 2011 earthquake, in particular on power generation in the country, and this is hindering the fragile recovery currently under way.¹

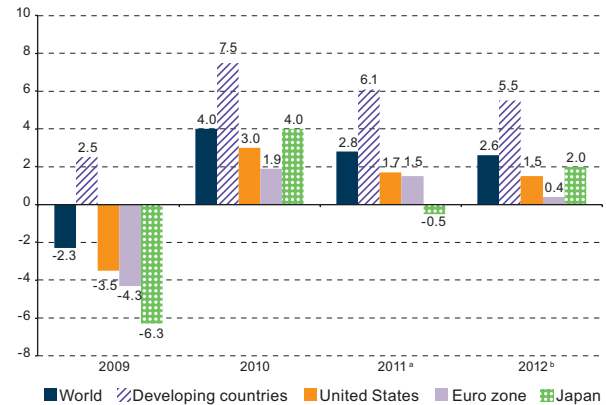
By contrast, in 2011, China continued to experience robust growth (9.3%), albeit somewhat slower than previously owing to the removal of certain investment incentives (China invested approximately 50% of its GDP in 2010) and to the monetary and credit controls introduced to check rising inflation. Towards the end of the year, however, signs that the economy was cooling down too rapidly prompted the authorities to take measures to stimulate domestic demand. India continued to perform strongly in 2011, recording 7.6% output growth driven by buoyant investment and private consumption. Here, rising inflation has been the main threat to the continuation of this pace.

The performance of the emerging Asian economies was not sufficient to counteract fully the slowdown in the developed economies, leading to a global growth projection of 2.8% for 2011, below the 2010 figure. The outlook for 2012 is for another year of weak growth in the developed countries, due mainly to the euro zone members' difficulty in reaching a solution to the current predicament, which has imposed drastic—and contractionary—fiscal adjustments amid uncertainty in European financial markets. The Japanese economy is expected to expand following the contraction caused by the earthquake and tsunami of 2011, which would leave overall growth in the developed countries at a similar level to that of 2011 (see figure I.3).²

These shifts in global activity levels and expectations produced sharp fluctuations in commodity prices over the year (see figure I.4). In the first part of the year commodity prices in general continued to rise, boosted by demand from the emerging economies. In the first quarter they actually matched—and in some cases exceeded—the record highs observed before the global financial crisis broke out in September 2008 (indicated by a vertical

line in the figure). From that point, as risk levels rose in international markets, expectations and purchase orders adjusted downward, so that the pattern was thrown into reverse and prices dropped heavily towards the end of the year. Overall, the average level for the year exceeded that of 2010 in most cases.

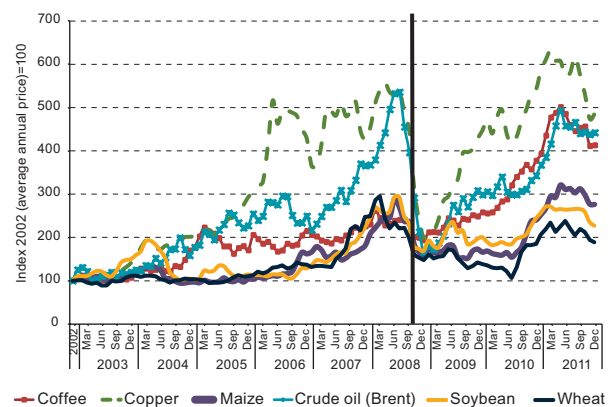
Figure I.3
GROSS DOMESTIC PRODUCT (BY REGION), REAL GROWTH RATE, 2009-2012
(Percentages)



Source: United Nations, *World Economic Situation and Prospects 2012. Global Economic Outlook*, New York, Department of Economic and Social Affairs, December 2011.

^a Estimate.
^b Projection.

Figure I.4
SELECTED COMMODITY PRICE INDICES, 2002-2011
(Index: average for 2002=100)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of International Monetary Fund, *Primary Commodity Prices*, December 2011.

¹ United Nations, *World Economic Situation and Prospects 2012. Global Economic Outlook*, New York, Department of Economic and Social Affairs, December 2011.

² Persisting high risks tend to pull down the forecasts for 2012 presented in figure I.3. For example, in early December 2011, the Deutsche Bank projected a 0.5% contraction in the euro zone in 2012 (Deutsche Bank, *Emerging Markets 2012 Outlook. Survival of the Fittest*, 6 December 2011).

B. Macroeconomic policy

The macroeconomic policies of countries of the region faced a shifting set of challenges during the course of the year, influenced both by the external context and by domestic developments. Countries tackled these challenges in a variety of ways, depending on their structural characteristics, the severity of the impact, the available instruments, and policy priorities.

During the first half of the year some countries, in particular those that had adopted formal inflation-targeting schemes, raised their benchmark interest rates, while others kept them steady or reduced them. The public banking system (which in several countries had expanded the supply of credit as part of the anti-crisis measures of 2008 and 2009) generally refrained from further credit increases. Some countries also took steps to reduce fiscal spending.

Central banks for the most part boosted their international monetary reserves in order to dampen upward pressure on the exchange rate, to moderate its volatility and to reduce vulnerability to potential turbulence on international financial markets.

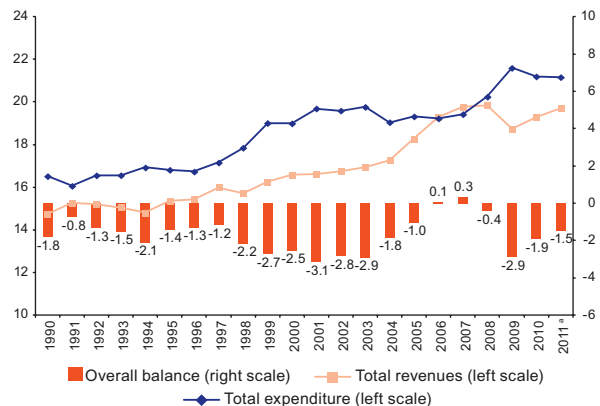
During the second half of the year, as the external environment changed, countries that in the first half had gradually withdrawn monetary stimulus reversed that stance and stopped raising interest rates or began to cut them. Toward the end of the year Brazil, the region’s biggest economy, began to take additional steps to stimulate investment and consumption, while other countries announced the acceleration of public investment or other measures to cope with the possibility of a deeper-than-expected cooling of the economy.

1. Fiscal policy

On average, the fiscal accounts of Latin America will close the year 2011 with a small primary surplus, after two years of deficits that reflected the impact of the global economic and financial crisis of 2008-2009 and the efforts on the part of the region’s administrations to counter that crisis. In terms of primary balances, most countries reduced their deficits, transformed them into surpluses, or expanded existing surpluses. On average, the primary balance improved by 0.6 percentage points, moving from a deficit of 0.3% of GDP to a surplus of 0.3%. In turn, the overall deficit declined on average from 1.9% of GDP to 1.5%. This improvement was the result of an increase in revenues of 0.4% of GDP, while spending remained nearly constant as a proportion of GDP.

While most of the Latin American countries (13 out of 19) saw improvements in their overall balances, the global deficit of central governments rose in three of the six Caribbean countries for which information is available.

Figure 1.5
LATIN AMERICA (19 COUNTRIES): CENTRAL GOVERNMENT FISCAL INDICATORS, SIMPLE AVERAGES, 2000-2011
(Percentages of GDP at current prices)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
* Estimate.

Regionwide, the increase in revenues was due above all to a generalized rise in tax receipts in Latin American countries, in a setting of relatively buoyant economic growth. The commodity-exporting countries also saw higher prices for their goods, which boosted fiscal revenues. With their increase in 2011, fiscal revenues are almost back to their levels of 2007-2008 as a proportion of GDP.

On the expenditure side, primary spending contracted slightly as a proportion of GDP, while interest payments rose. On the whole, expenditure remained at levels clearly above those recorded in 2008 and earlier years, after a sharp jump associated with the countercyclical policies of 2009. Individual country performance varied: 8 out of a total of 19 countries increased their spending at rates above the growth in output in 2011.

2. Monetary and exchange-rate policies

With rising inflation induced by high prices for imported products that figure heavily in the consumer basket, several countries responded to concerns over the impact on the prices of other goods and services by raising their monetary policy interest rates. Other countries kept them steady and some, primarily in the Caribbean, reduced them in an attempt to boost economic growth. As inflation continued on an upward trend through most of the year this meant that bank lending rates declined in real terms in most countries.

In addition to the demand stimulus implied by this fall in real interest rates, efforts to extend banking services to a greater proportion of the population,³ combined with optimistic expectations on the part of economic agents,⁴ led to a rapid expansion of credit, which did much to boost domestic consumption and investment. In general, the main source of credit was the private banking system,

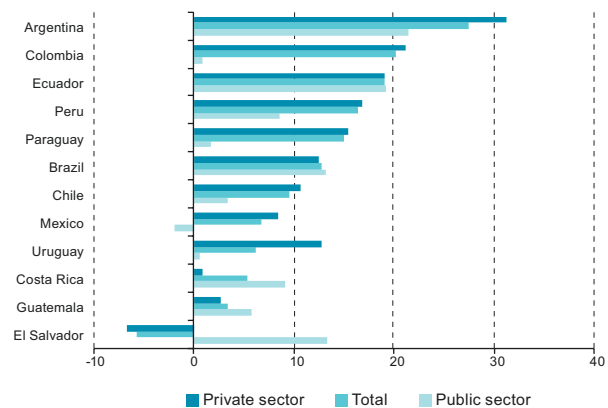
³ Peru, for example, saw a 10% increase in the number of banking system borrowers between October 2010 and October 2011, while in Argentina the number of individual loan transactions rose by 9% between September 2010 and September 2011.

⁴ According to the economic climate indicator published by the IFO World Economic Survey, during the first three quarters of 2011 the economic experts surveyed about the situation and prospects of selected Latin American countries were bullish, to a similar extent as in 2005 and 2006 and only slightly less so than in 2007 and the first half of 2008. However, in the fourth quarter of 2011 they signalled a sharp deterioration (CESifo World Economic Survey, November 2011).

The region as a whole resumed the process of building down its public debt in terms of GDP, thereby bolstering the longer-term process that had marked much of the previous decade, when countries were striving to reduce their vulnerabilities. In fact, on average across 19 Latin American countries, central government debt was brought down by around 28% of GDP, i.e. to less than the 2008 level, which had been the lowest in the region's recent economic history. This reduction in central government debt occurred almost across the board in Latin America in 2011: only 4 out of these 19 countries experienced increases. On the other hand, Caribbean countries continue to carry high levels of public debt, severely restricting their fiscal policy options in a climate of sluggish economic performance. Lastly, since 2010 the bulk of central government debt across most of the region has been domestic, in clear contrast to the situation in the past.

while the role of the public banks was mixed: in some countries the volume of public bank credit rose sharply, while in others it expanded at a more moderate pace.⁵

Figure I.6
LATIN AMERICA (12 COUNTRIES): PRIVATE, PUBLIC AND TOTAL BANK CREDIT GROWTH, AVERAGE REAL BALANCE JANUARY-JULY 2010 AND JANUARY-JULY 2011 (Percentages)



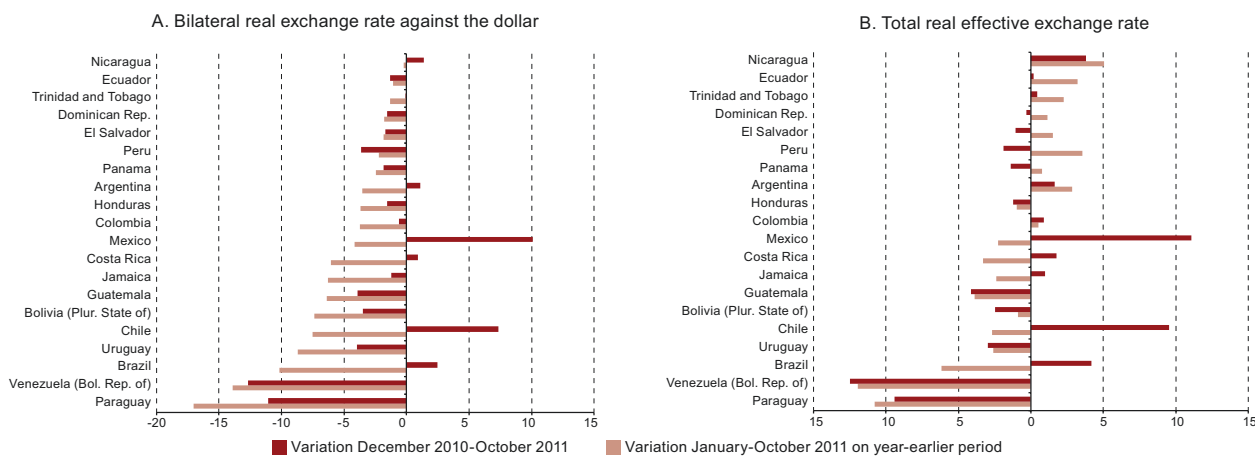
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

⁵ In interpreting figure I.6 it must be recalled that the size of the banking sector as well as the relative weight of public banks vary significantly between the countries.

The massive capital flows into many economies of the region, particularly during the first part of the year, strengthened many currencies. As a result, especially those countries most closely integrated into international financial markets recorded real currency appreciation against the dollar on average in comparison to the

previous year. However, this trend reversed in September as international financial markets became more volatile, and year-on-year comparisons toward the end of the year showed real exchange rates fairly similar to 2010, and even a slight currency depreciation in some cases (see figure 1.7a).

Figure 1.7
LATIN AMERICA AND THE CARIBBEAN (20 COUNTRIES): CHANGE IN REAL EXCHANGE RATES, COMPARISON OF AVERAGES
JANUARY-OCTOBER 2011 TO YEAR-EARLIER PERIOD AND OCTOBER 2011 WITH DECEMBER 2010
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

Given the diversity of the region's trading partners, the real effective exchange rate did not in general rise to the same extent as the bilateral real exchange rate against the dollar. This reflects the fact that, between January and October 2011, the real effective extraregional exchange rate appreciated only modestly on average (by 2.1%), compared to the same period of 2010.

As noted earlier, thanks to the governments' efforts to contain the real currency appreciation, limit exchange-rate volatility and reduce vulnerabilities, the great majority of countries built up their international monetary reserves, both in absolute terms and (in most cases) as a proportion of GDP. Thus the region's reserves as a whole swelled by more than US\$ 100 billion. Brazil alone accounted for around 60% of this increase.

C. The performance of the region's economies

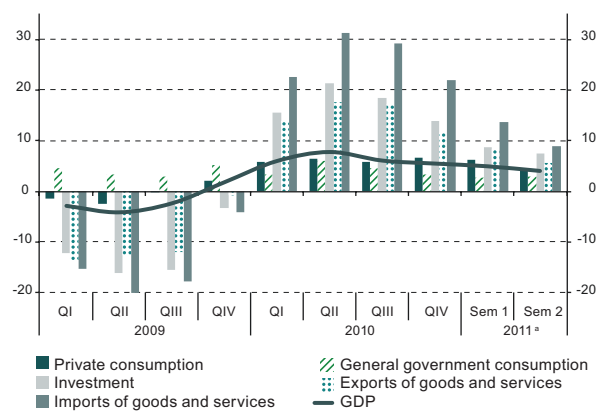
1. Activity, prices and labour markets

Economic activity was underpinned by strong domestic demand driven partly by the surge in disposable national income generated by high commodity prices, which fed into profits and wages in the various sectors and indirectly fuelled credit growth. For the year overall, household

consumption was up by 5.2%, only slightly less than the previous year, and contributed 3.5 percentage points to regional growth (see figure 1.8). This expansion was supported by labour market performance, since in real terms the wage mass increased by around 5%, which also

helped to further reduce poverty levels in the region.⁶ In addition, as noted earlier, credit—especially consumer credit, which expanded faster than total credit in many countries—continued to show dynamic growth.

Figure I.8
LATIN AMERICA: ANNUAL VARIATION IN GROSS DOMESTIC PRODUCT AND IN COMPONENTS OF DOMESTIC DEMAND, 2009-2011
(Percentages, in dollars at constant 2005 prices)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Estimate.

Gross fixed capital formation showed its rate of growth from 13.4% in 2010 to 8.1% in 2011, but nonetheless rose as a proportion of GDP, to 22.8%, which was the highest level (in constant prices) for the past three decades. Even so, this rate is still insufficient to sustain the economic and social needs of the region.

The expansion in government consumption slowed to below the regional GDP growth rate, as many governments endeavoured to rebuild fiscal space.

Buoyant domestic demand caused sharp growth in imports, which were also fuelled by the currency appreciation occurring during most of the year. Consequently, goods and services imports were up by 11.3% on 2010. Goods and services exports in turn grew by 7.0% and, like imports, slowed towards the end of the year.

The economic slowdown from 2010 to 2011 did not occur across the board in the region. In fact, of the 20 Latin American countries, 11 posted higher growth than in 2010. This group includes some whose economic growth had suffered the impact of major natural disasters in 2010 (Chile and Haiti), others which benefited particularly from high prices for hydrocarbons (especially Bolivian Republic of Venezuela and Ecuador) and, lastly, several Central American countries which reaped delayed benefits from the slight upturn in the United States economy, since

⁶ See Economic Commission for Latin America and the Caribbean (ECLAC), *Social Panorama of Latin America, 2011*. Briefing Paper, Santiago, Chile, November 2011.

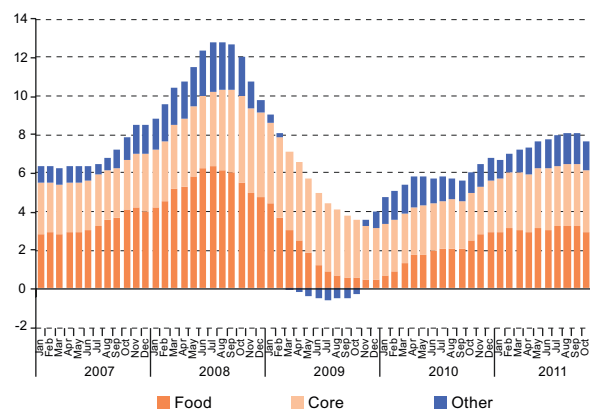
both exports and current transfers (mainly remittances) outperformed the 2010 figures in these countries. In the English- and Dutch-speaking Caribbean, 8 out of 13 countries posted higher rates of economic growth, partly thanks to higher remittances. Central America maintained a growth rate of around 4%, while the Caribbean (0.7%) achieved an improvement over the stagnation of 2010—this performance would have been better but for the economic contraction in Trinidad and Tobago. Despite widespread slowdowns in the individual countries, however, the South American economies as a whole expanded by 4.6%, more than other subregions once again.

In the first part of 2011, as in 2010, inflation continued to trend upwards, particularly in the Caribbean countries, which recorded considerably higher inflation than other subregions between mid-2010 and mid-2011.

As was the case for the inflation surge of 2008, rising international food and fuel prices were again the main factor fuelling the higher rates, although the impact this time was not as severe. During much of the year currency appreciation softened the impact of international inflation on domestic prices. The wide range of external factors impacting on price trends is nonetheless reflected in the difference of between 3 and 5 percentage points between core inflation and food prices. In many countries, however, core inflation also rose during the year.

From the second quarter of the year onward, amid falling international prices for some food products and hydrocarbons, year-on-year consumer price inflation tailed off in all subregions, and towards the end of the year the rate actually fell slightly. Consequently, based on the weighted average for the countries in the region, inflation at the end of the year is projected to be only moderately higher than at the end of 2010 (7.0% compared with 6.6% the previous year).

Figure I.9
LATIN AMERICA (SIMPLE AVERAGE): YEAR-ON-YEAR INFLATION BY COMPONENT, 2007-2011
(Percentages)



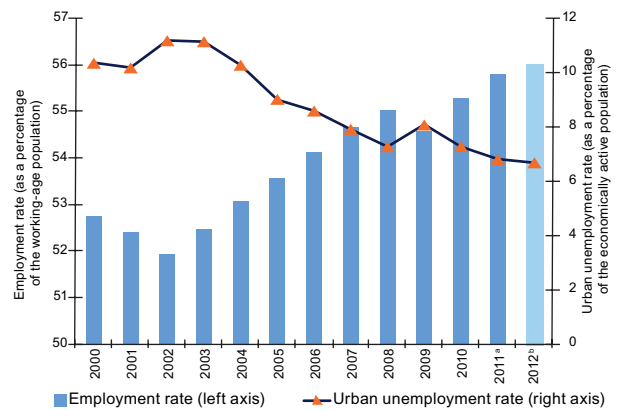
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

The robust recovery of the region’s labour markets in 2010 continued into 2011, albeit at a slower pace. A further rise of 0.5 percentage points in the urban employment rate led to a fall of the same magnitude in the urban unemployment rate, which thus stood at 6.8%. This is fairly low for a region which was posting double-digit unemployment rates less than ten years ago. However, unemployment trends were less positive in Central America and the Caribbean, whose economies performed less strongly than those of South America.

The quantitative rise in employment was accompanied by qualitative improvements too, since the new posts created were concentrated in wage employment and in many countries the number of jobs covered by the social security system rose considerably. In general, the number of people underemployed in terms of number of hours also declined.

Amid high labour demand, real wages improved overall, despite the higher inflation. The median for 11 countries shows real wages in the formal sector rising by an average of 2.2%.

Figure I.10
LATIN AMERICA AND THE CARIBBEAN: RATES OF EMPLOYMENT AND OPEN UNEMPLOYMENT, 2000-2012
(Percentages)



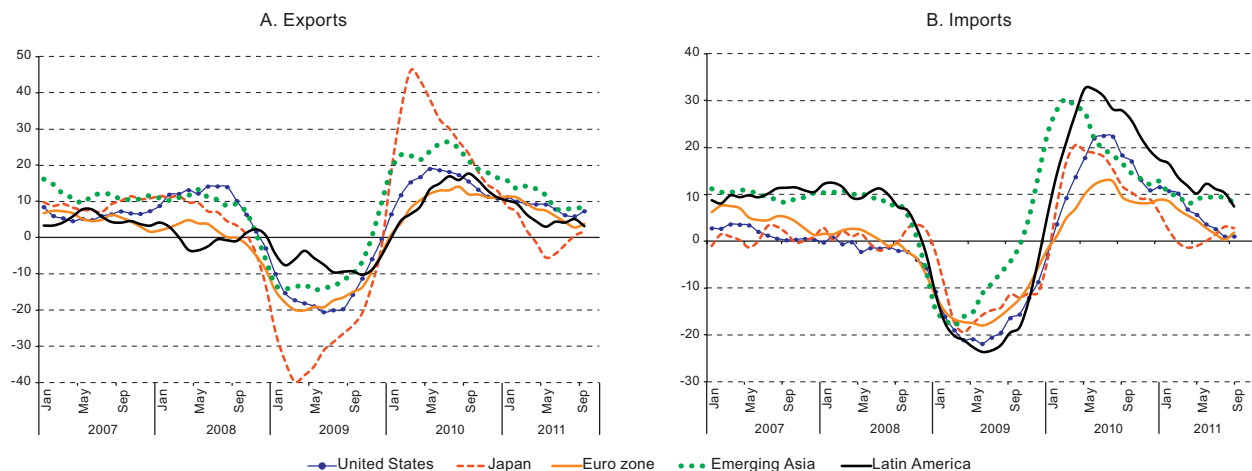
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
^a Estimate.
^b Projection.

2. The external sector

The deficit on the balance of payments current account widened again slightly, partly owing to rising goods imports (23.2%) fuelled by burgeoning domestic demand and currency appreciation in

several countries. Much of the increase in imports thus reflected greater volumes, while higher prices—especially for food and fuels—also helped to push up the overall value of imports.

Figure I.11
WORLD EXPORTS AND IMPORTS BY REGION (THREE-MONTH MOVING AVERAGE), 2007-2011
(Annual percentage rates of variation)

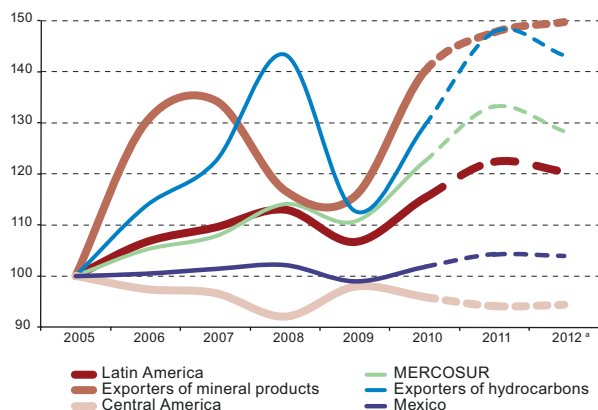


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of data from the Netherlands Bureau for Economic Policy Analysis (CPB).

The region's exports benefited from higher commodity prices, especially for the export basket of the South American countries. In the course of the year, growth in export volumes slipped below 5% as economies cooled in several main buyers of the region's export goods. Especially in the second half of the year, international market turbulence dampened demand for these goods. The fact that exports grew at a similar rate to imports and that the surplus on the regional goods balance rose slightly, from 1.1% of GDP in 2010 to 1.2% in 2011, was therefore more a function of prices than volume.

Although the uptrend in commodity prices slowed and, in many cases, was reversed from the second quarter onward, for the region overall terms of trade are estimated to have improved by 6.1% in the course of the year. But there are major differences between the countries, depending on their export structure. Terms of trade improved by around 14% for hydrocarbon-exporting countries, by between 5.5% and 8% for exporters of mining and agricultural products, and only slightly (by about 2%) for Mexico, with its more diversified export structure. Meanwhile, the food- and hydrocarbon-importing countries of Central America will have suffered a small terms-of-trade loss of around 2%.

Figure I.12
LATIN AMERICA AND THE CARIBBEAN: VARIATION
IN TERMS OF TRADE, 2005-2012
(Index: 2005=100)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

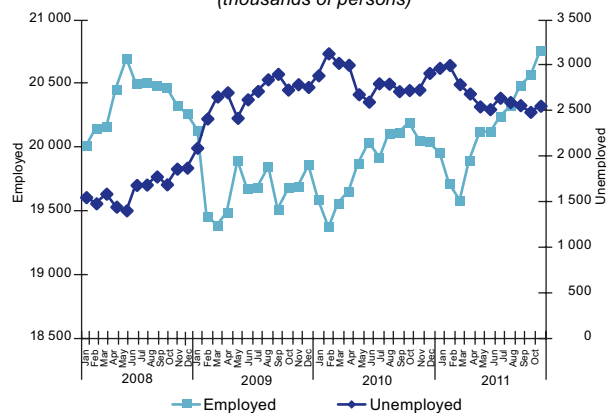
^a Projection.

Remittances from migrant workers, a major component of the balance-of-payments current account in many of the region's countries, posted a modest upturn, mainly thanks to recovering levels of employment among Latin American immigrants in the United States. By contrast, among Latin American migrants in Spain, another important destination in the past few years, employment levels not only continued to fall, but did so more rapidly than those for the Spanish workforce overall (see figure I.13). Be this

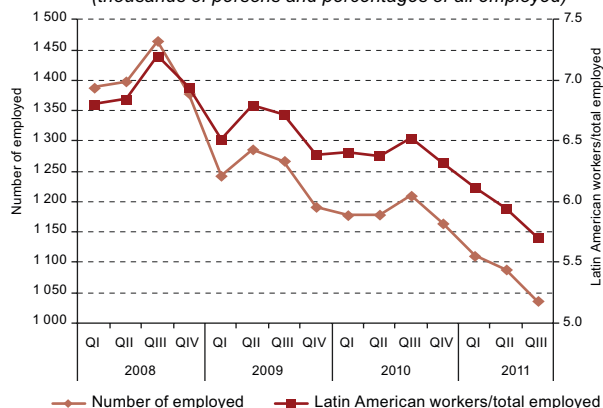
as it may, the modest upturn in remittances in absolute terms was not sufficient to prevent this variable contacting as a proportion of GDP.

Figure I.13
UNITED STATES AND SPAIN: EMPLOYMENT AND
UNEMPLOYMENT AMONG WORKERS OF
LATIN AMERICAN ORIGIN

A. United States: employment and unemployment among workers of Latin American origin, January 2008–October 2011
(thousands of persons)



B. Spain: employment and unemployment among workers of Latin American origin, first quarter 2008–third quarter 2011
(thousands of persons and percentages of all employed)



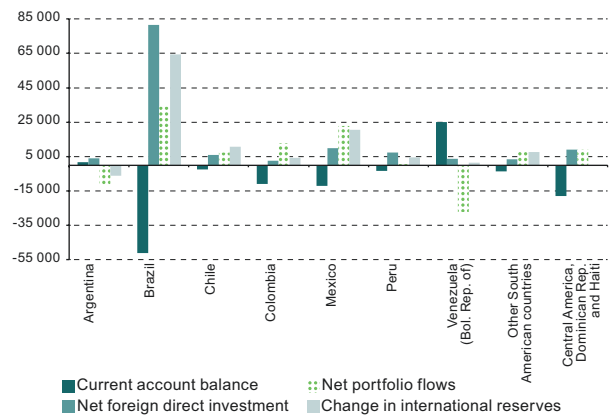
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

The deficit on the services balance expanded, mainly as a result of the high costs associated with imports. Higher outflows were recorded on the income balance, partly owing to an increase in the profits of mining companies thanks to the high average prices prevailing during the year.

As a result, the region's current account deficit widened again, to 1.4% of GDP, compared with 1.2% in 2010. This is not a particularly worrisome development in view of the current economic indicators and prevailing financing conditions, but it could become more complex should external conditions take a turn for the worse.

The current account deficit was more than offset by inflows on the capital and financial account in 2011. Specifically, net FDI inflows swelled considerably—by around 75%— with respect to 2010, with an increase of 25% in gross FDI.⁷ Especially in the first part of the year, portfolio investment flows also fed into surpluses on the capital and financial account in almost all the Latin American countries. As well as financing the current account deficit, these inflows were large enough to build up reserves by an even larger figure than in 2010. Almost all the subregions reduced their external debt as a proportion of GDP, although external debt remains at worrying levels in a number of Caribbean countries.

Figure I.14
LATIN AMERICA (SELECTED COUNTRIES): COMPONENTS OF THE BALANCE OF PAYMENTS, 2011
(Millions of dollars)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

D. Prospects and challenges for 2012

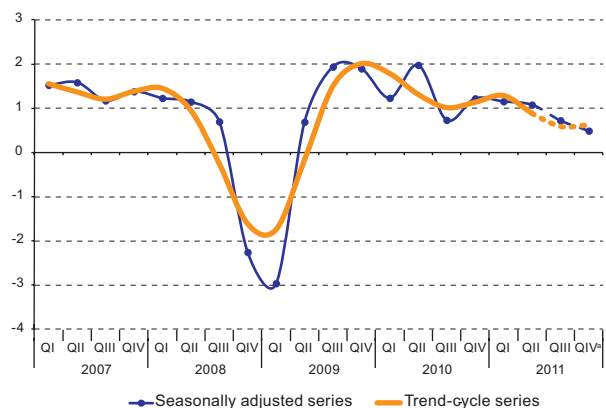
As discussed in the previous sections, the global economy is expected to slacken, with Europe leading the trend; lower growth is forecast for several emerging economies as well. China and other countries in Asia are expected to see a slowdown in 2012, although growth will remain in positive territory. The developing countries as a whole will once again outpace the rate of growth expected in the developed economies (see figure I.3). In this more sluggish environment, cloudy prospects for the larger economies, mixed in with high uncertainty and volatility in the international financial markets, are likely to impact the global economy through different channels.

Economic growth in Latin America and the Caribbean is not immune from this uncertain climate, so the moderate slowdown seen there during the first half of 2011 began to deepen in the third quarter (see figure I.15).

Future growth in the region will be shaped by the magnitude and scope of the global economic downturn. With stagnating euro zone economies and slow growth in the United States—but only limited international

financial market volatility—the real sector is expected to bear the brunt, especially in tradable goods and services and remittances.

Figure I.15
LATIN AMERICA (7 COUNTRIES): QUARTERLY REAL GDP VARIATION, 2007-2011
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Estimate.

⁷ The large difference between the net and gross measurements is attributable to the steep fall recorded in outward investment by Latin American and Caribbean firms.

Cooling economic activity in the developed countries would drive down the demand for goods, to the detriment of the region's exports. If the emerging economies continue to grow faster than the developed world, the overall impact on exports from Latin American and Caribbean countries will depend on the relative importance of each country's destination markets and on how much foreign trade contributes to its economy. But slow growth in the developed countries will impact emerging economy exports, too, and thus indirectly affect demand for Latin American commodities.

As in 2011, economic growth in Mexico and Central America will be affected by slow but positive growth of

the United States market and see a moderate increase in external sales. On the other hand, some of the countries of South America will be hit by falling demand in Europe, which is the destination for more than 20% of the exports from countries such as Brazil and Chile (see table I.1). That said, a goodly portion of exports from many South American countries goes to the Asian markets, which are expected to post above-average growth rates. Moreover, commodities (which make up a significant share of these countries' exports) are easier to redirect if demand sags in any given market.

Table I.1
LATIN AMERICA: GEOGRAPHICAL DISTRIBUTION OF EXPORTS AVERAGE 2007-2010
(Percentage of total exports)

	United States	Europe (27 countries)	China and Japan	Latin America
Argentina	6.9	17.8	9.4	40.9
Bolivia (Plurinational State of)	8.2	8.2	8.1	62.0
Brazil	12.5	23.2	14.0	22.1
Chile	11.6	21.0	29.4	18.7
Colombia	39.1	13.7	4.1	30.4
Costa Rica	37.2	17.4	7.7	24.9
Dominican Republic	60.1	12.8	3.8	4.8
Ecuador	39.1	13.1	2.4	37.5
El Salvador	48.5	5.8	0.5	42.0
Guatemala	40.4	5.6	1.9	41.9
Honduras	45.2	19.7	2.0	26.9
Mexico	80.8	5.3	1.6	6.4
Nicaragua	34.3	11.5	1.2	40.4
Panama	16.1	3.4	1.7	69.3
Paraguay	1.8	8.4	2.8	67.2
Peru	18.1	17.3	19.4	18.1
Uruguay	6.1	17.7	4.1	39.7
Latin America^a	41.5	13.7	9.0	19.6

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures and the United Nations Commodity Trade Database (COMTRADE).

^a Simple average; does not include Bolivarian Republic of Venezuela, owing to lack of data.

Although commodity prices are still at historical highs, the upward trend began to reverse in the second quarter of the year. All of the markets have structural components that might help keep prices relatively high, but they will most likely be outweighed by the short-term effects of the global slowdown and financial volatility, driving commodity prices down in 2012. As a result, a moderate (1.2%) decline in the region's terms of trade is expected in 2012. Consequently, although external prices should remain high, commodity-export intensive economies (especially some in South America) would see slower revenue growth than in 2011.

As for the components of domestic demand, lower trade volumes and declining revenue because of the terms-of-trade effect (for the region as a whole) could chill investment. The extent of this dampening would depend on how the financial markets fare and thus on the availability of credit for financing the purchase of capital goods and consumer durables. Stricter minimum capital requirements for European banks could affect access to credit, especially in countries where bank funding is partly dependent on euro zone bank loans. As much as 8% of the total credit available in these

countries comes from euro zone bank loans to the banking systems of Latin America, either directly from the parent bank or in foreign currency through an affiliate. In some cases this could signal a certain degree of vulnerability to sudden scale-backs in such lending (see box I.1). Moreover, the volume of euro zone bank loans to non-bank companies in Latin America is higher than loans to banks: twice as much in Brazil, Chile, Colombia and Peru and three times as much in Mexico.

Some countries could be hit hard by declining foreign direct investment flows.

The direct impact on consumption in some countries will depend on the evolution of remittances from Latin American and Caribbean workers employed in developed countries. The trend would be expected to depend on the migrants' country of destination (chiefly, the United States and Spain). The moderate increase in remittances from the United States economy seen in 2011 is therefore expected to continue. The economies of Mexico and many Central American and Caribbean countries would benefit the most, with a boost for household consumption—especially among lower-income households.

Box I.1
CHANNELS OF TRANSMISSION OF THE CRISIS TO LATIN AMERICA

The current economic crisis in the euro zone will have multiple consequences for the European countries, not least slower economic growth. Uncertainty and weak demand for export goods from the countries in crisis will result in considerable volatility in the international financial markets. The consequences for Latin America are still difficult to predict but are likely to depend to a large extent on the individual circumstances of each country: its external and domestic debt, the influence of commodity prices on public revenue, the nature of its external financing, and its macroeconomic regime (fiscal, monetary and exchange-rate).^a Many countries in Latin America have made significant progress in these areas, putting them in a strong position to weather external shocks of the kind a deepening of the debt crisis in the euro zone is expected to bring. Compared with many of the more developed countries, levels of external and public debt in the region are low, international reserves are high and, although the present conditions are rather more difficult, the macroeconomic regimes

in force enabled a range of countercyclical measures to be taken at critical points during the recent global financial crisis.

Nevertheless, in some countries—in particular those in the Caribbean and some in Central America—the situation is more complex. The fiscal position in particular is more delicate, since as net importers of food, hydrocarbons and minerals, these countries' external balances are particularly vulnerable to volatility in these markets.

Table 1 presents some indicators of real channels of transmission of external shocks. Among the consequences of the crisis, some of the most immediate will result from shrinking demand for the region's exports to Europe. Countries are therefore listed in descending order based on share of exports to the euro zone. Expressed as a simple average, 13% of the region's exports go to 27 European countries, but the percentage exceeds 20% in many cases. And, given the composition of these exports, they cannot all be easily redirected to other markets. While standardized goods (commodities)

offer some advantages in the short term, inasmuch as their destination is more flexible, manufactures tend to be more specifically tailored to the characteristics of consumers and distributors in the destination markets. The second column therefore presents information on the share of commodity exports in total goods exports.^b According to the baseline scenario, although commodity prices may dip, they will remain relatively high. However, export prices could drop should the crisis prove to be more severe than expected, and this would hurt public revenue in countries that are more dependent on these prices. Accordingly, the table also provides information on fiscal revenue tied to commodities. In a more adverse scenario, a country's ability to fund public spending and the countercyclical tools at its disposal will depend on its short-term fiscal position (that is, fiscal surplus or deficit) and its assets (for example, availability of previous savings in sovereign funds) and liabilities (level of debt), along with the accessibility of domestic and external financial markets.

Table 1
LATIN AMERICA (19 COUNTRIES): INDICATORS OF REAL CHANNELS OF TRANSMISSION OF THE CRISIS IN THE EURO ZONE

Country	Goods exports to Europe (27 countries) as a percentage of total goods exports	Commodity exports as a percentage of total goods exports	Direct fiscal revenues from commodities as a percentage of total general government income	Fiscal balance (percentage of GDP)	Migrants from Latin America to Europe as a percentage of population in home country (per 10,000 inhabitants)	Total migrant remittances and wages (percentage of GDP)	Current account balance in the balance of payments (percentage of GDP)
	2007-2010 average	2007-2010 average	2007-2009 average	2010-2011 average	1995-2007 average	2008-2009 average	2010-2011 average
Brazil	23.2	41.4	...	-1.6	1.5	0.3	-2.2
Chile	21.0	37.9	13.5	0.4	4.4	0.0	0.4
Honduras	19.7	55.5	...	-4.3	2.1	18.9	-6.2
Argentina	17.8	45.7	15.1	-0.4	6.3	0.2	0.7
Uruguay	17.7	56.1	...	-0.9	17.3	n/d	-1.3
Costa Rica	17.4	24.5	...	-5.1	1.7	2.0	-4.9
Peru	17.3	54.4	11.0	0.1	6.4	1.8	-1.6
Colombia	13.7	56.5	16.7	-3.9	6.8	1.9	-3.2
Ecuador	13.1	77.6	30.9	-1.7	30.8	5.9	-3.3
Dominican Republic	12.8	9.2	...	-2.0	11.4	7.4	-8.9
Nicaragua	11.5	59.9	...	-0.5	1.5	12.9	-17.5
Paraguay	8.4	75.6	...	0.9	8.7	3.2	-3.1
Bolivia (Plurinational State of)	8.2	81.6	32.8	-0.3	22.4	6.6	4.2
El Salvador	5.8	7.7	...	-1.2	1.2	16.8	-3.7
Guatemala	5.6	35.8	...	-3.1	0.5	11.1	-3.0
Mexico	5.3	17.7	34.4	-2.7	0.8	2.5	-0.8
Panama	3.4	7.0	...	-2.6	1.0	0.8	-13.2
Venezuela (Bolivarian Republic of)	...	74.0	45.1	-3.6	4.8	0.0	6.6
Haiti	...	...	...	...	1.5	19.5	-1.3
Latin America (simple average)	13.1	45.5	24.9	-1.8	7.2	5.4	-3.4

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

Box I.1 (concluded)

The fifth and sixth columns portray the importance of remittances from migrant workers. Given the limited information on the country of origin of remittances, data has been provided on migrants to Europe as a percentage of the population in the home country as the closest proxy to the likelihood that a slowdown in the euro zone will reduce remittances to the region. The table's last column presents information on the average current account balance in 2010

and the forecast for 2011, as an indicator of how much external financing needs could rise if export values or remittances (or both) are more severely affected.

The impact of the crisis on world financial markets and its potential implications for external financing in the countries of the region represent another channel of transmission. Here the key factors are external debt and total government debt, which are crucial indicators of a country's

solvency. Table 2 shows several aspects of external financing in the region, with countries listed in descending order by level of external debt. As may be seen, the region is carrying fairly moderate external debt and the countries shown have significantly lower ratios of public debt to GDP in 2011 than the developed economies of the euro zone and the United States, where the sustainability of sovereign debt has been called into question.

Table 2
LATIN AMERICA (18 COUNTRIES): INDICATORS OF FINANCIAL CHANNELS OF TRANSMISSION OF THE CRISIS IN THE EURO ZONE

Country	Total external debt (percentage of GDP)	Central government debt (percentage of GDP)	Portfolio investment by non-residents and other investment liabilities (percentage of exports)	Foreign direct investment by non-residents (percentage of exports)	Cross-border liabilities with European banks and foreign currency loans issued locally by European-owned banks (percentage of total bank loans)
	2011	2011	2009-2011 (first semester)	2009-2011 (first semester)	2011 (second semester)
Nicaragua	56.7	42.3	-19.7	19.7	...
El Salvador ^a	46.2	43.2	-1.0	21.8	5.97
Chile	40.9	9.7	16.5	21.7	5.95
Panama	34.3	39.9	28.9	18.6	...
Uruguay	33.0	35.9	15.0	26.5	...
Argentina	31.5	41.2	-1.1	8.7	2.34
Venezuela (Bolivarian Republic of)	28.6	22.0	8.9	4.9	3.72
Bolivia (Plurinational State of)	26.1	33.8	-1.5	9.3	0.23
Peru	23.8	19.1	0.3	20.4	8.31
Honduras	22.9	29.2	0.3	12.3	...
Costa Rica	22.8	29.3	-0.6	16.4	2.44
Ecuador ^a	21.3	20.0	-0.4	2.9	0.58
Colombia	21.3	31.9	23.8	20.7	2.54
Dominican Republic ^a	18.5	26.0	9.0	34.4	...
Mexico	18.3	27.0	13.2	6.8	5.28
Paraguay	15.2	11.5	1.6	3.5	4.44
Brazil	12.8	27.9	43.3	21.6	2.06
Guatemala	11.8	23.0	4.4	8.3	...
Latin America (simple average)	27.0	28.5	7.8	15.5	3.7

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures and information provided by the Bank for International Settlements (BIS).

^a Average 2007-2010.

As noted in section B of chapter IV, the Caribbean countries in general are carrying relatively high levels of external debt. However, they have not been included in this table because comparable data are not available for the other criteria shown.

The third column gives information on the components of external financing that are perceived to be the most volatile, such as portfolio investment by non-residents, short-term investments in the country,

deposits and lines of credit for banks. This side of external financing has generally behaved more procyclically and may be withdrawn in the event of a serious external shock, and so it tends to transmit external uncertainty to the region's financial markets. The fourth column contains data on foreign direct investment (FDI) in the country by non-residents. While FDI net outflows are unusual, inflows may dip amid widespread expectations of sluggish global growth,

which would harm growth in countries that depend on these resources as a source of external financing.

The last column shows the impact of financing provided by European banks to banks in the region and of foreign currency loans issued locally by European-owned banks. It is possible that the heavy recapitalization needs among banks in the euro zone will squeeze—at least temporarily—this source of financing for local credit.

Source: Economic Commission for Latin America and the Caribbean (ECLAC).

^a See ECLAC, Economic Survey of Latin America and the Caribbean (LC/G.2506-P), Santiago, Chile, 2011, part 2, chapter I.

^b Corresponds to the classification employed by the United Nations Commodity Trade Database (COMTRADE). Does not include certain manufactures based on natural resources which may also be considered standardized goods.

Overall under the base case scenario, expectations are that the region will continue to grow —albeit more slowly than during the period 2010-2011. This is partly because many countries have some capacity to implement policies aimed at helping sustain demand, because:

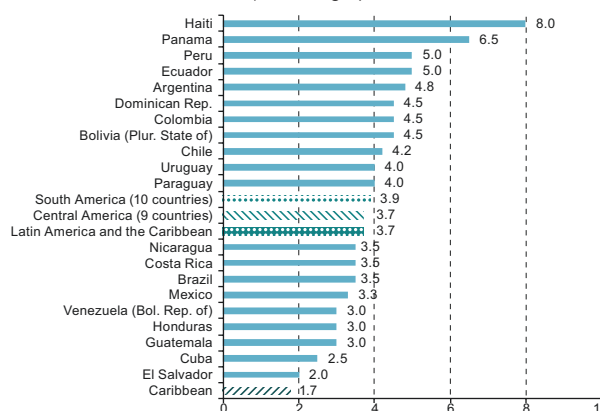
- (i) international reserve levels have been restored, so the expected current-account deficit could be financed without draining them;
- (ii) public accounts have improved during the period 2010-2011, and (except for some Caribbean countries) indebtedness is low and would enable several countries of the region to place debt in the domestic and external financial markets;
- (iii) inflation has stopped rising and is expected to fall in 2012, both globally and in the region; several countries (especially those that had raised their benchmark rates) thus have some monetary policy space for countercyclical action;
- (iv) the 2008 global financial crisis left the region a legacy of experience in coordinating countercyclical fiscal and monetary policies and measures for heading off a liquidity crisis in domestic financial markets; hence the countries not only have resources —they have recent, hands-on experience in countercyclical response to a global crisis,⁸ and
- (v) The fiscal space available for countercyclical measures is tighter than in 2008, however, and both vulnerability and the capacity to deploy policies to address the impact of the global slowdown in growth differ from country to country.

Against this backdrop, the region's economy is expected to grow by 3.7% in 2012. This is the lowest figure since 2003, with the sole exception of 2009. In view of the more adverse external environment, though, this is not such a negative performance. The deceleration compared with 2011 is expected to impact most of the countries. The chief exception would be Brazil, which, after the sharp slowdown in 2011 is expected to recover somewhat on the strength of its domestic market and with the aid of specific measures rolled out in late 2011 plus a higher average real exchange rate for the year. The Caribbean is also expected to record somewhat higher growth than in 2011, above all as the economy of Trinidad and Tobago recovers from its contraction. Even so, the Caribbean will see lacklustre performance owing to its close ties to the economies of Europe and the United States, where demand for goods and services from the countries of the Caribbean will remain low.

⁸ See Economic Commission for Latin America and the Caribbean (ECLAC), *The reactions of the Governments of the Americas to the international crisis: an overview of policy measures up to 31 December 2009* (LC/G.3025/Rev.6), Santiago, Chile, December 2009.

Economic growth throughout the region should nudge employment rates up again, although any increase would be smaller than in 2010 and 2011. This will affect the variation of the open urban unemployment rate, which will either stagnate or decline slightly by up to 0.2 percentage points. Because real wages would benefit from lower inflation, labour market performance should once more spur domestic demand, although not as much as in previous years.

Figure 1.16
LATIN AMERICA AND THE CARIBBEAN: GDP GROWTH, 2012^a
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Projections.

Based on the 2012 budgets of the countries of the region, their fiscal accounts are forecast to weaken slightly (with a primary surplus in the area of 0.2% of GDP and an overall deficit of 1.7% of GDP), owing mainly to declining fiscal revenue.

On the external front, worsening terms of trade and lower export volume would mean further (though slight) deterioration of the balance of payments current account balance, resulting in a deficit equal to 1.8% of the region's GDP.

However, the potential for another, bleaker scenario cannot be ruled out if Europe does not overcome the serious difficulties facing its southern economies, sending the euro into a crisis whose consequences could be far worse than those of the 2008 subprime crisis in the United States.

Such a development could do more than exacerbate the negative impact on the drivers of demand for goods and services in the region. It could at the same time weaken some of the macroeconomic fundamentals discussed above.

First, the crisis scenario would not only slow the rate of growth: it would trigger a contraction of some of the principal European economies. This would have spillover effects on the region's foreign trade volume and prices, both directly and by affecting trade and economic activity in other regions. The same would happen with

the expected trend in remittances. And any worsening of the region's prospects for growth would likely push direct foreign investment flows to below the levels of the baseline scenario. In such circumstances the evolution of the global economy would be expected to have a higher impact than the one expected through the channel of the real economy in the base scenario.

In this case the region would feel the impact of a crisis through the financial channel as well, as volatility and uncertainty mounted. The strength of the impact in each country would depend on how its exchange and financial market institutions are arranged and the degree to which they are integrated in the international markets (see box I.1).

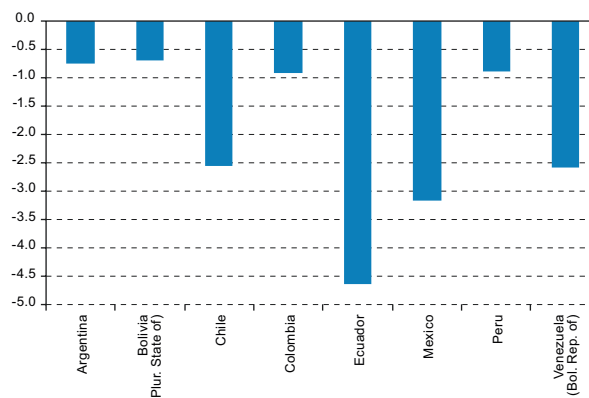
As in late 2008, a situation of this kind could send demand for dollar-denominated short-term financial assets (especially United States treasury bonds) spiralling up in a "flight to quality" in which international investors seek refuge in lower-risk, highly liquid financial assets.

Capital could flow out of the emerging economies; Latin America and the Caribbean would be no exception. This could bring difficulties in accessing external credit, as well as depreciation pressure on local currencies. While this might be good news in that, in the short term, it would make the region's export sectors and import-substitution sectors more competitive, sudden depreciation of the currencies of Latin America and the Caribbean would impact holders of foreign-currency debt and put pressure on inflation rates. To counteract this movement, the central banks could draw on some of the international reserves accumulated over the past few years.

Any resulting financial turbulence could impact the commodities markets, putting more downward pressure on prices than in the base scenario. This would have a detrimental effect on national income and thus on demand in the countries of the region. Were export prices to fall to the levels seen during the period 2008-2009, export income would drop by the equivalent of 3.4% of the region's GDP if export volume remained at 2011 levels. However, import prices would contract as well and the income balance deficit would decrease, so the current account deficit would increase to only 2.0% of GDP. Besides, import volume would most likely contract in such a scenario, making the deficit even lower. For the region as a whole, then, the current account would not constitute a vulnerability.

Nonetheless, public revenue in some countries is highly dependent on commodity exports; this could endanger the fiscal accounts and lead to the deployment of procyclical public policies that would intensify the negative effects on domestic demand (see figure I.17).

Figure I.17
LATIN AMERICA (SELECTED COUNTRIES): ESTIMATED IMPACT OF A DROP IN PRINCIPAL EXPORT COMMODITY PRICES ON FISCAL REVENUE^a
(Percentages of GDP)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a This exercise assumes that export volumes remain stable and that prices fall to the low for the period 2008-2009.

In several countries (among them, Chile and some of the major petroleum exporters), the impact on public finances would be considerable. Any decision to increase public borrowing, which would be feasible because of the low indebtedness of most of the economies of Latin America (not so for several Caribbean countries), would run into less accessible markets and, as a result, far higher costs.

Such a scenario for European banks could mean that the impact on access to credit in the region's financial markets would be far more serious than in the baseline scenario.

In any event, the principal economies of the region are less vulnerable than the emerging economies of Europe, the Middle East and Africa and are at levels similar to those of Asia in terms of external, fiscal and financial sector indicators and how much they would be affected by a crisis zeroing in on Europe, the United States or both.⁹

Even so, it is highly likely that Europe's political actors and institutions will find a way to preserve their currency and slowly return to normal, with increasing involvement on the part of the European Central Bank (ECB). But given all the delays in crafting an effective solution, a quite likely scenario is a combination of the two described. The faster necessary decisions are taken, the more likely a more positive scenario becomes. Even then, a heavier slowdown than that of the baseline scenario is to be expected for 2012, albeit with a certain stability that should enable the States of the region to ensure that social conditions do not deteriorate.

⁹ See Deutsche Bank, *Emerging Markets 2012 Outlook. Survival of the Fittest*, 6 December 2011.

In any event, the countries should be prepared for a bleaker scenario. To this end, they should prepare measures (and determine how they would be financed) and be poised to deploy them quickly as the external environment unfolds and impacts the economies of the region. An essential component of these strategies should be protecting and fostering the generation of jobs with rights.

The region's capacity to weather an adverse external environment must be enhanced by deepening the trade and financial ties among the countries. Greater trade integration would expand the markets and thus offset a decline in external demand. Greater financial integration would cushion the expected difficulties in accessing financing. This might require changing the financial architecture of the region to adapt it to the needs of the moment.

Chapter II

Macroeconomic policy

A. Fiscal policy

Government finances are recovering, albeit in different ways, from the impact of the 2008-2009 crisis on the fiscal and financial performance (including revenue, expenditure and indebtedness) of the countries of Latin America and the Caribbean. The uncertain external environment augurs a need to reclaim policy space for countercyclical action in the future.

The countries of Latin America have seen their fiscal accounts improve in 2011, but this positive trend began to slow in the third quarter of the year.

In any event, the trend has made for an improvement in average fiscal balances, and the region will return to primary surplus in 2011.

While the public accounts have been recovering over the past two years, the impact of the 2008-2009 crisis on fiscal variables did lead the countries of the region to use considerable fiscal space as they deployed countercyclical policies.¹ The result was that fiscal policy space contracted substantially during the crisis.² The period 2003-2007 saw widespread rebuilding of fiscal space on the strength of rising revenue and falling debt, followed by contraction during the crisis as expenditure rose and revenues shrank.

Latin America's fiscal performance in 2011 translated into a primary central government surplus equal to 0.3% of GDP, measured as a simple average, against the deficit of 0.3% recorded in 2010. However, the overall balance (including public debt interest payments) was in deficit, at 1.9% of GDP in 2010 and narrowing to 1.5% in 2011.

During the first half of 2011, fiscal balances improved thanks to brisker economic activity and rising commodity prices. But the easing of these trends amidst general uncertainty would be behind the slower growth of fiscal resources starting in the third quarter of the year.

Fiscal budget estimates point to an average primary fiscal deficit equal to 0.2% of GDP in 2012. However, budget projections might not have factored in the global financial context or the increased volatility of commodity prices.

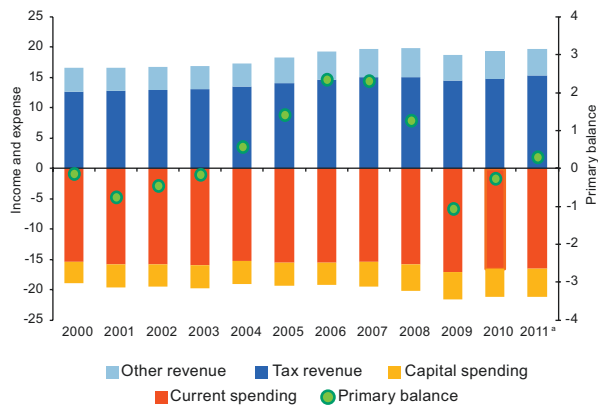
The general upward trend in the public accounts (in terms of GDP) for 2011 is due to an overall improvement, with smaller fiscal account deficits or larger primary surpluses in 14 countries in Latin America (out of a total of 19).

¹ Also see ECLAC, *Economic Survey of Latin America and the Caribbean 2010-2011* (LC/G.2506-P), Santiago, 2011; and ECLAC/OECD, *Latin American Economic Outlook, 2012*, Paris, 2011.

² For further details on how fiscal policy space is defined, see ECLAC, *Preliminary Overview of the Economies of Latin America and the Caribbean, 2009* (LC/G.2424-P), Santiago, December 2009.

Average fiscal account performance in Latin America is the combined result of an increase in fiscal revenue equal to 0.4% of GDP and public expenditure holding steady as a percentage of GDP (see figure II.1). This is the outcome of different behaviours among the countries of the region, as can be seen in figure II.2 showing the variation in fiscal revenue and expenditure in 2010-2011 as a percentage of GDP. Many countries boosted their resources during the period, with lower spending in some cases and smaller increases in expenditure in others. The result was an improved overall balance for 13 countries. The overall deficit widened in just five countries: Argentina, Brazil, Colombia, Panama and Plurinational State of Bolivia.

Figure II.1
LATIN AMERICA AND THE CARIBBEAN: CENTRAL GOVERNMENT REVENUES, SPENDING AND FISCAL BALANCES, 2000-2011
(Percentages of GDP)



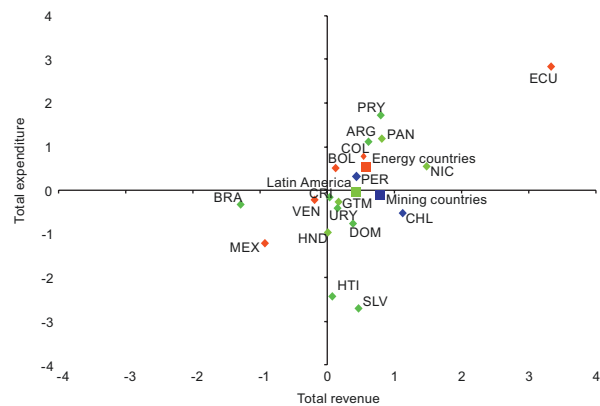
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
a Estimate.

Most of the countries where revenue increased (15 out of 19) saw but moderate gains. Only in Chile, Ecuador and Nicaragua was the rise in excess of 1% of GDP (1.1%, 3.3% and 1.5%, respectively). The sharpest drop was in Brazil, with a decrease equal to 1.3% of GDP.³ On the spending side, the countries that recorded a marked decrease (equivalent to more than 1% of GDP) include El Salvador, Haiti and Mexico. At the other extreme are Argentina, Ecuador, Panama and Paraguay, as the countries where spending rose the most.

Total fiscal revenue rose in 2011, from 19.3% of GDP to 19.7%, thanks to an overall increase in the tax burden. Leading this trend were Argentina, Chile and Nicaragua, where the increase in tax revenues topped 1% of GDP.

³ Note that in September 2010 the central government of Brazil took in 74.8 billion reais (equivalent to 2% of GDP) from the sale of oil concessions, making the basis of comparison extraordinarily high.

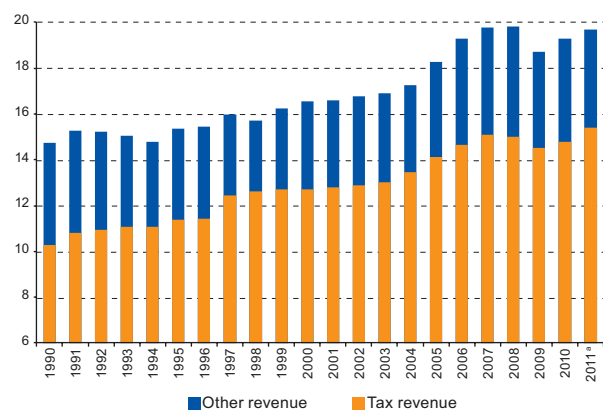
Figure II.2
LATIN AMERICA AND THE CARIBBEAN: FISCAL REVENUE AND EXPENDITURE VARIATION, 2010-2011^a
(Percentages of GDP)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
a Estimates.

In Argentina, the prime cause of the increase in tax revenues and social security contributions (1.4% of GDP) was the pickup in economic activity, higher wages and an increase in registered employment. Chile saw tax revenues rise by the equivalent of 1.3% of GDP on the strength of aggregate demand and the high price of copper. In Nicaragua, the tax reform introduced late in 2009 came fully into effect in 2011 and tax revenues rose by 1.2 GDP points, chiefly reflecting duties levied on imported goods and the widening of the income tax base.

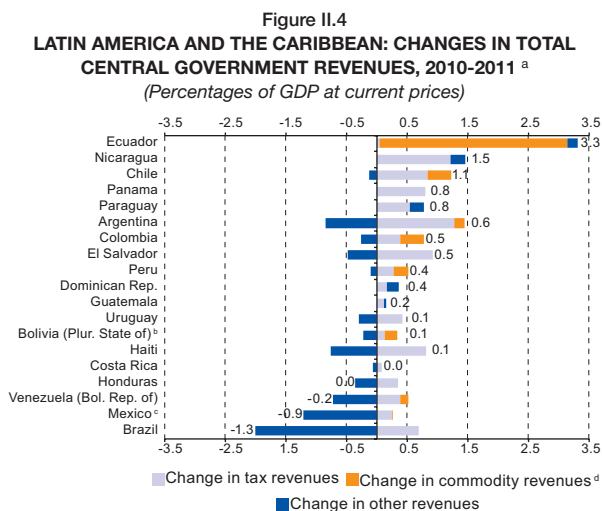
Figure II.3
LATIN AMERICA AND THE CARIBBEAN (19 COUNTRIES): CENTRAL GOVERNMENT REVENUES, 1990-2011
(Percentages of GDP)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
a Estimate.

It is worthwhile to assess the extent to which the increases in fiscal revenue over the past year are due to higher revenue from commodities. In Chile and Colombia,

for example, copper and oil revenues, respectively, rose by 0.4% of GDP. In Ecuador, oil revenue grew by the equivalent of 3% of GDP (see figure II.4). This surge in revenue for Ecuador is due above all to rising oil prices and production volume compared with the previous year, as many private companies resumed production that had been halted by new contract negotiations during much of 2010.



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Estimates.

^b General government.

^c Public sector.

^d Includes both tax and non-tax revenues derived from the exploitation of commodities.

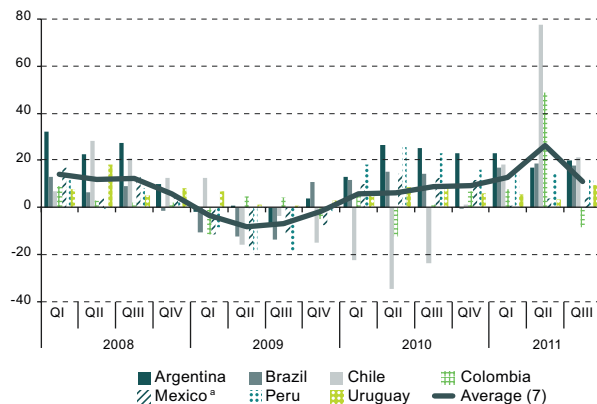
Quarterly changes in tax revenues for a selected group of countries in the region reveal a surge in tax receipts during the first two quarters. But the average rate of increase began to slow somewhat in the third quarter of 2011 owing above all to the revenue trend in Chile, Colombia and Peru.

On average, public spending held steady at 21.2% of GDP during 2010-2011, owing to lower current primary spending and an increase in interest payments. But these trends mask very different behaviours.

As explained above, the countries where spending fell by more than 1% of GDP include El Salvador, Haiti and Mexico. In Mexico, the authorities kept the austerity and budget rationalization measures under the National Public Expenditure Reduction Programme announced in March 2010, geared towards holding down administrative and operating expenses as well as spending on personal services. El Salvador focused on meeting the targets under its agreement with the International Monetary Fund, which calls for a substantial decrease in the fiscal deficit and stabilized spending by 2012. As a result, current spending restrictions were implemented at ministries

and government agencies by means of expense caps and the postponement of lower-priority projects during the second half of the year.

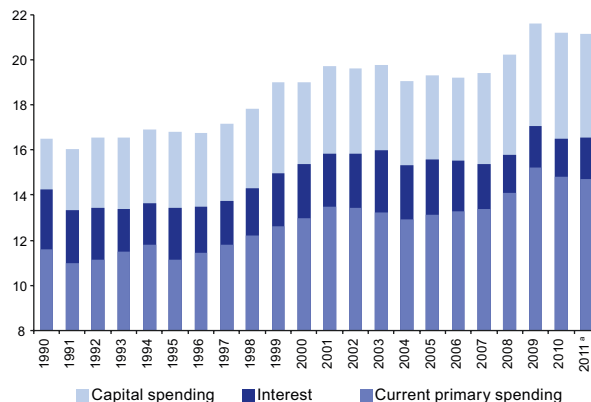
Figure II.5
LATIN AMERICA (SELECTED COUNTRIES): VARIATION IN REAL TAX RECEIPTS OF CENTRAL GOVERNMENT, EXCLUDING SOCIAL SECURITY, 2008-2011
(Year-on-year quarterly changes, in percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Includes non-oil tax revenues.

Figure II.6
LATIN AMERICA AND THE CARIBBEAN: CENTRAL GOVERNMENT EXPENDITURE, 1990-2011
(Percentages of GDP)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

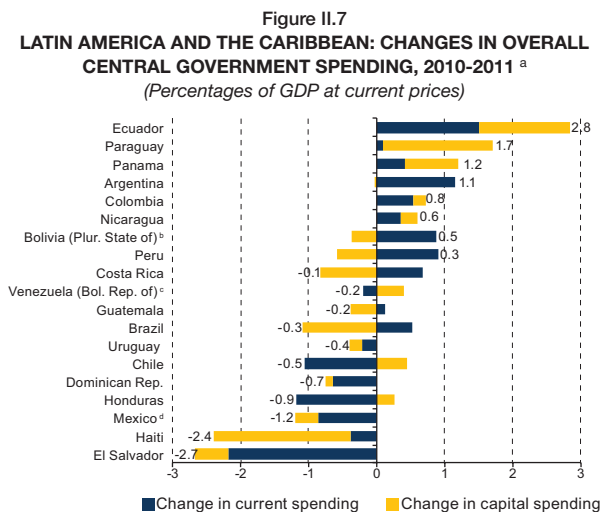
^a Estimate.

Conversely, expenditure rose the most in Argentina, Ecuador, Panama and Paraguay. Argentina posted substantial increases in social security benefits due primarily to the social benefits portability policy, pension hikes for the armed and security forces, and assistance for new beneficiaries under the expanded coverage policy. Public transport and power supply subsidies increased,⁴ as did national

⁴ Towards the end of the year the government announced cutbacks in these subsidies.

civil servant compensation. In Ecuador, an increase in investment plans and social assistance policies pushed government expenditure up sharply. In Panama, capital spending rose faster than current spending owing to fresh rises in infrastructure outlays, mainly on the expansion of the Panama Canal, cleaning of the Bay of Panama, the extension of the coastal beltway, and the construction of the metro, roads and housing. In Paraguay, the rise in spending was due chiefly to capital expenditure, which increased by the equivalent of 1.6% of GDP because of infrastructure projects, building repairs marking the country’s bicentennial celebrations, housing projects and school repairs (see figure II.7).

The composition of public debt changed considerably in several countries as maturities were extended, the proportion of fixed-rate debt rose, the share held by residents increased and the proportion of domestic-currency instruments grew. As a result, in 2010 domestic debt overtook external debt as a proportion of total public debt. In December 2008, central government external debt accounted for 53% of total public debt; by June 2011, the ratio had fallen to 47%. But this indicator varies widely among the countries under review. While external debt made up more than 70% of public debt in the Dominican Republic, Panama and Paraguay, the ratio was below 20% in Brazil, Chile, Costa Rica and Mexico.



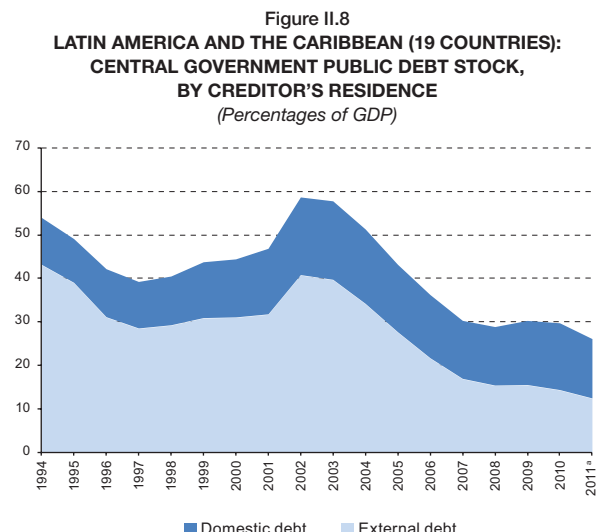
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

- ^a Estimates.
- ^b General government.
- ^c Total spending does not include net lending.
- ^d Public sector.

In most countries, a combination of factors was behind the substantial decline in total non-financial public-sector debt as a percentage of GDP, most notably economic growth and a primary balance surplus.⁵ But during the period 2008-2011 the public debt-to-GDP ratio rose in several Central American countries (Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua), as well as in the Bolivarian Republic of Venezuela and Mexico (see table II.1).

Public debt remained high in the countries of the Caribbean —over 100% of GDP in the case of Jamaica and Saint Kitts and Nevis. Conversely, Guyana reduced its debt stock thanks to the Heavily Indebted Poor Countries (HIPC) Debt Initiative.

⁵ The Heavily Indebted Poor Countries (HIPC) Debt Initiative also helped strengthen public finances in Honduras, Nicaragua and the Plurinational State of Bolivia. In other countries, debt reduction programmes emerged from post-crisis negotiations.



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Preliminary data as at 30 June 2011.

In sum, the main challenge for many of the economies of the region is how to prudentially manage policy space and macroeconomic response capacity, and ensure a stable and predictable public finance environment for closing gaps in infrastructure, education and innovativeness so as to grow more and better over the long term.⁶

Much of the fiscal space regained over the past few years is linked to fiscal revenue from commodities. In this context, the uncertain external environment and weakening global demand could have a significant budget impact.

For the countries of the Caribbean carrying heavy public debt burdens, the challenge lies above all in achieving sustainable public accounts and debt-to-GDP ratios. This is no less of a dilemma, because both experience and the debate over the past few years have shown that the best strategy for decreasing public debt is to promote fiscal policies that stimulate growth. But the

⁶ See also OECD/ECLAC, op. cit.

constrained fiscal space of these countries leaves them with not much capacity to promote necessary growth and achieve sustainable debt.

The road to fiscal consolidation passes through the planning and design of public policies whose core objectives include enhancing the capacity to generate

countercyclical (or at least not procyclical) policies in times of crisis, mainly by means of borrowing capacity and public spending. Planning along these lines is not only compatible with sustainable, lasting growth, but with social cohesion and inclusion as well because it mitigates the inequality and poverty impact of volatility.

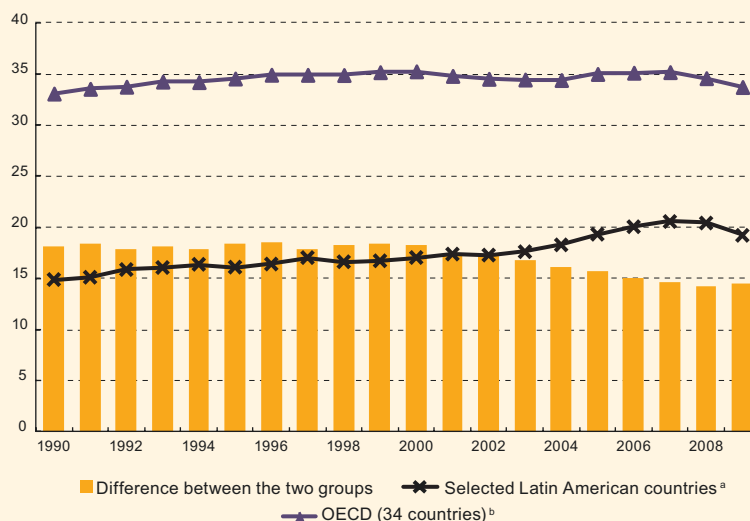
Box II.1 REVENUE STATISTICS IN LATIN AMERICA

A comparison of tax systems in Latin American countries and in the member countries of the Organization for Economic Cooperation and Development (OECD) reveals notable differences in terms of level and structure. As shown in figure

1 below, the tax burden in 2009 in the OECD countries stood at 33.7% of GDP, versus an average of 19.2% in selected Latin American countries. However, this gap has narrowed in recent years as the two sets of countries have taken different

paths. On average, the tax burden in OECD countries has remained constant since 1990, while it has increased by around five percentage points in the Latin American countries included in the sample.

Figure 1
LATIN AMERICA (SELECTED COUNTRIES) AND OECD COUNTRIES: TOTAL TAX REVENUE, 1990-2009
(Percentages of GDP)



Source: Organization for Economic Cooperation and Development (OECD)/ Economic Commission for Latin America and the Caribbean (ECLAC)/ Inter-American Center of Tax Administrations (CIAT), *Revenue Statistics in Latin America*, Paris, OECD Publishing, 2011.

^a Simple average of 12 Latin American countries (Argentina, Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, El Salvador, Guatemala, Mexico, Peru and Uruguay). Chile and Mexico are also members of the OECD.

^b Simple average of the OECD member countries.

There are also significant differences between the two groups of countries in terms of tax structure. Analysis shows that the share of income tax and social security contributions is smaller in Latin America than in OECD countries, while the share of indirect taxation, in particular general consumption taxes, is much larger (see figure 2). As a percentage of GDP, average tax revenue from general consumption taxes accounts for a very similar proportion

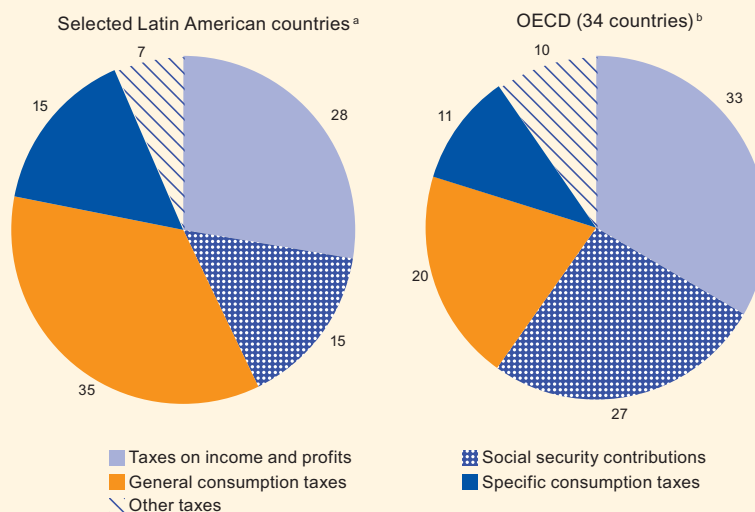
in both groups of countries while in the case of taxes on income and profits, the proportion is 5.8 percentage points lower in Latin America.

Given that the impact of fiscal policy on sustainability, efficiency and equity is closely correlated to levels and structure of fiscal revenue, establishing the reasons behind these disparities may help to develop ways to improve public policy outcomes.

With the aim of providing internationally comparable data on tax levels and structure for a selection of Latin American countries, a joint project to prepare revenue statistics on Latin America was carried out by ECLAC, the Centre for Tax Policy and Administration and the Development Centre of the OECD and the Inter-American Center of Tax Administrations (CIAT). The outcomes were published under the title *Revenue Statistics in Latin America*.

Box II.1 (concluded)

Figure 2
LATIN AMERICA (SELECTED COUNTRIES) AND OECD COUNTRIES: TAX STRUCTURES, 2009



Source: Organization for Economic Cooperation and Development (OECD)/ Economic Commission for Latin America and the Caribbean (ECLAC)/ Inter-American Center of Tax Administrations (CIAT), *Revenue Statistics in Latin America*, Paris, OECD Publishing, 2011.

^a Represents a group of 12 Latin American countries (Argentina, Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, El Salvador, Guatemala, Mexico, Peru and Uruguay). Chile and Mexico are also members of OECD.

^b Unweighted average for the OECD member countries.

The publication contains internationally comparable data on tax revenue, differentiated by type of tax and level of government, for 12 countries in the region (Argentina, Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, El Salvador, Guatemala, Mexico, Peru and Uruguay), covering the period 1990-2009. The sample set of countries represents around 90% of the region's GDP and population.

The data were obtained from official sources and edited and reclassified based on the methodology used for the OECD publication *Revenue Statistics*, allowing for comparison across tax systems in Latin America and, for the first time, between these countries and those of the OECD.

The report therefore provides an overview of the main taxation trends in Latin America. It looks at changes in the level and composition of taxation between 1990 and 2009, and in

the attribution of tax revenue to the various subsectors of government. Comparisons are also drawn with the average for OECD economies in these respects.

Continuing with this initiative in the coming years, together with possibly broadening it to include revenue statistics on more countries in the region, and expanding the dialogue networks among policymakers, will enhance transparency and enrich the public debate on fiscal policy in Latin America and the Caribbean.

Source: Economic Commission for Latin America and the Caribbean (ECLAC).

B. Monetary and exchange-rate policy

The monetary and exchange-rate policy environment in the region during 2011 may be seen as an extension of the circumstances prevailing since mid-2010. Policymakers tended to maintain their policy stance, especially during the first two quarters of the year.

Countries that had been raising their monetary policy rates since mid-2010 continued to do so. Those that had held their policy rates steady made no significant changes during the year, and the central banks that had been paring them continued this approach in 2011. On the

exchange-rate front, both the countries that had tended to build up assets abroad and those that had sought to contain nominal currency appreciation stayed the course in 2011.

Nevertheless, over the last two quarters of 2011 some central banks using formal inflation-targeting schemes have revised their policies and cut rates in an effort to dampen the impact that slower-growth expectations for the developed world would have on aggregate demand in those economies, especially in view of slowing inflation during the closing months of 2011.

Real lending and deposit rates continued to trend down in 2011, while monetary aggregates expressed in real terms generally remained positive despite a deceleration trend in some cases. Judging by the non-performing to total loan portfolio ratio, the region's loan portfolio showed no signs of impairment despite significant real total portfolio growth.

Because of the peculiarities of each of the countries of Latin America and the Caribbean, monetary policy stance and conduct vary within the general monetary context of the region. So, then, does the performance of the principal monetary aggregates.

In some of the countries with inflation targets (Brazil, Chile, Colombia and Peru), the monetary authorities' efforts were geared towards containing inflationary pressures related to price shocks associated with rising energy and food costs and swelling aggregate domestic

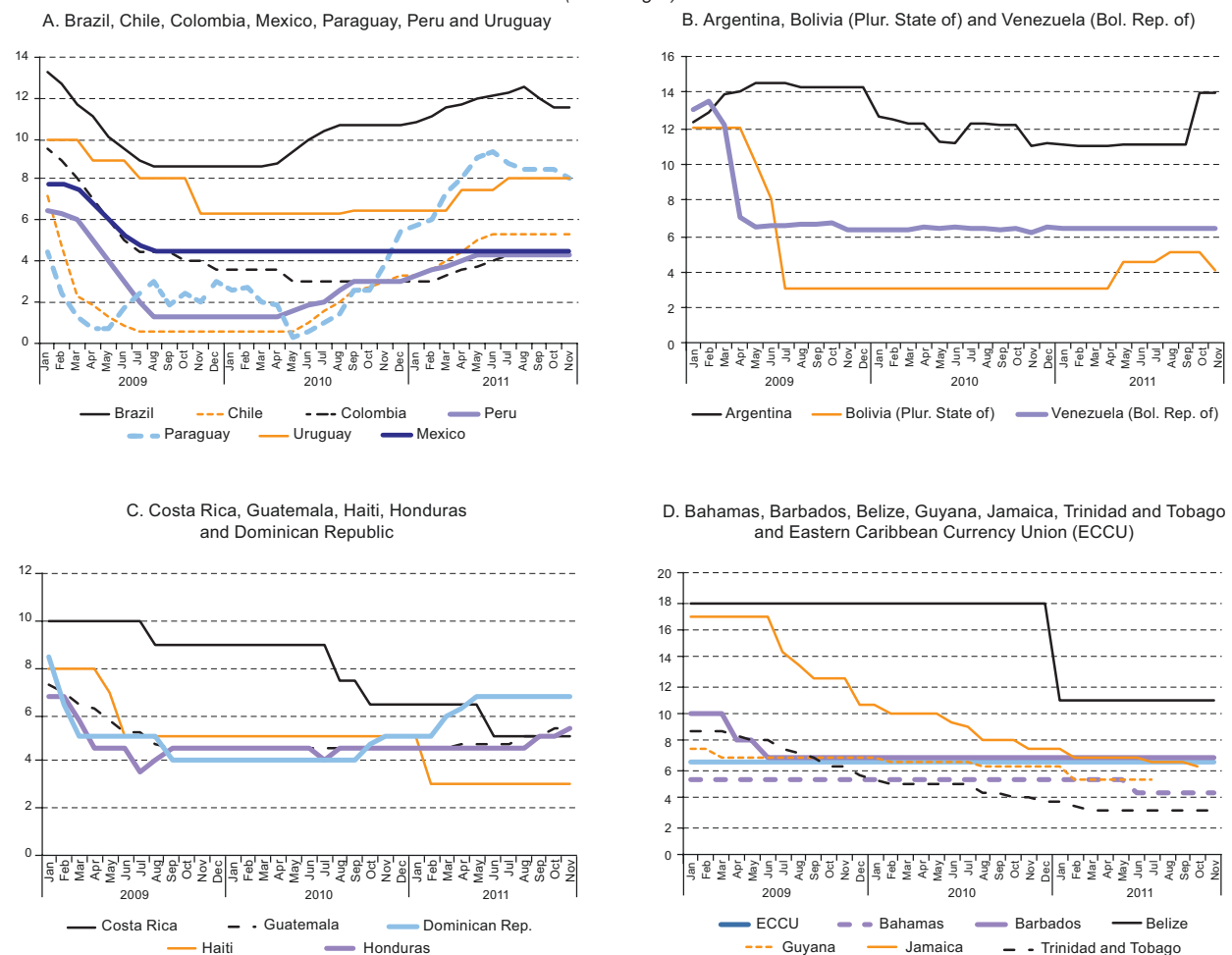
demand. The uptick in inflation, especially in the first few months of 2011, thus led central banks in those countries to raise their monetary policy rates. However, these rates are still below pre-global crisis levels. But from the third quarter of 2011 on, growing uncertainty surrounding the European crisis and its potential repercussions for the economies of the region has led the central banks to halt rate increases and even lower rates in certain cases, such as Brazil. One exception to this group of countries with explicit inflation targets is Mexico, where the policy rate has not been changed since mid-2010 (see figure II.9A).

In countries such as the Dominican Republic, Paraguay and Uruguay, the effort to curb inflationary pressures also led the authorities to raise the monetary policy rate in 2011 despite the lack of formal inflation-targeting schemes (see figures II.9A and II.9C).

Figure II.9

LATIN AMERICA AND THE CARIBBEAN (SELECTED COUNTRIES): MONETARY POLICY RATES, 2009-2011

(Percentages)

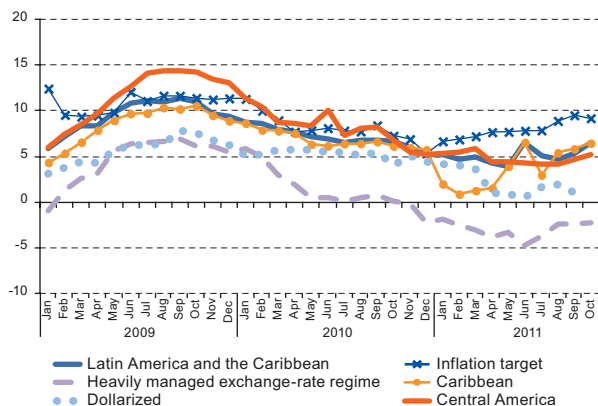


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

Despite these trends, in 2011 the monetary policy focus in most of the non-dollarized countries of the region that have not adopted explicit inflation targets was to maintain liquidity at a level that would sustain the growth in aggregate domestic demand, so policy rates have been held fairly steady or even lowered in some cases.⁷ As figure II.9B shows, the monetary policy rate in the Bolivarian Republic of Venezuela has remained unchanged since mid-2010. The same is true of several countries in Central America and the Caribbean, such as Barbados and Haiti, as well as Eastern Caribbean Currency Union (ECCU) countries. Among the central banks that lowered their policy rates are those of Bahamas, Costa Rica, Jamaica and Trinidad and Tobago.

Despite these differences in how monetary policy tools are managed, market lending and deposit rates in real terms continued to trend down in 2011 all across the region. The median rate fell by more than 200 basis points between January 2010 and October 2011 (see figure II.10). The exception was Mexico, where real interest rates rose in 2011 because the Mexican economy recorded smaller price increases.

Figure II.10
LATIN AMERICA AND THE CARIBBEAN: MEDIAN REAL LENDING RATES, 2009-2011^a
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Real rates are estimated by discounting inflation for the period.

Falling interest rates are a clear driver of aggregate domestic demand because they bring down the cost of financing consumer and investment spending. These

monetary conditions are also reflected in the movements of the region's principal monetary aggregates, which (other than in the Caribbean) are still growing quickly. Despite the expansion discussed above, real M1 growth is slowing: the median went from more than 13% in September 2010 to values approaching 7% in October 2011. The monetary base and M2 grew at slightly faster rates in 2011 than in 2010, as the median for the region shows.

Comparing the evolution of these aggregates among countries shows that despite the sustained increase in the monetary base, the growth of broader aggregates such as M1 and M2 decelerated significantly in countries with formal inflation targets. In other cases such as, Paraguay and Uruguay, this deceleration was seen in the three aggregates studied; the monetary base even recorded annualized negative growth rates. In economies with more highly managed exchange-rate schemes, the monetary base contracted by nearly 8% in the Bolivarian Republic of Venezuela and by 3% in the Plurinational State of Bolivia. Nevertheless, the monetary base tended to grow significantly from the second quarter on. For broader aggregates (M1 and M2), growth in real terms during 2011 was similar to 2010 and hovered at rates in the area of 15% (see figure II.11).

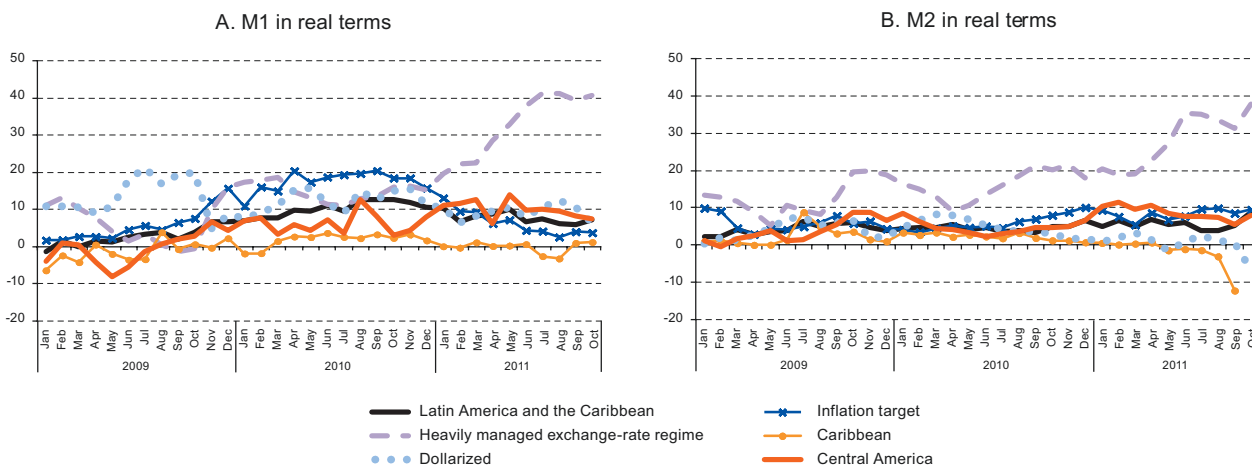
In the countries of Central America (excluding those that are dollarized), the monetary aggregates grew at positive rates although M1 and M2 tended to slow in 2011 (see figure II.11). In the Caribbean, the monetary aggregates in economies like Jamaica and Barbados contracted in real terms. In Trinidad and Tobago and Guyana they continued to grow in real terms, although the trends were different. The monetary aggregates decelerated in Trinidad and Tobago; in Guyana the real growth of the monetary base, M1 and M2 accelerated.

As for the dollarized economies of the region (Ecuador, El Salvador and Panama), the M1 growth rate slowed in El Salvador in 2011 and held fairly stable in the other two countries. The M2 growth rate in Panama remained positive despite a deceleration; in El Salvador it was negative in 2011.

The median real growth rate for region's financial system loan portfolio is in excess of 12%; growth has been steady since mid-2010. However, a breakdown between public and private sources of credit reveals a marked deceleration of public credit (see figure II.12). Credit from public institutions went from a median growth rate of some 20% in early 2010 to below 5% in July 2011. This nosedive was more significant in 2011 in the Bolivarian Republic of Venezuela, Brazil, Colombia, and El Salvador. Credit from public institutions recorded negative real growth rates in Mexico, Paraguay and Uruguay in 2011.

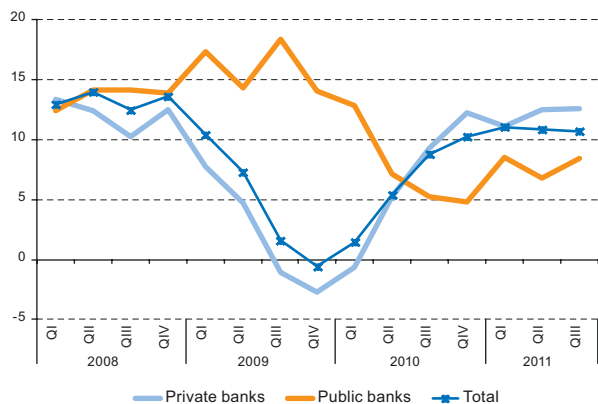
⁷ This is the case in Argentina, the Bolivarian Republic of Venezuela and the Plurinational State of Bolivia in South America; Costa Rica, the Dominican Republic, Guatemala, Haiti, Honduras and Nicaragua in Central America; and Bahamas, Barbados, Belize, Guyana, Jamaica, Suriname, Trinidad and Tobago and the countries of the Eastern Caribbean Currency Union (Antigua and Barbuda, Dominica, Grenada, Saint Kitts and Nevis and Saint Lucia) in the English-speaking Caribbean.

Figure II.11
LATIN AMERICA AND THE CARIBBEAN: MONETARY AGGREGATES, 2009-2011
(Regional median percentage variation)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

Figure II.12
LATIN AMERICA AND THE CARIBBEAN: CREDIT PORTFOLIO,
REAL VARIATION, 2008-2011
(Regional median percentage variation)



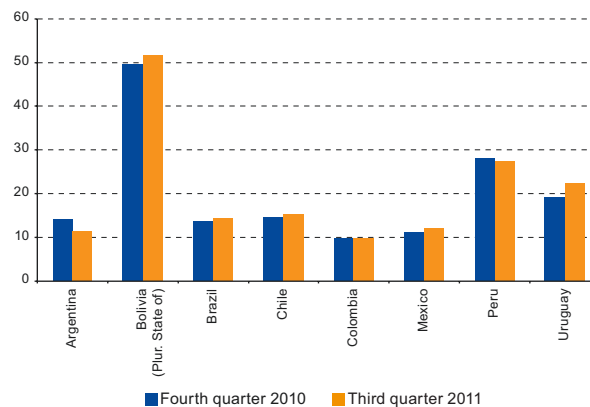
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

Another variable showing the same trend in 2011 as in 2010 was loan portfolio in arrears. The median past-due to total portfolio ratio in the region fell by more than 0.75 percentage points compared with 2010 and approached 2.7% by midway through the second half of the year. This reflects the low credit default exposure of the region's banks.

The countries of the region continued to accumulate international reserves, with several countries facing nominal currency appreciation during the first half of the year and exchange-rate market interventions that were sterilized only in part by issuing debt and that led to the rapid expansion of monetary aggregates mentioned earlier. The level of reserves as a percentage of GDP in the

non-dollarized countries of the region increased during the first three quarters of 2011, from an average of 19% to 20.1%, although with considerable differences among them (see figure II.13).

Figure II.13
LATIN AMERICA AND THE CARIBBEAN (SELECTED COUNTRIES):
NET INTERNATIONAL RESERVES, 2010-2011
(Percentages of GDP)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

The accumulation of international reserves was particularly notable in the countries that are more fully integrated in the international capital markets. Central bank reserves thus grew substantially in Chile, Uruguay, the Plurinational State of Bolivia, Brazil, Mexico and Colombia, with all of them posting nominal growth in excess of 20%. Foreign-exchange market intervention played a key role, especially in Brazil, Colombia and Chile during the first quarter of 2011, when currency appreciation pressure was particularly intense, with something of a pull-back

during the following two quarters. The largest increase in reserves as a percentage of GDP was in Uruguay (3%) and the Plurinational State of Bolivia (2%). Reserves declined in Argentina and the Bolivarian Republic of Venezuela.

Despite increasing reserves, some countries also saw a marked expansion of imports and monetary aggregates.

Notwithstanding, in countries like the Plurinational State of Bolivia, Peru and Uruguay, the accumulation of reserves was therefore high in relation to most of the indicators of external vulnerability. Box II.2 presents a series of indicators on level of reserves in relation to GDP, monetary aggregates, imports and short-term external debt.

Box II.2

A FEW INDICATORS OF THE RELATIVE SIZE OF INTERNATIONAL RESERVES IN LATIN AMERICA

International reserve holdings by most of the countries of Latin America increased in 2011, following the 2010 trend. But reserve accumulation was not homogeneous across the countries, especially when compared with other relevant economic variables. There are a few empirical indicators that provide some degree of comparison between the countries of the region. These indicators have the additional advantage of being simple and easy to calculate; the requisite data are regularly available in many countries.

With a view to comparing international reserve positions among countries of the region, the international reserve levels of several countries were examined on the basis of three variables: GDP, monthly import volume and broad monetary aggregates in national and foreign currency. The first indicator (the ratio of reserves to GDP) shows reserves relative to the size of the economy. It is especially useful in a region like Latin America with marked heterogeneity in this regard. The second indicator (the ratio of reserves to imports) shows a country's ability to use domestic sources to finance imports in the event of an external credit squeeze. This indicator predates the integration of several countries of the region into the international capital markets, but it is still useful for countries that have less access to those markets and are vulnerable to current account shocks. The third indicator (the ratio of reserves to M3) shows the

likelihood of a negative shock triggering a run on national financial institutions.^a M3 is used here instead of the usual M2 because in countries with a highly dollarized financial system (such as Peru and the Plurinational State of Bolivia) it can be one of the most representative aggregates.

Figures 1, 2 and 3 show these indicator levels in the third quarter of 2011 and the last quarter of 2006. The goal is to compare them with the position prior to the sub-prime mortgage crisis and some of the subsequent terms-of-trade booms and associated currency appreciation processes in several countries of the region (especially those that are more closely integrated in the international capital markets).

As figure 1 shows, reserves as a percentage of GDP rose in most cases but there is considerable heterogeneity in both level and variation. Brazil, Peru, the Plurinational State of Bolivia and Uruguay saw the largest increases in terms of percentage points of GDP. But only four countries (Paraguay, Peru, the Plurinational State of Bolivia and Uruguay) have levels in excess of 20% of GDP. The only country with very high levels of reserves is the Plurinational State of Bolivia, at 51.5% of GDP. It also posted the largest jump in reserve holdings as a percentage of GDP. The other countries recorded more modest increases in reserves as a ratio of GDP (or posted decreases, as was the case with Argentina and the

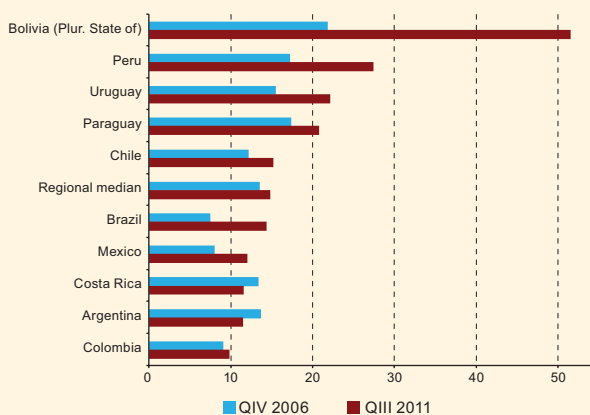
Bolivarian Republic of Venezuela) and have relatively low reserve levels compared with several countries in East Asia, as can be seen in figure 4.

Figure 2 also shows that those same countries (Brazil, Peru, Plurinational State of Bolivia and Uruguay) are the only ones with reserves covering more than one year of imports. The large economy of Brazil is a good example.^b In all of these cases the indicator levels are in excess of the old three-month empirical indicator.^c

Reserves as a ratio of the broad monetary aggregate M3 rose significantly, signalling declining vulnerability in the face of rapid demonetization or capital flight (see figure 3). In the Plurinational State of Bolivia and in Uruguay—in a context of expansionary monetary policy—international reserve accumulation took place with high levels of monetization rather than sterilization of central bank interventions.

Any examination of international reserve accumulation does not end with indicators of this kind. Because reserve accumulation can be costly despite its advantages as a front-line tool for curtailing external vulnerability, it is often sought to determine whether the level of reserves is appropriate, that is, whether excessive costs are being incurred. Such attempts at cost-benefit analysis of reserve accumulation can be traced back at least to the work of Heller (1966) and have generated an extensive literature.^d

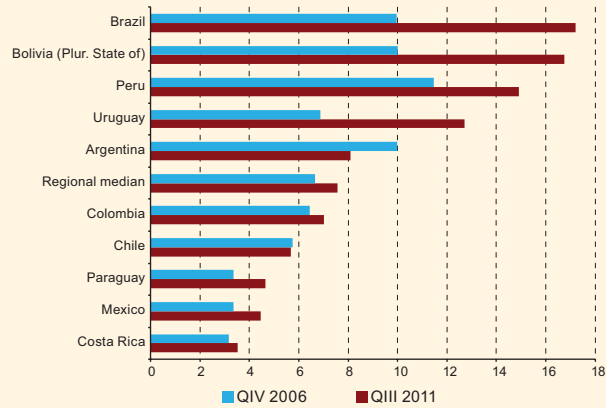
Figure 1
LATIN AMERICA (10 COUNTRIES): INTERNATIONAL RESERVES, FOURTH QUARTER OF 2006 AND THIRD QUARTER OF 2011
(Percentage of GDP)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

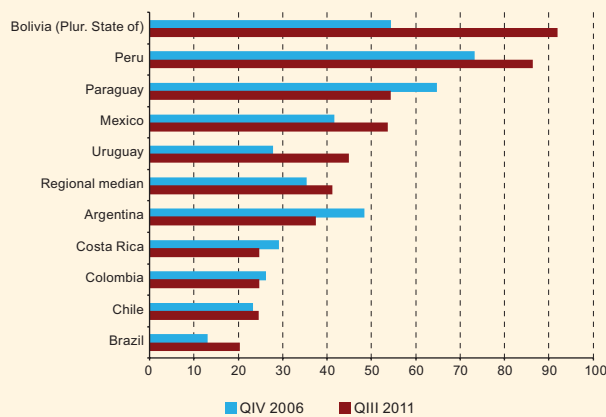
Box II.1 (concluded)

Figure 2
LATIN AMERICA (10 COUNTRIES): INTERNATIONAL RESERVES, FOURTH QUARTER OF 2006 AND THIRD QUARTER OF 2011
(Months of imports)



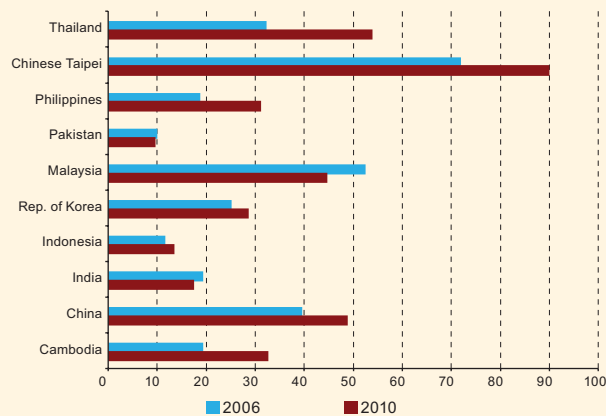
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

Figure 3
LATIN AMERICA (10 COUNTRIES): INTERNATIONAL RESERVES, FOURTH QUARTER OF 2006 AND THIRD QUARTER OF 2011
(Percentage of M3)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

Figure 4
ASIA (SELECTED COUNTRIES): INTERNATIONAL RESERVES, 2006 AND 2010
(Percentage of GDP)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of International Monetary Fund (IMF), *World Economic Outlook*, 2011; and figures provided by the Asian Development Bank (ADB).

^a Another frequently used indicator is the ratio of reserves to external debt (particularly, short-term external debt). It is not included here because data coverage and availability vary markedly between countries.

^b The openness ratio for large economies is usually lower than for small open economies.

^c See J.O. De Beaufort and A. Kapteyn, "Reserve adequacy in emerging market economies," *IMF Working Paper*, WP/01/143, 2001.

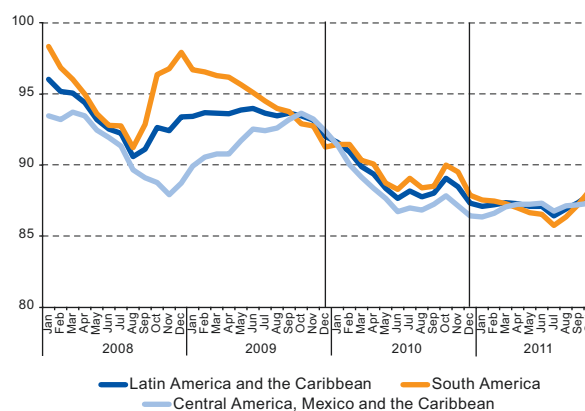
^d See H.R. Heller, "Optimal international reserves", *The Economic Journal*, vol. 76, N° 302, 1966. Also see a recent example in O. Jeanne, "International reserves in emerging market countries: too much of a good thing?", *Brookings Papers on Economic Activity*, 2007.

As in 2010, comparing averages for the period shows that, overall, nominal exchange rates in Latin America and the Caribbean appreciated against the dollar in 2011, with 12 countries recording average exchange rate appreciation.⁸ Unlike 2010, though, only three countries (Paraguay, Chile and Brazil) saw appreciation in excess of 5%. The only countries with nominal depreciation of 5% or more were Argentina (with substantial monetary expansion and inflation and efforts to protect domestic industry) and Nicaragua (resulting from the crawling-peg exchange rate scheme used to offset inflation). The Plurinational State of Bolivia, where the nominal exchange rate is used as an anti-inflationary tool, saw virtually no variation in the value of its currency.

Nominal currency appreciation in the region especially affected the countries of South America that are more fully integrated in the international capital markets. Appreciation pressure continued until midway through the third quarter of 2011. Facing strong appreciation pressure on the real in 2010 and the first half of 2011, in March and April 2011 Brazil raised to 6% the financial transaction tax rate on direct foreign loans and inbound funds from securities issued on the international market with maturities up to 360 days and 720 days, respectively,⁹ having taken similar measures in 2010. Between July and October 2011, uncertainty surrounding the European crisis and the resulting capital markets and commodity price volatility triggered rapid nominal currency depreciation in the countries more closely integrated in the international capital markets, i.e., Brazil (13.3%), Chile (10.2%), Colombia (8.2%) and Mexico (15.2%). To a lesser extent, the same thing happened in Paraguay (6.2%) and Uruguay (7.7%). Interest in domestic-currency denominated assets waned in extraregional commodity-exporting countries such as Australia, the Russian Federation, New Zealand and South Africa. Costa Rica, Guatemala and Jamaica saw moderate exchange rate appreciation. Expectations are that nominal exchange rate volatility in the region will carry over into early 2012, owing to the European crisis and commodity price volatility.

Nominal exchange rate and inflation trends in the region resulted in real effective extraregional exchange rate appreciation in Latin America and the Caribbean that was, on average, 2.1% higher for the first 10 months of 2011 than for the same period in 2010. In the countries of South America appreciation during the period was 2.9% (owing primarily to sharp appreciation in the first half of the year). In Central America, Mexico and the Caribbean, appreciation was slight, at 1.4%. Figure II.14 shows that, on average, the real effective extraregional exchange rate depreciated from July 2011 on, in response to global financial turbulence and its impact on the countries more closely integrated with the international financial markets.

Figure II.14
LATIN AMERICA AND THE CARIBBEAN: REAL EFFECTIVE
EXTRAREGIONAL EXCHANGE RATES, 2008-2011
(Base: January 1990=December 2009=100)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

During the first 10 months of 2011, 11 countries of the region recorded average total real effective exchange rate appreciation; 9 countries posted effective depreciation.¹⁰ Because of nominal depreciation during the third quarter of 2011 for those economies with formal inflation targets, only two posted effective appreciation above 10% for the period: the Bolivarian Republic of Venezuela (where high inflation during the year led to 12% effective appreciation) and Paraguay (which recorded 10.8% appreciation owing above all to nominal depreciation in its trade partners (Argentina and Brazil). In Nicaragua, effective depreciation was slightly above 5%.

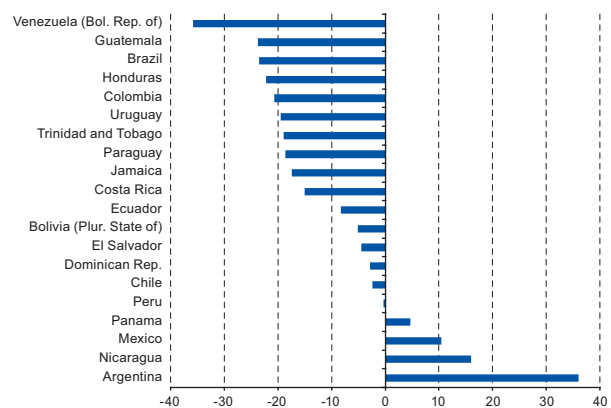
⁸ However, the outcome changes when the comparison is with December 2010, because only six countries were showing slight nominal appreciation as of October 2011 and Paraguay was the only country with significant appreciation, at 10.3%. Some countries for which the comparison of the annual average between 2011 and 2010 shows currency appreciation posted nominal depreciation against the dollar between December 2010 and October 2011, as is the case with Mexico (8.5%), Chile (7.5%), Brazil (4.6%) and Costa Rica (1.8%).

⁹ For more information, see ECLAC, *Economic Survey of Latin America and the Caribbean* (LC/G.2506-P), Santiago, Chile, 2011.

¹⁰ But a comparison between October 2011 and December 2010 in some countries with explicit inflation targets (such as Mexico, Chile and Brazil) shows effective depreciation of 11%, 9.5%, and 4.1%, respectively, for the period. This stands in contrast to effective appreciation in the three countries upon comparing the first 10 months of 2011 and 2010.

At October 2011, then, the total real effective exchange rate was more than 20% below (appreciation) the historical average for the past 20 years in 5 countries (see figure II.15). In the Bolivarian Republic of Venezuela, whose effective exchange rate was 35.8% below the historical average, the exchange rate regime includes strict Foreign Exchange Administration Commission (CADIVI) control of foreign currency assigned to the private sector. Guatemala and Honduras receive substantial income from emigrant remittances, which are a major source of hard currency for these two countries. And Colombia and Brazil continue to record effective exchange rates that are, respectively, 20.7% and 23.6% below the average for 1990-2009 despite the recent nominal depreciation of their currency.

Figure II.15
LATIN AMERICA AND THE CARIBBEAN: TOTAL REAL EFFECTIVE EXCHANGE RATES
(Percentage variation with respect to average for 1990-2009)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

Box II.3

THE REACTION OF GOVERNMENTS TO THE INTERNATIONAL CRISIS: ADJUSTMENTS AND NEW CHALLENGES

Three years after the outbreak of the global financial and economic crisis, the countries of Latin America and the Caribbean are once again facing an economic slowdown and great uncertainty. Turbulence in the European economies, together with flagging activity in the United States and a slowdown in the emerging economies of Asia, put a damper on economic growth in the second half of 2011.

As a whole, the region rebounded more rapidly than expected from the impact of the 2008/2009 crisis, thanks mainly to the countercyclical policies implemented in most of the countries and to the vigorous recovery of the emerging economies of Asia, which, in turn bolstered international trade and sparked a rise in commodity prices.

Many of the anti-crisis policies that were implemented in the region from the end of 2008 were interim measures and were dismantled in the course of 2009 or 2010. This was the case with the steps taken to inject liquidity, grant exemptions or tax rebates and launch temporary employment programmes.^a Some administrations began to gradually withdraw monetary stimulus, albeit with marked differences between countries.

Many of the fiscal expenditure programmes introduced in response to the crisis were kept in place, however. Several of these —including social and public investment policies, such as the housing programmes in Colombia and Brazil and allowances for families in Guatemala— were actually expanded in 2010 and 2011. Greater support was provided to small and medium-sized enterprises: in Chile,

for example, the authorities expanded the capacity of the Production Development Corporation (CORFO) and of the Small Businesses Credit Guarantee Fund (FOGAPE) to underwrite commercial bank loans. Thus, some countries took advantage of the crisis to review their public policies, using the fiscal space created in previous years, the aim being to strengthen economic and social development in the medium- and long-term, with an emphasis on reducing poverty and inequality.

Most of the countries of Latin America and the Caribbean, having weathered the 2008-2009 crisis, find themselves in a reasonably well placed in macroeconomic terms to cope with the expected deterioration in the global economy. Nevertheless, there are significant differences between countries since their fiscal and monetary positions vary considerably. Several countries enjoy ready access to additional liquidity either through broad lines of credit —as in the case of Mexico and Colombia, which have contingent credit lines of US\$ 73 billion and US\$ 6.2 billion, respectively, from the International Monetary Fund (IMF)— or through sovereign bond issues in 2011. For example, Colombia issued 10-year bonds in July to the tune of US\$ 2 billion, Brazil issued US\$ 500 million in 10-year bonds in July and US\$ 1 billion in 30-year bonds in November, while Mexico made several issues for different maturities totalling almost US\$ 11 billion.

Most of the region's countries have yet to announce specific measures for weathering a possible sharp slowdown in the global

economy —since most of the 2012 budgets do not contain any provision for this kind of risk— but some have put certain provisions in place or indicated that they are poised to take further steps should the global economy cool more sharply than expected.

For example, seeking to counter the sudden loss of momentum and boost domestic demand, the Government of Brazil announced in early December that it would reduce taxes on financial transactions involving long-term foreign investment as well as taxes on domestic credit, on consumer durables (white goods) —a measure that was successfully implemented in the fourth quarter of 2008 and the first quarter of 2009— and on certain food staples (wheat, bread and pasta). The maximum value of housing units qualifying for preferential taxation rates under the *Minha Casa Minha Vida* programme was also raised. Lastly, exporters of industrial goods may apply for tax refunds equivalent to up to 3% of their sales.

In Peru, two emergency decrees adopted in September and October contained a set of short- and long-term measures to strengthen growth prospects. These include public investment in infrastructure construction and maintenance, credit guarantees for micro- and small enterprises and non-traditional exporters, and temporary employment programmes. Although they were not designed to cope with a new global economic crisis, the government has indicated that these measures could be expanded into a contingency plan should a further crisis materialize.

Box II.3 (concluded)

Chile has implemented no new anti-crisis measures in 2011, but has announced a contingency plan. At the end of November, the government announced that direct hiring plans, employment incentives and pro-investment measures would be deployed in the event of a crisis. Furthermore, as in 2009, Banco Estado would resume its role as liquidity supplier to economic agents, especially in key sectors such as real estate.

At the beginning of December 2011, the ministers of finance of Chile, Colombia, Mexico, Peru and Uruguay met to conduct a joint analysis of their respective contingency

plans. While they did not consider a unified plan for the region, the ministers were unanimous in their analysis of the risks facing the regional economy and on the need to be prepared to inject sufficient liquidity and to increase public investment to support domestic demand.

The South American Economy and Finance Council of the Union of South American Nations (UNASUR) is working on three lines of action to cushion the impacts of a possible crisis and stimulate long-term growth on the basis of closer regional integration, including (i) the formation of a

joint fund to manage international reserves of member countries (either by expanding the Latin American Reserve Fund (FLAR) or by creating a UNASUR fund); (ii) increased use of the countries' own currencies for trade with the region; and (iii) the review of the Payments and Reciprocal Credit System of the Latin American Integration Association (LAIA) and an analysis of the Unified Regional Payment Clearing System of the Bolivarian Alliance for the Peoples of Our America. In addition, the founding members of the Bank of the South agreed to speed up preparations for its launch.

Source: Economic Commission for Latin America and the Caribbean (ECLAC).

^a For a compilation of the anti-crisis measures taken by the governments of the Americas, see ECLAC: The reactions of the Governments of the Americas to the international crisis: an overview of policy measures up to 31 December 2009, (LC/L.3025/Rev.6), Santiago, 31 January 2010 .

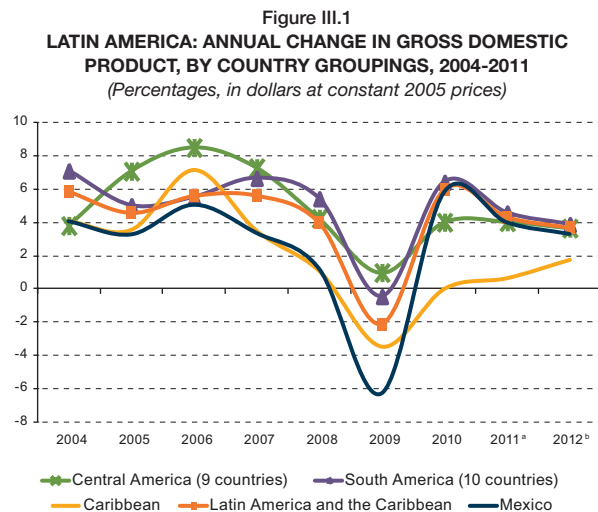
Chapter III

Domestic performance

A. Economic activity and investment

The GDP of Latin America and the Caribbean grew by 4.3% in 2011, resulting in a 3.2% increase in per capita GDP. This is a slower pace than in 2010, when the region’s GDP grew by 5.9% (equivalent to a 4.8% increase in per capita GDP).

Expectations are that the region’s GDP will continue to expand in 2012, albeit at a slower pace (in the area of 3.7%) because of domestic and internal factors. Domestic factors include a softening of domestic demand as job creation slackens, bank lending to the private sector cools and national income growth slows. External factors, among them the worsening economic situation in Europe and the slowdown of economic growth in the United States, on top of the deceleration of the Asian economies, will negatively impact external demand in the economies of the region (see figure III.1). The drop in international commodity prices, souring expectations on the part of economic agents and greater uncertainty as to how the worsening global economic climate will affect the region will all impact gross national disposable income in the region and, thus, domestic demand.



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Estimate.

^b Projection.

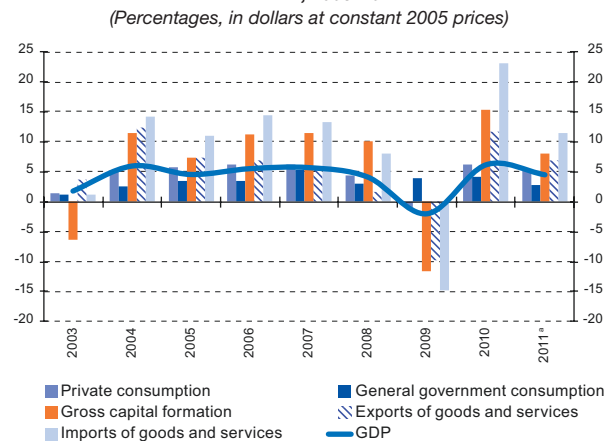
All of the countries of the region, except for Antigua and Barbuda and Trinidad and Tobago, saw economic expansion in 2011, but performance was uneven.¹ The highest growth rates were posted by Panama (10.5%), Argentina (9%), Ecuador (8%), Peru (7%) and Chile (6.3%). Haiti, Colombia, the Dominican Republic, Uruguay, Nicaragua, the Bolivarian Republic of Venezuela and the Plurinational State of Bolivia saw increases ranging from 4% to 5.5%. El Salvador, Cuba, Brazil, Guatemala, Mexico, Costa Rica, Honduras and Paraguay grew at rates of between 2% and 4%. By subregion, economic activity expanded by 4.6% in South America, by 4.1% in Central America and by 0.7% in the English- and Dutch-speaking Caribbean. As in 2010, the pace of growth in the Caribbean was highest in Guyana and Suriname, spurred by the agricultural sector in Guyana and metal and mineral production in Suriname.

Most of the economies of the region saw slower growth in 2011, although the timing was not always the same. Several countries (Argentina, Chile, Ecuador and Panama) posted brisk growth during the first half of the year, fuelled by domestic consumer and investment demand. Others (Brazil, the Dominican Republic, Mexico and Paraguay) recorded significant slowdowns compared with 2010. In Brazil, domestic demand was hit by declining primary central government expenditure, rising interest rates and slower growth in the export volume of goods and services. In Mexico, contributing factors included lower general government consumption expenditure in the second quarter of the year, and slower growth in gross fixed investment. Slower GDP growth in the Dominican Republic was due to a contraction in the power generation sector and in transport and communications; in Paraguay the reason was declining construction sector activity. With few exceptions, the deceleration of economic activity became more widespread in the second half of the year. Growth in domestic demand growth fell off amidst worsening expectations that curbed consumption and investment. Additional factors were weakening external demand, lower commodity prices (compared with the first half of the year) and increasing uncertainty as to the course of the global economic environment and its impact on the economies of the region.

As in 2010, economic activity in the region for the year as a whole was driven above all by surging domestic demand on both the consumption and the investment side and, to a lesser extent, by external demand. Private consumption in the region expanded by 5.2%, spurred by rising employment, falling unemployment, improving real wages and expanding lending to the private sector (see

figure III.2). The latter was also boosted by persistently high liquidity in the international financial markets that, along with the lower risk levels of the economies of Latin America and the Caribbean, had a positive impact on capital flows towards the region.

Figure III.2
LATIN AMERICA: ANNUAL VARIATION IN GROSS DOMESTIC PRODUCT AND IN COMPONENTS OF DOMESTIC DEMAND, 2003-2011



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Estimate.

Burgeoning private consumption was reflected particularly in the durable goods segment.² The gradual recovery of emigrant remittances in countries where they are a major source of financing for domestic demand (especially in Central America, Ecuador and Colombia) also helped boost private consumption. Public consumption continued to grow throughout the year, but at a more moderate rate than in 2010 (2.8%, against 4.2% in 2010). Nevertheless, it outpaced GDP growth in several countries (Argentina, the Bolivarian Republic of Venezuela, Guatemala, Paraguay and the Plurinational State of Bolivia). Public consumption was down in the Dominican Republic, however.

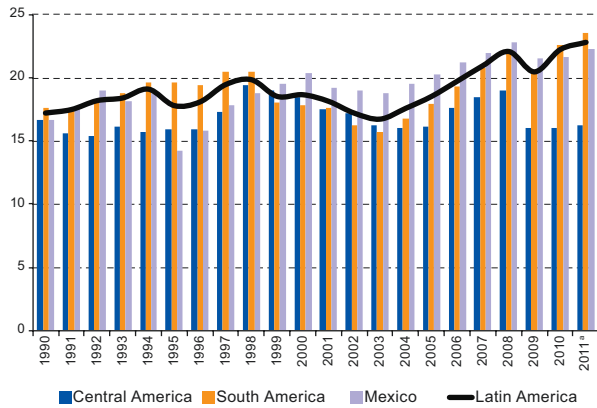
Expanding domestic demand and the continuing availability of credit drove investment up, especially in machinery and equipment. Appreciation of the national currency against the dollar helped as well, by lowering the national-currency price of imported capital goods. As a result, gross fixed capital formation jumped by 8.1% in 2011, pushing the investment rate, measured in constant

¹ Expressed as a simple average, GDP growth in Latin America and the Caribbean was 5%; the median increase was 4%.

² One of the best performers in this segment was the automobile market. Compared with the same period in 2010, automobile sales were up by 26.4% in Argentina, by 9% in Brazil, by 10.5% in Mexico (cumulative from January to October) and by 27% in Chile (cumulative from January to September).

dollars as a percentage of GDP, up to 22.8% (2010: 22.3%). This is the highest it has been since 1990, although it is still below the levels prior to the 1980s (see figure III.3).

Figure III.3
LATIN AMERICA: GROSS FIXED CAPITAL FORMATION, 1990-2011
(Percentages of GDP, in dollars at constant 2005 prices)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
a Estimate.

But this performance for the region as a whole masks investment rates that differ from country to country. Unlike the period 2004-2008, when investment rates rose in all the subregions, recovery this time around centred on the countries of South America and Mexico. In Central America, the investment rate fell off sharply in 2009 and has yet to recover, holding at levels similar to the first half of the 1990s and well below the highs posted in 1998. In Mexico, the investment rate recovered after falling in 2009 but has still not returned to 2008 levels.

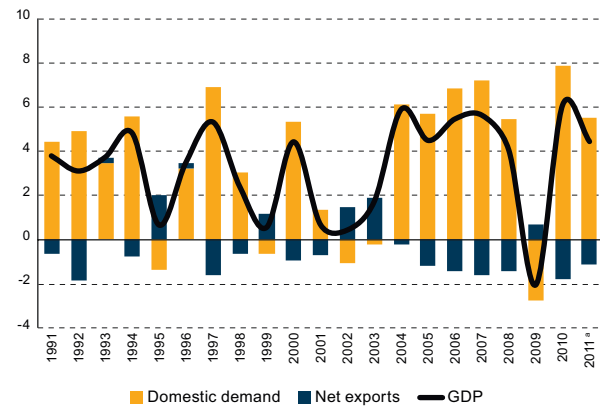
Imports of goods and services grew briskly in 2011 (by 11.3%) as domestic demand mushroomed, especially for consumer durables and capital goods. Most of the 7.0% growth in export volume of goods and services was posted during the first half of the year, and growth has been decreasing thereafter. Because imports of goods and services increased more than exports, net exports continued to make a negative contribution to growth in the region (see figure III.4).³

The correlate of swelling domestic demand has been a rise in domestic economic activity, especially in commerce, restaurants and hotels, business services, transportation and communications and other service sectors. Activity in the commerce, restaurants and hotels and transportation sectors also benefited from increasing tourist activity in

³ Indeed, although exports of goods are growing briskly in value terms, in some metal- and mineral-exporting countries growth is due principally to higher export prices instead of higher export volumes.

2011, particularly in the countries of South America. In Central America, international tourist arrivals grew at a pace similar to 2010; economic activity in the Eastern Caribbean Currency Union, Bahamas, Barbados and Belize was boosted by recovering tourist activity.⁴

Figure III.4
LATIN AMERICA: ANNUAL VARIATION IN GROSS DOMESTIC PRODUCT, DOMESTIC DEMAND AND NET EXPORTS, 1991-2011
(Percentages, in dollars at constant 2005 prices)



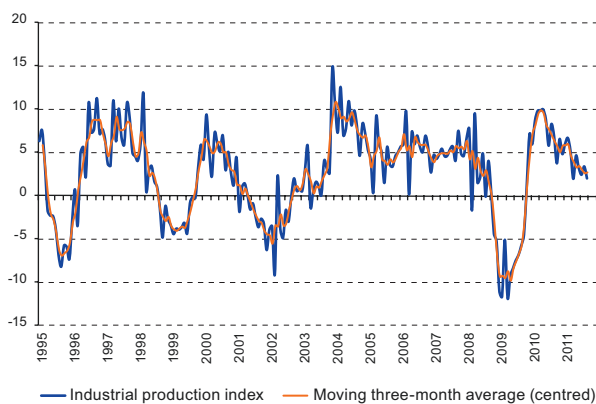
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
a Estimates.

The performance of goods-producing sectors has been varied across the region. The agricultural sector posted the highest gains in Chile, Colombia, the Dominican Republic and Ecuador while contracting in Argentina and Panama. Trends were also mixed in the mining sector, whose aggregate value fell in Argentina, Mexico, Trinidad and Tobago, Chile and Peru. In the first three countries the drop was due to declining oil production. Mining sector performance in Chile was impacted by falling copper production; the downturn in Peru was the result of declining metal mining and oil production despite a jump in natural gas production. Higher oil production was behind the good performance of the sector in the Bolivarian Republic of Venezuela, Ecuador and Colombia.

Industrial activity continued to climb in all of the countries of the region, but with a slowing trend throughout the year (see figure III.5). With regard to countries where automobile production is a major factor, in Argentina and Mexico production continued to rise but not as briskly as in 2010, while in Brazil it fell off from the levels posted in 2010.

⁴ According to data from the World Tourism Organization (UNWTO), *World Tourism Barometer*, November 2011, cumulative figures for January to August 2011, international tourist arrivals were up by 13% in South America, 4% in Central America and 4% in the Caribbean compared with the previous year.

Figure III.5
LATIN AMERICA: TWELVE-MONTH CHANGES IN INDUSTRIAL PRODUCTION INDEX, JANUARY 1995 TO SEPTEMBER 2011
 (Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

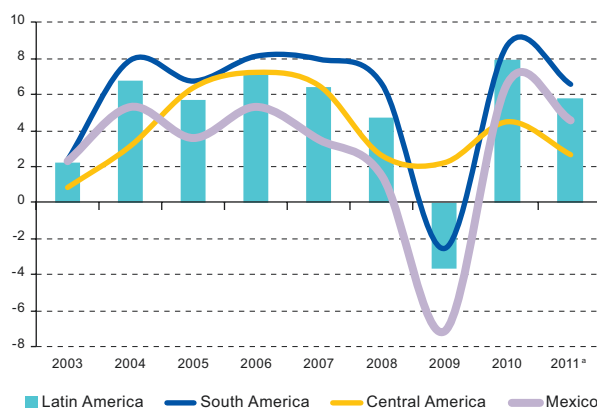
Construction industry performance varied from country to country as well. It posted the highest growth in Argentina, Chile, Ecuador and the Plurinational State of Bolivia while declining in Colombia and Paraguay. Growth was moderate in all of the other countries.

International prices for raw materials fell during the last few months of 2011 but had risen through the third quarter, so Latin America and the Caribbean recorded improving terms-of-trade gains for the year. The region's gross national disposable income, measured in constant prices, thus grew faster than GDP—as happened in 2010 and in the period 2003-2008. This was especially the case in metal-, mineral- and hydrocarbon-exporting countries. The countries of Central America were another matter: despite recovering emigrant remittances, growth was not enough to offset the worsening terms of trade and gross national disposable income grew more slowly than GDP. For Latin America as a whole, gross national disposable income, measured in constant prices, was up by 5.8% in 2011 compared with 2010, thanks to the 6.6% jump in the countries of South America (which are more specialized in producing and exporting commodities). In the countries of Central America, gross national disposable income grew more slowly (by 2.8%) than GDP (see figure III.6).

As gross national disposable income rose for the region as a whole, domestic savings (which had dropped sharply in 2009) were up again in 2011 despite an increase in domestic consumption. As a percentage of

GDP, measured in current dollars, domestic savings climbed to 21.4%—higher than in 2009-2010 but lower than in the period 2004-2008. External savings climbed to 1.4% (2010: 1.2%). As a result, gross capital investment in Latin America rose to 22.8%; this is a significant recovery from 2009 and 2010 (20.5% and 21.8%, respectively) but is still below the 23.6% recorded in 2008 which was, in turn, the highest figure since 1990 (see figure III.7).

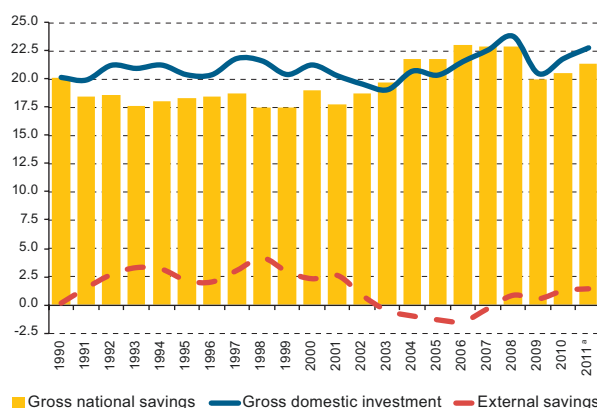
Figure III.6
LATIN AMERICA: ANNUAL CHANGE IN GROSS NATIONAL DISPOSABLE INCOME, 2003-2011
 (Percentages, in dollars at constant 2005 prices)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Estimate.

Figure III.7
LATIN AMERICA: FINANCING OF GROSS DOMESTIC INVESTMENT, 1990-2011
 (Percentages of GDP, in current dollars)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Estimate.

Box III.1
THE INCREASING IMPACT OF CLIMATE DISASTERS IN THE REGION

Disasters in the region hit the headlines once again in 2011, because of their number, duration and impact. Not a single country in the region was spared the devastating effects of catastrophes, such as the floods that pounded the entire continent from Brazil to Mexico and inflicted heavy damage in Colombia and Central America.

In Colombia, an exceptionally long and harsh winter rainy season that persisted even during periods of La Niña had affected nearly 2.3 million people as of March (according to the assessment carried out by the Economic Commission for Latin America and the Caribbean, ECLAC). The cost in terms of damage and losses was initially estimated at around US\$ 6.7 billion. The country's agriculture, housing and infrastructure were hit especially hard, but the environmental impact was also severe: river-bed silting and the flooding of the country's most important basins, such as the Magdalena River basin.

On top of an intense rainy season, in October Central America was devastated by a tropical depression originating in the Pacific Ocean (not the Atlantic as is usually the case during the annual cyclone season running from June to November). More than 2.6 million people were affected, and the economic cost in terms of damage and losses was initially estimated at nearly US\$ 2 billion. This prompted the countries in the region to appeal to the international community not only for humanitarian aid but also for help in implementing a new approach to recovery and reconstruction based on risk reduction and adaptation to climate change—of which this event was a clear sign. In the Central American subregion, the frequency, intensity and magnitude of climate disasters have increased significantly in recent years, making it impossible to recover and rebuild from one event before the next disaster strikes.

In Mexico, according to partial information on climate events (ranging from

cold waves to cyclones, and not counting the cumulative impact of several years of drought in the north-eastern states), more than 650,000 people have been affected and the costs have escalated to at least US\$ 489 million.

In Brazil, recurrent heavy flooding has affected more than 1,140,600 people and resulted in costs initially calculated at US\$ 884 million. Chile has been struck by cold waves and forest fires, but above all by unusual Puyehue volcano activity. ECLAC does not have full information on the extent of the damage to date.

In the Caribbean many islands suffered damage from Hurricanes Emily and Irene. In the Dominican Republic alone more than 36,000 people were directly affected; initial estimates put the costs at more than US\$ 34 million.

The table below summarizes the impact of the disasters that struck the region in 2011 (up to November) compared with 2010.

Table 1
LATIN AMERICA AND THE CARIBBEAN: NATURAL DISASTERS, 2010-2011

Type of disaster	Number of disasters	Number of fatal victims	Number of people affected	Estimated cost (millions of dollars)
2010				
Epidemiological	13	1 211	334 740	565
Climate	79	1 380	9 318 685	9 840
Geophysical	6	223 093	4 214 934	38 783
Total	98	225 684	13 868 359	49 188
2011 ^a				
Epidemiological	4	44	16 382	...
Climate	44	1 874	7 851 750	10 550
Geophysical	3	3	144 205	75
Total	51	1 921	8 012 537	10 625

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of information from ReliefWeb; the Centre for Research on the Epidemiology of Disasters (CRED), International Disaster Database (EM-DAT); and national governments.

^a Data up to November.

Overall, the number of fatal victims, the number of people affected and the estimated cost were lower in 2011 than in 2010, which was an extraordinary year due in large part to the massive earthquake that devastated Haiti. It pushed the death toll for the year to twice the average for Latin America and the Caribbean for an entire decade. Chile was also struck by an earthquake in 2010,

which was very high on the seismic scale. Climate events, though, were more costly in 2011 than in 2010.

During the four decades that ECLAC has been assessing disasters using a standard, internationally validated methodology, it has noted that they are becoming increasingly severe in terms of the number of people affected and the

economic cost of the damage and losses caused. Although this is partly due to higher population densities and the increased value of infrastructure, the rising cost of disasters also reflects greater vulnerability. Moreover, climate disasters are becoming more frequent than other disasters, such as earthquakes and volcanic eruptions (see table below).

Table 2
LATIN AMERICA AND THE CARIBBEAN: CUMULATIVE IMPACT OF DISASTERS, 1970-2010

	Number of victims	Number of people affected	Estimated cost (millions of dollars)
2000-2010	236 232	50 541 475	114 872.8
1990-2000	32 965	2 671 888	25 030.8
1980-1990	34 202	5 442 500	11 719.5
1970-1980	38 042	4 229 260	2 639

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of information from ReliefWeb; the Centre for Research on the Epidemiology of Disasters (CRED), International Disaster Database (EM-DAT); and national governments.

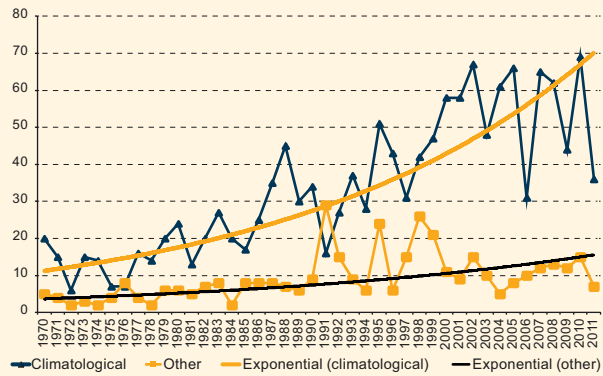
Although the region is repeatedly struck by disasters, the frequency of climate events

has increased much more rapidly than other types of disaster (such as earthquakes,

volcanic eruptions and, mass movements), as shown in the figure below.

Box III.1 (concluded)

LATIN AMERICA AND THE CARIBBEAN: TRENDS IN CLIMATE DISASTERS COMPARED WITH ALL DISASTERS



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

This trend reflects climate change as a process above and beyond the changeable conditions to which the region is exposed each year during the June-to-November cyclone season, winter cold spells and summers disrupted by periods of El Niño Southern Oscillation (ENOS), a pattern that swings between cycles of El Niño and La Niña. The greater recurrence and frequency of climate disasters and the more dramatic

swings between extremes each year seem to confirm that climate change took hold in the region some years ago and can be regarded as the new climate norm. To reduce the risks that are emerging every year at greater cost, innovative ways of tackling this new normality need to be devised, in both quantitative and qualitative terms. Adapting to climate change requires investing more, but investments are being channeled towards replacing what

has been destroyed instead of enhancing the capacity for adaptation. Another cost of climate change is that, in the absence of ongoing, reliable cooperation and investment resources, investment projects are postponed or abandoned and governments have fewer resources for meeting development plans and objectives. This has both economic and social consequences since it widens existing gaps and hinders social and economic convergence.

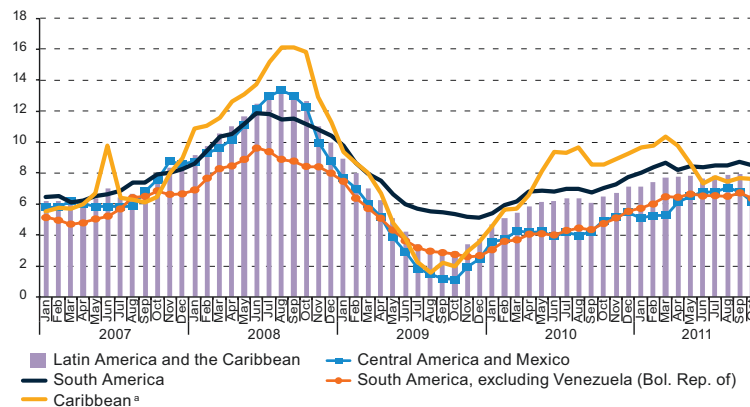
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

B. Domestic prices

Inflation in Latin America and the Caribbean rose from 6.6% in 2010 to around 7% in 2011.⁵ The rate of inflation rose in all the subregions, but most sharply

in Central America and some of the Dutch- and English-speaking Caribbean countries early in the year (see figure III.8).

Figure III.8
LATIN AMERICA AND THE CARIBBEAN: CONSUMER PRICE INDEX, 12-MONTH VARIATION, SIMPLE AVERAGE, 2007-2011
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Includes the Bahamas, Jamaica, Suriname and Trinidad and Tobago.

⁵ Refers to the weighted average for the region. As a simple average, regional inflation was relatively stable, moving from 7.1% in 2010 to 7.5% in 2011, and 7.6% in the 12 months to October 2011.

As has been the case since 2006, the region’s highest rate of inflation was recorded in the Bolivarian Republic of Venezuela, the only country together with Suriname to post a two-digit rate. The stubbornly high inflation rate in the Bolivarian Republic of Venezuela led the administration to tighten price controls and extend them to a broader range of products. The higher inflation in Suriname reflected a jump in the prices of transport services and communications in the early months of 2011, owing to a fuel-tax hike. Food prices continued to trend upwards in 2011, but below the rate of general consumer inflation.

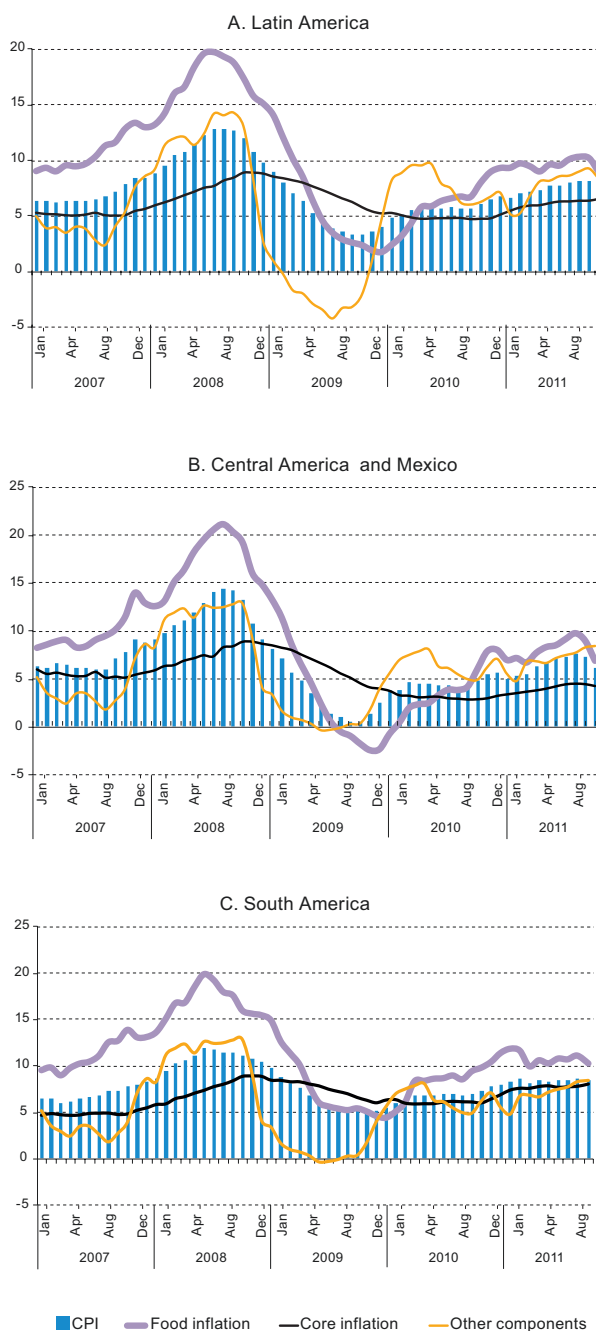
Wholesale price indexes rose more steeply than consumer prices in 2011 in all countries which publish these data, except for the Bolivarian Republic of Venezuela. This rise was due partly to higher prices for imported raw material and, in countries where such goods account for a significant part of the index, to prices of domestically-produced goods for export.

The trends prevailing in 2010 continued throughout 2011. Inflation remained persistently high for much of the year, reflecting rising food prices driven by the cost of agricultural commodities—especially grains and oils—in the main international markets and, in some cases (including Colombia, Guatemala and Peru), by supply shocks resulting from poor weather conditions. Fuel prices were another factor in the higher inflation in 2011, owing to steeper international prices,⁶ as was the climb in core inflation (mainly in the first half of the year) resulting from the pass-through of higher food and fuel prices to the cost of services, rises in the prices of regulated services (Brazil, Costa Rica, Colombia), particularly public transport fares and, in some cases, steadily climbing domestic demand. From August onwards, however, these trends eased up somewhat. The increase in food prices started to slow, as a result of the fall of international prices for these products, while the prices of energy products and core inflation continued to rise (see figure III.9). The drop was sharpest in the Central American countries and Mexico (and also more evident since the fall began in August), while in the South American countries food prices continued to rise.

In the Caribbean countries, although inflation continued to climb until April 2011, it began to fall steadily thereafter, owing to a sharp slowing of food prices in Trinidad and Tobago and the slackening impact on the general index of Suriname of price rises in the transport and communications sector.

⁶ In the first 10 months of 2011 international prices showed rises on the year-earlier period of 44.5% for grains, 29.2% for food and 32.5% for energy products.

Figure III.9
LATIN AMERICA: CONSUMER PRICE INDEX BY COMPONENT,
12-MONTH VARIATION, SIMPLE AVERAGE, 2007-2011
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

Local-currency appreciation in most of the countries of the region up to August 2011 softened the impact on domestic prices of the higher international prices for imported products. But exchange-rate volatility towards the end of the year took a heavier toll on countries in

which exchange-rate variation act as a price determinant, especially for fuels and some housing and transport services.

Both food and energy prices and core inflation have been making a growing contribution to overall inflation,

but the contribution of food prices and other categories of inflation have remained relatively constant since August and actually declined in October, while the share of core inflation has continued to rise.

C. Employment and wages

Throughout 2011 the labour markets continued on the momentum of the rebound that had, the year before, pulled the region's labour indicators out of the slump set off by the 2008-2009 economic and financial crisis. The improvements were more measured because the pace of economic growth was slower than in 2010, but the jump in wage employment, above all, and rising real wages during the year fuelled an expansion of private consumption that was, in turn, a key factor in economic growth. However, some indices appeared to be losing steam towards the end of the year.

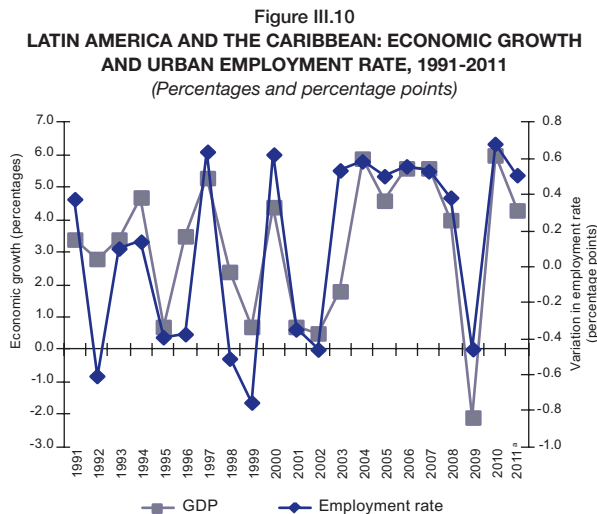
Consistent with the previous link between economic growth and job creation, the employment rate is estimated to have increased by 0.5 percentage points for the year as a whole after going up by 0.7 percentage points in 2010. This would bring the employment rate to 55.4% (see table A-17).

Thus, the region posted employment rate increases of 0.4 percentage points or more in eight of the nine years between 2003 and 2011. For 2011, this means approximately 6 million additional people employed in the urban areas of the region.

After a striking increase in the labour force participation rate in 2010, the number of people entering the labour market eased off in 2011. The result is estimated to be a more moderate 0.2 percentage point increase in the participation rate in urban areas for the year as a whole (see table A-15). Thus, the positive impact that job creation had on the unemployment rate was enhanced by a smaller rise in the workforce. As a result, estimates are that the region's urban unemployment rate for the year as a whole will fall by 0.5 percentage points, to 6.8% —a significant improvement from the 2002 peak of 11.2% (see table A-16). In absolute terms, this decrease reflects a decline of approximately 900,000 in the number of unemployed persons in the region's urban areas, bringing the figure down to some 15.5 million.

For the region as a whole, job creation was positive in both quantity and quality. In several countries (among them, Argentina, Brazil, the Dominican Republic, Mexico, Panama and Peru) wage employment grew more than non-wage employment thanks to relatively strong labour demand. Own-account employment, which had surged during the 2008-2009 crisis and continued to climb at a more moderate pace in 2010, stopped growing in Argentina, Brazil, Mexico and a few other countries. This most likely reflects improving options for finding wage employment. Based on the data available through the third quarter, it is estimated that for a group of nine countries wage employment went up by 3.2% and own-account employment by 0.9% (see figure III.11).

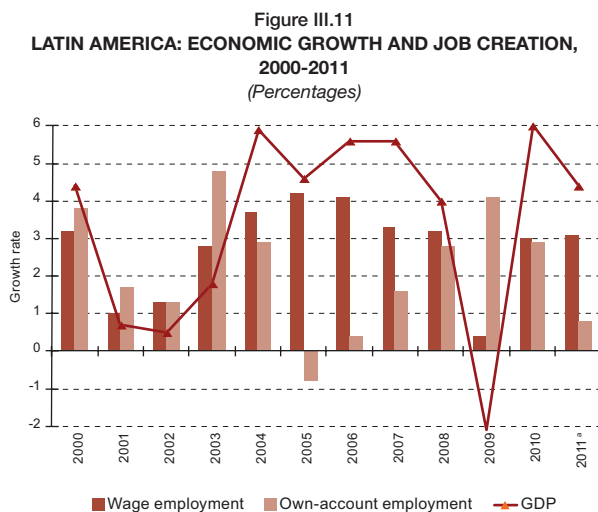
Some countries saw a significant rise in formal wage employment (covered by social security systems). This



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Estimate.

good quality employment continued to grow briskly (by more than 5%) in Brazil, Chile, Ecuador, Nicaragua and Peru, and at a slower clip (between 2.5% and 5%) in Argentina, Costa Rica, Mexico, Panama and Uruguay.⁷



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

* GDP figures are estimates. Data for employment are for the period January-September and are based on information for nine countries (Argentina, Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Mexico and Peru).

The underemployment rate is another indicator of improving employment quality. Few countries have data on this, but in most of those that do (Argentina, Brazil, Chile, Colombia, Ecuador, Mexico, Peru and Uruguay), time-related underemployment (generally defined as involuntarily working less than the normal duration of work determined for the activity) fell, albeit in some cases only marginally.⁸ The even scarcer data on wage-related underemployment (the proportion of the economically active or employed population with earnings below a predetermined threshold) suggest an improvement in most of the countries that have this information (Brazil, Colombia and Peru). The only country where this indicator worsened was Honduras.

The branches of economic activity that posted the highest growth in employment in 2010 were the manufacturing industry, and the sector of financial services, real estate and business services. The latter had already seen higher than average growth for many years in a row and did so again in 2011, owing both to modernization of the productive structure and to the reorganization of production processes (specialization and outsourcing). Manufacturing employment, which had surged in 2010 after contracting in 2009, did not grow as robustly in 2011,

due in part perhaps to a certain loss of competitiveness associated with currency appreciation. But, on average, employment growth in this sector kept pace with that of employment overall.

Agricultural employment (which had, as is frequently the case in the region during an economic crisis,⁹ jumped in 2009 and grown at a more moderate pace in 2010) resumed its long-term downward trend in 2011, both as a share of the employment structure and, in many countries, in absolute terms.

Within the tertiary sector, employment in the principal branches (trade, restaurants and hotels, and community, social and personal services) grew at an average rate that was slightly higher than for total employment. Because these areas account for such an important share of the employment structure, they once more made a substantial contribution to job creation.

Data on labour market evolution compiled by sex show that (disregarding significant differences between countries) female labour-force participation for the region as a whole continued its long-term upward trend (adding 0.2 percentage points) while the rate for men remained unchanged.¹⁰ The male employment rate rose slightly more than the female employment rate (0.4 percentage points versus 0.3 percentage points), so the unemployment rate for men fell a bit more (by 0.5 percentage points) than it did for women (a drop of 0.3 percentage points).

Despite an uptick in inflation during the year, real wages rose slightly. This was the result of larger nominal wage increases amidst generally improving labour market conditions that tended to give workers more leverage in wage negotiations. On average, then, real wages increased less than in 2009, when lower inflation boosted wage purchasing power, but more than in 2010 (see figure III.12). Rising minimum wages contributed to this improvement, although in real terms these gains were smaller than in 2010 except in a few countries (such as Peru, Uruguay and the Plurinational State of Bolivia).

Cumulative figures through the third quarter show that, overall, real formal sector wages posted gains that were small (less than 1% in Mexico) to moderate (between 1.5% and 3% in the Bolivarian Republic of Venezuela, Brazil, Chile, Paraguay and Uruguay) (see table A-18) and remained flat in Colombia and Nicaragua.¹¹

⁹ During a short economic crisis, migration between the countryside and cities usually slows and a larger share of rural workers turns to the small farmer economy. This drives agricultural employment up even if business demand for labour in this sector does not grow.

¹⁰ Simple average for 14 countries for the first 2 or 3 quarters depending on data availability.

¹¹ There is still no information available on formal sector wage trends in Peru, but data from the permanent employment survey for metropolitan Lima indicate that median real wages rose sharply during the year. Costa Rica's national household survey also showed rising average wages for wage earners as a whole.

⁷ Data as of the second or third quarter, depending on availability.

⁸ Of the countries for which information is available, only Costa Rica and Honduras saw an increase in underemployment in per-hour terms.

Figure III.12
**LATIN AMERICA (8 COUNTRIES): NOMINAL WAGES, INFLATION
 AND REAL WAGES, SIMPLE AVERAGE, 2009-2011^a**
(Variation in percentage points)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Growth rates for 2009 and 2010 refer to averages for the year; for 2011 they refer to cumulative averages, depending on the information available. The eight countries are the Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, Nicaragua, Paraguay and Uruguay.

Lower unemployment rates are an indicator of generally improved labour market conditions, though not the only one. The context has varied from country to country, however: during the first part of the year, in one group (Argentina, Brazil, Chile, Colombia and Uruguay), job creation accounted for most of the decline in unemployment.¹² In the Bolivarian Republic of Venezuela, Ecuador, Paraguay and the Plurinational State of Bolivia, the main reason was a drop in labour participation. Unemployment was up in Barbados, Costa Rica, the Dominican Republic, Honduras and Jamaica, despite a higher employment rate. The fact that the least favourable unemployment trends were concentrated in Central American and Caribbean countries reflects slower economic growth there (see box III.2). Lastly, in Peru, on average for the first three quarters, the main indicators held relatively stable.

Box III.2 UNEMPLOYMENT IN THE CARIBBEAN

The global crisis of 2008-2009 not only reduced economic growth in the Caribbean but also hurt employment as a result of slackening international and domestic demand and a fall in investment. The Caribbean as a whole suffered a decline in growth in some key sectors such as mining and oil, manufacturing and construction in 2008-2010 (see table below). For the

service-producing economies, namely, the countries of the Eastern Caribbean Currency Union (ECCU), the Bahamas, Barbados and Jamaica, the impact of the global crisis was especially severe as the slump in global tourism affected not only employment in that sector but also complementary activities such as construction and distribution. On the

other hand, the goods-producing economies —Belize, Guyana, Trinidad and Tobago, and Suriname— benefited from higher commodity prices and so suffered a less severe impact on economic growth and employment. However, given the volatility of commodity prices, the sustainability of this effect is uncertain.

Table 1
THE CARIBBEAN: GDP GROWTH BY ECONOMIC SECTOR, 2008-2010
(Percentages)

	Mining and oil			Manufacturing			Construction			Services			Total		
	2008	2009	2010	2008	2009	2010	2008	2009	2010	2008	2009	2010	2008	2009	2010
Service producers	2.8	-16.4	-3.4	-3.7	-5.1	-5.7	Total	-16.1	-16.6	2.4	-1.2	0.9	2.5	-5.1	-1.3
Goods producers	7.4	-1.9	-1.3	1.6	5.1	-1.0	13.0	2.2	4.1	3.3	-0.5	6.3	3.5	1.1	2.7
Average for the Caribbean	5.1	-9.2	-2.4	-1.1	0.0	-3.4	6.3	-7.0	-6.2	2.8	-0.8	3.6	3.0	-2.0	0.7

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

In the limited number of countries for which data are available, unemployment rates were decreasing prior to the global crisis, though at a sluggish pace in some countries (see table below). However, the

onset of the crisis threw this trend into reverse. Unemployment rates in 2009 and 2010 were higher for all countries, the only outlier being perhaps Trinidad and Tobago where unemployment remained relatively low

largely thanks to job creation in the public sector. The sharpest spikes in unemployment during 2008-2009 occurred in the Bahamas, Saint Lucia and Belize, the first two of which are major producers of services.

Table 2
THE CARIBBEAN (SELECTED COUNTRIES): UNEMPLOYMENT RATES, 2005-2011
(Percentages)

	2005	2006	2007	2008	2009	2010	2011 ^a
Bahamas	10.2	7.6	7.9	8.7	14.2	...	13.7
Barbados	9.1	8.7	7.4	8.1	10.5	11.2	12.1
Belize	11.0	9.4	8.5	8.2	13.1	...	...
Jamaica	10.9	9.6	9.4	10.6	11.4	12.0	12.3
Saint Lucia	18.6	16.6	13.9	15.6	18.1	20.6	...
Trinidad and Tobago	8.0	6.3	5.5	4.6	5.3	6.4	6.2 ^b

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Data up to the second quarter.

^b Projections.

¹² Data through the second or third quarter, depending on availability.

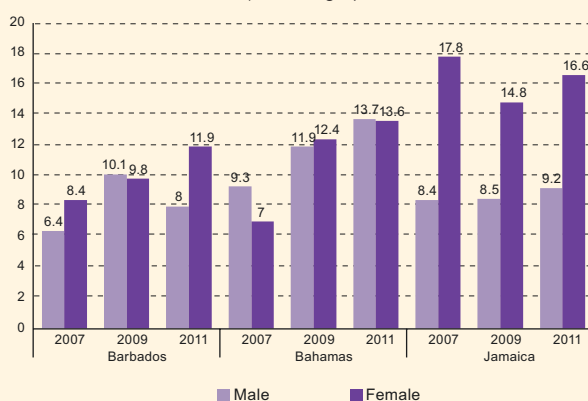
Box III.2 (concluded)

While the overall unemployment rate paints a broad picture of the performance of the labour market, unemployment rates by gender and age provide important information on the response of various groups to changes in that market. Unemployment data by gender are available for the period

2007-2011 for the Bahamas, Barbados and Jamaica (see figure below). Barbados and Jamaica both show a large gap between male and female unemployment rates: in the former, the gap increased from 2% in 2007 to almost 4% in 2011, and in the latter, the female unemployment rate was almost

twice the level of male unemployment over the entire period. By contrast, in 2007, in the Bahamas male unemployment was 2.3 percentage points higher than female unemployment, but the gap narrowed in subsequent years as female unemployment rose steadily.

THE BAHAMAS, BARBADOS AND JAMAICA: UNEMPLOYMENT RATES BY SEX
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

The extent of youth unemployment in the Caribbean is another issue of considerable concern. Comparable data is available only for Jamaica and Trinidad and Tobago (see table below). The data indicate that total

youth unemployment in Jamaica increased from 25.9% in 2008 to 30.8% in 2010. The same pattern is observed in Trinidad and Tobago, with total youth unemployment increasing from 10.5% in 2008 to 16.9%

in 2010. Throughout the period, female youth unemployment exceeded the rate for males by some distance in both countries, although the gap narrowed in 2010 in Trinidad and Tobago.

Table 3
JAMAICA AND TRINIDAD AND TOBAGO: UNEMPLOYMENT RATES AMONG YOUNG PEOPLE AGED 15-25 BY SEX, 2008-2010
(Percentages of the labour force)

	Jamaica			Trinidad and Tobago		
	2008	2009	2010	2008	2009	2010
Female	33.6	33.1	37.9	12.9	17.0	17.7
Male	19.7	22.5	25.2	8.8	10.5	16.4
Total	25.9	27.1	30.8	10.5	12.9	16.9

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

Employment by industry also highlights the impact of the global crisis on employment levels in some countries, although consistent data for this indicator are available only for the Bahamas and Trinidad and Tobago. In the latter country, the share of employment declined in all individually reported sectors (agriculture, petroleum and gas, construction and manufacturing) in 2007-2010, while the percentage of employment in "other (service) sectors" increased from 61.6% to 65.0% —possibly reflecting, at least partially, job creation in the public sector. While employment in both the agricultural and petroleum and gas sectors declined by only 0.4 percentage points, the construction and manufacturing sectors sustained a severe impact. As construction activity slumped, employment in the sector declined from 20.6% of total

employment in 2007 to 18.1% in 2010 (equivalent to a loss of 13,057 jobs). Over the same period, the share of the manufacturing industry in total employment declined from 10.1% to 9.7% (shedding 3,378 jobs).

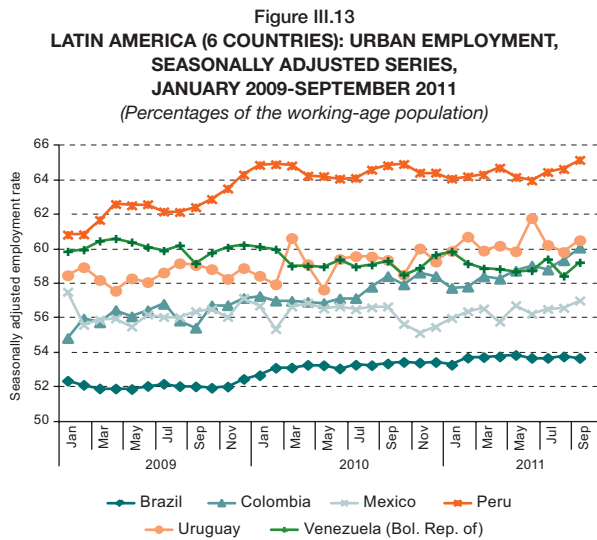
In the Bahamas too, the global crisis affected all sectors except "other sectors", "wholesale and retail", and the combined agriculture and mining sector, whose share in total employment rose from 49.3% to 52.3%, from 14.5% to 15.6%, and from 4.0% to 5.1%, respectively. Similarly to the pattern in Trinidad and Tobago, the construction and manufacturing sectors bore the worst impact, followed by the tourism sector. Between 2007 and 2010, these sectors' share in total employment dropped from 12.4% to 8.7%, from 3.7% to 2.8%, and from 16.0% to 15.5%, respectively. During this period the

construction industry shed a total of 7,035 jobs and manufacturing lost 1,835 jobs.

Overall, labour markets in the Caribbean are still suffering the aftermath of the global crisis as low growth has dampened labour market opportunities. While overall unemployment rates are high, the rates for women and youth are generally even higher. The diminished capacity of governments to create jobs due to fiscal problems, in combination with the private sector's slow response in pursuing investment opportunities despite access to credit, has stifled job growth in the past few years in the subregion. Any solution must therefore lie in a return to growth in the medium term to stimulate employment and in measures to improve the functioning of labour market institutions.

Source: Economic Commission for Latin America and the Caribbean (ECLAC).

In several countries of the region, slower economic growth during the year began to take its toll on the labour market. But this did not mean that job creation came to a halt—as figure III.13 shows, the seasonally adjusted employment rate continues to rise in most of the countries.

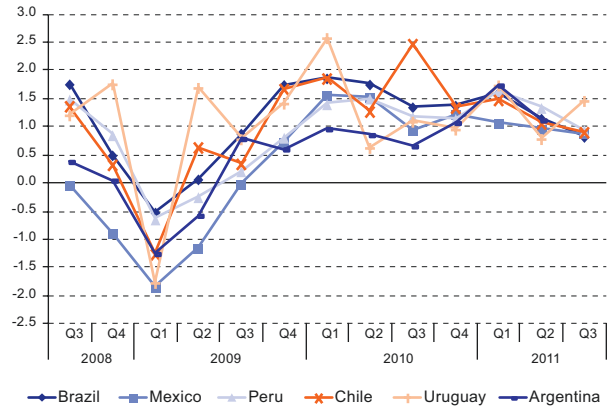


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

However, in some countries formal wage employment generation started to fall off in the second quarter, as can be seen in the seasonally adjusted figures for Argentina, Brazil, Chile, Mexico and Peru (see figure III.14). Some sectors were harder hit by slower output growth. For

example, in October 2011 the number of hours paid in formal manufacturing employment in Brazil fell 0.7% over the same month of the previous year.

Figure III.14
LATIN AMERICA (6 COUNTRIES): QUARTERLY VARIATION IN EMPLOYMENT, SEASONALLY ADJUSTED SERIES, THIRD QUARTER 2008 TO THIRD QUARTER 2011
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

Obviously, labour market prospects for 2012 depend on the macroeconomic context, especially investment and economic growth. As economic activity cools slightly in the region expectations are that the employment rate will once more post a small gain which would leave the unemployment rate unchanged or sustain a very small decrease of up to 0.2 percentage points.¹³

¹³ For the first quarter of 2012 hiring by Latin American employers is expected to increase, albeit at a more moderate pace than in the previous quarter (Manpower Employment Outlook Survey, Q1/2012).

Chapter IV

The external sector

A. The balance-of-payments current account

The balance-of-payments current account for Latin America is expected to close the year with a deficit estimated at 1.4% of regional GDP, the most negative balance in relative terms since 2001. This performance continues the progressive deterioration in the external accounts that began in 2006. There are several factors behind this trend: the volume of goods exports has fallen consistently short of imports, which widens the trade deficit when the terms of trade are not sufficiently high to offset this differentiated growth; remittances have remained positive but at low rates, implying a loss in their relative weight; and the services and income balances have become increasingly negative.

Table IV.1 shows the projected current account balance by subregion. For the MERCOSUR bloc,¹ balances should remain relatively stable and this group of countries should close the year with a current account deficit of 1.8% of GDP, similar to that for 2010. The mining countries (Chile and Peru) will have seen their current account surplus disappear, and should end the year with a deficit equivalent to 1.4% of GDP, explained primarily by import growth that has significantly outpaced export growth, thereby cutting their trade surplus substantially. On the other hand, the hydrocarbon-exporting countries (Bolivarian Republic of Venezuela, Colombia, Ecuador and Plurinational State of Bolivia) will have increased

their current account surplus, thanks to high prices for oil and its derivatives, which have boosted these countries' export values considerably. As net importers of food and energy, the Central American countries were impacted by higher international prices for those goods, producing a higher import bill which, together with the lower relative weight of emigrants' remittances, led to a greater deterioration in the current account for this subregion. Finally, Mexico should record a deficit of 1.1% of GDP with the increase in outflows for factor remuneration and a sharp increase in the services deficit caused by greater imports of services and a fall in tourism earnings.

¹ Argentina, Brazil, Paraguay and Uruguay.

Table IV.1
LATIN AMERICA: CURRENT ACCOUNT STRUCTURE BY SUBREGION, 2010-2011^a
(Percentages of GDP)

	Goods balance		Services balance		Income balance		Transfers balance		Current account	
	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011
Latin America	1.0	1.2	-1.1	-1.2	-2.4	-2.5	1.2	1.1	-1.2	-1.4
MERCOSUR	1.3	1.4	-1.2	-1.3	-2.0	-2.0	0.1	0.1	-1.8	-1.8
Mining countries	6.3	4.8	-0.8	-0.8	-7.1	-6.8	2.1	1.4	0.4	-1.4
Hydrocarbon-exporting countries	4.7	6.2	-2.4	-2.3	-3.2	-3.3	1.2	1.1	0.4	1.8
Central America	-15.3	-16.5	3.4	3.4	-3.3	-3.4	9.3	8.7	-5.9	-7.9
Mexico	-0.3	-0.3	-1.0	-1.3	-1.3	-1.5	2.1	2.0	-0.5	-1.1

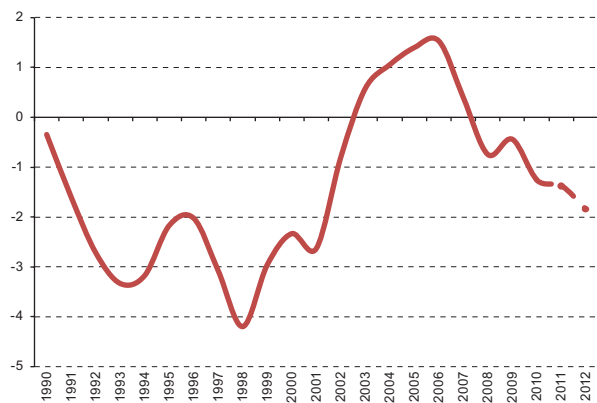
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Data for 2011 are estimates.

The current account is expected to continue its gradual deterioration in 2012, reaching a deficit of 1.8% of GDP, as a consequence of buoyant domestic economic activity, which is outpacing that abroad, and terms of trade that

are less favorable than those prevailing in 2011. The following sections offer a more detailed review of these trends and the most notable developments in the different components of the current account.

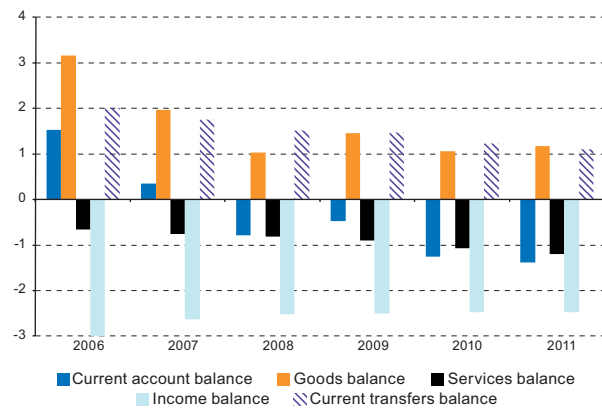
Figure IV.1
LATIN AMERICA: CURRENT ACCOUNT BALANCE, 1990-2012^a
(Percentages of GDP)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Data for 2011 and 2012 are projections.

Figure IV.2
LATIN AMERICA: STRUCTURE OF THE CURRENT ACCOUNT, 2006-2011^a
(Percentages of GDP)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Data for 2011 are estimates.

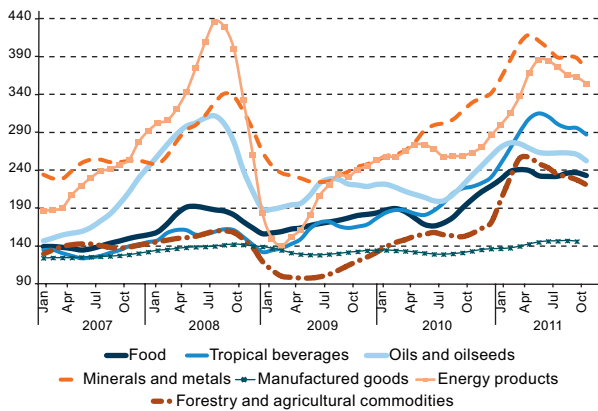
1. Terms of trade

The bulk of the commodities that weigh heavily in the region's export basket showed steep growth during the last months of 2010 and the early part of 2011. Not since the beginning of 2008 were the rates of change so high. Yet the possibility of contagion from the European debt crisis and doubts about the health of the United States economy have dampened the outlook for global growth

and have reduced demand for those products. For the same reason, funds invested in commodity-linked securities have been shifting into lower-risk markets. These factors, together with positive developments with some products, have caused the rising trend to reverse since the second quarter of the year (and even earlier for the oils and oilseeds group).

As can be seen in figure IV.3, food prices have risen substantially, reaching historic highs in April 2011 according to the index prepared by the Food and Agriculture Organization of the United Nations (FAO).² This increase is attributable to rising demand in developed countries (both for human consumption and as livestock feed) as well as greater use of these goods in the production of biofuels in response to higher prices for other energy products. At the same time, various situations of climatic adversity have caused damage to wheat, maize and soybean crops, boosting prices for those commodities. Coffee prices have also risen sharply, as stocks have shrunk in the face of steadily growing world demand. Nevertheless, price escalation slowed from the middle of the year, thanks to greater output and a relative stabilization of demand.

Figure IV.3
LATIN AMERICA: PRICE INDICES FOR COMMODITIES AND MANUFACTURED GOODS, 2007-2011^a
(Index: 2000=100, three-month moving average)



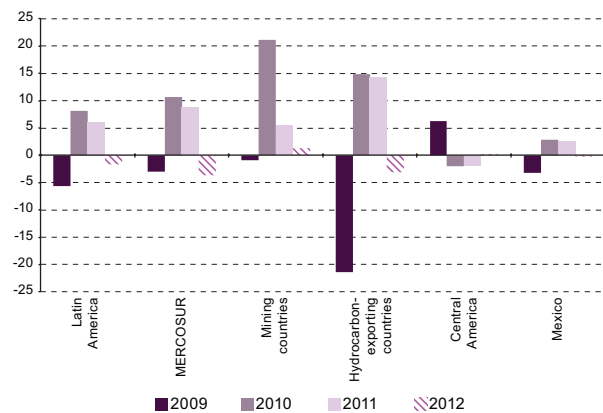
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of figures from the United Nations Conference on Trade and Development (UNCTAD) and the Netherlands Bureau for Economic Analysis (CPB).
^a The commodity groups are weighted by their share of Latin American exports.

Demand in emerging economies and developing countries, especially in Asia, has contributed as well to higher prices for metals and minerals, a group that has also exceeded the maximum price levels reached prior to the 2008 crisis. In addition to this higher demand, hydrocarbons have also been affected by the impact on production of political conflicts in North Africa and the Middle East. Nevertheless, with relative stability returning to some of those countries and the expected cooling of the global economy, this trend has changed during the second half of the year. Following those same developments, prices of manufactured goods have also risen, although at more moderate rates and with a certain lag behind commodities. This group seems to have peaked in the third quarter of 2011.

² See [online] www.fao.org/worldfoodsituation/wfs-home/en/.

Despite the recent reversal in price trends, increases during the first half of the year were sufficient to indicate that the terms of trade for Latin America will improve significantly, as can be seen in figure IV.4. The increase will be 6.2% for the region as a whole, with some differences reflecting the international trade structure of each subregion. Hydrocarbon-exporting countries will be the biggest winners, with an estimated increase of 14.2%. Mining countries will see their terms of trade improve by only 5.5%, due to the fact that, although their export prices have also increased significantly, the gains were partially offset by higher prices for the energy products they import. The member countries of MERCOSUR have also benefited from higher prices for their principal exports. On the other hand, Central American countries, as net importers of food and oil derivatives, are in the reverse situation from that of the rest of the region, and their terms of trade will fall by around 1.8%. Mexico, which is primarily an exporter and importer of manufactures, is showing more modest changes in its terms of trade (up 2.4% for 2011), with a slight push from higher oil prices.

Figure IV.4
LATIN AMERICA: ESTIMATED CHANGES IN THE TERMS OF TRADE, 2009-2012^a
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
^a Data for 2011 and 2012 are projections.

Generally speaking, Caribbean countries are net importers of food and energy products, and their terms of trade have consequently suffered in 2011 with rising prices for those goods. Nevertheless, Trinidad and Tobago, with its hydrocarbons exports, and Guyana, Jamaica and Suriname, with their metals production, have been able to cushion the deterioration in their terms of trade.

The improved supply conditions for some agricultural goods and the uncertainty over global aggregate demand are expected to continue in 2012, with the consequent

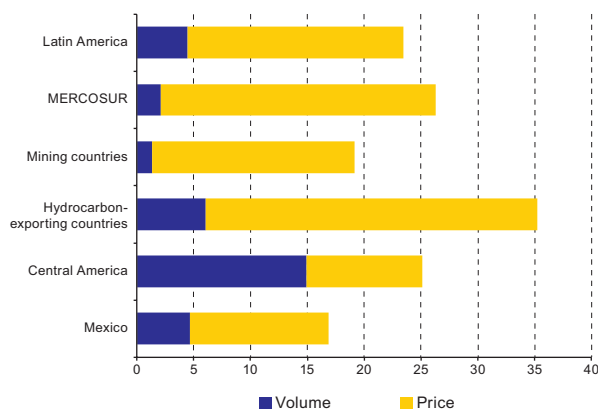
impact on commodity prices. In this context, the region's terms of trade would fall by 1.4%, primarily as a result of the decreases recorded among the MERCOSUR countries and hydrocarbon exporters. The outlook for Central America is negative: although it will benefit from cheaper food and energy imports, this subregion must face lower prices for its principal exports (in particular coffee, meat,

oils and steel products), meaning that its terms of trade will remain virtually unchanged. The only subgroup that will see a significant gain in its terms of trade will be the mineral-exporting countries, as the price drop observed in the second half of 2011 was accompanied by a sharp decline in inventories of those products, which should sustain demand in 2012.

2. The goods and services balance

Beyond the price trends described in the previous section, figure IV.5 provides an estimate of export volume for 2011. The mining countries and MERCOSUR members will show the lowest rate of change in the region (with a performance falling significantly short of that in 2010). On the other hand, hydrocarbon-exporting countries will see a slight increase, due to the growth of oil output in Colombia and modest production increases in the Bolivarian Republic of Venezuela and in Ecuador, reversing the declines recorded in those two countries in previous years.

Figure IV.5
LATIN AMERICA: EXPORT VALUE GROWTH RATES, BY VOLUME
AND PRICE, 2011^a
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

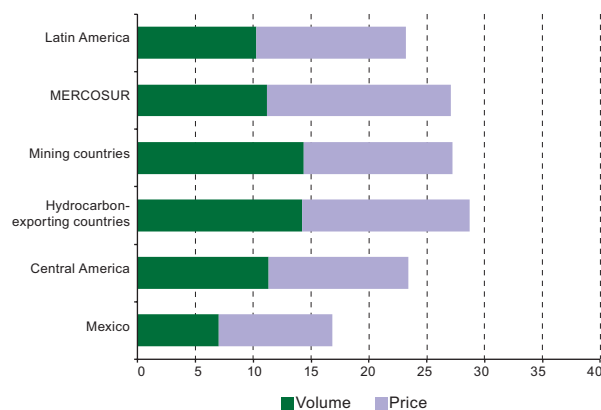
^a Estimates.

Despite a sharp slowdown from 2010 and a decline in oil production, Mexico's export volume is still growing, driven by higher demand for manufactured goods in the United States. For example, automotive production for export rose by 13.9% between January and November

2011 over the same period of the previous year. Central America will perform similarly in manufactured goods, and will also see a significant increase in the volume of agricultural exports.

Imports, comprising primarily manufactured goods, generally exhibit less price variability than exports. A comparison of figures IV.5 and IV.6 reveals that import volumes are growing faster than exports in all cases, because the domestic economy is more buoyant than the world economy and currencies recorded real appreciation in most Latin American countries in the first part of the year.

Figure IV.6
LATIN AMERICA: IMPORT VALUE GROWTH RATES BY VOLUME
AND PRICE, 2010^a
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Estimates.

Although the volume of imports exceeded that of exports, the improvement in the terms of trade is expected to bring the region's export value slightly above the value of imports (with exports growing by 23.5% and imports by 23.1%). As a result, the trade surplus in goods should

rise from 1.0% of regional GDP in 2010 to around 1.2% in 2011. For the coming year, domestic demand is expected to outpace external demand, which would mean that imports would grow faster than exports. To this must be added the forecast setback in the terms of trade. It can be expected, then, that the trade balance in goods will drop to only 0.5% of regional GDP in 2012.

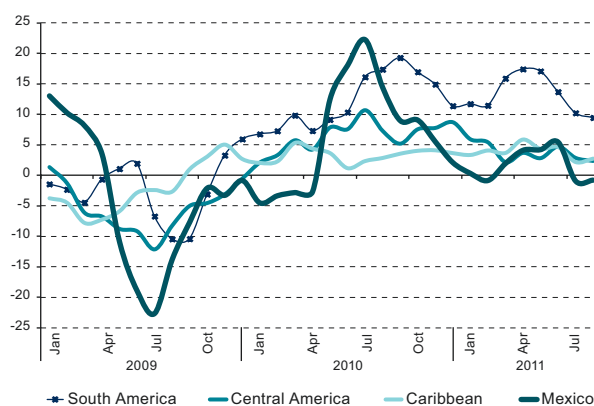
As figure IV.2 shows, the services balance will have deteriorated further in 2011. One of the main causes of this decline is the increase in the cost of freight, insurance and other services related to goods imports (the volume of which, as described earlier, is rising faster than exports). The most negative outcomes will be largely confined to Brazil and Mexico, the economies with the greatest level of international trade in the region. These two countries account for 85% of the regional services account deficit. On the other hand, countries exporting mineral and hydrocarbons products, as well as the Central American economies, are showing a stable services balance in terms of GDP.

International tourism is an important source of income for the countries of the Caribbean and Central America. As figure IV.7 shows, these two subregions returned to positive rates at the end of 2009, but they have stabilized at around 5%, below the rate observed prior to the 2008 crisis. This can be laid to weak economic growth and high unemployment in the United States and Europe, the main sources of tourists to these regions. Mexico, the region's biggest tourism recipient, has felt the same effect, which has been further compounded by growing insecurity in the country. Tourism in South America fell

to a lesser extent during the crisis, and recovered more strongly thereafter. In the first eight months of 2011 the number of international tourist arrivals was up by 13.3% over the same period of the previous year. A possible explanation for this is that the sources of tourism to this subregion are more diversified and intraregional tourism accounts for a greater share; international business travel is also up sharply.

For 2012, the services balance is expected to remain relatively stable at 1.3% of regional GDP, as transport-related services imports slow (due to moderation in the volume of imported goods) and international tourism recovers slightly.

Figure IV.7
LATIN AMERICA AND THE CARIBBEAN: YEAR-ON-YEAR
VARIATION IN INTERNATIONAL TOURIST ARRIVALS, 2009-2011
(Three-month moving averages, in percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of figures from the World Tourism Organization (UNWTO).

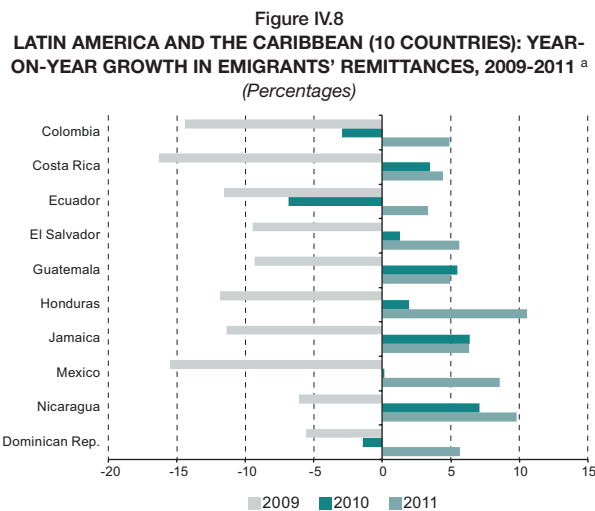
3. The income and transfers balance

The factor income deficit is expected to continue the gradual upward trend in nominal terms recorded in recent years, which would keep it stable at around 2.5% of regional GDP. This trend is linked to higher prices for commodity exports and the good performance of Latin American economies, which should translate into positive earnings for foreign firms operating or investing in the region and, consequently, an increase in profit remittances. However, the intraregional distribution is uneven, and four countries alone account for more than 75% of the deterioration in this account: Brazil (through higher profits on direct and portfolio investment), Mexico (through higher interest payments and a sharp increase in reinvested profits), Colombia (through greater outflows associated with FDI,

primarily in the oil sector) and Peru (through growth in the profits of mining companies). In 2012, with the expected drop in prices for key exports and moderating growth, the deficit on this account should decline slightly in relative terms to around 2.3% of regional GDP.

There should be a modest increase in the current transfers balance, which will not prevent it from shrinking in relative terms, from 1.2% of GDP in 2010 to 1.1% in 2011. This represents a continuation of the trend observable for several years now. Within this account, migrant workers' remittances represent a major source of revenue for some of the region's countries. As figure IV.8 shows, after the sharp fall in 2009 and the volatility observed in 2010, the rates in 2011 are positive for all

countries indicated in the graph. Nevertheless, the rates of increase are still relatively low and (with the exception of Nicaragua) remittances remain below their peaks prior to the 2008 international crisis. This reflects the labour situation in the countries that receive the bulk of migrant workers from Latin America; in particular, the unemployment rates in the United States and Spain, although they seem to have stabilized, are still very high. In addition to workers' remittances, another notable feature on this account during 2011 was the significant reduction in the surpluses of Chile and Haiti, as official donations related to the earthquakes suffered by those two countries tailed off from their level in 2010. It is expected that remittances to Central American countries will regain their pre-crisis level in 2012; in the case of Colombia, Ecuador and Mexico it will take until 2013 to reach this milestone. Nevertheless, the relative weight of remittances will decline despite these gradual increases.



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
^a Data for 2011 are estimates.

B. The capital and financial account

The financial environment beyond the region experienced sharp swings as uncertainty mounted in world financial markets, reflecting the collapse of confidence in the sustainability of developed countries' public debt. Among the relatively low-risk group of countries of the region, those borrowing on international capital markets during the first half of the year saw a narrowing of their sovereign risk premiums, continuing the trend observed since 2009. For the region's relatively higher-risk countries, sovereign risk premiums remained fairly stable. In both cases, the third quarter saw a spike in sovereign risk premiums, due to the overall deterioration in growth expectations and in the outlook for resolving the public debt crisis of countries of the euro zone.³

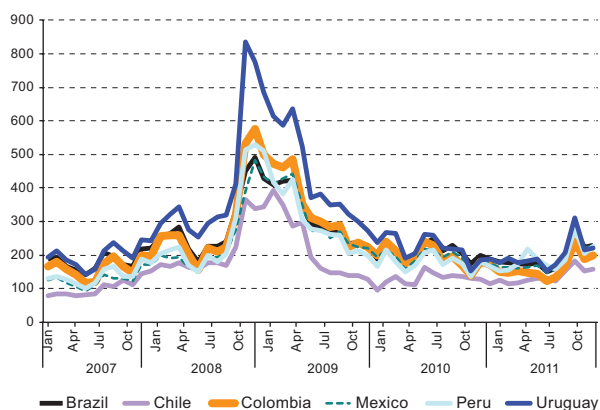
The strength exhibited by the region for several years in terms of fiscal and external solvency, as expressed in relatively low sovereign risk premiums for several countries, meant that despite external turbulence the region as a whole faced no difficulties in meeting its external financing needs. Moreover, as indicated in the section on monetary and exchange policy in the region, most countries boosted their international reserves significantly,

³ Up to September, the following countries had issued sovereign bonds abroad during 2011: Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Dominican Republic, Mexico, Panama and Uruguay.

as a result of policies designed to maintain the exchange rate in the face of heavier external capital inflows, or as a precautionary measure against future external uncertainty.

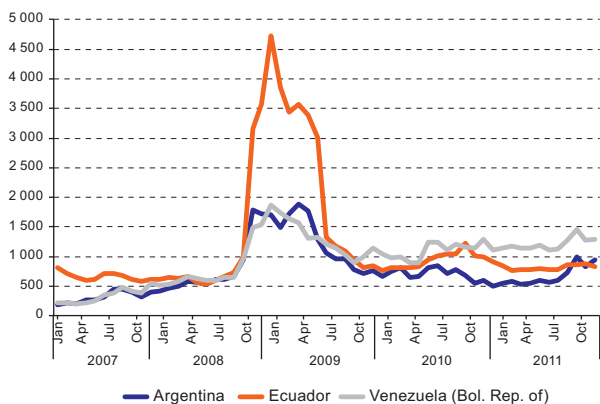
As figure IV.11 shows, while the current account deficit persists it is being kept at very modest levels as a proportion of regional GDP and it has been financed through growth in net foreign direct investment (FDI) and financial inflows in more than adequate amounts. In fact, net FDI grew by nearly 75% during 2011 compared to 2010, the result of a 25% increase in gross inflows and a 58% reduction in outflows of FDI, reflecting the region's more attractive financial environment. The biggest recipients of FDI remained Brazil and Mexico, followed by Colombia, Chile and Peru. The region also continued to enjoy ready access to external financial markets. As a result of this set of factors, international reserves are still at record levels. Moreover, in several countries (Chile, Colombia, Peru and Plurinational State of Bolivia), high prices for commodity exports during the first part of the year, together with an improvement in the fiscal situation over the previous year or in some cases the adoption of policies to prevent spillover effects from a slowing global economy, found expression in higher deposits in sovereign funds or equivalent mechanisms. Consequently, those countries have continued to strengthen their defences against possible external shocks.

Figure IV.9
LATIN AMERICA (SELECTED COUNTRIES): SOVEREIGN RISK PREMIUMS FOR LOWER-RISK COUNTRIES,
JANUARY 2007-NOVEMBER 2011
(Basis points)



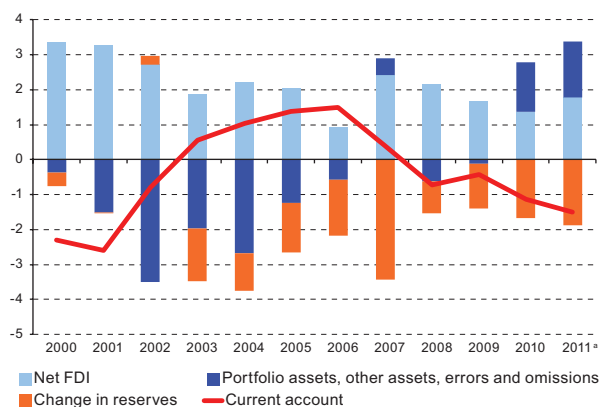
Source: JP Morgan Emerging Markets Bond Index Global (EMBI Global).

Figure IV.10
LATIN AMERICA (SELECTED COUNTRIES): SOVEREIGN RISK PREMIUMS FOR HIGHER-RISK COUNTRIES,
JANUARY 2007-NOVEMBER 2011
(Basis points)



Source: JP Morgan Emerging Markets Bond Index Global (EMBI Global).

Figure IV.11
LATIN AMERICA (19 COUNTRIES): CURRENT ACCOUNT BALANCE AND COMPONENTS OF THE FINANCIAL ACCOUNT, 2000-2011
(Percentages of regional GDP)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Estimate.

Looking at countries individually, table IV.2 presents some components of external financing, according to information available at the time this report was prepared. All countries included in the table show a reduction in their current surplus or an increase in the deficit for 2011, except the Bolivarian Republic of Venezuela, where the surplus rose as a result of still-high oil prices and the implementation of an exchange control system that also regulates imports, and Haiti, which has begun to recover a portion of its export capacity damaged by the January 2010 earthquake. Nearly all countries show positive financial inflows, except Argentina and the Bolivarian Republic of Venezuela. Moreover, those inflows, comprising net FDI, net portfolio investment, net movements of other liabilities (primarily cross-border banking flows) and errors and omissions, grew significantly over 2010, illustrating the region's attractiveness as an investment destination, notwithstanding the ongoing external volatility it has faced.

It is interesting to note that, in the wake of the 2008 global financial crisis, the region has been accessing international financial markets since mid-2009 even more intensively than before. In fact, as figure IV.12 shows, although episodes of turbulence in certain developed economies have heightened risk aversion in international financial markets, external bond issues during 2011 remained high across all components: sovereign bonds, quasi-sovereign bonds, and corporate bonds. Noteworthy among this last category, as in 2010, is the participation of Latin American banks which, taking advantage of low financing costs produced both by the global financial situation and by continuous improvements in country risk ratings, have opted to fund themselves abroad at long term, i.e. 10 years or more. Figure IV.12 shows, moreover, that toward the end of the year the country risk was rising in the region, as a result of turbulence on international markets sparked by the debt crisis in some developed countries.

At the same time, Latin America continued to reduce its external liabilities, so that total external debt outstanding decreased as a proportion of GDP (see figure IV.13). In South America this trend can be explained by economic growth, current account surpluses associated with higher export prices for certain countries since 2003, and significant renegotiation of debt in some cases. Central America, on the other hand, has been negatively impacted by higher international commodity prices since 2003 and this, together with other factors of external drag, resulted in slower economic growth. Thus, notwithstanding the effects of debt reduction under the Heavily Indebted Poor Countries (HIPC) Initiative, the weight of external indebtedness declined less. By contrast, in the Caribbean (excluding Trinidad and Tobago), which was also affected by deterioration in its terms of trade over the decade and in external demand for its exports, the level of indebtedness is relatively higher.

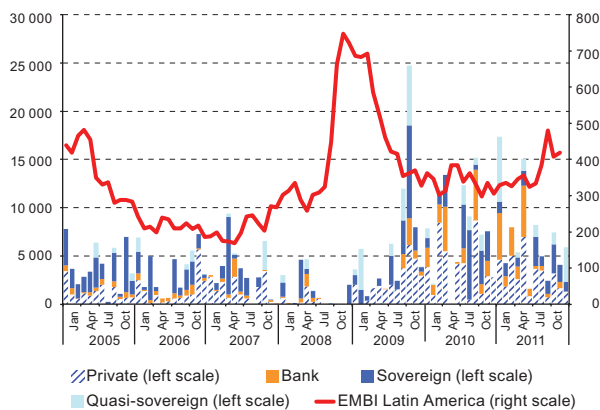
Table IV.2
LATIN AMERICA (19 COUNTRIES): PRINCIPAL COMPONENTS OF THE FINANCIAL ACCOUNT, BY COUNTRY, 2009-2011
(Millions of dollars)

	Current account balance			Net financial flows			Change in international reserves		
	2009	2010	2011 ^a	2009	2010	2011 ^a	2009	2010	2011 ^a
Argentina	11 085	3 016	1 103	-11 053	3 858	-7 248	1 346	4 157	-6 145
Bolivia (Plurinational State of)	813	903	878	-29	853	1 295	325	923	2 173
Brazil	-24 302	-47 365	-51 088	71 301	99 662	115 441	46 651	49 101	64 353
Chile	2 570	3 802	-2 494	-1 696	-243	13 303	1 648	3 023	10 809
Colombia	-5 011	-8 855	-10 927	6 254	11 804	15 210	1 347	3 136	4 283
Costa Rica	-576	-1 291	-2 521	707	2 040	2 627	260	561	106
Dominican Republic	-90	-1 785	-2 354	-2 432	692	4 281	-681	-1 170	1 927
Ecuador	-304	-488	-1 170	69	209	1 017	423	-295	-152
El Salvador	8	-826	-1 914	206	1 346	2 534	473	677	620
Guatemala	-227	-155	-28	122	900	165	240	845	137
Haiti	-516	-955	-1 060	445	1 332	795	-354	592	-265
Honduras	-6 359	-5 724	-11 998	18 359	38 521	32 499	4 528	20 615	20 501
Mexico	-828	-963	-1 429	1 048	1 152	1 390	259	222	-39
Nicaragua	-44	-2 953	-4 746	877	1 853	4 717	616	348	-30
Panama	64	-677	-460	569	724	989	915	319	778
Paraguay	211	-2 315	-3 246	2 320	12 252	7 861	1 943	10 975	4 615
Peru	-2 331	-4 435	-5 196	2 866	4 489	4 601	638	453	-595
Uruguay	-115	-466	-729	1 353	1 539	0	1 588	-361	-729
Venezuela (Bolivarian Republic of)	6 035	12 071	25 127	-13 314	-17 852	-23 736	-10 799	-7 939	1 391
Latin America	-19 917	-59 461	-74 252	77 972	165 131	177 741	51 366	86 182	103 738

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

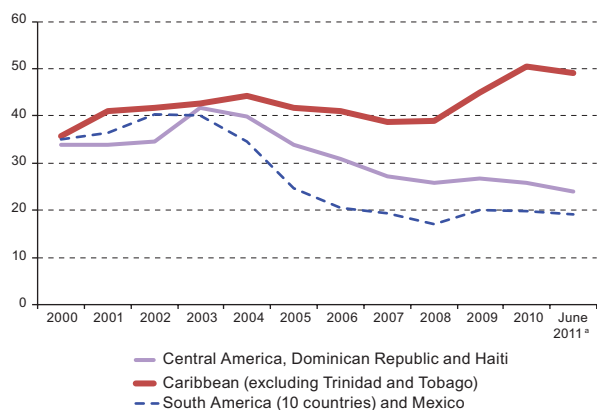
^a Estimates.

Figure IV.12
LATIN AMERICA: BOND ISSUES ON INTERNATIONAL MARKETS AND COUNTRY RISK, 2005-2011
(Millions of dollars and basis points)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of figures from LatinFinance (bonds database), JP Morgan and Merrill Lynch.

Figure IV.13
LATIN AMERICA AND THE CARIBBEAN: TOTAL EXTERNAL DEBT, 2000-JUNE 2011
(Percentages of GDP)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Estimates.

South America



Argentina

The Argentine economy again performed well in 2011, driven by all the components of aggregate demand. This is similar to what happened in 2010, which saw growth at 9.2%. Several of the expansionary policies introduced in response to the international crisis were maintained in 2011, resulting in an annual GDP growth rate of 9.5% for the first half of the year. Even though this pace is expected to slow in the second half of the year, GDP will expand by at least 8.5% in 2011. Including a 1.5% carry-over effect, the economy is projected to grow by about 5% in 2012.

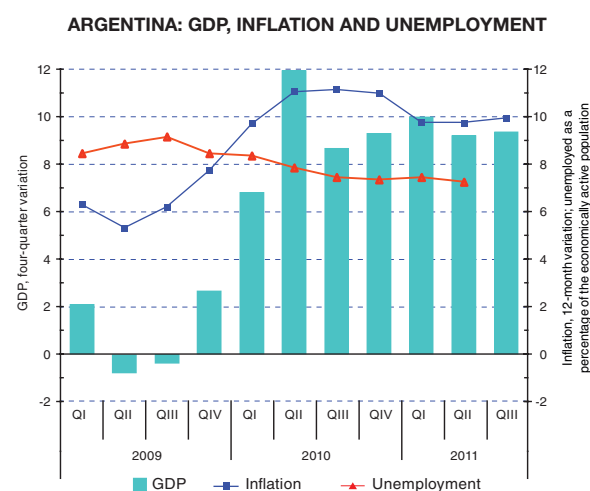
The unemployment rate fell in the first part of the year; in the third quarter it was 7.2%, slightly lower than the 7.4% recorded in the first quarter. During the same period the employment rate went up by almost 1 percentage point. Thus, the employment elasticity of GDP rebounded somewhat compared with 2010 but remains below pre-crisis levels.

On the fiscal level, the government again opted to use public-sector resources to meet the funding needs of the national treasury, especially those of the central bank and the National Social Security Administration (ANSES). Between January and September, the central bank transferred US\$ 6.9 billion (approximately 1.6% of GDP) to the national treasury to service the public external debt; external payments were expected to total US\$ 9.678 billion in 2011. During 2010, external public debt obligations were met through a drawdown of international reserves totalling US\$ 6.569 billion (1.8% of GDP). Besides these funding operations, transfers of central bank profits were also considerable in 2011, at 0.2% of GDP, but were lower than in 2010 when they represented 1.4% of GDP.

The government maintained an expansionary fiscal policy in 2011. Through September, primary spending rose by an annual rate of 35.3% and outpaced the 28.7% increase in revenues during the same period.

In the first nine months of the year, rising public sector tax revenues essentially kept pace with the expansion of nominal GDP (30%). Revenues from social security contributions rose by 33.2% during the same period, mainly owing to wage increases and a higher employment rate.

Current expenditure grew by 34.3% year-on-year between January and September. Some of the largest increases were seen in social security benefits and current transfers to the private sector, which went up by annual rates of 36.7% and 36.8%, respectively, during the same period. In terms of current transfers to the private sector, the largest increases in spending went to subsidies for public transport and household gas and electricity consumption, especially in the metropolitan area of Buenos Aires. Towards the end of the year, the



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

government announced cuts in these subsidies, starting with certain branches of economic activity and residential areas with the highest purchasing power.

Changing revenue and expenditure patterns have driven the public sector financial balance down from a positive 0.2% of GDP in 2010 to a deficit in the area of 0.3% of GDP in 2011.

According to figures from the end of March, the debt-to-GDP ratio went up by 1 percentage point compared with the end of 2010, to 46.3%. With public sector resources being used as a source of funding, the proportion of public debt held by the private sector fell by 1.2 percentage points in the same period. Treasury debt held by other public sector bodies represents approximately half of the total owed by the national treasury.

Inflation, while remaining above the regional average, stabilized in 2011 after increasing in 2010 compared with 2009. This can be attributed in large part to the easing of international food prices. While the high level of economic activity and aggregate demand persisted throughout 2011, the nominal exchange rate and, fundamentally, international food prices (which had helped fuel inflation in 2010), remained relatively stable or trended down in 2011. The nominal devaluation rate of the peso (5.0% between January and October 2011) was similar to the same period in 2010. And the food price index fell by 6.5% during the same period, according to data from the Food and Agriculture Organization of the United Nations (FAO). By contrast, wage negotiations led to a 27.4% jump in average wages between January and September 2011, which was greater than the 21.2% rise recorded in 2010.

In the first nine months of 2011, the registered private sector wage increase outstripped the rise for unregistered workers. Public-sector wages rose 10 percentage points less than the average wage did, going up by 16.6% versus the 25% minimum wage hike during the same period.

In contrast with the pattern seen in the recovery of activity in 2010, in the first six months of 2011, the services sectors showed stronger growth than the goods-producing sectors (9.2% and 8.4%, respectively).

Of the goods-producing sectors, those that are natural-resource-intensive (agriculture and mining) were the only ones that saw a year-on-year decline in the first half of the year. Soybean production in the 2010/2011 growing season was 7.2% lower than for the previous season, when production reached a record high following an intense drought that had hit all crops in 2009. The drop in soybean production can also be explained, in part, by a dramatic increase (68%) in wheat production in the last growing season.

Manufacturing grew by 7.7% in the first three quarters of the year. All branches of economic activity

ARGENTINA: MAIN ECONOMIC INDICATORS

	2009	2010	2011 ^a
Annual growth rates			
Gross domestic product	0.9	9.2	9.0
Per capita gross domestic product	-0.2	8.1	8.0
Consumer prices	7.7	10.9	9.5 ^b
Real average wage ^c	11.7	12.9	20.0 ^d
Money (M1)	15.9	32.7	51.8 ^b
Real effective exchange rate ^e	2.4	-1.4	2.8 ^f
Terms of trade	-4.6	-0.4	6.8
Annual average percentages			
Urban unemployment rate	8.7	7.7	7.2 ^g
National public administration overall balance / GDP	-0.8	-0.1	-0.7
Nominal deposit rate ^h	11.8	9.4	10.0 ⁱ
Nominal lending rate ^j	21.3	15.1	15.8 ⁱ
Millions of dollars			
Exports of goods and services	66 710	81 246	99 360
Imports of goods and services	49 375	67 942	86 644
Current account balance	11 085	3 016	1 103
Capital and financial balance ^k	-11 462	1 142	-7 248
Overall balance	-377	4 157	-6 145

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Preliminary estimates.

^b Twelve-month variation to October 2011.

^c Manufacturing sector. Registered workers in the private sector.

^d Estimate based on data from January to October.

^e A negative rate indicates an appreciation of the currency in real terms.

^f January to October average, year-on-year variation.

^g Estimate based on data from January to September.

^h Fixed-term deposits, all maturities.

ⁱ January-November average.

^j Local-currency loans at fixed or renegotiable rates, signature loans of up to 89 days.

^k Includes errors and omissions.

flourished, except oil refining, which declined by 5.2%. The automotive industry expanded by 20% during the aforementioned period, on top of the 40% growth it recorded during the recovery in 2010. As a result of the increase, 23% more vehicles were produced. Sixty-two percent of total output was exported (similar to the proportion exported in 2010); Brazil was the leading destination, receiving more than 80% of exports. Even excluding the automotive industry, the mechanical engineering field saw substantial growth of 13.9%.

The balance-of-payments current account posted a surplus for the first half of the year, but it fell almost US\$ 2 billion short of the surplus for the same period in 2010. The leaner current account surplus is attributable above all to the sharp upturn in imports (which showed cumulative growth of 36% in the first nine months of 2011 compared with the same period in 2010), although a certain decline in the GDP elasticity of imports is expected. Exports grew by 25% during the same period. Investment payments, in particular profit and dividend remittances by foreign companies to their parent corporations (which held steady at about 10% of the value of exports), also contributed to reducing the current account balance.

Capital outflows, which had been fluctuating since mid-2007, picked up during 2011. External asset formation by the private sector averaged about US\$ 7 billion in the first half of each year during the period 2007-2010; outflows during the first half of 2011 totalled nearly US\$ 10 billion. Outflows were particularly heavy in the third quarter, leading the authorities to implement measures to restrict them during the fourth quarter of 2011. These measures, which at first led to exchange market tensions, included eliminating the mining and oil companies' exemption from the obligation to sell the foreign-currency proceeds of their exports in the local market. They also required that all citizens seeking to exchange currency provide the Federal Public Revenue Administration (AFIP) with proof of the origin of the money.

Capital outflows impacted monetary policy. With a view to checking the decline in demand for local

financial assets, the monetary authority raised the monetary policy rate. Central bank bills went up by 200 basis points between the second and third quarters of 2011 and topped 13%; the rates on time deposits by individuals rose by 300 basis points during the same period.

By late November 2011, the lower balance-of-payments current account balance, the use of international reserves to pay external public debt and rising capital outflows had driven international reserves down by about 10%, to some US\$ 46 billion (10.6% of GDP), which is still considerable in relation to the main economic aggregates. In fact, by mid-2011, total external debt (public and private) was equivalent to 32.2% of GDP, representing a drop of 4.3 percentage points compared with the same period the previous year —the lowest level in the past 15 years.

Bolivarian Republic of Venezuela

The GDP of the Bolivarian Republic of Venezuela rose by an estimated 4.2% in 2011, driven above all by the expansion of public spending on the back of high oil prices. Inflation remained high, while unemployment and the activity ratio both fell.

The central government deficit for 2011 was somewhat smaller than in 2010: the overall deficit went from 3.6% of GDP in 2010 to 3.5% of GDP in 2011, and the primary deficit dropped from 2.2% of GDP in 2010 to 1.4% of GDP in 2011.¹ Central government revenues slid from 19.6% of GDP in 2010 to 19.4% of GDP in 2011. Total central government spending (including net lending) contracted from 23.1% of GDP in 2010 to 22.9% of GDP in 2011. There has been a marked increase in the wage bill, with wages going up in real terms, while an upsurge in borrowing has led to higher interest and fee payments. Current transfers declined; capital transfers increased slightly.

The central government represents only a fraction of fiscal activity in the Bolivarian Republic of Venezuela. Two extrabudgetary funds account for a substantial proportion of public spending execution: the National Development Fund (FONDEN) and the joint Chinese-Venezuelan fund. The former is funded by contributions from Petróleos de Venezuela, S.A. and by excess central bank reserves (in 2011, the central bank contributed US\$ 3.5 billion to FONDEN). The latter is funded by loans from official Chinese entities (in particular, the China Development Bank), which are paid back in oil shipments.

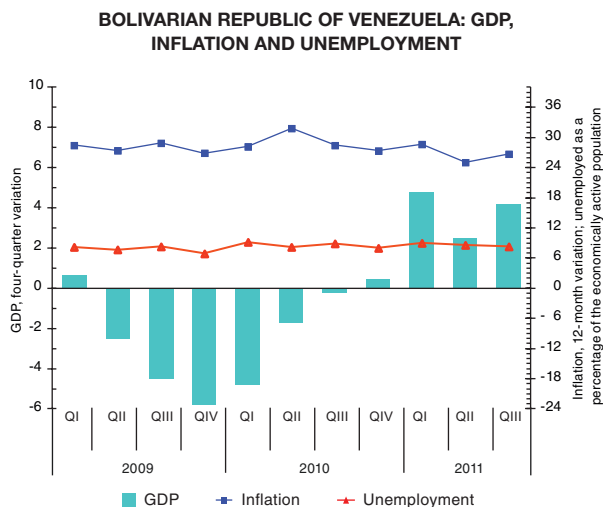
Public debt increased in 2011. Domestic debt rose by 53.4% between December 2010 and June 2011, increased from 8.8% of GDP to 10.3% of GDP. Central government external debt (excluding Petróleos de Venezuela, S.A.) decreased slightly in nominal terms during the same period, to US\$ 36.4 billion as of June 2011 (11.7% of GDP). These external debt figures do not include bonds sold in the second half of 2011, specifically the sovereign bond issue maturing in 2026 (US\$ 3 billion) and the sovereign bond issue due in 2031 (US\$ 4.2 billion). In part, these bonds were issued because of the rise in public spending during the year to finance, for example, the Gran Misión Vivienda Venezuela housing programme and the Gran Misión AgroVenezuela agricultural programme under the

special act on additional borrowing for the 2011 fiscal year, passed in June 2011. Increased disposable funds in the joint Chinese-Venezuelan fund, swelled the foreign liabilities of the Economic and Social Development Bank of Venezuela (BANDES), which owed the equivalent of US\$ 17.6 billion as of June 2011.

Monetary policy continued to be markedly expansionary in 2011, with a view to stimulating economic recovery. In the first nine months of the year, monetary aggregates M1 and M2 went up by 40.3% and 29.5%, respectively, outpacing inflation.

The annual rate of inflation in October 2011, as measured by the national consumer price index, was 26.9%. Food and non-alcoholic beverages saw the highest price increases during this period, climbing by 32.3% because of food supply problems.

On 1 January 2011, the government set a standard exchange rate of 4.3 bolívares fuertes to the dollar, doing away with the 2.6 bolívares fuertes per dollar rate.



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

¹ According to official estimates reflected in the 2012 budget bill.

The implicit rate of 5.3 bolívares fuertes per dollar was maintained in the Transaction System for Foreign Currency Denominated Securities (SITME) for transactions that were not eligible for the 4.3 bolívares fuertes per dollar rate authorized by the Foreign Exchange Administration Commission (CADIVI). Nevertheless, high inflation during the period caused the real effective exchange rate in October to be 35.8% lower (currency appreciation) than the average recorded between 1999 and 2009.

During the first nine months of 2011, the GDP of the Bolivarian Republic of Venezuela grew by 3.8%; it is expected to expand by 4.2% for the year as a whole. In terms of overall demand, both private consumption and public consumption saw robust growth. However, gross fixed capital formation stagnated despite the uptick in public spending. The best performing sectors during the period were commerce and services, government services and the manufacturing sector. Fewer power-supply problems and greater availability of foreign currency supplied by CADIVI to various sectors are likely to have contributed to improved growth during this period.

According to figures from the Organization of the Petroleum Exporting Countries (OPEC), crude oil production in the Bolivarian Republic of Venezuela rose by an average of 4.2% in the first three months of 2011 with respect to the same period in 2010. Investment in extraction activities picked up in 2011—as indicated by the 27.4% increase in the number of drilling rigs between 2010 and 2011—in response to the 41% rise in crude oil prices in the first 10 months of 2011.

The unemployment rate stabilized in the first half of the year and fell in the second half, to 8.3% in the third quarter (lower than the 8.9% observed in the same period in 2010). Unemployment came down in relation to the year-earlier period for both men and women, although to a lesser extent for the latter. While the economically inactive population increased by 0.6 percentage points, the number of unemployed persons dipped only slightly. Wages went up by 36.5% in the first three quarters of the year. Private-sector wages rose by 27.2%, while public-sector wages shot up by 58.6%. A significant factor in this increase was a 25% two-step minimum wage hike, with a 15% increase on 1 May and a 10% increase taking effect on 1 September.

The balance-of-payments current account posted a surplus in 2011 thanks to high oil prices, despite the upturn

BOLIVARIAN REPUBLIC OF VENEZUELA: MAIN ECONOMIC INDICATORS

	2009	2010	2011 ^a
Annual growth rates			
Gross domestic product	-3.2	-1.5	4.2
Per capita gross domestic product	-4.8	-3.0	2.6
Consumer prices	26.9	27.4	28.9 ^b
Real average wage	-6.6	-5.2	3.0 ^c
Money (M1)	20.4	23.0	51.4 ^d
Real effective exchange rate ^e	-24.1	52.0	-12.0 ^f
Terms of trade	-27.2	18.9	19.8
Annual average percentages			
Open unemployment rate	7.8	8.6	8.4 ^g
Central government overall balance / GDP	-5.0	-3.6	-3.5
Nominal deposit rate ^h	15.6	14.7	14.8 ⁱ
Nominal lending rate ^j	20.6	18.0	17.7 ⁱ
Millions of dollars			
Exports of goods and services	59 830	67 602	92 012
Imports of goods and services	50 370	49 661	59 668
Current account balance	6 035	12 071	25 127
Capital and financial balance ^k	-16 834	-20 010	-23 736
Overall balance	-10 799	-7 939	1 391

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Preliminary estimates.

^b Twelve-month variation to November 2011.

^c Estimate based on data from January to September.

^d Twelve-month variation to October 2011.

^e A negative rate indicates an appreciation of the currency in real terms.

^f January to October average, year-on-year variation.

^g Estimate based on data from January to October.

^h 90-day deposits, average of the country's six major commercial and universal banks.

ⁱ January-November average.

^j Lending rate, average of the country's six major commercial and universal banks.

^k Includes errors and omissions.

in imports as economic activity recovered. In the first nine months of the year, exports rose in value by 45% compared with the same period in 2010, reflecting a 41.5% increase in the price of Venezuelan crude oil. Imports expanded by 21.3%, with direct imports by public institutions and State-owned companies accounting for a significant proportion of that figure.

The financial account balance deteriorated in 2011 in comparison with 2010; the resulting deficit may be attributed to substantial Venezuelan public sector accumulation of foreign-currency assets in cash and deposits, the acquisition of liquid assets abroad (despite strict foreign exchange controls) and increased debt held by non-residents.

In the first nine months of 2011, the balance-of-payments deficit was US\$ 3 billion (1% of GDP); it is likely to close the year with a small deficit.

Brazil

The Brazilian economy slowed in 2011, growing by nearly 2.9% compared with 7.5% in 2010. The slowdown was attributable to the depletion of idle industrial capacity and the impact of policies aimed at containing the surge in domestic demand and the resulting inflationary pressures. In the third quarter, given the deteriorating international situation and the loss of momentum in the economy, macroeconomic policy was oriented towards maintaining growth, especially by lowering the interest rate and announcing, in early December, a reduction in taxes on some consumer goods and the relaxation of credit control measures. These new steps are expected to help ramp up growth in 2012, to about 3.5%.

Fiscal policy was adjusted in 2011 to produce a primary surplus equivalent to 3.5% of GDP for January to October 2011, against 2.9% of GDP for the same period in 2010. The adjustment was in response to faster growth in federal government revenues (13.7% higher in real terms in the first 10 months of 2011 compared with the same period the previous year, excluding the impact of the sale of Petrobras concessions in 2010) and tighter controls on spending, with a real variation of 4.3% in the same period.

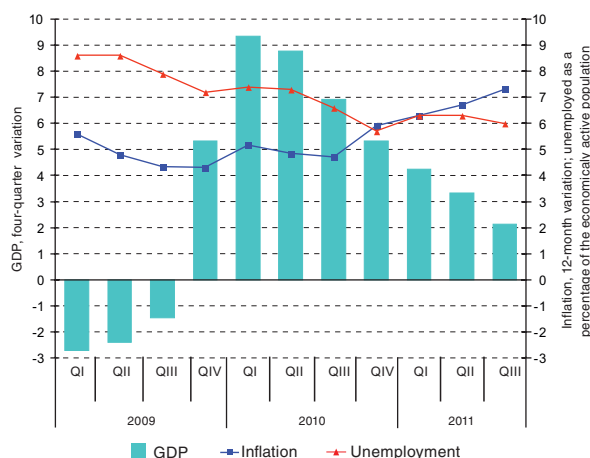
With regard to the variation in the two main taxes in the first 10 months of 2011, corporate tax revenues jumped by 17.6% in real terms and social security contributions went up by 9.4%. The 10 main federal taxes saw real increases in excess of 8%. The upswing is attributable chiefly to the real expansion of the wage bill and sales of goods and services. By sector, real tax revenues from mining doubled (117.6%) and federal taxes paid by the financial sector and the automotive industry climbed by 22.8% and 15.1%, respectively.

On the spending side, non-compulsory spending was reined in. Cumulative investment for the period January-October 2011 dropped by 8.7% in real terms compared with the same period in 2010. Expenditure was brought down in response to a review of projects and by monitoring and control of capital expenditure. The cumulative total for other capital expenditure grew by 4.9% in real terms—substantially less than in 2010, when it expanded by 16.6% in real terms. Staff costs and social security benefits (the two main expenditure

items) once again went up in real terms, by 3.7% and 4.7% respectively.

In early December 2011, the government announced a series of fiscal and credit measures to stimulate domestic production in response to the uncertainty caused by the international crisis. Taxes on household appliances, such as refrigerators and cookers, and certain food products, such as pasta, were lowered or eliminated. The tax on

BRAZIL: GDP, INFLATION AND UNEMPLOYMENT



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

foreign capital inflows for stock purchases and venture capital was eliminated, and the tax on personal credit transactions was cut from 3% to 2.5% per year.

Monetary policy was marked by an interest rate trend reversal. In the first half of the year, the central bank raised the Special System of Clearance and Custody (SELIC) interest rate from 10.75% in January to 12.5% in July, with a view to curbing inflationary pressures. In August that policy was changed as the central bank saw that the external situation was worsening. Between July and November the authorities lowered the SELIC rate to 11% and could lower it further in 2012. Credit expanded by 12.6% in the first 10 months of the year, slightly slower than the 16.9% recorded in 2010. However, lending patterns were influenced by macroprudential measures requiring financial institutions to hold more capital for longer-term operations.

Until the external situation deteriorated in August, Brazil's economic policy was concerned primarily with the constant inflow of capital; this led to the broadening of financial flow regulations. The financial transactions tax on loans and stock purchases was raised to 6% depending on the term of the operation, and a tax on trading in derivatives was announced. In view of the volatility since September, the government postponed implementation of some of these measures and recently stopped collecting some of these taxes on foreign investors.

The changing external situation resulted in exchange market volatility. The Brazilian real appreciated steadily between December 2010 and July 2011, by a nominal 6.7%, to give a rate of close to 1.50 reals to the dollar. With the deepening crisis in Europe, the Brazilian real was extremely volatile and saw sudden, small devaluations. Between September and November, the nominal exchange rate surpassed 1.90 reals per dollar and closed November at close to 1.81 reals to the dollar.

The 3.2% expansion of economic activity in the first quarters of 2011 marked a slowdown compared with the same period in 2010 and is attributable to the loss of momentum in various productive sectors. Agriculture grew by a slower 2.8% owing to the weak performance of the livestock sector, even though record harvests were expected for some of the main crops. Mining slowed dramatically and grew by only 3% as oil production posted a cumulative drop of 2% from January to September 2011 compared with the same period in 2010. Other minerals also expanded more slowly; one example is iron, which grew by 5.5% compared with 29.5% in 2010, according to the largest mining company in the country.

In the first three quarters of 2011, manufacturing grew by 1% compared with the same period in 2010. This loss of steam is attributable to flagging output of consumer goods (up by 0.4%) and intermediate goods (0.6% increase). The capital goods industry grew by

BRAZIL: MAIN ECONOMIC INDICATORS

	2009	2010	2011 ^a
Annual growth rates			
Gross domestic product	-0.3	7.5	2.9
Per capita gross domestic product	-1.2	6.6	2.0
Consumer prices	4.3	5.9	6.6 ^b
Real average wage ^c	1.3	2.1	1.3 ^d
Money (M1)	8.8	16.6	21.1 ^e
Real effective exchange rate ^f	1.5	-13.7	-6.2 ^g
Terms of trade	-2.4	16.0	8.5
Annual average percentages			
Urban unemployment rate	8.1	6.7	6.1 ^d
Central government overall balance / GDP	-3.5	-1.3	-2.0
Nominal deposit rate ^h	6.9	6.9	7.5 ⁱ
Nominal lending rate ^j	40.4	38.5	41.3 ⁱ
Millions of dollars			
Exports of goods and services	180 723	233 736	294 669
Imports of goods and services	174 679	244 322	304 948
Current account balance	-24 302	-47 365	-51 088
Capital and financial balance ^k	70 953	96 465	115 441
Overall balance	46 651	49 101	64 353

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Preliminary estimates.

^b Twelve-month variation to November 2011.

^c Workers covered by social and labour legislation, private sector.

^d Estimate based on data from January to October.

^e Twelve-month variation to October 2011.

^f A negative rate indicates an appreciation of the currency in real terms.

^g January to October average, year-on-year variation.

^h Interest rate on savings.

ⁱ January-October average.

^j Pre-set corporate rate.

^k Includes errors and omissions.

5% during the same period. Slower growth in this sector can be explained by the impact of credit control measures and, especially, increasing competition from imported products.

In terms of the components of demand, domestic demand is expected to cool in 2011 compared with 2010. In the first three quarters of 2011, household consumption expanded more slowly (4.8%), as did government consumption (2.2%). Investment growth also decelerated over the year (5.7% compared with 21.8% in 2010). Sluggish domestic demand reflected the higher cost of credit, fewer new jobs and the effects of growing global economic uncertainty on domestic economic activity. One sign of cautiousness was the 28% fall in Brazilian Development Bank (BNDES) lending in the first three quarters of 2011 compared with the same period in 2010.

In November 2011 the 12-month variation in inflation was 6.6%. This is the first time that this indicator has gone down after rising continuously since September 2010, when it stood at 7.1%. The pressures exerted by food prices eased (falling from annual increments of nearly 10%, to 8.5%), but were substituted in part by those of fuel prices, whose 12-month rate rose from 2.5% in December 2010 to 6.5% in October 2011.

The average unemployment rate in the first 10 months of 2011 was 6.2%, almost 1 percentage point less than in 2010. During the same period in 2011, 2.2 million jobs were created. The real average wage increased by 3.4% in the 12 months to October 2011.

In the external sector, exports climbed by almost 30% in the period January-October 2011 compared with the same period a year earlier, maintaining the momentum seen in 2010. Imports continued to expand, but at a lower rate than exports: compared with the same period in 2010, their value increased by 25.5% in the period January-October 2011. This led to a 74.4% upsurge in the cumulative trade surplus for the period, bringing it to US\$ 25.4 billion. The wider trade surplus helped to offset the strong deflationary pressure of services in the Brazilian current account. The cumulative current-account deficit thus stood at US\$ 39 billion for the first 10 months of 2011; as a ratio of GDP it fell from 2.3% October 2010 to 1.8% in October 2011. With strong net inflows of capital, amounting to a cumulative US\$ 92.9 billion in the first 10 months of 2011, the central bank purchased foreign currency to bring international reserves to a total of US\$ 352.9 billion at the end of October 2011.

In 2011, service imports, income-balance deficits and expanding capital inflows towards Brazil maintained the upward trend seen over the past few years. There was a sharp increase in the cumulative services balance in the first 10 months of 2011 compared with the same period in 2010, as well as in the travel account deficit (which jumped by 45.2%, to US\$ 12.2 billion) and in

net remittances of profits and dividends (up by 26.6%, to US\$ 29.2 billion—similar to the US\$ 30.4 billion total for 2010).

Two significant foreign currency inflows were seen in the capital and financial account in the same period. Foreign direct investment shot up by 90.8% compared with the same period in 2010, to US\$ 56 billion. This increase is attributable both to the expansion in productive investments and to the change in capital position between Brazilian subsidiaries and their parent companies. Another source of foreign currency inflows was the larger volume of bank loans entering Brazil: net inflows totalled some US\$ 39.8 billion, representing an increase of 83.1%. These capital inflows partially replaced inflows for stock purchases, which dropped to US\$ 5.5 billion against the US\$ 33.7 billion in 2010 that mostly went towards the capitalization of Petrobras. On the back of the solid expansion in capital inflows, reserves were boosted by US\$ 56.9 billion —US\$ 13.6 billion more than in the same period in 2010.

Brazil's external debt went up in 2011. In October it stood at US\$ 297.8 billion, compared with US\$ 256.8 billion in December 2010. Long-term debt increased by US\$ 51.3 billion, while short-term debt decreased by US\$ 10.4 billion. Of that rise in long-term debt, 85.8% can be attributed to the banking sector, which used external borrowing facilities to support domestic operations. But the expansion in debt did not worsen the debt indicators, thanks to expanding reserves, burgeoning exports and falling international interest rates.

Chile

The Chilean economy continued to grow briskly in 2011 as seen in GDP growth of 6.3%, which was above the trend. The result has been steadily declining unemployment rates and inflation in line with central bank expectations. International copper prices trended down during the second half of the year as the global economy slowed, but they remained higher than in previous decades. These factors, plus burgeoning domestic demand, contributed to an incipient current account deficit.

The short-term impact that the February 2010 earthquake and tsunami had on output subsided during the year, with a growth spurt driven by domestic demand on both the consumer and the investment side. So, as in 2010, the two primary components of expenditure driving economic activity were consumption of consumer durables and investment in construction and works as spending rose post-earthquake and both components rebounded cyclically after a sluggish 2009 in the wake of the global financial crisis. This trend held throughout 2011 on the strength of expanding employment, rising real wages and credit-access conditions returning to normal. By contrast, government consumption (which has at other times driven demand) grew only slowly. A significant proportion of demand went overseas, contributing to the steady increase in imports.

Growth in economic activity eased off during the year; the pace for 2012 is expected to be slightly below the estimated 5% potential GDP expansion. The fading statistical effect of the low basis of comparison due to the earthquake, and ever-bleaker prospects for global growth this year and next, are expected to curb growth in 2011 and 2012. This could have a negative impact on export performance and terms of trade and lead to the postponement of investment decisions and durable goods purchases.

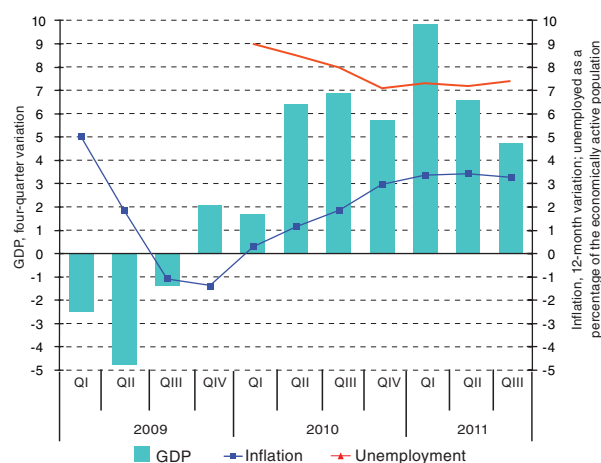
There were no significant macroeconomic policy changes in 2011. Fiscal policy continued to be guided by a medium-term structural balance target (0% of GDP in 2014). Economic growth and copper prices triggered a jump in tax revenues in 2011. This, along with the slow—and slowing—pace of spending during the first half of the year, contributed to an effective surplus that stood at 2.8% of GDP in the third quarter of 2011 and is projected to be in the area of 1.5% of GDP for the

year overall. Because the economy is growing faster than the trend and average copper prices held above medium-term projections, correcting revenue for these cyclical factors would still yield a structural deficit on the order of 1.6% of GDP.

The evolution of public revenue and expenditure allowed for a partial rebuilding of sovereign wealth fund savings and would support a new round of countercyclical government action, if necessary. Even so, these funds have not yet regained their pre-global financial crisis highs.

Monetary policy, guided by an inflation target range in the area of 3%, continued the gradual withdrawal of monetary stimulus. Rising inflation expectations led the

CHILE: GDP, INFLATION AND UNEMPLOYMENT



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

central bank to raise the monetary policy rate several times from mid-2010 on, to an annual 5.25% in June. Since then, the deteriorating outlook in Europe and the slumping price of some commodities (including fuels) augured lower external inflationary pressures and prompted a more gradual withdrawal of monetary stimulus. As a result, the monetary policy rate was held steady; further reductions to resume the stimulus have not been ruled out should an external market crisis lead to worsening expectations for future growth.

On the exchange-rate front, the central bank continued its foreign currency purchase programme, which is scheduled to end in December. Although it was launched in times of substantial appreciation pressure, this programme was presented as an initiative to build up international reserves as a measure of protection against potential external turbulence. Given the outlook for 2012, with higher global risk and the potential for turbulence, there should be no need for a nominal exchange-rate support programme and there are, therefore, no expectations that these measures will be extended.

The monthly indicator of economic activity (IMACEC) reflected the lively economic climate during the first half of the year and subsequent convergence towards a more moderate pace. The fastest-growing sectors were those associated with domestic demand (commerce, construction and services). On the other hand, some export sectors (such as mining) declined as a result of labour conflicts and a downturn in field yields for geological reasons. The salmon industry recovered gradually after output was hard hit by a virus, but other catches (especially in the northern part of the country) continued to suffer from a scarcity of pelagic resources.

The consumer price index rose just over 3% on a 12-month basis, in line with the central bank's annual target of 3% (+/- 1%). Core inflation continued to rise slowly within the expected range as international food and fuel price inflation was passed through to domestic prices. Expectations and measures subsequently converged towards the target once more as these external uptrends eased amidst uncertainty surrounding growth in the developed economies.

With this growth pattern, the gradually narrowing labour market pushed wages up and led to some labour shortages. Indeed, at times in 2011 the general hourly wage index increase was twice the rate of inflation. Real wages are therefore expected to rise by nearly 2.6% for the year. Employment expanded steadily, bringing unemployment rates down to levels usually regarded as

CHILE: MAIN ECONOMIC INDICATORS

	2009	2010	2011 ^a
Annual growth rates			
Gross domestic product	-1.7	5.2	6.3
Per capita gross domestic product	-2.6	4.2	5.3
Consumer prices	-1.4	3.0	3.9 ^b
Real average wage ^c	4.8	2.3	2.5 ^d
Money (M1)	22.7	21.3	8.6 ^b
Real effective exchange rate ^e	2.5	-5.9	-2.7 ^f
Terms of trade	1.2	22.4	4.5
Annual average percentages			
Unemployment rate	9.7	8.2	7.2 ^d
Central government overall balance / GDP	-4.5	-0.4	1.2
Nominal deposit rate ^g	2.3	2.7	5.5 ^h
Nominal lending rate ^g	12.9	11.8	12.6 ^h
Millions of dollars			
Exports of goods and services	62 638	81 826	93 915
Imports of goods and services	49 966	66 990	82 975
Current account balance	2 570	3 802	-2 494
Capital and financial balance ⁱ	-922	-779	13 303
Overall balance	1 648	3 023	10 809

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Preliminary estimates.

^b Twelve-month variation to November 2011.

^c General hourly wage index.

^d Estimate based on data from January to October.

^e A negative rate indicates an appreciation of the currency in real terms.

^f January to October average, year-on-year variation.

^g Lending rates for 90-360 days, non-adjustable operations.

^h January-November average.

ⁱ Includes errors and omissions.

low for the Chilean economy. Seasonal factors towards the year-end and early in 2012 will lead to a further temporary dip in unemployment, which will remain low despite a slight uptick as activity moderates.

The balance-of-payments current account posted a small deficit of around 1% of GDP, reflecting, among other factors, growing domestic demand for such items as durable goods, machinery and equipment, slow or flat growth in the volume of certain key exports (copper) and declining export prices during the second half of the year. Total gross external debt continued to grow and neared 46% of GDP. General government debt accounts for only a small portion equivalent to 2.5% of GDP. Because the general government is a net creditor to the rest of the world, its sovereign wealth fund savings are triple its external debt. As intended, central bank reserves rose sharply, by almost 40% for the year, to nearly 20% of GDP. All of these factors point to continued fiscal and external soundness for Chile and, as explained above, give the authorities ample space for taking countercyclical action if necessary.

Colombia

In 2011, the Colombian economy continued to expand at the same healthy pace as the previous year, with growth estimated at more than 5%. This positive performance was driven by domestic demand as both household consumption and investment expanded. The favourable economic climate was reflected in the high confidence indices recorded in surveys. In the context of a more adverse global scenario, the economy is expected to grow at a slightly slower pace in 2012.

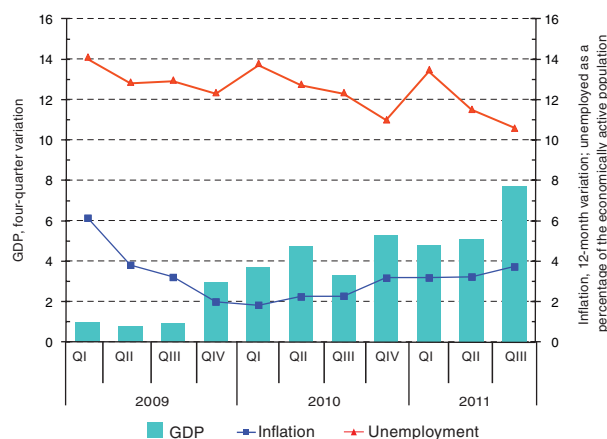
A set of fiscal policy, competitiveness, employment and business formalization reforms was approved with a view to consolidating these high growth rates. Congress granted the administration extraordinary powers to restructure the executive branch in order to make public administration more efficient. These measures will be complemented in 2012 by two further reforms, one relating to the tax system and the other concerning pensions.

On the fiscal front, the mining royalty system was reformed to ensure that resources are distributed more equally among regions, especially during the price boom. A new fiscal rule and a constitutional amendment requiring that public spending be fiscally sustainable were approved in order to ensure prudential management of public resources. The fiscal rule calls for gradually reducing the central government structural deficit, down to a permanent target of no more than 1% of GDP by 2022. It also authorizes countercyclical government spending in the event of a severe crisis. The central government is forecast to post a fiscal balance deficit of 3.6% of GDP in 2011. Total revenue is expected to expand by more than 0.5% of GDP on the strength of the economic boom and new tax regulations with stricter tax evasion and avoidance controls. Although spending execution has been low, spending is expected to expand by 0.5% of GDP in 2011, so the fiscal balance should remain unchanged in keeping with the fiscal rule approved. The non-financial public sector deficit is expected to widen slightly, from 3.1% of GDP to 3.5%, as the decentralized sector surplus narrows in the face of traditionally higher spending by regional and local governments during the final year of their terms, coupled with net winter emergency spending.

In 2011, domestic demand fuelled economic growth and was driven by better terms of trade and the recovering labour market, as well as burgeoning consumer and mortgage lending. In order to curb inflationary pressures, the central bank raised the policy rate several times during the year, most recently in November 2011; the result was an accumulated increase of 175 basis points, from 3.0% to 4.75%.

The policy rate increases were transmitted to the real consumer interest rate, which stood at a still-historical low of 15.2% in the third quarter of 2011. This in turn triggered a year-on-year expansion of 21.6% in the real

COLOMBIA: GDP, INFLATION AND UNEMPLOYMENT



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

consumer credit portfolio. Ordinary credit and mortgage lending recorded year-on-year growth of 20% and 13% respectively. Improving credit portfolio quality, especially for the mortgage portfolio (whose risk indicator dropped from 7.3% in September 2010 to 5.7% in September 2011), allayed monetary authorities' fears of excessive household borrowing.

On the foreign exchange front, the peso continued to appreciate throughout 2011, albeit at varying rates. Foreign direct investment flows into Colombia were significant, especially for the oil and mining sectors, with accumulated growth to October 2011 of 54.2% compared with the same period in 2010. Export and portfolio investment inflows were up sharply as well, by 28.7% and 10%, respectively. This all took place as international commodity prices soared, the country recovered its investment-grade ratings from three rating agencies and growth prospects remained in positive territory. To prevent currency appreciation, in September 2011 the central bank replaced the reserve purchase programme involving daily auctions of up to US\$ 20 million with options auctions in an effort to control volatility. This new instrument, which had not been employed since 2008, provides for interventions of up to US\$ 200 million in the event of deviation from the average exchange rate. To the same end, the government set up a US\$ 1.2 billion fund abroad and limited foreign currency transactions by pension funds to 2.5% of the value of each fund.

Economic activity grew by 5.0% in the first half of 2011. Mining was the best performing sector, closely followed by trade and the transport and communications sector. Despite extreme winter weather that hit rural areas the hardest, the agricultural sector picked up after the stubborn slump that began in 2008. By contrast, construction showed negative growth as a result of sharp cutbacks in public works. However, the sector is expected to recover towards the end of 2011 on the strength of sustained growth in construction permits and the expected upturn in public works as weather conditions stabilize.

Consumption—especially private consumption—continued to expand, with household consumption up by 6.2% during the first half of the year and demand for durable goods strong. Investment and imports posted the sharpest growth, particularly machinery and transport equipment.

The weather affected prices: food-price inflation (especially for perishables) trended up throughout the year. The second half of 2011 saw rising prices for regulated goods and services, especially utility rates, pushing annual inflation to October up to 4.0%. Because the central bank considers these rises to be temporary, it expects to reach its target of 2%-4% for 2011 and has kept the same target for 2012.

COLOMBIA: MAIN ECONOMIC INDICATORS

	2009	2010	2011 ^a
Annual growth rates			
Gross domestic product	1.5	4.3	5.5
Per capita gross domestic product	0.0	2.9	4.1
Consumer prices	2.0	3.2	4.0 ^b
Real average wage ^c	1.2	2.5	0.0 ^d
Money (M1)	5.4	10.2	17.3 ^e
Real effective exchange rate ^f	5.6	-13.1	0.5 ^g
Terms of trade	-14.0	13.1	6.0
Annual average percentages			
Urban unemployment rate ^h	13.0	12.4	11.4 ⁱ
Central national government overall balance / GDP	-4.1	-3.8	-4.0
Nominal deposit rate ^j	6.1	3.7	4.0 ^k
Nominal lending rate ^l	13.0	9.4	11.1 ^k
Millions of dollars			
Exports of goods and services	38 227	45 224	61 871
Imports of goods and services	38 503	46 608	62 319
Current account balance	-5 011	-8 855	-10 927
Capital and financial balance ^m	6 358	11 991	15 210
Overall balance	1 347	3 136	4 283

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Preliminary estimates.

^b Twelve-month variation to November 2011.

^c Manufacturing.

^d Estimate based on data from January to September.

^e Twelve-month variation to October 2011.

^f A negative rate indicates an appreciation of the currency in real terms.

^g January to October average, year-on-year variation.

^h Includes hidden unemployment.

ⁱ Estimate based on data from January to October.

^j 90-day fixed-term certificates of deposit.

^k January-November average.

^l Weighted average of the system lending rates.

^m Includes errors and omissions.

The economy's strong performance was reflected in the labour market. Unemployment in Colombia fell throughout 2011, dropping to a single-digit national rate (9.7%) in September 2011. This had not happened since 2007 despite consistently high labour participation rates. The sectors contributing most to employment were community services, trade and industry. Act No. 1.429 of 2010, which is designed to encourage formalization, appears to have had its first positive effects in reducing unemployment and increasing the number of workers with health-related benefits through social security.

The external sector was boosted by the resumption of trade with the Bolivarian Republic of Venezuela and buoyant exports. But this was not enough to offset the sustained growth in imports, especially intermediate goods and capital. Worker remittances recorded year-on-year growth of 5% to September 2011. The combined effect of these results together with the increased outflow of foreign-company profits and dividends produced a current account deficit of 2.8% of GDP. Lastly, net foreign direct investment was up by 74% in the first semester of 2011, with flows going primarily to the oil and mining sectors.

Ecuador

The Ecuadorian economy is expected to have grown by 8% in 2011. Economic activity accelerated in the first half of the year but slowed slightly in the second half. Growth continued to be driven by domestic demand, which was fuelled mainly by strong public spending. Although government spending will remain high in 2012, it will not be enough to maintain the current pace of economic growth. GDP is thus expected to expand by 5% in 2012. Inflation to December will stand at around 5.5% in 2011 and 4% in 2012.

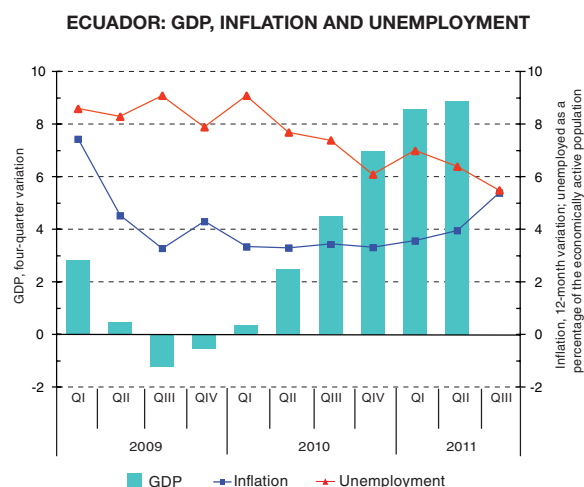
GDP grew at a faster pace in the first half of the year on the strength of expanding investment and consumption. Investment was boosted by major ongoing public investment plans and public investment in housing. Consumption expanded in response to real wage increases, direct government household subsidies and sharp growth in credit.

The government intervenes heavily in strategic economic sectors, which is a significant factor behind low private investment. In mining and oil exploration and development, however, private investment flows are expected now that the contracts have been renegotiated and it has been established that the government will pay a flat fee for the extraction of a set number of barrels. Cumulative oil production between January and September 2011 was up by 3.8% compared with the same period the previous year, totalling 136 million barrels. State oil output accounted for 72% of total national production and increased by 23.25% compared with the same period of 2010. Production by private companies fell by 25.85%. Both the increase in government oil production and the decline in private production are the result of the government taking over the fields formerly operated by Perenco and Petrobras.

Fiscal revenue is largely determined by resources generated by the energy sector. Energy revenue accounted for a quarter of total government revenue in 2009 but will account for a third in 2011. Given that the energy sector is the main driver of the economy, the expected slight decline in oil prices, combined with sluggish growth in production, indicates that government spending will stay the same and GDP growth will slow in 2012.

Tax receipts between January and October grew by 9.1% compared with 2010 on the strength of a jump in

revenue from value added tax (up by 18.9%), income tax (27.4%) and special consumption tax (15.7%). By contrast, fiscal revenue from the tax on extraordinary income plummeted by 93.4% compared with 2010. Given that this tax is levied on additional income from the sale of non-renewable natural resources, revenue from this tax fell after the oil contracts were renegotiated and private oil production declined. Overall, tax receipts for the period January to October rose by US\$ 597 million compared with the same period of 2010. During the same period, central government spending expanded by 18.8% compared with 2010 and posted a cumulative execution of 70.9% in 2011.



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

The 2012 non-financial public sector budget was set based on an oil price of US\$ 80 per barrel in line with economic forecasts. This, plus expected public spending, will push the fiscal deficit up from around 3% of GDP in 2011 to 6% of GDP in 2012. The 2011 fiscal deficit was below the original projection of 6% of GDP because the actual price of oil in 2011 was higher than the US\$ 73 per barrel assumed when preparing the budget.

A new law enacted in November 2011 seeks to raise tax collections by an amount equal to 0.6% of GDP, increasing the tax on currency outflows from 2% to 5%, taxing automobiles and plastic bottles, and raising the rates on cigarettes and alcoholic beverages.

Government spending has expanded significantly as a result of major public investment plans and social policies, pushing public spending in 2011 up to around 40% of economic activity, compared with just over 20% in the first five years of the decade. As a result, the public sector is now the main driver of the Ecuadorian economy.

The Andean Trade Promotion and Drug Eradication Act (ATPDEA) guaranteeing preferential trade between Ecuador and the United States was renewed in October 2011, eight months after it expired. But it was renewed only until mid-2013, when the free trade agreement between Colombia and the United States is to take effect.

Credit supply indicators confirm that expanding domestic demand is matched by higher private consumption, since growth in the supply of consumer credit outstripped growth in lending to the housing and microcredit sectors. Financial institutions are easing their restrictions on borrowing and offering lower interest rates and longer loan terms. In the production segment, loan applications were submitted mainly for industrial and commercial activities, with the proceeds going mainly to working capital, investment and asset acquisition.

Following the sharp expansion in activity in the first quarter, the pace of growth accelerated so much in the second quarter that the performance in the first half of the year matched the forecast for the entire year. The sectors posting the most growth in the first six months were oil refining (42%), electricity and water (32%) and construction (21%). Soaring output was accompanied by low unemployment, which fell to the rates posted before the 2008 crisis. The average rate for the year was

ECUADOR: MAIN ECONOMIC INDICATORS

	2009	2010	2011 ^a
Annual growth rates			
Gross domestic product	0.4	3.6	8.0
Per capita gross domestic product	-0.7	2.5	6.8
Consumer prices	4.3	3.3	5.5 ^b
Money (M1)	8.2	19.4	22.1 ^c
Real effective exchange rate ^d	-5.0	-0.9	3.2 ^e
Terms of trade	-11.5	10.1	8.0
Annual average percentages			
Urban unemployment rate ^f	8.5	7.6	6.1 ^g
Central government overall balance / GDP	-5.1	-2.0	-1.5
Nominal deposit rate ^h	5.4	4.6	4.6 ⁱ
Nominal lending rate ^j	9.2	9.0	8.4 ⁱ
Millions of dollars			
Exports of goods and services	15 749	19 610	23 393
Imports of goods and services	16 887	22 651	27 021
Current account balance	-90	-1 785	-2 354
Capital and financial balance ^k	-2 557	573	4 281
Overall balance	-2 647	-1 212	1 927

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Preliminary estimates.

^b Twelve-month variation to November 2011.

^c Twelve-month variation to September 2011.

^d A negative rate indicates an appreciation of the currency in real terms.

^e January to October average, year-on-year variation.

^f Includes hidden unemployment.

^g Estimate based on data from January to September.

^h Weighted average of the system effective deposit rates.

ⁱ January-November average.

^j Effective benchmark lending rate for the corporate commercial segment.

^k Includes errors and omissions.

around 6%, compared with 7.6% in 2010. The quality of employment also improved, as underemployment in September dipped to 46%, four percentage points below the rate in September 2010.

Inflation has been climbing since February, when the year-on-year variation was 3.4%, rising to 5.5% by October. This was due to 8.2% food inflation, compared with non-food inflation of 4.4%. Year-on-year inflation to December is expected to stand at around 5.5%.

At the end of the first half of the year the trade balance was in deficit by around US\$ 50 million, equivalent to 0.1% of GDP. The oil trade balance surplus was US\$ 3.698 billion, and the non-oil trade balance deficit was US\$ 3.748 billion. The current account deficit will stand at around 3% of GDP. Despite high unemployment in Spain, remittances continued to grow, although they have not returned to pre-crisis levels.

Paraguay

After growing by 15% in 2010, the economy of Paraguay expanded by 4% in 2011, largely due to strong performance by the agricultural sector on the supply side and domestic demand on the expenditure side. Although public spending continued to expand in 2011, total revenue also grew, resulting in a central administration fiscal surplus of 0.4% of GDP. To November 2011, the year-on-year variation in the consumer price index was 5.6%, lower than the 6.1% posted in 2010. The current account was in deficit by 2.1% of GDP, lower than the deficit of 3.7% of GDP in 2010.

Tax revenue recorded year-on-year growth of 18.7% to July 2011 (17.1% to November). This expansion came on the strength of higher receipts in nominal terms from value added tax (up by 15.9%), net income and profits tax (22.6%) and foreign trade tax (21.7%). The main contributing factor was the soaring performance of the Paraguayan economy in the first half of the year, when domestic demand registered double-digit growth. The incorporation of nearly 40,000 new taxpayers to July 2011 also contributed to the surge in tax revenue. In total, public revenue (tax, non-tax and capital revenue) posted year-on-year growth in nominal terms of 19.7% to July 2011. The personal income tax bill was shelved for the fourth consecutive year, making Paraguay the only country in Latin America without personal income tax and making the government heavily dependent on indirect taxes for its fiscal revenue.

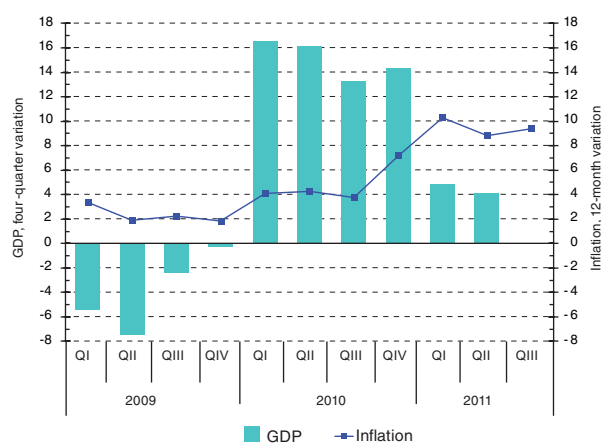
On the public spending front, to July 2011 current expenditure posted year-on-year growth of 19.3% in nominal terms. Capital expenditure expanded by 19.8%, pushing total expenditure up by 19.4%. Although public spending rose, it did so at a slower pace than total revenue. The result was a central administration fiscal surplus of 0.4% of GDP for 2011, compared with 1.4% in 2010. A reversal in fiscal results is likely in the short term, however, since tax pressure in Paraguay is low (13.5% in 2010); 2012 is a pre-election year, and the country's economy is expected to grow at a slower pace.

Based on economic conditions in the first half of the year, when burgeoning domestic demand helped fuel inflationary pressures, the Executive Committee for Open Market Operations and Reserves (CEOMA) of the Central

Bank of Paraguay adopted a more restrictive monetary policy stance. The weighted average interest rate on monetary regulation instruments thus reached its highest average yield for 2011 (9.3%) in June. Monetary policy began to ease in July as the Paraguayan economy slowed, and the average yield on monetary regulation instruments dropped to 8.8%. To October 2011, the average yield on these instruments was 8.0%.

The nominal exchange rate of the guaraní against the United States dollar reflected a year-on-year appreciation of 15.2% to October 2011. With regard to the real effective exchange rate, the guaraní appreciated against the dollar

PARAGUAY: GDP AND INFLATION



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

(by 15.2%), euro (4.5%), Argentine peso (16.5%) and Brazilian real (19.3%). The guaraní nonetheless showed considerable volatility in 2011 as a result of international economic uncertainty. The current account deficit helped to slow the appreciation of the guaraní against the dollar, which was evident in the closing months of 2011.

After posting the sharpest rate of growth in the region in 2010 (15%), the Paraguayan economy expanded by 4.0% in 2011. This is a more normal pace, considering that the economy contracted by 3.8% in 2009 in the wake of the drought that hit the agricultural sector, and it rebounded robustly in 2010 thanks to one of the best soybean harvests in the country's history. On the supply side, several factors contributed to the economy's performance in 2011. One of the main ones was the positive momentum of the agricultural sector, boosted by excellent soybean harvest conditions in 2010-2011. Another was the livestock industry slowdown, with external demand chilled, among other reasons, by an animal health emergency arising from an outbreak of foot-and-mouth disease that hit the beef cattle industry. And, lastly, the lacklustre year for the construction industry that was largely due to a shortage of cement. On the expenditure side, the performance of the national economy was mainly attributable to double-digit growth in domestic demand, especially in the first half of the year, and to a decline in exports. This decline was caused in part by the drop in meat exports following the foot-and-mouth disease outbreak but, above all, by the global economic slowdown that impacted Paraguay's exports across the board.

According to the findings of the Continuous Employment Survey,¹ unemployment stood at 7.0% in the third quarter of 2011, close to the rate for the same period of 2010, and was 6.1% for men and 8.1% for women. The Central Bank of Paraguay's wage and salary index showed a year-on-year variation of 11% to June 2011. By decree, the legal minimum wage applicable to the private sector was raised by 10% with effect from April 2011.

The growth in domestic demand put pressure on prices, as reflected in inflation rates well above the target set by the central bank.² To September, year-on-year inflation stood at 9.4%, but dropped to 5.6% in November in response to tumbling food prices. Year-on-year core inflation, an indicator that excludes the most volatile items in the basket (fruits and vegetables), stood at 4.8% to November 2011. Year-on-year X1 core inflation, which

PARAGUAY: MAIN ECONOMIC INDICATORS

	2009	2010	2011 ^a
Annual growth rates			
Gross domestic product	-3.8	15.0	4.0
Per capita gross domestic product	-5.5	13.1	2.3
Consumer prices	1.9	7.2	5.6 ^b
Real average wage	4.5	0.7	2.2 ^c
Money (M1)	29.6	13.4	5.7 ^d
Real effective exchange rate ^e	10.5	-2.4	-10.8 ^f
Terms of trade	-2.2	0.0	2.4
Annual average percentages			
Open urban unemployment rate	8.2	7.0	7.5 ^g
Central government overall balance / GDP	0.1	1.4	0.4
Nominal deposit rate ^h	3.4	2.0	4.5 ⁱ
Nominal lending rate ^j	15.6	13.2	16.5 ⁱ
Millions of dollars			
Exports of goods and services	7 295	9 989	12 452
Imports of goods and services	7 448	10 671	13 092
Current account balance	64	-677	-460
Capital and financial balance ^k	851	996	1 238
Overall balance	915	319	778

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Preliminary estimates.

^b Twelve-month variation to November 2011.

^c Figure for June.

^d Twelve-month variation to October 2011.

^e A negative rate indicates an appreciation of the currency in real terms.

^f January to October average, year-on-year variation.

^g Estimate based on data from January to September.

^h Weighted average of effective interest rates on time deposits.

ⁱ January-October average.

^j Weighted average of lending rates.

^k Includes errors and omissions.

excludes not only fruits and vegetables but also regulated services and fuels, was 4.1% to November 2011.

Exports of goods from Paraguay grew by 23.7% in 2011, less than the 45.2% posted in 2010. Sluggish export growth was due to sagging external demand for soybeans and beef. Imports expanded by 23.2% in 2011, especially external purchases of fuel and lubricants, and capital goods. Substantial capital inflows, especially foreign direct investment, helped to offset the current account deficit (2.1% of GDP) and made it possible to accumulate more international reserves.

The economy is expected to expand by around 4% in 2012. The exact rate will depend on international prices, demand for goods exported by Paraguay and the performance of the construction industry, among other factors.

¹ The survey covers Asunción and urban areas of the Central Department, which account for more than 60% of the economically active urban population.

² Target of 5% ± 2.5 percentage points.

Peru

In a context of a change in government,¹ the Peruvian economy grew by 7.0% in 2011, driven by robust growth in both external and domestic demand (in particular private consumption and investment). This strong economic performance was accompanied by a rise in inflation, a fiscal surplus and, despite improved terms of trade, a widening current account deficit. Economic activity is expected to continue to expand in 2012, albeit at a more moderate pace, with an estimated growth rate of close to 5.0%.

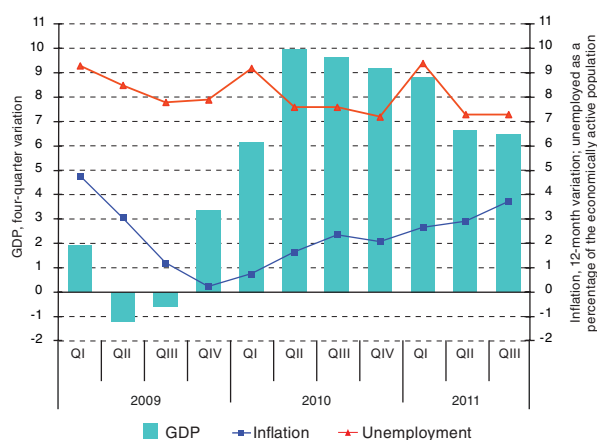
The upsurge in domestic demand led the authorities to reduce public spending in early 2011 by crediting US\$ 2 billion to the Fiscal Stabilization Fund, which contributed to a significant slowdown in public investment. Nevertheless, public spending resumed its upward trend over the course of the year. During the first nine months of 2011 central government non-financial expenditure grew by 11.2% with respect to the year-earlier period (current expenditure by 12.5% and capital expenditure by 7.1%). An 18.3% climb in capital transfers produced most of the expansion in capital expenditure, given that gross capital formation edged up just 1.8%. Current revenues surged 18.7% over the same period, driven by a sharp increase (19.8%) in tax revenues largely thanks to higher receipts from income tax (up 45.6%) and general sales tax (up 15.0%). Non-tax revenue rose by 14.9%. In consequence, the authorities expect the central government to post a primary surplus of around 1.5% and the non-financial public sector, of around 2.0% (a positive overall balance of 0.7% and 0.8% of GDP for the central government and non-financial public sector, respectively).

Some changes were made to taxation in 2011. The tax on financial transactions was reduced from 0.05% to 0.005% and the general sales tax was lowered from 19% to 18%. Both changes took effect on 1 March. The government also reduced tariffs for 3,401 items, bringing down the tariff average for 2011. In September the rates applicable to mining royalties were amended and a special tax and levy on mining were introduced, all of which will be levied on companies' operating profit rather than their sales volume. The new government expects these measures to bring in an additional 250 million nuevos soles per month.

Gross public debt maintained a downward trend throughout 2011. In September it stood at 20.9% of GDP (as opposed to 23.5% in December 2010), while domestic debt and external debt were equivalent to 9.2% and 11.8% of GDP, respectively.

The Central Reserve Bank of Peru gradually raised the reference rate, at monthly intervals, from 2.5% in August 2010 to 4.25% in May 2011, after which it remained constant. The average effective prime rate on corporate loans in domestic currency rose in annualized terms from 3.8% in January 2011 to 5.4% in November (2.2% for foreign-currency loans) and the 30-day deposit rate went up from 2.6% to 4.1% (while rates for foreign-currency loans dropped from 0.8% to 0.6%).

PERU: GDP, INFLATION AND UNEMPLOYMENT



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

¹ The new President of the Republic took office in July 2011.

In the first half of 2011 the central bank continued to implement administrative measures to regulate the massive inflows of capital into the economy. In the first quarter, the average legal reserve requirement for both domestic and foreign currency was raised by 0.25% in February and again in March, and the requirement was extended to include the liabilities of foreign branches of banks operating in the local market. The rate applicable to short-term external debt was reduced from 75% to 60% and the rate for non-residents was maintained at 120%. Since May no further changes have been made to the reserve requirements, which stand at 25% for domestic currency and 55% for foreign currency. The dollarization ratio of the financial system remained relatively stable at 45.6%. In the 12 months to September 2011, credit in the financial system soared by 20.6% as lending activity increased in both nuevos soles and foreign currency.

The central bank intervened in the foreign-exchange market throughout 2011 in order to mitigate exchange-rate volatility. The domestic currency appreciated steadily during the year, with the exception of a few months when this trend was reversed. Between December 2010 and October 2011 the nuevo sol appreciated by 3.2% against the dollar while the real effective multilateral exchange rate declined by 3.0%.

Peru signed a free trade agreement with the Republic of Korea in March 2011 and, in April, another with the European Union and Colombia, which will enter into force in 2012. Also in April, Mexico and Peru concluded their negotiations for a trade integration agreement. Negotiations for a free trade agreement between Peru and Japan are still under way.

During the first nine months of the year, GDP grew by 7.4% compared with the same period in 2010, driven by a good performance by the transport and communications sector, commerce, business and other services. On the demand side, private consumption continued to expand strongly (6.3%) over the same period, while public consumption slackened (4.7%), as did investment (5.8%), owing to a 24.2% contraction in the public component. Private investment meanwhile increased by 13.1%. Buoyant domestic demand drove a 23.8% surge in imports over this period. In contrast to the other components of aggregate demand, goods and services exports grew more vigorously in 2011 and were up by 8.5% in the first three quarters.

The 12-month inflation rate to October 2011 was 4.2% (6.4% for food and beverages). Cumulative inflation is expected to stand at around 4.3% in 2011, above the ceiling of the central bank's target range (2% with a margin of 1% either side). The authorities expect inflation to fall back within the target range in 2012.

In the first nine months of 2011 unemployment remained relatively unchanged from the year-earlier

PERU: MAIN ECONOMIC INDICATORS

	2009	2010	2011 ^a
Annual growth rates			
Gross domestic product	0.9	8.8	7.0
Per capita gross domestic product	-0.3	7.5	5.8
Consumer prices	0.2	2.1	4.6 ^b
Real average wage ^c	3.1	2.6	...
Money (M1)	14.4	30.6	20.4 ^d
Real effective exchange rate ^e	-0.4	-3.5	3.5 ^f
Terms of trade	-5.5	18.1	4.3
Annual average percentages			
Open urban unemployment rate	8.4	7.9	7.7 ^g
Central government overall balance / GDP	-1.7	0.0	0.1
Nominal deposit rate ^h	2.8	1.5	2.3 ⁱ
Nominal lending rate ^h	16.0	19.0	18.6 ⁱ
Millions of dollars			
Exports of goods and services	30 607	39 521	50 048
Imports of goods and services	25 800	34 809	44 019
Current account balance	211	-2 315	-3 246
Capital and financial balance ^j	1 696	13 271	7 861
Overall balance	1 907	10 956	4 615

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Preliminary estimates.

^b Twelve-month variation to November 2011.

^c Private-sector workers in the Lima metropolitan area.

^d Twelve-month variation to October 2011.

^e A negative rate indicates an appreciation of the currency in real terms.

^f January to October average, year-on-year variation.

^g Estimate based on data from January to October.

^h Market lending rate, average for transactions conducted in the last 30 business days.

ⁱ January-November average.

^j Includes errors and omissions.

period (8% and 8.1%, respectively), although patterns varied by gender: among men the rate fell from 6.7% to 6.1% while among women it rose from 9.8% to 10.2%. Average monthly income registered a rise of 11.5% over the same period. Having been held constant at 550 nuevos soles since January 2008, the minimum living wage rose throughout 2011, increasing from 580 nuevos soles per month in January to 675 nuevos soles in October.

Merchandise exports increased by 35.7% in the first nine months of the year (25.1% by price and 8.4% by volume), while imports of goods were up by 32.4% (15.4% by price and 14.8% by volume). In this period the overall trade surplus climbed to US\$ 6.951 billion (as against US\$ 4.626 billion over the same period in 2010), while the current account deficit remained at similar levels (US\$ 1.816 billion versus US\$ 1.784 during the same period of 2010). Compared to the year-earlier period, the terms of trade gained 8.5% on average in the first three quarters. External debt stood at 25.4% of GDP in September 2011 (versus 26.4% in December 2010). Net international reserves built up steadily during 2011 to reach US\$ 48.696 billion in October, equivalent to around 28% of GDP.

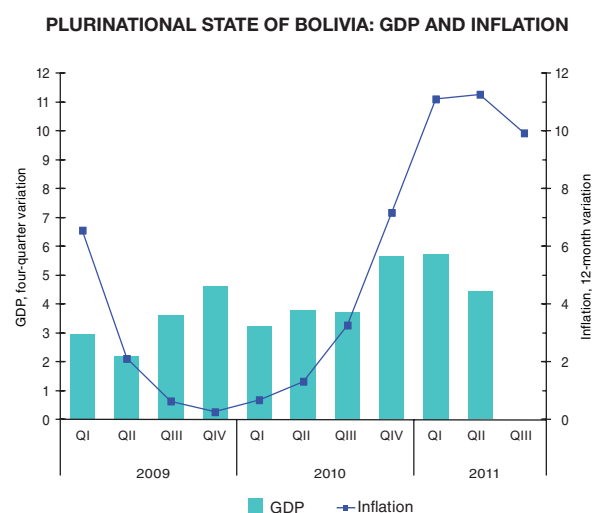
Plurinational State of Bolivia

The GDP of the Plurinational State of Bolivia is estimated to have grown by 5.1% in 2011, almost 1 percentage point more than in 2010. Annual inflation, at close to 7% to December 2011, is projected to remain almost the same as in 2010. The general government accounts will close the year with a slight deficit for the first time since 2005 despite the expected surplus for the non-financial public sector for the seventh consecutive year.

During the first half of 2011, the non-financial public sector posted an overall surplus equivalent to 2.9% of GDP, which is almost the same as the 2.8% surplus in 2010. The government is projecting a small non-financial public sector surplus of about 0.5% of GDP at year's end, while the general government is expected to close the year with a slight deficit equivalent to 0.5% of GDP—its first deficit since 2005. For the first three quarters of 2011, nominal tax revenues rose by 29.7% compared with the same period the previous year, on the back of an increase in hydrocarbon tax receipts, which went up by 14.3% during the period. Current expenditure expanded by 16% in nominal terms in the year to September 2011 compared with the same period in 2010. This can be attributed mainly to a 20% increase in spending on goods and services, while wage expenditure rose by 13%. The government continued its public investment programme in 2011, expanding the amount budgeted to this end. However, as in previous years, it encountered some difficulties in executing those investments. Public investment stood at US\$ 1.08 billion through September 2011, an increase of 34% compared with the same period in 2010; the total investment budget for 2011 was a little over US\$ 2.4 billion. Although only about 51.4% of the amount allocated for public investment had been spent by the end of the third quarter, the government is expecting execution to pick up in the remainder of the year. The government is planning to boost public investment substantially in 2012, from US\$ 2.4 billion to more than US\$ 3 billion. These investments are a major component of the government's new economic plan, which aims to invest in public enterprises with a view to boosting their productive capacity. External public debt edged up by 4.1% in nominal terms during the first half of the year,

but as a percentage of GDP it fell by 1 percentage point, from 15.4% to 14.4%, between year-end 2010 and the end of June 2011.

The central bank uses the exchange rate as an anchor to control inflation, making the money supply in the economy somewhat endogenous. Nevertheless, the central bank continued the gradual tightening of monetary policy by supplying a growing number of instruments in open market operations during the first half of the year and raising the reserve requirements for financial institutions on foreign currency deposits. This contraction in liquidity was part of the central bank's monetary programme for offsetting an expected expansion in total net domestic



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

credit and net domestic credit to the non-financial public sector. During the first half of the year, total net domestic credit did not meet the programme target. After leaving the repo rate unchanged for more than one and a half years, the central bank raised this rate in June 2011 as part of its contractionary policy. Despite that policy, all of the monetary indicators are continuing to expand. The monetary aggregates increased in 2011: M2 posted an annual variation of 14.8% through 11 November 2011, while M3 went up by 20.6%. The gross loan portfolio of private banks has continued its rapid expansion, increasing by 16.6% in the first eight months of 2011 despite the slight uptick in lending and borrowing rates during the first nine months of the year (although the real lending rate remains negative). The “bolivianization” of the banking system continued in 2011, with two thirds of loans and 62% of deposits held in bolivianos as at September—the highest levels ever recorded. Exchange-rate policy remained unchanged, with the boliviano appreciating slightly against the United States dollar. Until 20 November 2011, the central bank allowed the dollar exchange rate to appreciate from 6.95 bolivianos to 6.86 bolivianos. With the spread of 0.10 bolivianos between the buying and selling rates remaining unchanged, the selling price was therefore 6.96 bolivianos to the dollar. The real effective exchange rate through October 2011 showed a year-on-year appreciation of 5.7%.

In the first half of 2011, the country’s GDP rose by 5% against the same period in 2010. The best performing sectors were oil and natural gas; their 9.1% growth was due primarily to rising oil prices in late 2010 and early 2011. It takes three months for the observed oil price to be reflected in the price at which the Plurinational State of Bolivia sells oil. In fact, hydrocarbon production in volume terms has held steady at 1.4 billion cubic metres of natural gas and 1.4 million barrels of oil per month over the last year. Construction is still experiencing relatively high growth of over 7%, as are electricity, gas and water utilities. On the demand side, GDP growth was attributable mainly to an increase in gross fixed capital formation (11%), public administration final consumption expenditure (5%), and final consumption expenditure by households and non-profit institutions serving households (4.6%). ECLAC estimates that the economy of the Plurinational State of Bolivia will grow by 5.1% in 2011 and 4.5% in 2012.

Cumulative inflation between January and November 2011 was 6.4% and is expected to close the year at about 7%, indicating an improvement in price trends over the year. Inflation has eased off after jumping by almost 4 percentage points in the first quarter of 2011, to rise by

**PLURINATIONAL STATE OF BOLIVIA:
MAIN ECONOMIC INDICATORS**

	2009	2010	2011 ^a
Annual growth rates			
Gross domestic product	3.4	4.1	5.1
Per capita gross domestic product	1.6	2.4	3.4
Consumer prices	0.3	7.2	8.3 ^b
Real minimum wage	8.3	2.5	9.2
Money (M1)	19.3	29.6	31.3 ^c
Real effective exchange rate ^d	-9.3	3.5	-0.9 ^e
Terms of trade	-3.2	13.1	11.3
Annual average percentages			
Urban unemployment rate	7.9	6.5	...
Central government overall balance / GDP	-1.1	-0.1	-0.5
Nominal deposit rate ^f	1.5	0.4	0.5 ^g
Nominal lending rate ^h	8.3	5.2	6.3 ^g
Millions of dollars			
Exports of goods and services	5 433	6 840	8 816
Imports of goods and services	5 159	6 159	8 450
Current account balance	813	903	878
Capital and financial balance ⁱ	-488	20	1 295
Overall balance	325	923	2 173

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Preliminary estimates.

^b Twelve-month variation to November 2011.

^c Twelve-month variation to September 2011.

^d A negative rate indicates an appreciation of the currency in real terms.

^e January to October average, year-on-year variation.

^f Bank operations (61-90 days), in dollars.

^g January-November average.

^h Local-currency rate for 60-91-day banking operations.

ⁱ Includes errors and omissions.

slightly over 2% in the eight months to November. This moderation can be explained above all by the fact that food and commodity prices stopped their upward climb. Between June 2010 and June 2011, the unemployment rate fell from 6% to 5.5%, owing mainly to the drop in female unemployment, which went from 6.9% to 6.1%. The employment rate declined slightly from 53.7% to 52.8%; the labour force participation rate shrank as well, from 45.5% to 44.8%.

In the first half of 2011, the Plurinational State of Bolivia ran a current account surplus of US\$ 405.7 million, which was 17.8% less than during the same period in 2010. Goods exports grew by 23.6%, while imports surged by 33.7%. This caused the trade balance to fall by 32% to US\$ 301 million in the first half of 2011. Remittances expanded by 13.4% in the first half of the year compared with the same period in 2010. The capital and financial account posted a surplus of US\$ 587.4 million as of June 2011. From January to November 2011 the net international reserves held by the central bank increased by US\$ 2.457 billion (25.3%) to more than US\$ 12 billion, which is equivalent to 22 months of imports.

Uruguay

In 2011, the Uruguayan economy grew by about 5.5%, driven once again by private consumption, exports and private investment. Annual inflation is projected to close the year at over 8%, while the central government deficit is expected to stand at 0.6% of GDP. GDP is expected to expand by around 4% in 2012 due to a predicted slowdown in demand as a result of the euro zone debt crisis.

Domestic demand continued to underpin economic growth, against a backdrop of very low unemployment, increasing wage and pension purchasing power and internal and external inflationary pressures. Policies have therefore focused on controlling inflation and the exchange rate, managing public finances and borrowing, and precautionary measures to secure contingency financing in the event of sudden changes in market conditions.

In the rolling 12-month period to September 2011, the overall central government deficit stood at 0.6% of GDP, since the primary surplus equivalent to 1.8 points was counterbalanced by debt interest payments. In the same period, central government revenue expanded by 0.7 points of GDP year-on-year. Tax receipts were the main source of revenue and are expected to close the year at around 18.5% of GDP. Expenditure, measured as a proportion of GDP, was down slightly and mostly comprised transfers (pensions and social policies).

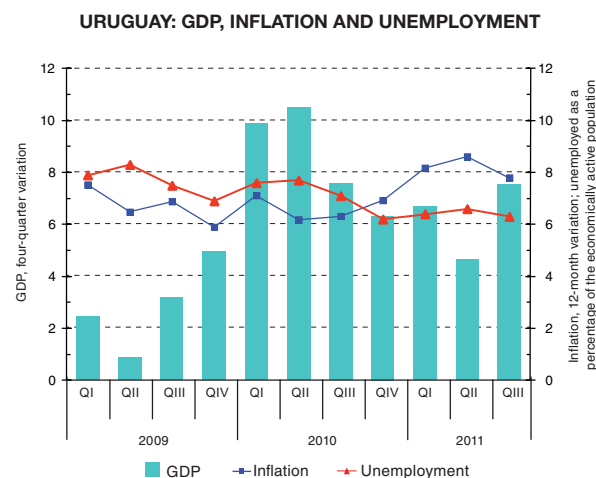
The gross debt of the overall public sector stood at US\$ 25.982 billion at the close of the first six months of 2011. The reserve assets of the overall public sector grew by more than US\$ 2.2 billion to US\$ 12.6 billion, bringing the net overall public sector debt down to US\$ 13.384 billion (26.4% of GDP).

The monetary policy benchmark rate was raised from 6.5% in December 2010 to 7.5% in March 2011 and 8.0% in June 2011 in response to inflationary pressures that pushed inflation above the annual target band of 4%-6%; 18-month inflation forecasts in November 2011 projected an annual rate of 6.8%. In addition, in the third quarter, greater use was made of short, medium and long-term sterilization instruments (monetary regulation notes denominated in pesos, and CPI-linked Central Bank of Uruguay notes). At the September meeting of the Monetary Policy Committee the benchmark rate was not changed.

Non-financial private sector deposits measured in equivalent dollars showed a year-on-year increase of 17% in the rolling 12-month period ended June 2011. Liquidity was high, and demand and savings deposits accounted for 83% of the total stock. In the year ended in June, credit to the resident private sector rose by 32% measured in equivalent dollars. Credit arrears remained at around 1.1%, and household borrowing, including home loans, held stable at around 20% of income.

Year-on-year, GDP grew by 6.6% in the first quarter of the year and by 4.8% in the second, representing an average increase of 5.7% compared with the first half of 2010. This led to more moderate growth projections for the economy in 2011.

In the first half of 2011 nearly all sectors of activity posted positive results, especially services (1.9 percentage-



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

point impact on GDP growth and annual growth of 6.1%), followed by transport, storage and communications (a 1.7 percentage-point impact on GDP growth and 12.5% annual growth), and commerce, restaurants and hotels (a 1.55 percentage-point impact and 11.0% year-on-year growth). The manufacturing industry grew at a slower pace (a 0.5 percentage-point impact and 3.4% growth), as did the primary sector (a 0.2 percentage-point impact and 2.8% growth). Construction expanded by 3.3% compared with the same period the previous year, contributing 0.3 percentage points to GDP growth.

On the spending front, private consumption grew by 9.6% in the first half of 2011, adding 6.7 percentage points to GDP, while government consumption expenditure increased by 2.9%, accounting for 0.3 percentage points of GDP. Investment expanded by 9.3% in the same period, contributing 1.8 percentage points to GDP growth. Goods and services exports slowed down compared with the previous year, growing by 4.3% and raising GDP by 1.4 percentage points. Goods and services imports were up by 19.7% year-on-year compared with the first half of 2010, equivalent to a 6.2 percentage-point negative impact on GDP growth.

Inflation was 8.4% for the 12-month period to November. Throughout the year it remained above the monetary policy target, fuelled by soaring non-tradable goods prices. The real exchange rate fell until June 2011 and subsequently stabilized following the depreciation of the peso against currencies of countries outside the region.

The labour market continued to expand compared with the same period of the previous year, with average national employment estimated at 60.1% for the first nine months of the year, 1.5 percentage points above the rate for the previous year. The activity ratio was estimated at 64.1% for that period, while the average unemployment rate was calculated at 6.2%. Between January and September average real wages rose by 3.7% compared with the same period of the previous year, which boosted domestic demand.

Goods export applications were up by 19.8% in the first ten months of 2011 compared with the same period in 2010, with exports valued at around US\$ 6.5 billion.

URUGUAY: MAIN ECONOMIC INDICATORS

	2009	2010	2011 ^a
Annual growth rates			
Gross domestic product	2.6	8.5	5.5
Per capita gross domestic product	2.2	8.1	5.2
Consumer prices	5.9	6.9	8.4 ^b
Real average wage	7.3	3.3	4.3 ^c
Money (M1)	11.9	28.1	18.9 ^d
Real effective exchange rate ^e	-2.4	-12.8	-2.6 ^f
Terms of trade	3.0	3.2	0.9
Annual average percentages			
Open urban unemployment rate	7.6	7.1	6.3 ^c
Central government			
overall balance / GDP	-1.5	-1.1	-0.6
Nominal deposit rate ^g	4.0	3.7	4.3 ^h
Nominal lending rate ⁱ	16.6	12.0	10.9 ^h
Millions of dollars			
Exports of goods and services	8 648	10 659	13 121
Imports of goods and services	7 967	9 892	12 510
Current account balance	-115	-466	-729
Capital and financial balance ^j	1 703	106	0
Overall balance	1 588	-361	-729

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Preliminary estimates.

^b Twelve-month variation to November 2011.

^c Estimate based on data from January to October.

^d Twelve-month variation to October 2011.

^e A negative rate indicates an appreciation of the currency in real terms.

^f January to October average, year-on-year variation.

^g Average rate for fixed-term deposits, 30-61 days.

^h January-November average.

ⁱ Business credit, 30-367 days.

^j Includes errors and omissions.

Goods imports excluding oil rose by 28.8% between January and October 2011 compared with the same period of 2010, totalling US\$ 7.031 billion. During this period, the trade balance accumulated a negative balance of US\$ 381 million and is expected to close the year in deficit.

The gap between national income and expenditure widened at the end of the first half of 2011, bringing the balance-of-payments current account deficit to around US\$ 1.0 billion in the 12-month rolling period ended in that month. The trade account also posted a deficit, leading to a negative current account balance.

In the first half of 2011, private-sector transactions resulted in the influx of US\$ 2.2 billion into the economy, boosting the central bank's reserves by US\$ 2 billion; the remainder was used to finance the current account deficit.

Mexico and Central America



Costa Rica

The Costa Rican economy is expected to grow at a rate of 3.8% in 2011, against 4.2% in 2010. This slowdown is attributable chiefly to slackening external demand and falling agricultural output owing to adverse weather events. Inflation in December will be about 5%, which is within the central bank's target range (5% with a margin of 1 percentage point on either side). The current account deficit will widen to 5% of GDP (2010: 3.6%) because of a steep rise in imports and a loss of momentum in exports. The central government deficit will close the year equivalent to about 5% of GDP (as against 5.2% in 2010) and with a fiscal reform package yet to be approved. The urban open unemployment rate edged up from 7.1% in 2010 to 7.7% in 2011.

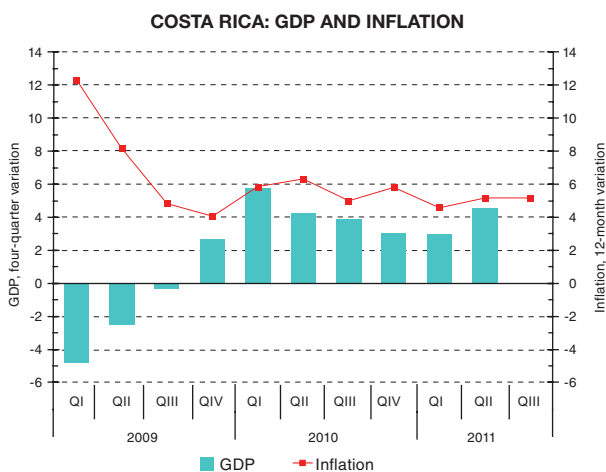
In October 2011, the executive branch presented a new fiscal reform proposal, replacing the one submitted in late 2010 that was rejected by the Legislative Assembly in the first half of 2011. The new proposal continues to focus on modifying income and sales taxes, in particular, by generalizing the sales tax on goods and services and converting it into a value added tax. If adopted, the reform would bring in additional annual resources for the central government equivalent to about 2.1% of GDP.

In 2011, total central government spending grew at a rate similar to that of revenues (9.2% and 9.1% in real terms, respectively, in the first nine months of the year) but significantly slower than the 24% posted in the same period in 2010, as a result of measures to curb spending. The deficit was financed primarily by issuing domestic debt. In September, total public debt stood at 43% of GDP, 1.9 percentage points higher than for the same month in 2010.

In 2011, the central bank continued to pursue a gradual transition towards a flexible exchange rate and an inflation-targeting regime. The exchange market was relatively stable compared with the two previous years. In the first four months of the year, the exchange rate stayed close to or at the floor of the band (500 colones to the dollar); it started to pull up in May and since then has hovered around 510 colones to the dollar. The real effective exchange rate appreciated by 2.8% in the first 10 months of 2011. Between January and April, the central bank intervened in the exchange market to protect the floor of the band, thus accumulating US\$ 370 million

in international reserves. In the months that followed, reserves declined slightly to total US\$ 4.733 billion at the end of October, in comparison with US\$ 4.627 billion at the end of 2010.

The monetary policy rate was lowered by 150 basis points in June, resulting in an annual rate of 5%, as pressure on prices eased. The real base deposit rate was 2.9% in October, while the real average lending rate of the financial system was 15%. Credit to the private sector rebounded significantly, with year-on-year nominal growth of 13.1% in the first 10 months of the year. Lower rates on foreign currency and relative exchange-rate stability have contributed to a shift from deposits in dollars to deposits in colones.



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

In September, a reserve requirement was introduced on short-term external borrowing in foreign currency, for macroprudential purposes.

In terms of trade policy, the association agreement with the European Union that was signed in May 2010 is currently going through the European Union ratification process. Once it has been ratified, it will be sent to the Legislative Assembly of Costa Rica for adoption. The government continued its efforts to diversify the country's trade relations: in May it signed a bilateral trade agreement with Peru, and in August an agreement with China entered into force. In November, a single free trade agreement was signed between Mexico and Central America to converge existing separate bilateral agreements.

In 2011 total consumption grew at pace similar to 2010 as private consumption picked up slightly and public consumption slowed. Gross fixed investment expanded at a higher rate than in 2010, driven by the recovery of the construction industry. The monthly index of economic activity reflected slower growth in the first three quarters of 2011, with an annual average growth rate of 3.8% versus 5.7% in the same period in 2010. Agricultural production plummeted owing to adverse weather events, while manufacturing slumped as a result of sagging external demand. By contrast, services performed robustly, particularly the communications, transport, and other business services sectors. Construction expanded after contracting for two years.

Year-on-year growth in the consumer price index in November stood at 4.6%. The absence of domestic demand pressures and the stability of the exchange rate have contributed to this price pattern, while higher international commodity and fuel prices have not generated extraordinary pressures. National household survey findings show an increase in the open unemployment rate, even though the country's solid economic performance led to a rise in the employment rate from 54.8% in 2010 to 56.0% in 2011.

The wider current account deficit is attributable above all to the burgeoning merchandise trade deficit. Exports saw moderate 7.2% growth in the first nine months; imports surged by 19.4% in the same period as domestic demand revived and international commodity prices climbed. Services exports rose by 16.5% in the first half of the year, driven in particular by business services, thus continuing to mitigate the merchandise trade deficit. Revenues from remittances and tourism went up slightly.

COSTA RICA: MAIN ECONOMIC INDICATORS

	2009	2010	2011 ^a
Annual growth rates			
Gross domestic product	-1.3	4.2	3.8
Per capita gross domestic product	-2.6	2.8	2.4
Consumer prices	4.0	5.8	4.6 ^b
Real average wage ^c	7.7	2.1	4.5 ^d
Money (M1)	-0.2	20.9	6.6 ^b
Real effective exchange rate ^e	-0.4	-10.8	-3.3 ^f
Terms of trade	3.3	-3.9	-3.7
Annual average percentages			
Urban unemployment rate	8.5	7.1	7.7
Central government overall balance / GDP	-3.4	-5.2	-5.0
Nominal deposit rate ^g	8.6	6.1	5.3 ^h
Nominal lending rate ⁱ	21.6	19.4	17.6 ^h
Millions of dollars			
Exports of goods and services	12 499	13 812	15 092
Imports of goods and services	12 350	14 725	17 090
Current account balance	-576	-1 291	-2 521
Capital and financial balance ^j	836	1 852	2 627
Overall balance	260	561	1 06

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Preliminary estimates.

^b Twelve-month variation to November 2011.

^c Average wages declared by workers covered by social security.

^d Estimate based on data from January to October.

^e A negative rate indicates an appreciation of the currency in real terms.

^f January to October average, year-on-year variation.

^g Average deposit rate in the financial system.

^h January-November average.

ⁱ Average lending rate in the financial system.

^j Includes errors and omissions.

Foreign direct investment totalled US\$ 2.2 billion at the end of the year—50% higher than the figure for 2010. Manufacturing and telecommunications services account for the bulk of these inflows; both sectors have been spurred by opening up to foreign investment.

ECLAC forecasts that Costa Rica will see economic activity grow at the rate of 3.5% in 2012. This moderate expansion is likely to be associated with sluggish external demand in an international environment clouded by the economic woes of Europe and the United States. With the fiscal reform approved, the central government deficit should be around 3.5% of GDP next year. However, the chances of meeting the central bank's inflation target of 4%, with a margin of 1 percentage point on either side, could be jeopardized by the effects of the fiscal reform. The current account deficit will once again widen in 2012, edging over 5% of GDP.

El Salvador

The economic recovery seen during the first half of the year pointed to a growth rate of around 2% in 2011, versus 1.4% the previous year. However, this projection was revised downwards to 1.4% after tropical depression 12-E hit in October. The current account deficit and the non-financial public sector deficit are expected to stand at 4% of GDP and 3.6% of GDP, respectively.

The fiscal policy goal during 2011 was to meet the non-financial public sector deficit target equivalent to 3.6% of GDP, including pensions and trust funds, agreed with the International Monetary Fund (4.3% of GDP in 2010). In this context, fuel subsidies were granted in a concerted effort to shield the poorer segments of the population from soaring commodity prices.

A relative improvement in economic performance boosted total non-financial public sector revenue during the first nine months of the year despite temporary suspension of the specific fuel tax. The increase in real terms, however, was only 5.5% (8.8% during the same period in 2010) owing to the spike in inflation.

As a temporary measure, the government increased the subsidy for public transport operators and broadened the scope of the electricity consumption subsidy. The latter contributed to a marked 7.1% rise in current expenditure between January and September 2011, versus 2.1% over the same period in 2010. This was offset to some degree by underexecution of the investment plan, coupled with lower debt service payments. Total government spending therefore expanded by 6.1% in real terms over the first three quarters of the year.

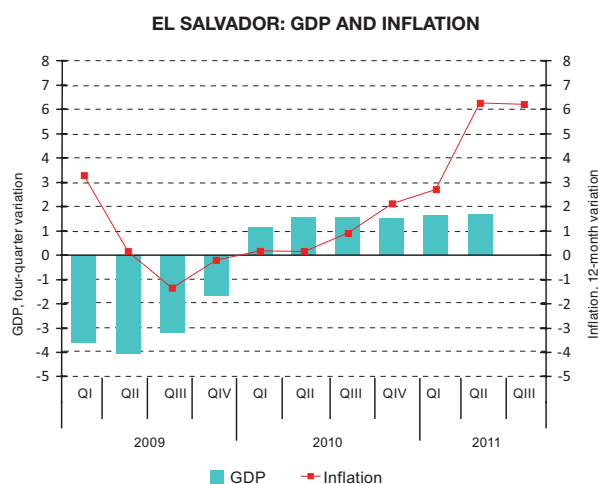
The resulting fiscal deficit has been funded primarily with external resources, in particular multilateral financing. The fiscal correction is estimated to have helped nudge down total public debt from 52.8% of GDP in 2010 to 52% of GDP in 2011.

The 2012 budget projects a non-financial public sector deficit equivalent to 2.5% of GDP—one percentage point lower than in 2011. This is based on real GDP growth of 2.5%, combined with legislative approval of measures to boost revenue by the equivalent of 0.5% of GDP. According to the Ministry of Finance, the greatest

threats to fiscal performance in 2012 are slower economic growth and delays in repealing temporary fuel subsidies.

In the financial domain, nominal deposit rates maintained the downward trend begun in 2009 and have remained stable at around 1.8% since early 2011. Borrowing rates have remained below -4% in real terms since the second quarter. This situation is one of the reasons behind the average decline of 2.8% in the monetary aggregate M2 to the third quarter, versus an average expansion of 1.8% over the same period the previous year.

Nominal lending rates fell from an average of 7.9% over the period January to September 2010, to 6.1% during the same period in 2011. Interest rates for loans of up to one year have fluctuated between 0% and -1% in real terms since May 2011. As a result, private sector lending began



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

expanding again in real terms from the third quarter of 2011 following more than two years of contraction.

Having maintained growth of around 1.5% for most of 2010, the Salvadoran economy picked up slightly during the first half of 2011 on momentum from the external sector and rising domestic demand. The rebounding construction industry and increasing government services contributed to this performance and helped offset the slowdown in the agricultural sector.

The damage and losses caused by tropical depression 12-E led to a drop of 0.7 percentage points in GDP growth in 2011. The estimated 2.9% decline in agricultural sector value added was a major factor in this slowdown. The production of basic grains was particularly hard hit, exacerbating the shortage experienced throughout the year. Given the lower production volumes, trade is expected to shrink by 0.7% of GDP, to 1.4% of GDP.

With regard to consumer prices, the targeted natural gas subsidy adopted in April 2011 triggered a sharp increase in 12-month inflation, which reached 6.8% in August.

A total of 12,500 formal jobs were created during the first half of 2011, taking the number of workers contributing to the Salvadoran Social Security Institute (ISSS) to 719,086, around 8,000 more than the peak recorded in July 2008. Having been held steady throughout 2010, the nominal minimum wage rose by 8% in 2011, yet this will barely maintain workers' purchasing power at the same level.

Assuming that Salvadoran exports continue to grow at the same pace as in 2011, more stable international commodity prices and spending on reconstruction in the aftermath of the October storms should translate into GDP growth of around 2% in 2012, with inflation projected at 3.5%.

Despite strong export growth (which benefited from international sugar and coffee prices and rising demand for garments in the United States), the external balance deteriorated, owing to higher international food and fuel prices and greater demand as consumption and public investment picked up. A current account deficit of 3.9% of GDP is forecast, as against 2.3% of GDP in 2010.

EL SALVADOR: MAIN ECONOMIC INDICATORS

	2009	2010	2011 ^a
Annual growth rates			
Gross domestic product	-3.1	1.4	1.4
Per capita gross domestic product	-3.6	0.9	0.8
Consumer prices	-0.2	2.1	5.1 ^b
Real minimum wage	9.6	-0.9	-0.2
Money (M1)	1.2	4.2	-1.6 ^c
Real effective exchange rate ^d	-2.2	2.5	1.5 ^e
Terms of trade	3.2	-3.7	-0.9
Annual average percentages			
Open urban unemployment rate	7.1	6.8	...
Central government overall balance / GDP	-3.7	-2.7	0.4
Nominal deposit rate ^f	4.5	2.9	1.8 ^g
Nominal lending rate ^h	9.3	7.6	6.1 ^g
Millions of dollars			
Exports of goods and services	4 793	5 553	6 301
Imports of goods and services	7 991	9 258	10 642
Current account balance	-304	-488	-1 170
Capital and financial balance ⁱ	727	193	1 017
Overall balance	422	-295	-152

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Preliminary estimates.

^b Twelve-month variation to November 2011.

^c Twelve-month variation to October 2011.

^d A negative rate indicates an appreciation of the currency in real terms.

^e January to October average, year-on-year variation.

^f Basic rate for deposits of up to 180 days. Financial System.

^g January-November average.

^h Basic lending rate for up to 1 year. Financial system.

ⁱ Includes errors and omissions.

Although the employment situation for Latin American migrants in the United States has shown no significant improvement, remittance flows were up by 5.3% to September—double the growth seen in the same period the previous year. This had a positive impact on domestic demand. In contrast to 2010, when foreign direct investment totaled just US\$ 136 million, over US\$ 500 million was received during the first half of 2011. The manufacturing sector was the main recipient.

Inflation differentials between El Salvador and the United States, together with nominal appreciation of its main trading partners' currencies against the dollar, triggered real effective exchange rate appreciation of just over 1%.

Guatemala

Guatemala's real GDP is expected to grow by 3.3% in 2011; this would better the 2.8% posted in 2010 and consolidate the recovery following the economy's weak performance in 2009 (0.5%). This growth, driven by the slight upturn in exports and domestic demand, was slower than expected at the beginning of the year owing to the international economic slowdown. Year-on-year inflation reached 7.2% (higher than the target of between 4% and 6%). The fiscal deficit stood at about 2.9% of GDP, which was slightly lower than in 2010 (3.3% of GDP). The trade deficit topped 11% of GDP; the balance-of-payments current account deficit was 3.4% of GDP, higher than the 2% of GDP recorded in 2010.

In the November 2011 run-off election, Mr. Otto Pérez Molina of the Patriotic Party was elected President of Guatemala, although he did not win a majority in the Congress. The challenge is now to reach the consensus required to increase tax revenues enough to address the urgent economic and social challenges that the country faces.

The economy is expected to grow by 3% in 2012 as exports put in a modest performance and domestic demand remains weak amidst global economic uncertainty, with little public policy scope for measures that could spur sustained economic growth. The new administration might be able to win the tax reform needed to increase the tax burden to at least 13%.

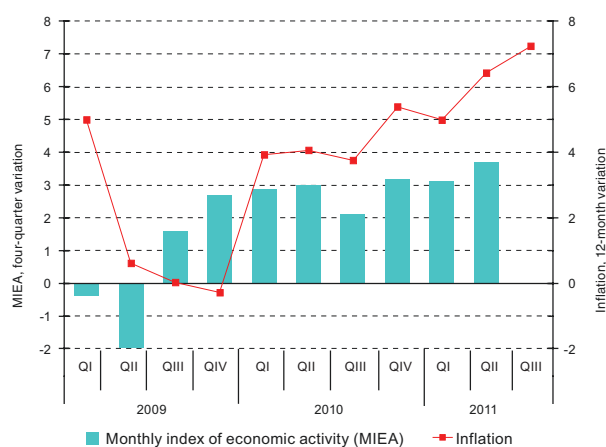
The fiscal deficit for 2011 is estimated to stand at 2.9% of GDP (compared with 3.3% in 2010) owing to lower-than-estimated social expenditure and the fact that spending in the wake of 2010's natural disasters also fell short (because of a lack of resources only 11% of planned investments in reconstruction were executed). Total central government public debt reached 24.3% of GDP, similar to the figure for 2010 (24.6%), without taking account of unquantified central government floating debt.

Total central government revenue rose by 3.9% in real terms, which was slightly less than the 4.3% increase seen in 2010. Budget reallocations and a funding shortfall held the increase in total spending to a mere 0.7% in real terms. Capital spending bore the brunt of the impact, slumping by 10.3%; current expenditure went up by 5.1% in real terms, driven by, among other factors, higher wages. The tax burden, excluding social security contributions, reached

10.6% of GDP, slightly higher than in 2010 (10.5%), owing in part to the passage of tax evasion legislation in late 2010; a second anti-evasion bill was held up in the Congress in 2011.

The monetary-policy interest rate, which had been kept at 4.5% since 2010, was raised three times to reach 5.5% on 29 September 2011, in response to higher inflation expectations. The Bank of Guatemala set up an overnight deposit facility in order to bolster monetary policy instruments and secondary market operations. It is estimated that the bilateral nominal exchange rate of the quetzal against the United States dollar depreciated by

GUATEMALA: MONTHLY INDEX OF ECONOMIC ACTIVITY (MIEA) AND INFLATION



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

2% (9% in real terms) in 2011. Net international reserves will reach about US\$ 6.5 billion at the end of December, equivalent to nearly three months of imports of goods and services and 5.8% more than in 2010.

Monetary aggregates M1, M2 and M3 increased slightly in real terms compared with 2010 in response to the upturn in economic activity. Real interest rates on loans and deposits, which averaged 6.8% and 0.8%, respectively, in the third quarter, were lower than in 2010. Total credit went up by 12% (4.7% in real terms). The credit portfolio with the highest nominal growth was consumer loans (20%), while the mortgage portfolio saw the lowest nominal growth (4%).

After Guatemala's stand-by arrangement with the International Monetary Fund (IMF) expired on 21 October 2010, it signed no new drawing rights agreements in 2011.

With regard to trade, the countries of Central America and Mexico signed a free trade agreement at the Summit of the Tuxtla Mechanism for Dialogue and Coordination in November 2011 to combine the trade agreements in force between these countries.

The real GDP growth rate of 3.3% is attributable to the solid expansion in mining, commerce and financial and trade services, while manufacturing and agriculture recorded more modest growth and construction once again contracted, although at a lower rate than in 2010. On the demand side, gross fixed investment increased by 2%, which compares positively with its virtually flat performance in 2010 (0.4%). Private investment increased by 6.8%, but public investment fell by 3.2% and is far from returning to the levels recorded before its collapse in 2010 when it dropped by 16%. Public consumption was up by 3.6%, and private consumption rose by 4.1%. Tropical depression 12-E in October 2011 had a negative impact on economic growth for the year, shaving 0.14 percentage points off real GDP growth in 2011. The monthly index of economic activity trend-cycle series recorded an annualized increase of 3.67% to September 2011, which was higher than the 3.4% seen in September 2010.

Higher prices for imported goods, especially oil and food, pushed consumer prices up by 7.2% from December 2010 to December 2011 compared with 5.4% in 2010. The minimum agricultural and non-agricultural wage was raised by 5.9% in 2011; wages in the maquila sector were raised by 7.1% in real terms. The recovery of economic activity is expected to bring the open unemployment rate down to 3.2%, only three tenths of a percentage point lower than in 2010.

GUATEMALA: MAIN ECONOMIC INDICATORS

	2009	2010	2011 ^a
Annual growth rates			
Gross domestic product	0.5	2.8	3.3
Per capita gross domestic product	-1.9	0.3	0.8
Consumer prices	-0.3	5.4	6.1 ^b
Real minimum wage	5.1	3.7	7.0
Money (M1)	5.7	9.5	8.7 ^b
Real effective exchange rate ^c	3.6	-0.7	-3.9 ^d
Terms of trade	8.5	-0.5	-1.7
Annual average percentages			
Open urban unemployment rate	...	4.8	...
Central government			
overall balance / GDP	-3.1	-3.3	-2.9
Nominal deposit rate ^e	5.6	5.5	5.3 ^f
Nominal lending rate ^g	13.8	13.3	13.4 ^f
Millions of dollars			
Exports of goods and services	9 220	10 782	12 938
Imports of goods and services	12 727	15 228	18 390
Current account balance	8	-826	-1 914
Capital and financial balance ^h	465	1 503	2 534
Overall balance	473	677	620

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Preliminary estimates.

^b Twelve-month variation to November 2011.

^c A negative rate indicates an appreciation of the currency in real terms.

^d January to October average, year-on-year variation.

^e Weighted average rate for deposits in the banking system.

^f January-November average.

^g Weighted average lending rates in the banking system.

^h Includes errors and omissions.

Goods exports shot up by 23.8% in 2011, against 17.3% in 2010. Traditional exports rose by 23.3% (with coffee and banana exports jumping up by 35.4% and 25.2%, respectively, in value terms); non-traditional exports increased by 23.9%. Goods imports expanded by 21.9%. Demand for intermediate goods performed particularly well (27.4%), although it was driven by rising prices for hydrocarbons and other industrial inputs. Imports of capital goods and consumer goods increased by 17.9% and 13.4%, respectively.

Income from family remittances rose by 8.3% to stand at US\$ 4.469 billion. Tourism, another significant source of foreign currency inflows, grew by 5% to US\$ 1.447 billion, which compares poorly with the 16.9% growth recorded in 2010. As a result, the current account deficit stood at 3.4% of GDP in 2011. Foreign direct investment (FDI) went up by 11.5%, to the equivalent of 1.6% of GDP; the capital and financial account posted a surplus of US\$ 1.483 billion. Net capital inflows (including errors and omissions) exceeded the current account deficit, such that the balance of payments was a positive US\$ 191 million, that is, US\$ 486 million less than in 2010.

Honduras

In 2011 the Honduran economy performed solidly, growing by 3.2% (compared with 2.8% in 2010). Among the contributing factors were an upturn in consumption, thanks to higher remittances, and expanding external demand as the country's main external markets (United States of America and Mexico) picked up. It is estimated that 12-month inflation to December will stand at about 7%, as a result of higher prices for petroleum and staple foods, and, to a lesser extent, the economic upturn. The current account deficit will reach about 6.5% of GDP in 2011.

In the first half of 2011, the central government recorded a fiscal deficit of 1.214 billion lempiras—equivalent to 1.4% of GDP and slightly below the target of 1.5% of GDP as of 30 June agreed with the International Monetary Fund (IMF). This outcome was influenced by the success of the tax reform adopted in 2010, which is expected to boost revenue for fiscal 2011 by 0.6% of GDP. Expenditure to June 2011 showed a year-on-year increase of 9.5%, attributable mainly to transfers to municipalities and the PATUCA III project.¹ The fiscal deficit is projected to close 2011 equivalent to 3.9% of GDP, above the target of 3.1% agreed for the year with IMF and 0.4% higher than in 2010 as a result of the increase in subsidies, especially for urban transport.

The central bank maintained a restrictive monetary policy and in November 2011 agreed to raise the benchmark rate by 50 basis points to an annual rate of 5.5% (it was 4.5% in 2010). This, in addition to interventions in the foreign-exchange market, has made it possible to keep the nominal exchange rate steady, acting as an inflation anchor. Even though banking system assets posted year-on-year growth of 6.5% to June 2011, the monetary restriction meant that growth was concentrated in investments (attracted by the central bank's interest rate). The loan portfolio edged up by only 0.9% during the same period. The financial indicators performed positively to June 2011, when the acid-test ratio² reached 41% and the capital adequacy

ratio was 14.9%. Both ratios showed an improvement and are above regulatory requirements.

To September 2011, the monthly index of economic activity recorded growth of 5.3%, driven by the strong performance of some sectors, including banking and insurance (15.9%), transport and communications (7.8%), commerce (7.3%) and agriculture, forestry and fishing (5.5%). The solid performance of the banking and insurance sector is attributable to the growth of the investment portfolio, especially central bank bonds. The expansion of domestic and external commerce helped boost the transport sector. The communications sector benefited from higher investments in telephony, which led to a rise in mobile telephone traffic (minutes). Most of the growth in the agriculture, forestry and fishing sector came from fishing, which surged by 24.2% on the back of a 24.9% increase in farmed shrimp output. In agriculture, higher prices drove coffee harvesting and output up; banana production rose by 7.1%. However, tropical depression 12-E had a negative impact, pushing down the growth expected at the beginning of 2011 by about 0.35% of GDP.

Through November 2011 the inflation rate fell to 5.4%. However, it could end the year at an annual rate of about 7% owing to supply problems associated with tropical depression 12-E and the increase in money in circulation during the Christmas season.

The open unemployment rate rose slightly in 2011 to 4.1% (compared with 3.9% in May 2010), with a high concentration among the younger population

¹ A hydroelectric power project financed with Petrocaribe resources.

² Measured as central bank deposits plus liquid investments divided by total deposits.

(under 24 years). The main reason was the closure of some maquila companies that have moved to Nicaragua because of security concerns and a desire for greater wage-competitiveness.

The balance-of-payments surplus can be explained, in part, by the improvement in exports, which had already shot up by more than 45% through September (14.9% in 2010). Imports had expanded by 26.5% in the same period (compared with 16.2% in 2010). The main exports were coffee, bananas, melons and goods from the free zones.

The trade deficit, which widened by about 13%, was offset by the increase in remittances (year-on-year growth of 12% to September) and disbursements from multilateral financial institutions. According to the central bank, monthly remittances averaged US\$ 325 per person and 93.9% of total remittances were used for consumption.

With regard to progress on trade policy, Honduras, Mexico, Guatemala and Nicaragua signed a free trade agreement in November 2011. By thus combining the existing agreements, the signatories will benefit from economies of scale and foster integration, for example, in relation to sales of inputs for the Mexican automotive industry.

The improvement in the external accounts (in the first two weeks of July international reserves stood at over US\$ 3 billion) allowed the central bank to reinstate the exchange-rate band on 21 July 2011. However, this meant that the central bank had to step up its interventions in the foreign exchange market in an effort to keep the nominal exchange rate steady in the face of changing market expectations as the European crisis triggered exchange-rate volatility in the countries in the region. After hitting a low of US\$ 2.431 billion in mid-November, international reserves are expected to total about US\$ 2.5 billion at year's end (equivalent to approximately four months of imports).

HONDURAS: MAIN ECONOMIC INDICATORS

	2009	2010	2011 ^a
Annual growth rates			
Gross domestic product	-2.1	2.8	3.2
Per capita gross domestic product	-4.1	0.8	1.2
Consumer prices	3.0	6.5	5.4 ^b
Real minimum wage	70.4	-4.5	-0.2
Money (M1)	5.0	15.4	19.0 ^c
Real effective exchange rate ^d	-7.7	-1.2	-1.0 ^e
Terms of trade	6.9	2.7	6.6
Annual average percentages			
Open urban unemployment rate	4.9	6.4	6.8 ^f
Central government overall balance / GDP	-6.2	-4.8	-3.9
Nominal deposit rate ^g	10.8	9.8	8.2 ^h
Nominal lending rate ⁱ	19.4	18.9	18.6 ^h
Millions of dollars			
Exports of goods and services	5 778	6 764	8 646
Imports of goods and services	8 403	9 881	12 092
Current account balance	-516	-955	-1 060
Capital and financial balance ^j	91	1 523	795
Overall balance	-424	569	-265

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Preliminary estimates.

^b Twelve-month variation to November 2011.

^c Twelve-month variation to October 2011.

^d A negative rate indicates an appreciation of the currency in real terms.

^e January to October average, year-on-year variation.

^f Figure for May.

^g Weighted average rate on time deposits.

^h January-October average.

ⁱ Weighted average of the system lending rates.

^j Includes errors and omissions.

External debt increased from US\$ 3.772 billion in December 2010 (24.5% of GDP) to US\$ 3.891 billion (22.5% of GDP) in September 2011, of which US\$ 935.6 million is private-sector debt.

Economic growth of close to 3% is projected for 2012, owing to a slowdown in external demand. Inflation is forecast to stand at about 6%; the current account deficit will represent some 9% of GDP.

Mexico

In 2011, Mexico's economic growth slackened to 4.0% in comparison with 5.6% in 2010. This was largely the result of the global economic slowdown, which weakened external demand. The fiscal deficit, including investment by *Petróleos Mexicanos* (PEMEX), stood at around 2.5% of GDP (versus 2.7% in 2010). Inflation will close the year at around 3%, in line with the annual target set by the Bank of Mexico (3%, with a margin of one percentage point either side). The current account deficit widened somewhat to approximately 1% of GDP (as against 0.5% in 2010). The urban unemployment rate fell slightly.

From January to September 2011, public-sector budgetary revenue rose by 6.4% in real terms with respect to the year-earlier period. Oil revenue was up 13.5% in real terms, thanks to higher international prices. Non-oil revenue expanded by 3% as result of higher net receipts from income tax and the flat-rate business tax (IETU), but VAT receipts were down, owing to a rise in rebates. Tax revenue edged up to 10.1% of GDP (having stood at 10% in 2010).

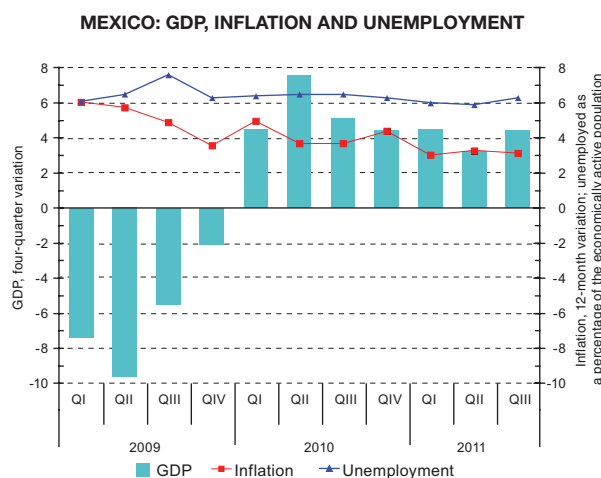
Total public-sector spending in the first nine months of the year was 5.9% higher in real terms than in the same period in 2010. Social development spending rose by 7.2%. Budgeted investment in physical capital saw a moderate increase of 2.9%, possibly owing to a delay in the registration of completed projects.

At the end of September 2011, net public-sector debt was equivalent to 31.8% of GDP, 1.3 percentage points above the figure for year-end 2010. Domestic debt represented 21.4% of GDP and external debt, 10.4% (0.3 percentage points and 1 percentage point, respectively, above the figure for year-end 2010). The primary source of net borrowing was the issuance of development bonds at a fixed nominal rate. Foreign investors' share of domestic public securities rose to 24.5% in October (as against 21% at year-end 2010).

The Bank of Mexico held its reference rate—the overnight interbank rate—at 4.5% for the first 11 months of the year, completing 28 consecutive months with no change. Federation Treasury Certificates (CETES) were offering a real annual rate of 0.9% at the close of the third quarter.

During the first eight months of the year, the foreign-exchange market was fairly stable, with a tendency towards local currency appreciation. The interbank exchange rate averaged 11.9 pesos to the dollar between January and August 2011. During the first half of the year, foreign portfolio investment (liabilities) totalled US\$ 19.736 billion, US\$ 3.75 billion more than the amount for the year-earlier period. International reserves swelled by US\$ 23.2 billion to reach US\$ 136.82 billion by the end of August.

The worsening debt crisis in Europe triggered a reversal in international capital flows towards perceived safe havens, generating exchange-rate volatility. The interbank exchange rate was 13.7 pesos to the dollar at the



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

end of November, representing a nominal depreciation of 11.6% since the beginning of the year, and a depreciation of 4% in the multilateral real exchange rate. This prompted the Foreign Exchange Commission, comprising the Bank of Mexico and the Ministry of Finance, to announce that from 30 November it would auction US\$ 400 million daily at an exchange rate at least 2% higher than the rate established the preceding working day. Reserves continued to build up over these three months, albeit at a slower pace, adding a total of US\$ 141.424 billion to the stock by the end of November. In addition, the flexible line of credit with the International Monetary Fund (IMF) was increased in January 2011 from US\$ 48 billion to US\$ 72 billion for a period of two years.

The recovery of commercial bank lending to the private sector seen in 2010 continued, with a 14% nominal expansion (10.9% in real terms) in the first 10 months of 2011. Consumer lending was up by a considerable 21.4% in nominal terms in these 10 months. By sector, the largest rise occurred in financing for services, which rose 16%.

The Mexican Stock Exchange Index of Prices and Quotations (IPyC) also saw greater volatility between September and November 2011, reflecting turbulence in international financial markets. In November, the IPyC averaged 36,346 versus 37,901 in December 2010.

During the first three quarters of 2011, real GDP grew at an average rate of 4%, as against 5.7% over the same period of 2010. Agricultural production contracted between January and September as a result of poor weather conditions. Manufacturing expanded, spurred by increased production of transport equipment, machinery and equipment, metal products, and beverages and tobacco. The automotive industry performed particularly well, driven by export growth. Construction, which had begun to pick up during the second half of 2010, continued to rally: over the first nine months of year the sector grew at rates above GDP. Among services, commerce and mass media information services were particularly buoyant. Data for the first half of the year indicate that rising overall demand was fuelled by growth in exports and gross capital formation, while consumption showed only modest expansion.

In November, general annual inflation stood at 3.5%, lower than the rate for November 2010 (4.3%). The decrease was due primarily to restrained growth in domestic demand. The components making the greatest contribution to rising consumer prices were food, beverages and tobacco, animal products and education (school fees).

The average urban open unemployment rate over the first three quarters of the year edged down from 6.5% in 2010 to 6.1% in 2011. Over the same time frame, the employment rate remained relatively stable, dropping only slightly from 56.5% to 56.4%. The real minimum

MEXICO: MAIN ECONOMIC INDICATORS

	2009	2010	2011 ^a
Annual growth rates			
Gross domestic product	-6.3	5.6	4.0
Per capita gross domestic product	-7.2	4.5	3.0
Consumer prices	3.6	4.4	3.5 ^b
Real average wage ^c	-1.0	-1.1	0.8 ^d
Money (M1)	8.4	15.6	19.0 ^e
Real effective exchange rate ^f	13.9	-7.8	-2.2 ^g
Terms of trade	-3.2	2.9	2.3
Annual average percentages			
Open urban unemployment rate	6.7	6.4	6.0 ^h
Federal government			
overall balance / GDP	-2.3	-2.8	-2.5
Nominal deposit rate ⁱ	5.1	4.2	4.2 ^j
Nominal lending rate ^k	7.1	5.3	4.9 ^j
Millions of dollars			
Exports of goods and services	244 471	313 797	363 483
Imports of goods and services	257 976	327 077	381 540
Current account balance	-6 359	-5 724	-11 998
Capital and financial balance ^l	10 888	26 339	32 499
Overall balance	4 528	20 615	20 501

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Preliminary estimates.

^b Twelve-month variation to November 2011.

^c Average wages declared by workers covered by social security.

^d Estimate based on data from January to September.

^e Twelve-month variation to October 2011.

^f A negative rate indicates an appreciation of the currency in real terms.

^g January to October average, year-on-year variation.

^h Estimate based on data from January to October.

ⁱ Cost of term deposits in local currency in the multibanking system.

^j January-November average.

^k Lending rate published by the International Monetary Fund.

^l Includes errors and omissions.

wage crept up by 0.2% on a year-on-year basis over the first ten months of the year.

Export growth was robust over the first nine months of 2011, but lower than the figures for the year-earlier period (19.6% and 33.7%, respectively). Oil exports expanded strongly (up 41.2% over this period), reflecting higher prices, which offset a drop in volume. Manufacturing exports, which account for 79.7% of total exports, rose by 15.4% over the first nine months of the year (as against 33.4% over the same period in 2010). Particularly strong growth was observed among exports from the mining and metallurgy sector, the iron and steel industry, the automotive industry and the food, beverages and tobacco sector.

Imports also slackened, growing by 18.8% between January and September 2011, in contrast to 31.1% over the same period in 2010. Oil imports jumped 48.1% in this period, thanks to higher international prices.

Income from family remittances was up by 6.6% year-on-year in the first nine months of 2011, the highest rate of growth since the recent economic crisis. The widening current account deficit reflects larger deficits on both the services account, chiefly as a consequence of higher payments for transport services, and on the

income account, owing to higher interest payments and profit repatriations.

Foreign direct investment (FDI) amounted to US\$ 13.43 billion during the first nine months of 2011, as against US\$ 15.69 billion over the same period in 2010. FDI is expected to close the year at around US\$ 19 billion, just under the 2010 figure (US\$ 19.79 billion). The sectors benefiting from these flows have been mainly manufacturing, financial services and commerce.

ECLAC forecasts GDP growth of 3.3% in 2012, owing to a further slowdown in external demand.

Annual inflation will remain within the target range set by the Bank of Mexico. The budget for fiscal income and expenditure approved for 2012 takes a conservative stance, in a context of economic slowdown, and projects a deficit equivalent to 0.4% of GDP (2.4% if the PEMEX investment is included). The current account deficit will widen given prospects for lower export growth, a drop in income from tourism and remittances, and possibly an increase in imports following the expiry of the countervailing measures Mexico had applied to products from China.

Nicaragua

According to ECLAC estimates, economic growth in 2011 will be close to 4.5%, owing to a slackening of external demand associated with the faltering economic recovery in the United States. Inflation is expected to reach 8% (7.9% to November 2011). The central bank has announced that it will hold its nominal crawling peg exchange-rate policy at an annual 5% depreciation, which could result in a current account deficit of around 16% of GDP.

In October 2011 the seventh review under the Extended Credit Facility from the International Monetary Fund (IMF) was completed and the final tranche (US\$ 8.74 million of a total of around US\$ 122 million) was disbursed.

The fiscal reform undertaken in late 2009 came fully into effect in 2011. To September 2011, tax revenue increased by 25.9% year-on-year, thanks to a surge of 32.6% in income tax receipts and 30.2% in VAT receipts. Revenues from services provided by State-owned companies were also up, although not by the same margin (9.8% year-on-year to September 2011). As a result, total non-financial public sector revenue rose by 22.6% to September 2011.

Total expenditure increased year-on-year by 22.3%. To December the central government deficit including grants is expected to stand at 0.1% of GDP; excluding grants, it is forecast to be 2.2% of GDP.

The government has used some of the extraordinary revenue generated by its fiscal reform to pay down public debt. At end September 2011, public debt represented 73.2% of GDP, 5.3 percentage points lower than the figure recorded in December 2010. This may fall a bit further by year-end 2011 as a result of the government's policy of using additional tax revenue to pay debt.

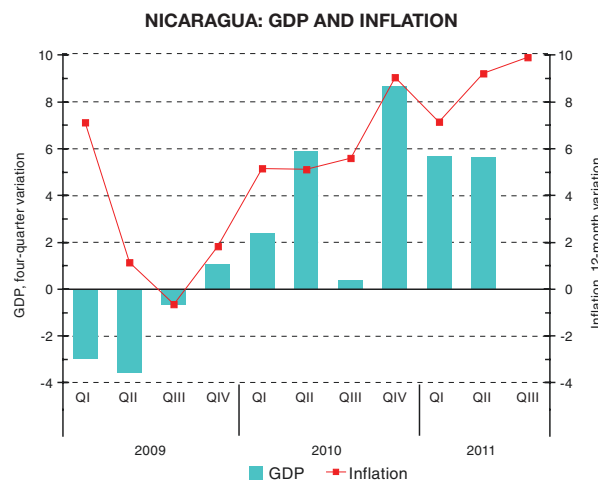
With regard to external cooperation, the Bolivarian Republic of Venezuela continues to be an important source of funding. In June 2011 this stood at US\$ 344.6 million, of which US\$ 292.9 million related to oil cooperation. Official funds received totalled US\$ 585 million to 30 June 2011.

Thanks to the success of the tax reform, fiscal policy was also used to support monetary policy through a coordinated deposit management programme at the central bank, designed to inject liquidity into the banking system. In October 2011 effective reserve ratios for both foreign and domestic currency deposits exceeded the legally

required minimum rates by 6.5 percentage points and 5.3 percentage points, respectively. The average weighted deposit rate in the system thus stood at 2.6% while the average weighted lending rate was 10.31%, taking the intermediation spread to 6.97% in consolidated terms (dollars and córdobas) at end October 2011, compared with 8.09% in October 2010.

Nevertheless, the economic slowdown has hampered the recovery of lending to the private sector which remained almost constant between January and October 2011, despite the excess liquidity, and could accordingly fall by between 3% and 5% in real terms by the end of the year.

In November 2011 a single free-trade agreement was signed between Mexico and Central America. This replaces existing agreements, merging them into a single instrument, and may allow for better use of economies of scale thanks to the clause on value accumulation.



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

To September 2011, formal employment surged by 9.4% year-on-year. The best-performing sectors were mining, construction, electricity, gas and water, and manufacturing. Industrial employment benefited in particular from the accelerated recovery of activity under the free trade zone regime. Average real wages in the formal sector meanwhile fell by 0.4% with respect to the same period in 2010.

The trade deficit continued to widen during 2011: while exports to September showed cumulative growth of 22.9%, imports grew more, by 25.1%. The trade deficit at year-end 2011 is therefore expected to stand at around US\$ 870 million, 17.5% higher than in December 2010.

It should be emphasized, however, that higher prices for the country's principal export products rather than a significant increase in sales volumes are responsible for pushing up export values. The main sectors driving exports are manufacturing (maquila) and mining. As to the destination of exports, the Bolivarian Republic of Venezuela continues to increase its share, partially displacing sales to the rest of Central America and Europe.

Imports have grown in response to manufacturing industry requirements, an increase in consumption (food products) and greater demand for capital goods for transport. In the transport category, the Russian Federation has donated buses and vehicles for taxis. Another major factor contributing to the rise in imports in value terms was the increase in the oil bill. According to central bank figures, the cost of purchasing oil and fuels in 2011 has gone up 22% because of the volume effect and 77.7% owing to the price effect. With regard to funding the deficit, family remittances continue to play an important role and are expected to amount to US\$ 850 million in 2011, around US\$ 25 million more than at year-end 2010. Foreign direct investment may exceed US\$ 800 million in 2011, fuelled by the construction of a new wind farm and investments in telecommunications and in the free trade zones.

It is projected that export growth will slacken in 2012 as a result of the world economic slowdown. This

NICARAGUA: MAIN ECONOMIC INDICATORS

	2009	2010	2011 ^a
Annual growth rates			
Gross domestic product	-1.5	4.5	4.5
Per capita gross domestic product	-2.7	3.2	3.2
Consumer prices	1.8	9.1	7.9 ^b
Real average wage ^c	5.8	1.3	-0.2 ^d
Money (M1)	11.7	28.0	26.9 ^e
Real effective exchange rate ^f	3.6	-2.3	5.1 ^g
Terms of trade	9.7	0.9	-0.4
Annual average percentages			
Open urban unemployment rate	10.5	9.7	...
Central government			
overall balance / GDP	-2.3	-1.0	-0.1
Nominal deposit rate ^h	6.0	3.0	2.0 ⁱ
Nominal lending rate ^j	14.0	13.3	10.2 ⁱ
Millions of dollars			
Exports of goods and services	2 886	3 628	4 241
Imports of goods and services	4 573	5 486	6 648
Current account balance	-828	-963	-1 429
Capital and financial balance ^k	1 009	1 135	1 390
Overall balance	181	172	-39

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Preliminary estimates.

^b Twelve-month variation to November 2011.

^c Average wages declared by workers covered by social security.

^d Estimate based on data from January to September.

^e Twelve-month variation to September 2011.

^f A negative rate indicates an appreciation of the currency in real terms.

^g January to October average, year-on-year variation.

^h Weighted average rate on 30-day deposits.

ⁱ January-November average.

^j Short-term loans, weighted average.

^k Includes errors and omissions.

may be offset by lower commodity prices, mainly for oil and oil products, and by a drop in capital and consumer goods imports.

A fall in external demand amid rising uncertainty over the world economy may bring about a further slowdown in growth, which could close 2012 at 3.5%. Inflation is also expected to fall to around 7% as a consequence of the projected global slowdown. Meanwhile, the central bank has announced that it will hold its nominal crawling peg policy at an annual 5%, which would result in a current account deficit of around 16%.

Panama

Continuing the high growth rates it has seen in recent years, the Panamanian economy is likely to grow by 10.5% in 2011, driven mainly by domestic activity. The non-financial public sector deficit is expected to be equivalent to 2.0% of GDP in December 2011, similar to the figure for 2010. The current account deficit reached 7.3% of GDP in June 2011, while external debt stood at 41.8% of GDP. The consumer price index rose by 6.8% through November compared with the year-earlier period. The unemployment rate stood at 4.5% in August 2011, representing a decrease of 2 percentage points in comparison with the same month in 2010.

The strong performance of 2011 was due largely to domestic factors, driven by the current administration's policies that spurred economic growth. The government launched a number of public infrastructure projects, notably the expansion of the Panama Canal, the clean-up of the Bay of Panama, the extension of the coastal strip, the construction of the metro in Panama City and the building of roads and housing.

The non-financial public sector fiscal balance is projected to close 2011 with a deficit of 2.0% of GDP, similar to the previous year, in accordance with the Fiscal Responsibility Act. Total non-financial public sector expenditure through June 2011 grew by 25.5% compared with the same period in 2010, with capital expenditure accounting for most of the increase (77.9%). Total revenues as of June 2011 rose by 15.2% in nominal terms, compared with the year-earlier period. Tax revenues were up by 28.8% compared with the same period in 2010, as a result of recent fiscal reforms and more efficient collection practices.

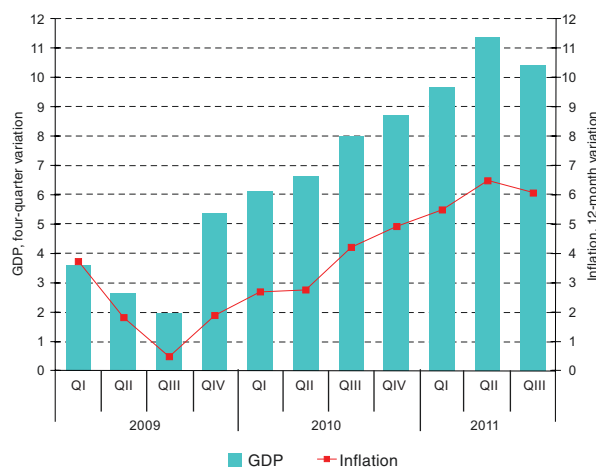
The non-financial public sector deficit was financed partially with contract debt totalling US\$ 12.524 billion (84.3% in external debt and 15.7% in domestic debt), 7.7% more than in December 2010. Given the very high rate of economic growth in 2011, contract debt was equivalent to 41.8% of GDP in June 2011 compared with 43.4% in December 2010.

In 2011, the Panamanian banking sector continued to build on the momentum it had shown in 2010. Domestic credit to the private sector totalled US\$ 27.44 billion in September 2011, representing a nominal increase of 14.5% compared with the same period in 2010. This expansion is

attributable to the solid performance of the main sectors of the economy. Credit to the commerce sector, which represents 28.8% of the banking sector's total loan portfolio, increased by a nominal 24.4% through September 2011. Other sectors that showed vigorous growth were credit to industry (31.1%), livestock production (13.9%), personal consumption (8.4%) and the mortgage sector (9.0%).

Nominal lending rates on credit to commerce and industry and consumer loans were 7.2%, 7.3% and 9.7%, respectively, in August 2011 — a drop of as much as 0.6 percentage points on the figures for the same period in 2010. The fall in real lending rates was much sharper; they

PANAMA: GDP AND INFLATION



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

stood at 1.8%, 1.9% and 4.1%, respectively, in August 2011, compared with 4.2%, 3.9% and 6.1%, respectively, the previous year.

With regard to the factors driving growth, aggregate demand is likely to have expanded by 14.3% in 2011, on the back of an upsurge in goods and services exports (20.9%), total consumption (8.8%) and fixed capital formation (8.7%). Imports of goods and services, in turn, are expected to have risen by 20.2%.

Preliminary figures indicate that most growth in 2011 was concentrated in five sectors that expanded at double-digit rates and that together represent over 50% of GDP. The transport and telecommunications sector, which accounts for 24.3% of total GDP, grew by 15.1% in the first half of 2011, as a result of an uptick in maritime transport service exports (22.7%), an increase in international air transport and the rallying of the communications sector (11.4%). Construction grew by 17.3% owing to a series of projects promoted by the non-financial public sector and the Panama Canal Authority. Other buoyant sectors during the first half of the year were mining and quarrying (16.5%), wholesale and resale trade (11.4%) and financial intermediation (10.3%).

The robust growth characterizing the Panamanian economy in 2011 is expected to continue to a large extent in 2012, when growth of 6.5% is projected.

In November, year-on-year inflation stood at 6.8%. The largest increase was seen in the transport sector owing to higher prices for fuel and public transport; food and beverage prices went up as well.

The unemployment rate and the open unemployment rate stood at 4.5% and 2.9%, respectively, in August 2011, down by 2 percentage points and 1.8 percentage points, respectively, from the same period the previous year. According to figures available from the first half of the year, job creation was centred in the districts of Panamá and San Miguelito (with a 1.9% increase compared with 2010) because of large infrastructure construction projects and the capital city's intense port activity. However, the number of employed persons in the rest of the country fell by 0.2%. During the same period, the average monthly wage was US\$ 802.10, representing a 5.4% nominal increase compared with the same period the previous year. The wholesale commerce sector recorded the highest average monthly pay, at US\$ 989.90, which was 3.2% higher than the previous year.

The current account closed the first half of 2011 with a deficit of US\$ 2.18 billion, 61.2% higher than for the

PANAMA: MAIN ECONOMIC INDICATORS

	2009	2010	2011 ^a
Annual growth rates			
Gross domestic product	3.9	7.6	10.5
Per capita gross domestic product	2.2	5.9	8.8
Consumer prices	1.9	4.9	6.8 ^b
Real average wage ^c	2.7	1.9	-1.8 ^d
Money (M1)	17.0	18.8	19.6 ^e
Real effective exchange rate ^f	-4.6	1.1	0.8 ^g
Terms of trade	4.8	-1.9	-2.2
Annual average percentages			
Urban unemployment rate ^h	7.9	7.7	5.4
Central government			
overall balance / GDP	-1.5	-2.6	-3.0
Nominal deposit rate ⁱ	3.5	3.0	2.4 ^j
Nominal lending rate ^k	8.3	7.9	7.3 ^j
Millions of dollars			
Exports of goods and services	16 652	17 423	22 654
Imports of goods and services	15 446	18 706	26 066
Current account balance	-44	-2 953	-4 746
Capital and financial balance ^l	659	2 605	4 717
Overall balance	616	-348	-30

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Preliminary estimates.

^b Twelve-month variation to November 2011.

^c Workers with social security coverage.

^d January-June average.

^e Twelve-month variation to October 2011.

^f A negative rate indicates an appreciation of the currency in real terms.

^g January to October average, year-on-year variation.

^h Includes hidden unemployment.

ⁱ Six-month deposits rate.

^j January-October average.

^k One-year loans for commercial activities.

^l Includes errors and omissions.

same period in 2010. The wider deficit is the result of a US\$ 3.173 billion merchandise trade deficit, which was about US\$ 1.067 billion higher than in the first half of the previous year. These results were partially offset by a slight 2.7% increase in the balance of services surplus and a significant 17.0% rise in foreign direct investment inflows, totalling US\$ 1.416 billion through June 2011.

After a six-year process, the Congress of the United States of America approved the free trade agreement with Panama, which is expected to bolster trade between the two economies. This agreement will enable Panamanian products to enter the United States market tax-free and will facilitate new investment inflows into Panama. At present, the United States is Panama's main trading partner, accounting for about 50% of all Panama's imports and exports.

The Caribbean



Bahamas

In 2011, the Bahamas experienced a modest strengthening of the recovery that started in 2010. Growth is projected at 2.0%, compared with 0.9% in 2010. Tourism activity picked up, thanks to higher stay-over and cruise passenger arrivals. Construction expanded, led by the start-up of the massive (US\$ 3.4 billion) Baha Mar tourism project and government infrastructure works. The fiscal deficit is expected to decline from 3.2% of GDP in 2010/2011 to 2.4% of GDP in 2011/2012, owing to expenditure restraint. The balance-of-payments current account deficit widened, reflecting higher imports related to foreign direct investment activity. Driven by construction and tourism, growth is expected to strengthen to 3% in 2012.

The fiscal position improved in fiscal year 2010/2011,¹ following a one-off sale of government assets and restraint in spending. As a result, the year-to-date fiscal deficit declined from 3.1% of GDP in May 2010 to 2.4% of GDP in May 2011. Total expenditure increased to 18.5% of GDP, up from 18% of GDP a year earlier; this reflected higher interest payments due to increased borrowing and substantial government outlays on goods and services. Central government debt increased by 3% in nominal terms in the year through September 2011, as the government scaled up its borrowing for infrastructure and other projects. However, debt declined marginally to 45% of GDP, down from 46% in 2010, owing to stronger GDP growth. The downgrade in the Bahamas' credit rating by Moody's from stable to negative could raise the future cost of borrowing for the government.

The central bank eased its monetary policy stance in 2011, with a 75-basis-point reduction in its policy-oriented discount rate as a signal to financial institutions to lower the prime lending rate in order to boost private-sector credit and growth. Nevertheless, due to high liquidity conditions, the decline in the lending rate was outweighed by the reduction in the average deposit rate, leading to a widening in the interest rate spread. With investor confidence still weak, credit demand remained tepid. Non-performing loans, however, increased by 2.6%

(18.3 million Bahamian dollars) to 11.4% of total loans, remaining a cause for concern.

Economic activity continued to recover in 2011, with real GDP growth of 2.0% projected, compared with 0.9% in 2010. Activity in tourism improved, reflecting the positive spillover from the modest recovery in the United States. Total visitor arrivals increased by 5.1% from January to August year-on-year. Although high-spending stay-over arrivals were down by 4.0%, total receipts rose by 2.0% for the first nine months of the year, owing to an increase in the average daily room rate. Cruise passenger arrivals from January to August 2011, increased by 8.4% relative to the same period in 2010. Construction activity picked up, with the impetus coming from foreign direct investment in hotel construction, especially the Baha Mar project and the Albany hotel project, and government infrastructure works.

Higher food and fuel prices pushed up the rate of inflation from 1.3% in 2010 (October-October) to 3.2% in 2011. The pass-through effects of the hike in international fuel prices led to an increase in transport prices from 2.9% in October 2010 to 6.8% in October 2011. Food and beverage prices also increased year-on-year to October, while lower costs were recorded for health and education services. Unemployment data are unavailable, but employment was expected to increase in growth sectors, including tourism, distribution and construction.

¹ In the Bahamas, the fiscal year runs from July 1 to June 30.

The balance-of-payments current account deficit is projected to expand from over 10.5% of GDP in 2010 to 12.9% of GDP in 2011. The weakening current account reflects the rebound in imports, following import compression due to stagnant growth in 2010. The full year result will reflect that of the first half, when the current account deficit doubled to 8.5% of GDP from 4% of GDP year-on-year in 2010. The merchandise trade deficit widened by 8.0% in the wake of a 8.0% increase in imports, especially of non-fuel items, which outstripped the 7.9% rise in exports. This offset the improvement in the services surplus, which benefited from higher tourism receipts arising from the modest upturn in the sector; and lower net payments for transportation and insurance services. The income-account deficit decreased by 6.6%, with lower investment-income outflows offset by higher labour-income remittance outflows. The surplus on the capital and financial accounts expanded by 34% to stand at US\$ 1.15 billion. This expansion reflected a surge in net foreign direct investment inflows into tourism and other activities. The current account deficit is expected to widen marginally in 2012, stemming from higher project-related imports. International reserves expanded by US\$ 214 million to US\$ 1.08 billion, or four months of import cover.

BAHAMAS: MAIN ECONOMIC INDICATORS

	2009	2010	2011 ^a
Annual growth rates			
Gross domestic product	-5.4	0.9	2.0
Per capita gross domestic product	-6.5	-0.5	0.8
Consumer prices	1.3	1.4	3.3 ^b
Money (M1)	0.7	4.0	4.3 ^c
Annual average percentages			
Unemployment rate ^d	14.2	...	13.7
Central government			
overall balance / GDP ^e	-3.1	-3.2	-2.4
Nominal deposit rate ^f	3.8	3.4	2.8 ^g
Nominal lending rate ^h	10.6	11.0	11.1 ^g
Millions of dollars			
Exports of goods and services	3 061	3 196	3 310
Imports of goods and services	3 731	3 771	4 120
Current account balance	-809	-811	-1 047
Capital and financial balance ⁱ	1 062	856	1 147
Overall balance	253	45	100

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Preliminary estimates.

^b Twelve-month variation to October 2011.

^c Twelve-month variation to September 2011.

^d Includes hidden unemployment.

^e Fiscal year.

^f Deposit rate, weighted average.

^g January-September average.

^h Lending and overdraft rate, weighted average.

ⁱ Includes errors and omissions.

Barbados

After a steep decline in 2009 followed by flat growth in 2010, the Barbados economy experienced lacklustre growth with a projected increase in real output of 1% for 2011. The tourism sector was the principal driver of this recovery with a significant influx of stay-over visitors. Weak growth in the global economy led to a slight rise in inflation rates, but this was offset by an upturn in net long-term capital inflows and continued fiscal consolidation, which resulted in a small increase in import demand. Foreign-exchange reserves dipped only marginally to US\$ 1.41 billion by September 2011, representing 4.75 months of import cover. Although the fiscal deficit narrowed slightly in 2011, continued high public debt, sluggish credit conditions and low domestic demand remain challenges to renewed growth. Gloomy growth prospects for Europe and the United States suggest that the Barbados economy will grow by only 0.5% in 2012.

The fiscal deficit improved significantly during the first nine months of 2011 to stand at 5.3% of GDP compared with 9.3% for the same period in 2010. This reduction was due to higher government revenues particularly from value added, excise and corporate taxes, which were up by 18%, 28%, and 11% respectively. At the same time, government expenditure declined by 3.7% with reductions in salaries of 2.7%, and in transfers and subsidies of 9.2%. The fiscal deficit was financed mainly from domestic resources belonging to the National Insurance Board. However, the government's fiscal consolidation efforts, along with a nominal increase in GDP, resulted in a virtually unchanged debt to GDP ratio of 96.2% between September 2010 and September 2011. The share of domestic debt increased slightly from 70.7% to 72.4% between 2010 and 2011.

Given the slow pace of economic recovery, the Central Bank of Barbados maintained the loose monetary policy it had implemented since the start of the economic crisis. Commercial loans expanded marginally compared with 2010, while domestic deposits remained flat. Both the average loan rate and the 3-month Treasury bill rate remained unchanged at 9% and 3.4% respectively. The exchange rate remained fixed at 2 Barbadian dollars (BD\$) to US\$ 1.

Considering key economic sectors, the tourism sector benefited from a 9% increase in stay-over tourist

arrivals over the first nine months of 2011 and a 5% rise in visits by cruise passengers. The source markets for these gains were primarily the United Kingdom and United States (up by 10% and 8%, respectively). However, the introduction of additional intraregional airlift resulted in the largest surge in arrivals coming from the CARICOM market (15%). This increase in arrivals was offset by a decrease in the average visitor stay from 5.5 days in 2010 to 5.0 days in 2011; thus, no notable improvement in real tourism output was recorded over the period. Activity in the international business and financial services sector was strong during the first half of 2011, with a 20% increase in newly licensed entities compared with the same period in 2010. Construction and the hotel and retail sectors also recorded limited growth of 3% and 2% respectively, while, in the agricultural sector, sugar production declined by 8%, and non-sugar output fell by 4% due to adverse weather conditions.

Inflation for the 12-month period ending in August 2011 was 10.6%, which was substantially higher than the rate for the 12-month period ending in August 2010. This surge in inflation was driven by price increases in fuel and transportation of 25.6% and 21.8%, respectively, in the 12-month period to August 2011. While this rate is quite high, upward pressure on prices subsided later in 2011 and inflation is expected to moderate somewhat at the end of 2011 and in 2012. Unemployment also declined very

slightly from 11.2% to 11% during the period, reflecting a slight increase in the total labour force and a moderate amount of job creation.

As the global economy stabilized, a higher import bill negatively impacted the current account deficit, which is estimated to end the year at 21.7% of GDP in 2011, compared with 17.1% for 2010. Food price rises of 46% for corn, 51% for wheat and 27% for soybean, and soaring fuel prices (up 42%) were the main factors in this increase. Exports however expanded by a mere 6.3% in 2011, compared with 11.4% during 2010. The capital account surplus also grew by 27% from 2010, with the largest contribution coming from the sale of Barbados Light and Power shares during the first quarter of 2011. International reserves grew by 4% over the period.

Although Barbados showed a slight economic recovery in 2011, growth is expected to remain weak at 0.5% in 2012, reflecting bleak prospects for growth in the United Kingdom and the United States, key source markets for tourism. Accordingly, domestic demand for goods and services as well as credit is therefore expected to remain low, further dampening future economic growth. The government is therefore likely to continue implementation of its medium-term fiscal strategy, albeit over a longer time frame with a view to containing the fiscal deficit, and managing public debt, while stimulating economic growth.

BARBADOS: MAIN ECONOMIC INDICATORS

	2009	2010	2011 ^a
Annual growth rates			
Gross domestic product	-3.7	0.2	1.0
Per capita gross domestic product	-4.1	0.2	0.6
Consumer prices	4.4	6.5	10.6 ^b
Money (M1)	1.8	-4.8	-16.9 ^c
Real effective exchange rate ^d	-5.5	-1.7	-3.3 ^e
Annual average percentages			
Unemployment rate ^f	10.0	10.8	11.1 ^g
Non-financial public-sector overall balance / GDP ^h	-7.9	-8.7	...
Nominal deposit rate ⁱ	3.4	2.7	2.7 ^j
Nominal lending rate ^k	8.7	9.5	9.3 ^j
Millions of dollars			
Exports of goods and services	1 810	1 886	1 853
Imports of goods and services	1 930	2 150	2 281
Current account balance	-218	-366	-506
Capital and financial balance ^l	243	400	473
Overall balance	25	34	-32

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Preliminary estimates.

^b Twelve-month variation to August 2011.

^c Twelve-month variation to September 2011.

^d A negative rate indicates an appreciation of the currency in real terms.

^e January to October average, year-on-year variation.

^f Includes hidden unemployment.

^g First semester.

^h Fiscal year.

ⁱ Deposit rate, weighted average.

^j January-September average.

^k Weighted average of the system lending rates.

^l Includes errors and omissions.

Belize

The recovery in the Belizean economy continued in 2011 with growth projected at 2.5%, compared with 2.9% in 2010. Growth was fuelled by the manufacturing and electricity, water and gas sectors and by improved tourism activity. Inflation is projected to exceed 2% by year end, while unemployment is expected to decline as activity picks up. The fiscal position strengthened as higher revenues from improved petroleum tax receipts outpaced the increase in expenditures. Nevertheless, monetary conditions remained subdued with a marginal decline in credit, reflecting weak private-sector confidence. Meanwhile, recovery in import demand was expected to lead to a widening of the external current account deficit. The forecast for 2012 is for 3% GDP growth, driven by a broad-based expansion in agriculture and electricity generation and distribution.

Fiscal policy continued to focus on increasing revenues and containing spending to rein in debt, while maintaining social programmes aimed at reducing poverty. Receipts from the petroleum sector and import duties stemming from the recovery in import demand will serve to reduce the overall fiscal deficit from 1.9% of GDP in calendar year 2010 to 0.9% of GDP in 2011. Revenue is expected to remain stable at 27% of GDP, while expenditure is projected to decline from 29% of GDP to 28% of GDP. During the first nine months of 2011, the fiscal deficit contracted by almost 75% to BZ\$ 13 million, reflecting windfall tax gains from higher petroleum prices. With the government paying off some debt at banks with part of the windfall gains, public-sector debt narrowed from 85% of GDP to 82% of GDP, year-on-year to September.

The central bank sought to provide some monetary stimulus by lowering its policy-based lender-of-last-resort rate from 18% to 11% and reducing the securities requirement of commercial banks from 5% to 3% to encourage banks to increase their lending to the private sector. Nevertheless, in an environment of weak business confidence, private sector credit grew by only 2%. Therefore, the 4.2% expansion in the broad money supply was fuelled by net foreign assets, including tourism receipts owing to the rally in activity in that sector. Non-performing loans remained elevated at 15.2% of the total loan portfolio, leading to some concern on the part of the central bank.

The exchange rate remained relatively stable, with a marginal depreciation in the real rate in 2011.

During the first half of 2011, GDP surged by 5.7%, driven by robust activity in electricity and water, wholesale and retail trade and tourism. Nevertheless, a contraction in the second semester will bring the overall rate for the year down to 2.5%, marginally lower than the 2.9% recorded in 2010. Manufacturing contributed to higher growth, as improved productivity in the sugar sector raised output by 11.7%. Tourism was boosted by a 2.1% increase in stay-over visitor arrivals year-on-year to August, underscoring the nascent recovery in major markets. Petroleum output contracted by 3.4% to 984,203 barrels, reflecting reduced output from the maturing Spanish Lookout field.

Growth is expected to improve marginally to 3% in 2012, underpinned by continued recovery in tourism and the electricity sector and a rebound in agriculture. However, the relative weakness in major markets poses a downside risk to this forecast.

Despite the hike in international fuel prices and more buoyant domestic demand, inflation moderated to 1.0% at the end of May 2011 from 1.8% a year earlier, but the annual rate is expected to exceed 2%. Inflation was tempered by declines in the cost of household goods and maintenance (4.2%) and food and beverages (0.8%). Meanwhile, higher fuel prices were still partly

transmitted in transport and communications, and rent, fuel and water. The rate of unemployment was expected to decline, owing to the multiplier effects of improved tourism, manufacturing and activity in the Free Zone.

The balance-of-payments current account deficit was projected to expand from 0.9% of GDP in 2010 to 1.2% of GDP in 2011. The actual outcome might be better than projected, however, as a surplus of 3.3% of GDP was registered during the first half of the year, fuelled by dynamic growth (36.1%) in exports, which offset the 24.5% increase in imports. Petroleum export earnings increased by 72.7% to US\$ 80.1 million due to high prices for Belize's fairly sweet crude. Following import compression in the previous year, imports rebounded owing mainly to higher payments for more expensive fuel products. Remittances declined, reflecting the continued weakness of the United States economy. A sharp fall in foreign direct investment, linked to weak investor sentiment, contributed to a deficit of US\$ 9.5 million on the capital and financial account. International reserves increased marginally to US\$ 218.2 million, or 4.2 months of merchandise import cover. In 2012, the current account deficit is projected to expand to 4.5% of GDP largely on account of higher imports and reduced merchandise exports.

BELIZE: MAIN ECONOMIC INDICATORS

	2009	2010	2011 ^a
Annual growth rates			
Gross domestic product	0.0	2.9	2.5
Per capita gross domestic product	-2.0	0.6	0.6
Consumer prices	-0.4	0.0	0.9 ^b
Money (M1)	1.0	-0.8	15.6 ^c
Annual average percentages			
Unemployment rate ^d	13.1	...	...
Central government overall balance / GDP ^e	-2.8	-1.9	-0.9
Nominal deposit rate ^f	6.3	5.9	4.9 ^g
Nominal lending rate ^h	14.1	13.9	13.4 ^g
Millions of dollars^h			
Exports of goods and services	728	830	904
Imports of goods and services	782	779	865
Current account balance	-83	-12	-17
Capital and financial balance ⁱ	130	16	9
Overall balance	47	4	-8

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Preliminary estimates.

^b Twelve-month variation to February 2011.

^c Twelve-month variation to October 2011.

^d Includes hidden unemployment.

^e Fiscal year.

^f Deposit rate, weighted average.

^g January-October average.

^h Lending rate, weighted average.

ⁱ Includes errors and omissions.

Cuba

In 2011 the Cuban economy grew against the backdrop of a gradual but decisive roll-out of concrete measures to update the economic model. GDP growth of about 2.5% is projected for 2011 (2.1% in 2010) owing to a certain relaxation of external constraints and a moderate upturn in both public and private consumption, even though investment levels remained low. An improved current account facilitated progress on payments to external creditors. The fiscal deficit went from 3.5% of GDP in 2010 to 3.8% of GDP in 2011, which was higher than the 3.6% originally planned because increased spending (especially on the financial overhaul of public enterprises) outpaced the rise in revenues. The consumer price index¹ is expected to rise slightly by about 2% (0.6% higher than the increase in 2010). Nevertheless, the withdrawal of certain products from the rationing system could have generated higher inflationary pressures.

In April 2011, measures for updating the Cuban economic model were formally adopted at the sixth congress of the Communist Party, even though the phase-in of some of those measures had already started in 2010. Noteworthy among these measures were further labour-market reform and the expansion of non-State production, more managerial autonomy for public enterprises and greater decentralization of investment and production decision-making.

The improvement of the external sector can be attributed to the increase in tourism, goods exports and possibly remittances, which are increasingly being used to finance small investments in the non-State sector. Goods and services exports grew by an estimated 10% in 2011. Imports fell off slightly owing to decreasing acquisition of machinery and equipment attributable to persistently low investment levels. However, the value of imports rose on the back of higher prices for imported food, which accounts for some 80% of domestic food consumption in Cuba. The merchandise trade deficit narrowed thanks to improved performance of goods exports (which by the third quarter of the year had jumped by 27% compared with the same period the previous year) and the containment of imports. The strong performance of trade in services—especially

tourism, which expanded from 2.5 million tourists in 2010 to approximately 2.7 million in 2011—led to an overall trade surplus.

The exchange-rate policy, based on a dual system, did not change in 2011. The fiscal deficit was covered by issuing currency without generating inflationary pressures, possibly because of greater demand for money resulting from an increase in retail transactions as own-account activities expanded. Trends in public spending were shaped above all by measures to update the Cuban economic model. The widening of the fiscal deficit to 3.8% of GDP and the simultaneous rise in tax revenues, by 2.215 billion Cuban pesos, fed an increase in public spending. That increase came with a shift towards the capitalization of public enterprises, specifically to ensure the payment of debts to providers, the treasury and banks. This is part of a process of strengthening public enterprises that also includes a plan to grant greater managerial autonomy. The 2011 creation of the AZCUBA Sugar Industry Business Group to replace the Ministry of Sugar can be seen as a step in that direction, as was the elimination of the Ministry of Fisheries and the creation of other business groups in 2010.

Almost half of the increase in tax revenue that made it possible to expand public spending came from taxes on the sale of products such as flour, rice, beans, sugar and eggs, reflecting a likely rally in private spending.

¹ The consumer price index covers only products priced in Cuban pesos.

Because the new credit and financial policy (Decree-Law No. 289) entered into force on 20 December 2011, the uptick in activity in the sector might have been bolstered in part by remittances channelled increasingly towards investment (which remains at a low level because this is an incipient sector) instead of consumption.

The new credit policy opens the door to broader use of the banking system in the Cuban economy by enabling small farmers and own-account workers to open current accounts in banks in Cuban pesos or in convertible pesos. The fact that individuals can now apply for loans of over 3,000 Cuban pesos (which was the limit before the decree) gives reason to believe that economic growth will be more vigorous in 2012.

The containment of public spending on education and health, which in the past represented about a third of GDP, means that other sectors have contributed to economic growth. Services associated with tourism, such as restaurants and hotels, as well as agriculture, construction and the production of construction materials, are among the best performing sectors. The announcement and subsequent authorization of the buying and selling of housing, under certain conditions, is giving a lift to housing construction and private improvement projects. The rise in employment and wages in these sectors has offset, at least partially, the diminishing public-sector wage bill.

In the case of agriculture, the updating of the economic model has been reflected in two particularly significant policy measures. One of them involves fast-tracking, starting in 2010, the granting of rights to use idle land for a period of 10 years, which is intended to promote the substitution of food imports. As at 30 September 2011, 1,313,000 hectares had been handed over to 147,000 individuals, who have mainly used the land for livestock production and for growing crops such as rice. The need to invest in order to expand output, a scarcity of credit and a largely urban population have been reflected in a gradual, but as yet uneven, increase in the area under cultivation.

In 2011 the traditional system for contracts with producers, which forced the latter to sell 80% of their output to the State stockpiling agency, was replaced by a more flexible system of individually negotiated contracts under which the amount contracted depends on the supply of inputs and producers can sell on the open market the (variable) proportion of their output

CUBA: MAIN ECONOMIC INDICATORS

	2009	2010	2011 ^a
Annual growth rates			
Gross domestic product	1.4	2.1	2.5
Per capita gross domestic product	1.4	2.1	2.5
Consumer prices	-0.1	1.5	1.7 ^b
Real average wage	4.6	3.0	...
Money (M1)	1.7	1.7	...
Real effective exchange rate ^c	0.0	-1.0	...
Annual average percentages			
Open unemployment rate	1.7	2.4	...
Central government			
overall balance / GDP	-4.8	-3.4	...
Nominal lending rate ^d	9.3	9.3	...

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures from the National Statistics Office.

^a Preliminary estimates.

^b Twelve-month variation to March 2011.

^c A negative rate indicates an appreciation of the currency in real terms.

^d Corporate lending rate in Cuban convertible pesos.

that is not covered by the contract. This system applies to 21 agricultural products; direct sales from agricultural producers to hotels and restaurants in the tourism sector were authorized in late 2011.

Labour-market reform has promoted the gradual transfer of public employees to the non-State sector and the reassignment of staff within the State sector. As part of the rationalization of public-sector activities, various measures are being taken in the health sector, including the strengthening of preventive care to decrease demand for more expensive curative care in hospitals, and in the education sector, such as ending certain care services in isolated rural areas in order to concentrate them in urban areas.

However, in 2011, it was announced that the pace at which State-sector workers were being reassigned to the non-State sector would be scaled back because of difficulties in guaranteeing the rapid absorption of those workers by the non-State sector. Although the number of public employees was originally estimated to fall by 500,000 during the initial stage, the process has slowed in 2011. Nevertheless, there was rapid growth in own-account activities authorized by the government as a result of the aforementioned measures: by the end of September there were 338,000 own-account workers, almost 181,000 more than in the same month in 2010.

Dominican Republic

In accordance with the targets agreed with the International Monetary Fund, macroeconomic policy in 2011 was characterized by a withdrawal of the fiscal stimulus that was introduced in the first half of 2010, a shift from generalized subsidies to targeted ones, and monetary policy benchmark rate increases with a view to moderating the expansion of lending to the private sector.

These changes slowed the GDP growth rate from 7.8% in 2010 to 4.2% in the period January-September 2011; it is expected to stand at 4.5% for the year as a whole. Domestic prices have rebounded since late 2010, pushing up the annualized inflation rate to 10% in July 2011. Nevertheless, inflationary pressures began to subside as of the third quarter; year-on-year inflation of 8% is projected for the end of the year, compared with 6.3% for 2010.

Transfers to the electricity sector were scaled back by less than the expected amount in the face of rising international oil prices, forcing the government to reduce its current budget, excluding social services, by 12%. This, in addition to a 2.2% contraction in capital spending, made it possible to bring down total spending by 1 percentage point of GDP to close 2011 at 15.4%.

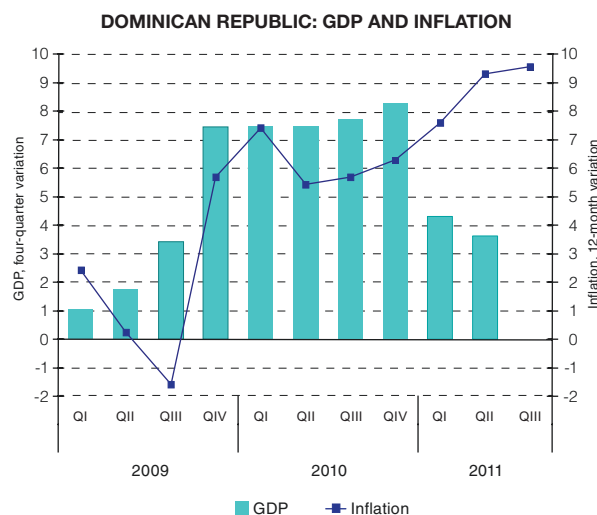
The government introduced new levies and took various measures to increase tax revenues with a view to ensuring that the central government deficit target agreed with the IMF (equivalent to 1.6% of GDP as against 2.5% in 2010) was met. This will make it possible to trim non-financial public sector debt by an amount equivalent to 0.7% of GDP, to stand at 28.5% of GDP. As in 2010, the debt mix continued to shift in favour of external debt in 2011.

In order to curb the expansion of bank credit to the private sector, the central bank continued raising its benchmark rate during the first few months of the year. The overnight rate went from 4% in September 2010 to 6.75% in May 2011, where it has remained since then. The result was an increase in the rates offered by financial intermediaries to the public, which slowed the expansion of credit to the private sector. In nominal terms, credit expansion slackened from a 12-month rate of 23% at the end of 2010 to 15.4% in October 2011, which translates into a deceleration from 15.8% to 6% in real terms.

No significant changes are expected in the monetary policy benchmark rate for the rest of 2011. However, given that the overnight rate is negative in real terms, additional increments are expected in 2012, when the central bank will complete the transition to an inflation-targeting regime.

The financial sector is maintaining adequate solvency and liquidity levels. Efforts to enhance risk management made significant headway in 2011; for example, a bill was introduced to establish a regulatory framework for the consolidated oversight of financial groups and the prevention of systemic risk.

According to official data, by the third quarter of 2011 economic activity had expanded by 4.2%, significantly slower than the 7.6% recorded for the same period in 2010. Although production for the domestic market slowed at a similar pace, the sectors oriented towards external demand



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

showed a solid performance. Notable among them were free-zone manufacturing, mining (which has benefited from the resumption of ferronickel mining) and tourism (where the declining number of European tourists was offset by increased tourist arrivals from the United States and South America).

Growth in private consumption slowed from 7.2% to 4.4% in the first six months of 2011 owing to a relative deterioration in working conditions and a slower expansion of household credit. Gross fixed capital formation contracted by 2.1% after burgeoning by 21.3% in 2010; this led to slower growth in imports, which went from 12.6% to 4.2% between January and June 2011. Taking into account the 6.9% rise in exports during the period (compared with 7.2% in 2010), the overall result was a net decline in imports in real terms.

Reflecting in part the higher international food and fuel prices, the annual consumer price index variation rose from 5.4% in November 2010 to 10.2% in August 2011, at which point it began to ease back gradually. Total year-on-year core inflation was 5.4% in October. Year-on-year inflation is projected to close 2011 at 8%. Annual inflation for 2012 is likely to be about 5% following an expected drop in international commodity prices associated with a global economic slowdown.

Almost 120,000 jobs were created (mainly in the commerce sector) during the first half of 2011, owing in part to the rise in the overall participation rate, which stood at 56.2%. But this uptick was not sufficient to avoid an increase in the open unemployment rate, which went up by more than 1 percentage point during the first half of the year, to 5.6%.

Nominal minimum wages in the private sector increased by between 9.9% and 12.4% (between 1.3% and 3.6% in real terms). However, with nominal minimum wages in the public sector remaining unchanged, workers in that sector saw wages fall in real terms for the second year in a row.

Despite the worsening and uncertain international economic outlook, goods exports jumped up by 24.4% in the first three quarters, driven by the strong performance of free zones and non-traditional exports. That strong performance was not enough, however, to offset the rise

DOMINICAN REPUBLIC: MAIN ECONOMIC INDICATORS

	2009	2010	2011 ^a
Annual growth rates			
Gross domestic product	3.5	7.8	4.5
Per capita gross domestic product	2.1	6.3	3.2
Consumer prices	5.7	6.3	8.6 ^b
Real minimum wage	7.0	-0.4	1.2
Money (M1)	18.7	9.2	5.3 ^b
Real effective exchange rate ^c	2.0	-2.0	1.1 ^d
Terms of trade	8.1	-3.7	-5.3
Annual average percentages			
Unemployment rate ^e	14.9	14.3	14.6 ^f
Central government			
overall balance / GDP	-3.5	-2.5	-1.6
Nominal deposit rate ^g	7.8	4.9	7.7 ^h
Nominal lending rate ⁱ	12.9	8.3	11.2 ^h
Millions of dollars			
Exports of goods and services	10 295	11 671	13 554
Imports of goods and services	14 120	17 436	19 965
Current account balance	-2 331	-4 435	-5 196
Capital and financial balance ^j	2 737	4 493	4 601
Overall balance	406	58	-595

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Preliminary estimates.

^b Twelve-month variation to November 2011.

^c A negative rate indicates an appreciation of the currency in real terms.

^d January to October average, year-on-year variation.

^e Includes hidden unemployment.

^f Figure for April.

^g 90-day certificates of deposit.

^h January-November average.

ⁱ Prime rate.

^j Includes errors and omissions.

in the oil bill, which therefore led to a widening of the goods trade balance deficit. Taking into account a 4.6% increase in tourist arrivals, a 7% upturn in remittance inflows and foreign direct investment flows of close to US\$ 2 billion (3.6% of GDP), the current account deficit is expected to be equivalent to 8% of GDP at the end of the year—a slight improvement over the 8.6% recorded in 2010.

Deteriorating external conditions translated into a decline of more than US\$ 700 million in international reserves in the first half of 2011. This situation was partially reversed in July, when the government committed to keeping the proceeds from bond placements on external markets in the central bank. Through October 2011 the average real effective exchange rate held steady, in contrast with the 1.6% depreciation posted in 2010.

Guyana

The Guyanese economy continued to post robust growth in 2011 despite the continuing difficulties in the major export markets of the United States and Europe. The estimate for 2011 is for overall growth of 4.8%, while the forecast for 2012 is for an expansion of 4%. Policymakers in Guyana are expected to pursue a low-carbon development strategy in light of the victory of the ruling party at the polls in November, despite a much-reduced majority in parliament. Under the agreement with the Government of Norway for the joint implementation of this strategy Guyana will receive some US\$ 30 million in financing in 2012 and up to US\$ 100 million annually through 2020.

In 2011, the fiscal deficit will widen due to higher capital outlays. The budget deficit is anticipated to be 3.5% of GDP in 2011 but may be as high as 6% in 2012 due especially to the investment in the Amaila Falls hydroelectric project. In the first half of 2011, some US\$ 32.2 million in debt relief was received through the Multilateral Debt Relief Initiative, the International Monetary Fund (IMF), the International Development Association and the Inter-American Development Bank (IDB). Debt servicing will be higher in 2011 and the debt-to-GDP ratio will also increase due to borrowing for investment purposes.

The monetary policy pursued by the Bank of Guyana in 2011 continued to focus on stabilizing prices and ensuring sufficient liquidity in the banking system. In the first half of 2011, credit to the private sector continued to expand but at a slower rate relative to the corresponding period in 2010. Central government credit declined while private-sector credit grew by 6.7%. In 2012 there will be moderate growth in credit to the private sector in view of the uncertainty as to whether the ruling party, with a reduced parliamentary majority, will be able to maintain all aspects of its policy agenda. The exchange rate was relatively stable in the first half of 2011 with a marginal devaluation of 0.25 Guyana dollars (G\$) to reach G\$ 203.5 to the United States dollar. The foreign exchange market is expected to remain stable in 2012 since inflows of foreign exchange should be adequate.

GUYANA: MAIN ECONOMIC INDICATORS

	2009	2010	2011 ^a
Annual growth rates			
Gross domestic product	3.3	4.4	4.8
Per capita gross domestic product	3.2	4.2	4.5
Consumer prices	3.6	4.4	6.1 ^b
Money (M1)	8.7	21.8	19.7 ^c
Annual average percentages			
Central government			
overall balance / GDP	-3.7	-2.9	-3.0
Nominal deposit rate ^d	2.8	2.7	2.4 ^e
Nominal lending rate ^f	14.0	15.2	14.8 ^e
Millions of dollars			
Exports of goods and services	938	1 140	1 269
Imports of goods and services	1 441	1 762	2 029
Current account balance	-220	-239	-382
Capital and financial balance ^g	454	356	346
Overall balance	234	117	-36

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures from the National Statistics Office.

^a Preliminary estimates.

^b Twelve-month variation to June 2011.

^c Twelve-month variation to October 2011.

^d Small savings rate.

^e January-October average.

^f Prime rate.

^g Includes errors and omissions.

In the first half of 2011, the economy posted growth of 5.9%. In the second half, growth was less robust and the overall figure for 2011 will be around 4.8%. Growth of 4% is projected for 2012, driven mainly by buoyant commodity prices and increased production of gold,

bauxite and alumina, along with agricultural crops such as rice and sugar.

Inflation for 2011 will approach the target rate of 4.8%. For the first half of the year, it stood at 3% but should abate in the second half as food price inflation subsides. Employment in the public sector recorded a marginal decline of 0.9%, which reflected a 1.7% downturn in central government accounts. Meanwhile, preliminary estimates for 2011 suggest an increase in private sector employment, especially in the areas of construction and whole sale and retail trade. Employment is likely to pick

up in 2012 with the start-up of a number of public-sector capital projects.

In the first half of the year the current account balance deteriorated by US\$ 19.6 million. For 2011, the current account deficit will increase, reflecting rising prices for imports such as oil and commodities. As a result, reserves will decrease by US\$ 36.1 million to 18% of GDP. In 2012, with the construction of the large hydroelectricity project at Amaila Falls the current account may widen significantly due to higher imports. This project however is likely to bring significant long-term energy savings and spur growth.

Haiti ¹

Economic performance in 2011 was shaped by the economic and social consequences of the 2010 earthquake combined with a long period of uncertainty (as the presidential election period stretched from November 2010 to May 2011) and delays in installing the new administration. Haiti's economy thus grew by just 4.5% instead of the 8% originally forecast. However, public finances (cash basis deficit of 0.1% of GDP), international reserves (US\$ 1.2 billion) and exchange-rate stability resulted in a favourable preliminary review by the International Monetary Fund (IMF). There is cause for concern, however, due to the spike in inflation since April (which resulted in a year-on-year variation of 10.4% to September) and apparent underexecution of current public spending and investment. Economic prospects for 2012 are more encouraging. A substantial improvement in the real sector is expected (GDP growth of 8%) as normal government activities resume and the pace of disbursement and execution of funds from international donors and the public sector picks up, especially for reconstruction activities.

The moderating pace of the economic slowdown in the United States is a positive sign for the Haitian economy because the United States is the main destination for Haitian exports and one of its main sources of foreign exchange, in the form of remittances, which totalled around US\$ 1.55 billion in 2011. Moreover, new foreign direct investment projects in the maquila sector (around US\$ 50 million for the Caracol industrial park in north-eastern Haiti) and tourist and hotel infrastructure (around US\$ 90 million) are creating a certain degree of optimism about the recovery process.

The new administration and the broader international community are aware, however, that nearly two years on from the earthquake, tangible improvements in the living conditions of those affected by the catastrophe are urgently needed, especially for the least protected and most vulnerable. Moreover, there are persistent doubts over the effectiveness of the mechanisms established under

the 2010 emergency agreements. This is particularly the case with the Interim Haiti Recovery Commission, a joint body comprising representatives of the government and major donors, and could result in the reorganization of these bodies. The new administration led by President Michel Martelly (not fully in place until October 2011 following difficult negotiations with Congress over the appointment of the Prime Minister) will therefore have to demonstrate in the coming months that it can rise to the challenges inherited as a result of the earthquake. Some humanitarian programmes (concerning water, food aid and medical services) have already been scaled down or ended. Hence, replacement social policies are needed.

The second review of the Extended Credit Facility (ECF) arrangement by the authorities and the IMF was postponed from July to December 2011. In view of the relative macroeconomic and financial stability, overall performance under the arrangement is expected to be satisfactory in 2011. Some results fell short of expectations, however, especially budget execution (spending was less than 50% of the amount called for under the ECF performance criteria).

¹ This review encompasses fiscal year 2011 (October 2010-September 2011). However, in some cases, statistics relating to the calendar year have been used for ease of comparison with regional data.

The fiscal deficit (cash basis) was estimated at 0.1% of GDP thanks to a significant expansion in current revenue (15% in real terms) and a variation of just 5% in total expenditure. Tax receipts under the key headings—tariffs, value added tax and direct taxation—accounted for 35%, 27% and 18% of total tax receipts, respectively, and showed real increases of 12%, 14% and 7% respectively. Investment fell sharply (34% in real terms), although subsidies (especially for the energy sector) were up by 16%. Tax receipts grew despite the adverse conditions prevailing in the country. The government has predicted that, even without fiscal reform, fiscal revenue could expand to 14% of GDP in future years, compared with averages of 10%-11% in the past decade.

Monetary policy was geared towards greater flexibility in order to revive the economy. Although net domestic lending fell by 8.5% overall in response to public sector repayments, credit to the private sector showed real growth of 13% after plummeting by 10% in 2010. In January 2011 the Bank of the Republic of Haiti cut the interest rate on its 91-day bonds from 5% to 3% and extended the no-reserves option in order to increase liquidity flows to the property rebuilding sector. In real terms (deflated), the most representative monetary indicators (monetary base, M1 and M3) contracted or remained stagnant (-2%, -1.7% and -0.3% respectively). This stands in contrast to respective variations of 37%, 23% and 17% in 2010, when temporary imbalances in the banking system and caution on the part of its main actors resulted in higher liquidity and increased dollarization (nearly 50% of deposits). In the foreign-exchange market, the relative abundance of foreign currency from remittances and grants and comparatively subdued demand (imports grew by 3.8% in nominal terms) kept the nominal exchange rate between 40 and 41 gourdes per dollar (real appreciation of 4%).

Despite uncertain agricultural sector performance, the positive variations in the most representative indicators of manufacturing activities (27%), the electricity sector (33%), trade (30%) and the construction industry (14%) were significantly higher than in 2010 and point to projected GDP growth of 4.5% in 2011. Growth in the construction industry, although based on temporary activities, reflected the impact of labour-intensive programmes, such as the cash-for-work programmes, implemented by various national and international agencies.

Fluctuating international prices had an adverse effect on the Haitian economy, especially in the hydrocarbon and food sectors. The spike in domestic inflation translated into year-on-year growth (September-September) of 13% in food prices, which were affected by these

HAITI: MAIN ECONOMIC INDICATORS

	2009	2010	2011 ^a
Annual growth rates			
Gross domestic product	2.9	-5.1	4.5
Per capita gross domestic product	1.2	-6.6	2.8
Consumer prices	2.1	6.2	10.4 ^b
Real minimum wage	27.9	58.2	-7.8
Money (M1)	6.6	33.0	6.5 ^b
Terms of trade	29.4	-3.3	-17.0
Annual average percentages			
Central government			
overall balance / GDP ^c	-1.3	-0.2	1.9
Nominal deposit rate ^d	1.7	0.9	0.4 ^e
Nominal lending rate ^f	21.6	20.7	19.8 ^e
Millions of dollars			
Exports of goods and services	930	802	1 090
Imports of goods and services	2 804	4 076	3 802
Current account balance	-227	-155	-28
Capital and financial balance ^g	76	1 139	165
Overall balance	-150	984	137

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Preliminary estimates.

^b Twelve-month variation to October 2011.

^c Fiscal year.

^d Average of minimum and maximum rates on time deposits.

^e January-November average.

^f Average of minimum and maximum lending rates.

^g Includes errors and omissions.

external factors and by the local rice shortage owing to an unusual drought and the short supply of fertilizers. The fluctuations resulted in a 7% drop in the purchasing power of real wages.

Positive export performance (up 33%) and the moderate (10%) drop in imports offset the significant reduction in official donations received in 2011 compared with 2010. The current account deficit thus narrowed from US\$ 155 million to US\$ 28 million. The terms of trade improved slightly (3.6%) as export prices rose more (by 18%) than import prices (up 14%). In 2011, the capital account still reflected the positive effects of foreign debt forgiveness programmes and foreign direct investment inflows (US\$ 180 million). Widespread external debt forgiveness during fiscal years 2010 and 2011 (US\$ 813 million and US\$ 557 million respectively) drastically reduced outstanding external debt. As a result, the variations posted in 2011 between the start and end of the period (from US\$ 391 million to US\$ 565 million) correspond almost exclusively to transactions under the Petrocaribe agreement (balance of US\$ 443 million to September 2011) with the Bolivarian Republic of Venezuela. Net international reserves stood at US\$ 1.2 billion at the close of the fiscal year (September 2011), an increase of US\$ 242 million compared with the previous year and more than enough to cover nearly five months of imports.

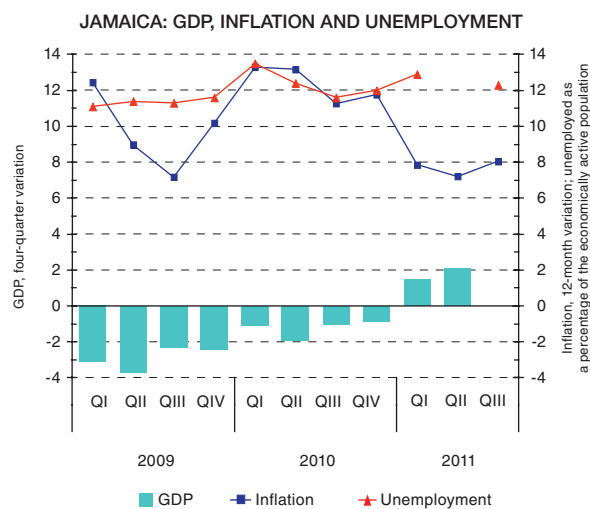
Jamaica

Growth in the Jamaican economy will be of the order of 1.3% in 2011 and is projected at 1% for 2012. Following the expiration of the \$1.27 billion International Monetary Fund (IMF) stand-by agreement in May 2012, some decline in GDP is likely, owing to uncertainty regarding economic policy. With general elections scheduled for late December 2011, the private sector may also adopt a wait-and-see attitude in early 2012. Moreover, demand in major export markets, remittances and foreign direct investment have rallied only slightly, thus no significant improvement in the negative current account balance is expected in 2011 and 2012.

A budget deficit equivalent to 6.5% of GDP had been forecast for 2010/2011 but the actual figure was 6.1%; for fiscal year 2011/2012 the deficit is projected to stand at 4.6% of GDP. Relative to the budget, in 2011/2012, expenditure increased by 3.7% and revenue by 4.7%. Most quantitative targets under the IMF agreement were met through September 2010, but it is not clear whether the government passed additional tests in March 2011. Several unplanned expenditures, in fiscal year 2010/2011, including wage increases, may have reduced the government's capacity to meet the IMF targets. Public debt continues to be very high at 128% of GDP in fiscal year 2010/2011 and is expected to decline to 112.8% in fiscal year 2011/2012. However Jamaica's debt problem will persist for some time given slow economic growth and limited expenditure reduction.

The Bank of Jamaica sought to reduce interest rates in order to stimulate investment by the private sector on the heels of the IMF agreement and the successful implementation of the Jamaica Debt Exchange (JDX). The JDX replaced high-yielding government securities with low-yielding securities. In September of fiscal year 2011/2012, the bank continued to reduce its 30-day certificate of deposits by 50 basis points to 6.25%. The interest rate spread remained constant, however. In 2011 the exchange rate has been basically stable but a slight depreciation is forecast for 2012.

In 2011, overall GDP growth will be 1.3%. This falls in line with quarterly growth figures, which showed that there was growth of 1.8% in the first semester and 0.6% in the third quarter. The goods sector will expand by 3.9% and the services sector by 0.3%. The performance of the goods-producing sector is premised on robust growth of 19.2% in mining and quarrying and 7.8% in agriculture,



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

forestry and fishing. Meanwhile, positive growth in the services sector is expected to be broad-based. In the crucial hotel and restaurant sector, growth of no more than 2.6% is expected, as arrivals from the United States and Europe, the country's two largest source markets, declined by 1.5% and 3.7%, respectively, between January and May 2011. Meanwhile, cruise passenger arrivals in Jamaica increased by 13.9% in the January to May period, compared with 2010, but this segment accounts for only a small share of the total tourism market. Growth in 2012 is projected at 1% given the uncertainty surrounding the future of the IMF agreement and the results of the December elections.

While the year-on-year inflation rate through October 2011 was 7.7%, the year-to-date inflation rate was only 5.1% with the sharpest price rises occurring in housing and related expenses (11.6%) and clothing and footwear (7.1%). The expected year-end inflation rate for 2011 is 8% and a similar rate is projected for 2012. Weak global demand, together with reduced public spending, has impacted employment in Jamaica. The overall unemployment rate in January and April 2011 was about 12% and will remain unchanged in 2012. Weak external and domestic demand helped to maintain this high unemployment rate. In keeping with historical patterns, in 2011, the unemployment rate for women (at 16.4%) far exceeded the rate for men (9.8%).

In 2011 the current account balance improved markedly due to the improvement in the goods subaccount, which reflected a falling import bill, together with increased exports. The overall impact was a current account deficit of US\$ 550 million in 2011, compared with US\$ 934 million in 2010. Given continuing difficulties in major

JAMAICA: MAIN ECONOMIC INDICATORS

	2009	2010	2011 ^a
Annual growth rates			
Gross domestic product	-3.0	-1.3	1.3
Per capita gross domestic product	-3.4	-1.6	0.9
Consumer prices	10.2	11.8	7.7 ^b
Money (M1)	7.2	5.8	16.0 ^b
Real effective exchange rate ^c	12.9	-13.3	-2.4 ^d
Annual average percentages			
Unemployment rate ^e	11.4	12.4	12.6 ^f
Central government overall balance / GDP ^g	-5.8	-6.3	-5.1
Nominal deposit rate ^h	5.8	3.5	2.3 ⁱ
Nominal lending rate ^j	22.6	20.3	18.3 ⁱ
Millions of dollars			
Exports of goods and services	4 038	4 004	3 950
Imports of goods and services	6 356	6 454	6 300
Current account balance	-1 128	-934	-550
Capital and financial balance ^k	1 084	586	405
Overall balance	-44	-348	-145

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures from the International Monetary Fund and national sources.

^a Preliminary estimates.

^b Twelve-month variation to October 2011.

^c A negative rate indicates an appreciation of the currency in real terms.

^d January to October average, year-on-year variation.

^e Includes hidden unemployment.

^f Average of the figures of January and July.

^g Fiscal year.

^h Interest rate for savings, average.

ⁱ January-October average.

^j Average interest rates on loans.

^k Includes errors and omissions.

export markets such as the United States and Europe, the current account balance is not likely to improve significantly in 2012. Net international reserves increased by 2% year-on-year through November 2011 to stand at US\$ 1.96 billion. This volume of reserves is sufficient to cover over 6 months of imports.

Suriname

GDP expanded by 4.5% in 2011 on the strength of strong performances in construction and in mining and quarrying. A number of macroeconomic measures were taken in the review period, including the devaluation of the currency to bring it in line with the parallel exchange rate and an increase in taxes that had a strong pass-through effect on consumption prices and helped to slow inflation to an estimated year-end rate of 15.5%. In 2012, inflation is expected to ease and the exchange rate will remain unchanged in view of forecasts for minimal imported inflation. Strong export performance resulted in a current account surplus but the overall fiscal balance remains in deficit. Growth is expected to be 4.5% again in 2012 due to strong foreign direct investment inflows, especially in the mining sector.

At the end of 2011 the fiscal deficit is estimated to be approximately 2.2% of GDP. The gap between revenues and expenditures narrowed owing to restrained public sector spending combined with strong revenues dominated by transfers from the mineral sector, especially oil and gold receipts. The high price for gold will push revenues up to 25.6% of GDP in 2011, while expenditures are expected to be about 27.8% of GDP. Public debt remained sustainable at slightly over 21% of GDP. Suriname began repayment of its long outstanding debt with the United States after intensive negotiations led to a restructuring of the loan. Further repayment of this debt is scheduled for 2012. This outcome led Fitch Ratings to further upgrade Suriname's sovereign debt from single B to B+.

Monetary policy remained prudent and reserve requirements and lending rates in local currency remained unchanged in 2011, at 25% and 11.5%, respectively. Conversely, deposit rates increased from an average of 6.1% in November 2010 to 6.4% in November 2011. Reserve requirements for foreign-currency-denominated loans rose from 33.3% to 40%. These decisions kept net domestic credit at manageable levels in 2011: the nominal amount of credit edged down from 29.8% of GDP in 2010 to 29.3% in 2011, which implies that M2 growth resulting from domestic credit was minimal. In addition to the devaluation of the exchange rate in January 2011, subsequent foreign-exchange interventions

rapidly reduced the pressure on the currency and foreign exchange for imports was made available through commercial banks. These interventions resulted in a stable exchange rate throughout the remainder of the year. The exchange rate fluctuates between SR\$ 3.25 and SR\$ 3.35 to the United States dollar and is expected to remain unchanged in 2012.

GDP grew by 4.5% in 2011, fuelled by strong growth in construction and favourable mineral commodity prices as well as increased capacity in alumina refining and production. Gold prices skyrocketed during the year to historical levels of over US\$ 1,900 per troy ounce. Total mining and quarrying industry production was around 11.9% of GDP, although real growth in this sector remained relatively low at around 3.5%. Construction was up by 14.3% in 2011, driven mainly by a massive expansion in the construction of new housing. The transport, storage and communications sector grew by 7.6% and accounted for 4.6% of GDP. Agriculture, comprised mainly of rice and banana production, showed robust growth of 9% in 2011 and claimed a 4.4% share in GDP.

Inflation climbed in 2011 owing to tax hikes introduced by the government with a view to reducing the fiscal deficit. One such measure was a rise in the duty on fuel purchases from approximately SR\$ 1 to SR\$ 1.5 per litre, and another was an increase in excise taxes in October. The exchange-rate devaluation in January also

had an inflationary impact. All in all, the inflation rate is poised to stand at 15.5% at year-end 2011, substantially higher than the 10.3% rate posted a year earlier. However, year-on-year inflation rates have shown a clear downtrend after peaking at an annualized rate of 22.7% in April 2011, and in October the 12-month rate was 15.8%. Meanwhile, unemployment is expected to decline from 9.2% in 2010 to 8.5% in 2011 thanks to new job creation, especially in construction and mining.

A merchandise trade surplus of US\$ 632.8 million is expected in 2011 as a result of rising commodity prices. The current account surplus for the year is projected at 15.6% of GDP, fuelled largely by rising commodity prices, and the merchandise trade surplus will offset the deficit on the services account. No significant foreign direct investments took place during the year and the capital and financial balance is estimated to be running a significant deficit. The overall balance of payments is positive and contributed to an increase in international reserves, which rose to US\$ 881 million, representing 22.8% of GDP or 6 months of import cover.

SURINAME: MAIN ECONOMIC INDICATORS

	2009	2010	2011 ^a
Annual growth rates			
Gross domestic product	3.5	4.5	4.5
Per capita gross domestic product	2.5	3.5	3.7
Consumer prices	1.3	10.3	15.8 ^b
Money (M1)	24.0	...	...
Annual average percentages			
Central government overall balance / GDP	-2.4	-2.8	-2.2
Nominal deposit rate ^c	6.4	6.2	6.3 ^d
Nominal lending rate ^e	11.7	11.6	11.7 ^d
Millions of dollars			
Exports of goods and services	1 691	2 325	2 424
Imports of goods and services	1 581	1 657	1 859
Current account balance	210	653	603
Capital and financial balance ^f	-16	-619	-397
Overall balance	193	34	206

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Preliminary estimates.

^b Twelve-month variation to October 2011.

^c Average deposit rate in local currency.

^d January-October average.

^e Average lending rate in local currency.

^f Includes errors and omissions.

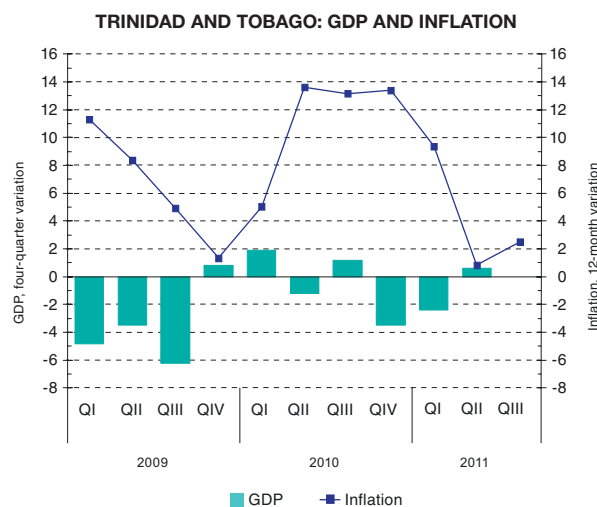
Trinidad and Tobago

Weak performance in both the energy and non-energy sectors, as well as the negative impact of the state of emergency declared by the government in August 2011, resulted in negative growth estimated at 1.4% for the year. Credit demand in the business sector remained sluggish, while commercial bank lending to consumers improved. The inflation rate declined rapidly in the first half of 2011, reflecting a decrease in food prices, which allowed the central bank to continue its accommodative monetary policy in the form of lower interest rates. The government's budget for fiscal year 2011/2012 emphasizes diversification away from the energy sector and the need to secure basic human needs. The fiscal deficit is projected to be 7.6 billion Trinidad and Tobago dollars (TT\$), or 4.9% of estimated GDP for the fiscal year.

The government ran a fiscal deficit for the third year running, estimated at TT\$ 7.9 billion, or 5.5% of GDP, for fiscal year 2010/2011.¹ Although burgeoning oil prices contributed to higher-than-expected revenue, rising expenditures, including public works spending, outweighed the revenue gains. In October 2011, the government announced the budget for 2011/2012 with a projected fiscal deficit of TT\$ 7.6 billion, or 4.9% of GDP. The economic stimulus measures envisaged in the budget include efforts to diversify the economy towards the non-energy sector, especially agriculture and tourism. Revenue is projected at TT\$ 47.0 billion, comprising TT\$ 18.1 billion from the energy sector and TT\$ 28.9 billion from the non-energy sector. Revenue-side risks include lower tax receipts from the non-energy sector and falling prices for oil and gas. Total expenditure is projected to be TT\$ 54.6 billion, reflecting the government's plan to increase expenditure on social services such as health care, education and housing. The public spending rise also reflects payments to policyholders of the Colonial Life Insurance Company (CLICO) as part of the government's bailout of the company. The country's consecutive budget deficits have pushed up the debt-to-GDP ratio and outstanding public debt is expected to be 35.2% of GDP in fiscal year 2011, which could rise in 2012 in light of the government's

decision, announced in September 2011, to raise its debt ceiling from TT\$ 38 billion to TT\$ 70 billion.

The central bank has maintained an accommodative monetary policy, keeping interest rates low in an effort to stimulate the slow-recovering economy. Accordingly, the repo rate reached a record low of 3.0% in 2011 after three 0.25% cuts in January, February and July. Commercial banks in turn reduced their prime lending rates, which



¹ The fiscal year runs from 1 October to 30 September in Trinidad and Tobago.

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

came down from an average of 8.4 % to 8.0% in the first half of 2011. Although in 2010 mortgage lending was the only segment to see growth as a result of the lower interest rates, since mid-2011 consumer lending has picked up gradually, as well. Demand for business loans, on the other hand, has not responded to the interest-rate stimulus. With business credit demand unresponsive, commercial banks' excess reserve holdings with the central bank rose from TT\$ 3.3 billion at the end of 2010 to TT\$ 4.6 billion in September 2011. Despite the low domestic interest rates, the exchange rate remained stable thanks to the central bank's policy of foreign-exchange sales.

According to provisional estimates, Trinidad and Tobago's real GDP will shrink by 1.4% in 2011, in what will be the third consecutive year of decline (although 2010 GDP growth is reported as 0.0%, it was, in fact, slightly negative at 0.023%). A downturn in crude oil and natural gas production, due to technical reasons including a delay in upgrading facilities, offset the high price of these fuels. In the non-energy sector, while manufacturing has been recovering gradually—up 1% in 2011 thanks to stronger demand from the Caribbean Community (CARICOM) market—no major improvements have been observed in the agricultural and services sectors, which are expected to contract by 4.0% and 1.3%, respectively. Domestic economic activity was forecast to make a gradual comeback in the second half of the year as government spending edged up, particularly in infrastructure projects. However, the declaration of the limited state of emergency, including a daily curfew effective from August to November, in response to an alarming increase in violent crime, has taken a toll on the economy. Following the weak performance in 2011, real GDP in 2012 is expected to move into positive territory at around 1%. While oil output will remain static despite relatively high prices, manufacturing industries and tourism activity will improve in line with the recovery of Caribbean markets. The construction sector will also see an upturn as a result of higher government infrastructure spending, which will be a main driver of growth in 2012.

In year-on-year terms, inflation came down from 13.4% in December 2010 to an estimated 5.1% in December 2011, reflecting falling food prices in the first half of the year. Although higher international prices for key food staples in the second half of 2011 will have some impact on local prices, weak domestic demand will keep inflation at around 7% in 2012. With consumer prices relatively stable, the central bank has had room to run an expansionary monetary policy to boost the economic recovery and, while inflation pressure remains modest, it will continue to do so at least through the first half of 2012, given the economy's slow recovery and the

TRINIDAD AND TOBAGO: MAIN ECONOMIC INDICATORS

	2009	2010	2011 ^a
Annual growth rates			
Gross domestic product	-3.0	0.0	-1.4
Per capita gross domestic product	-3.4	-0.4	-1.7
Consumer prices	1.3	13.4	3.7 ^b
Money (M1)	39.0	9.2	13.8 ^c
Real effective exchange rate ^d	-9.0	-4.3	2.3 ^e
Annual average percentages			
Unemployment rate ^f	5.3	5.9	...
Central government overall balance / GDP ^g	-5.6	-2.2	-5.5
Nominal deposit rate ^h	1.7	0.4	0.3 ⁱ
Nominal lending rate ^j	11.9	9.2	8.0 ⁱ
Millions of dollars			
Exports of goods and services	9 940	12 080	12 148 ^k
Imports of goods and services	7 356	6 895	7 488 ^k
Current account balance	1 614	4 192	4 911
Capital and financial balance ^l	-2 327	-3 774	-4 594
Overall balance	-713	418	316

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Preliminary estimates.

^b Twelve-month variation to October 2011.

^c Twelve-month variation to September 2011.

^d A negative rate indicates an appreciation of the currency in real terms.

^e January to October average, year-on-year variation.

^f Includes hidden unemployment.

^g Fiscal year.

^h Special savings rate, average.

ⁱ January-September average.

^j Prime rate.

^k In 2011, refers to goods.

^l Includes errors and omissions.

lethargic response of business lending. Some job losses were observed in the energy and manufacturing sectors in 2011 and the unemployment rate overall has climbed from 4.3% in 2008 to an estimated 6.2% in 2011.

The current account surplus is expected to widen from US\$ 4.2 billion in 2010 to US\$ 4.9 billion, or 21.8% of estimated GDP, in 2011. Despite the decrease in oil production, higher oil prices have kept the country's exports robust. Merchandise exports also contributed to the current account surplus thanks to an upturn in demand from the CARICOM market. The performance of the capital and financial account remained unchanged from 2010. Inflows of foreign direct investment for the year were below pre-crisis levels but relatively stable at slightly above US\$ 500 million, supported by investment in the energy sector. However, the financial account balance was negative by US\$ 3.8 billion in 2010 and US\$ 4.6 billion in 2011, owing to large outflows of other private capital. International reserves, underpinned by foreign-exchange inflows generated by the energy sector, edged up from US\$ 9.1 billion at the end of 2010 to US\$ 9.3 billion at the end of the third quarter of 2011, which represents 12 months of import cover.

Eastern Caribbean Currency Union (ECCU)

Preliminary estimates for 2011 indicate that economic activity in the Eastern Caribbean Currency Union (ECCU) began to recover from the effects of the global economic crisis. GDP growth is projected at 1.5% for 2011, reversing two consecutive years of negative growth. This upturn was primarily driven by brisker activity in the tourism sector, along with a stronger performance by the complementary services of electricity and water and the social services sector. Higher food and fuel prices contributed to an inflation rate of 3.5% year-on-year at the end of June 2011. Enhanced tax revenue collection efforts by some countries have resulted in a reduction in the overall fiscal deficit to 2.6% of GDP in the first half of 2011, compared with a deficit of 3.2% of GDP for the same period in 2010. Higher travel receipts and an improvement in exports are expected to lead to a contraction in the current account deficit from 20% of GDP in 2010 to 17.7% of GDP in 2011. GDP growth of 2% is anticipated in 2012 on the basis of stronger tourism activity with spillover effects onto the rest of the economy.

In 2011, fiscal policy was focused on containing expenditure while enhancing revenue efforts. As the ECCU economies are dependent on Europe and the United States for a significant portion of their fiscal revenue, the uncertain economic outlook in these countries could negatively affect government revenue during the later part of the year. Consolidated fiscal data for the first half of 2011 indicated an increase in current revenue by nearly 6% to 23.4% of GDP, compared with a decline of 5% for the same period in 2010. This increase reflected higher tax receipts associated with the increase in economic activity and, in the case of Saint Kitts and Nevis, the introduction of a value added tax towards the end of 2010. Current expenditure, which had decreased by 1.7% in 2010, increased by 3% to stand at 22.6% of GDP, while capital expenditure increased only marginally (by 0.7%). As a consequence, the primary balance shifted to a small surplus of 0.14% of GDP and the overall fiscal deficit improved to 2.6% of GDP from 3.2% of GDP in 2010.

Two countries, Antigua and Barbuda and Saint Kitts and Nevis, are currently under stand-by arrangements with the International Monetary Fund (IMF) aimed at strengthening their fiscal positions and placing public debt levels on a sustainable footing. These arrangements, along with home-grown programmes, contributed to a

decline in the total ECCU public debt-to-GDP ratio from 83.5% at the end of December 2010 to 80.8% at the end of June 2011. In 2012, the debt-to-GDP ratio is expected to increase slightly due to loan inflows into Saint Lucia for reconstruction activities related to hurricane Tomas and the rehabilitation of the Hewanorra International Airport as well as IMF loans to Antigua and Barbuda and Saint Kitts and Nevis.

Monetary policy remained unchanged in 2011 as the Eastern Caribbean Central Bank (ECCB) maintained the minimum savings deposit rate at 3% and the discount rate at 6.5%. Despite improved liquidity in the banking system due to increases in grants and official inflows, the average prime lending rate remained unchanged at 11.25%. Domestic credit to the private sector remained sluggish and grew by a minuscule 0.4% for the period January to August 2011, compared with growth of 1.5% for the same period in 2010. This tepid growth reflected the weak economic conditions and the tighter borrowing terms and conditions of commercial banks. On the other hand, credit to the public sector showed stronger growth of 3.2% in the year to August 2011, compared with a decline of nearly 22% for the same period in 2010. The exchange rate remains fixed at 2.7 Eastern Caribbean dollars to 1 US\$.

Preliminary estimates for 2011 indicate that ECCU will grow by 1.5%, reversing negative growth of 5.7% and 1.9% in 2009 and 2010, respectively. Positive growth has been registered for all countries with the exception of Antigua and Barbuda. This growth was mainly fuelled by an increase in tourism activity (4.7%) and other services such as electricity and water (2.1%) and public administration and social services (5.2%). Construction, which accounts for approximately 10% of GDP, remained depressed (-2.4%) owing to the lack of private sector and government capital investments. The tourism sector, which is a major driver of economic growth and accounts for about 9% of GDP, improved thanks to a 1.1% increase in stay-over arrivals up to the third quarter of 2011. This was lower than the 3.9% growth in stay-over arrivals reported for the first three quarters of 2010. By contrast, the downtrend in cruise ship arrivals continued with a decline of 5.4%.

The manufacturing sector, which represents about 4% of GDP, showed positive signs and grew by 0.4% owing to increases in the production of beverages, flour and soap. Agricultural output, which contributes about 3.8% to GDP, continued to decline in 2011, though at a slower pace than in 2010. The countries of the region are still feeling the effects of hurricane Tomas, as it took about nine months for new crop production to mature. As a result, agricultural production should begin to improve in the second half of 2011. In 2012, economic activity is expected to expand by 2%, driven by increased activity in tourism, construction and manufacturing.

Inflation stood at 3.5% for the first half of 2011, triggered by higher prices for food, fuel, electricity, and transportation and communications. This reflected increases in the prices of these commodities on the global market.

Preliminary estimates for 2011 indicate that the current account deficit will diminish slightly to reach 17.9% of GDP, owing mainly to an increase in exports. The trade deficit is expected to narrow marginally due to a 3% rise

**EASTERN CARIBBEAN CURRENCY UNION:
MAIN ECONOMIC INDICATORS ^a**

	2009	2010	2011 ^b
Annual growth rates			
Gross domestic product	-5.7	-1.9	1.5 ^c
Consumer prices	-0.6	4.5	3.5 ^d
Money (M1)	-7.5	1.9	-3.9 ^e
Annual average percentages			
Central government overall balance / GDP	-4.7	-2.4	-2.6 ^c
Nominal deposit rate ^f	4.5	4.5	4.3 ^g
Nominal lending rate ^f	10.8	11.3	11.3 ^g
Millions of dollars			
Exports of goods and services	1 981	1 896	1 946
Imports of goods and services	2 882	2 825	2 843
Current account balance	-973	-970	-923
Capital and financial balance ^h	1 073	1 064	949
Overall balance	100	93	26

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Includes Antigua and Barbuda, Dominica, Grenada, Saint Kitts and Nevis, Saint Vincent and the Grenadines and Saint Lucia.

^b Preliminary estimates.

^c First semester.

^d Twelve-month variation to June 2011.

^e Twelve-month variation to August 2011.

^f Weighted average.

^g Figure for June.

^h Includes errors and omissions.

in exports of cocoa, nutmeg and mace, while imports have remained fairly constant. The service account is projected to improve, boosted by a 2.6% increase in travel receipts due to higher tourism demand. The surplus on the capital and financial accounts contracted by 10.8% in 2011 as a result of lower grant inflows, reduced public-sector long-term loans and a decline in foreign direct investment (FDI). International reserves grew by 6.2% to stand at US\$ 982 million, sufficient to cover 3.8 months of imports. The current account deficit is expected to widen slightly to just over 18% of GDP in 2012, reflecting an expansion in imports, which will be somewhat cushioned by higher travel receipts. FDI is expected to post stronger growth to support the renewed tourism activity.



Statistical annex

Table A-1
LATIN AMERICA AND THE CARIBBEAN: MAIN ECONOMIC INDICATORS

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 ^a
Annual growth rates										
Gross domestic product ^b	0.5	1.8	5.8	4.6	5.6	5.6	4.0	-2.0	5.9	4.3
Per capita gross domestic product ^b	-0.9	0.5	4.5	3.3	4.3	4.4	2.8	-3.1	4.8	3.2
Consumer prices ^c	12.2	8.5	7.4	6.1	5.0	6.5	8.2	4.7	6.5	6.9
Percentages										
Urban open unemployment ^d	11.2	11.1	10.3	9.0	8.6	7.9	7.3	8.1	7.3	6.8
Total gross external debt/GDP ^e	39.8	39.9	34.4	25.1	21.1	19.7	17.5	20.3	20.0	19.2
Total gross external debt/exports of goods and services ^e	178	170	138	101	84	83	74	101	96	86
Millions of dollars										
Balance of payments										
Current account balance	-16 884	9 160	22 202	35 806	49 951	13 465	-31 973	-21 522	-57 950	-72 163
Merchandise trade balance	17 555	38 705	53 817	73 593	90 573	62 015	40 460	50 483	46 650	60 216
Exports of goods f.o.b.	359 414	392 414	483 749	583 328	697 793	784 695	906 253	702 080	890 675	1 096 758
Imports of goods f.o.b.	341 859	353 708	429 932	509 735	607 220	722 680	865 794	651 597	844 025	1 036 542
Services trade balance	-11 074	-9 099	-9 103	-8 819	-10 105	-15 778	-30 747	-31 513	-46 677	-60 420
Income balance	-54 111	-59 472	-68 846	-82 016	-94 958	-99 290	-108 903	-100 954	-119 155	-135 560
Net current transfers	30 747	39 027	46 334	53 047	64 441	66 616	67 219	60 463	61 233	63 042
Capital and financial balance ^f	-10 190	814	-6 488	25 193	14 450	112 808	70 835	68 488	143 442	176 328
Net foreign direct investment	51 321	39 851	50 722	57 051	31 808	94 265	99 819	70 414	75 052	130 120
Other capital movements	-61 511	-39 037	-57 210	-31 858	-17 358	18 543	-28 984	-1 926	68 390	46 207
Overall balance	-27 074	9 974	15 714	60 859	64 615	125 883	38 862	46 966	85 493	104 165
Variation in reserve assets ^g	4 711	-28 534	-24 530	-39 448	-51 910	-127 828	-42 490	-51 403	-86 730	-104 165
Other financing	22 363	18 563	8 815	-21 411	-12 705	1 945	3 628	4 436	1 237	0
Net transfer of resources	-41 939	-40 095	-66 519	-78 233	-93 213	15 463	-34 441	-28 030	25 525	40 768
Gross international reserves	164 950	197 812	225 874	262 367	319 198	459 305	512 398	567 227	655 106	761 519
Percentages of GDP										
Fiscal sector^h										
Overall balance	-2.8	-2.9	-1.8	-1.0	0.1	0.3	-0.4	-2.9	-1.9	-1.5
Primary balance	-0.5	-0.2	0.6	1.4	2.3	2.3	1.3	-1.1	-0.3	0.3
Total revenue	16.8	16.9	17.3	18.3	19.3	19.8	19.8	18.7	19.3	19.7
Tax revenue	12.9	13.0	13.4	14.1	14.6	15.1	15.0	14.5	14.8	15.4
Total expenditure	19.6	19.8	19.0	19.3	19.2	19.4	20.2	21.6	21.2	21.2
Capital expenditure	3.7	3.8	3.7	3.7	3.7	4.1	4.5	4.6	4.7	4.6
Central-government public debt	58.1	57.3	50.9	42.9	35.9	30.0	28.6	30.0	29.5	28.1 ⁱ
Public debt of the non-financial public sector	64.9	62.7	55.8	48.3	40.7	33.6	32.0	33.6	32.6	30.8 ⁱ

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Preliminary figures.

^b Based on official figures expressed in dollars at constant 2005 prices.

^c December-to-December variation

^d Weighted average adjusted for lack of information and differences and changes in methodology.

^e Estimates based on figures denominated in dollars at current prices.

^f Includes errors and omissions.

^g A minus sign (-) indicates an increase in reserve assets.

^h Central government, except for the Plurinational State of Bolivia and Mexico, where coverage corresponds to general government and public sector, respectively. Simple averages for 19 countries.

ⁱ In 2011, figures refer to first semester.

Table A-2
LATIN AMERICA AND THE CARIBBEAN: GROSS DOMESTIC PRODUCT^a
(Annual growth rates)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 ^b
Latin America and the Caribbean^c	0.5	1.8	5.8	4.6	5.6	5.6	4.0	-2.0	5.9	4.3
Antigua and Barbuda	2.9	6.6	4.9	6.1	13.5	9.6	0.0	-11.9	-7.9	-2.1
Argentina	-10.9	8.8	9.0	9.2	8.5	8.7	6.8	0.9	9.2	9.0
Bahamas	2.7	-1.3	0.9	3.4	2.5	1.4	-1.3	-5.4	0.9	2.0
Barbados	0.7	2.0	1.4	4.0	5.7	1.7	0.1	-3.7	0.2	1.0
Belize	5.1	9.3	4.6	3.0	4.7	1.2	3.8	-0.0	2.9	2.5
Bolivia (Plurinational State of)	2.5	2.7	4.2	4.4	4.8	4.6	6.1	3.4	4.1	5.1
Brazil	2.7	1.1	5.7	3.2	4.0	6.1	5.2	-0.3	7.5	2.9
Chile	2.2	3.9	6.0	5.6	4.6	4.6	3.7	-1.7	5.2	6.3
Colombia ^d	2.5	3.9	5.3	4.7	6.7	6.9	3.5	1.5	4.3	5.5
Costa Rica	2.9	6.4	4.3	5.9	8.8	7.9	2.7	-1.3	4.2	3.8
Cuba	1.4	3.8	5.8	11.2	12.1	7.3	4.1	1.4	2.1	2.5
Dominica	-1.9	7.7	3.3	-0.5	4.4	6.0	7.7	-0.7	0.9	0.9
Dominican Republic	5.8	-0.3	1.3	9.3	10.7	8.5	5.3	3.5	7.8	4.5
Ecuador	3.4	3.3	8.8	5.7	4.8	2.0	7.2	0.4	3.6	8.0
El Salvador	2.3	2.3	1.9	3.6	3.9	3.8	1.3	-3.1	1.4	1.4
Grenada	3.7	9.6	-1.0	13.5	-3.9	5.9	1.0	-6.6	-0.0	2.1
Guatemala	3.9	2.5	3.2	3.3	5.4	6.3	3.3	0.5	2.8	3.3
Guyana	1.1	-0.6	1.6	-2.0	5.1	7.0	2.0	3.3	4.4	4.8
Haiti	-0.3	0.4	-3.5	1.8	2.3	3.3	0.8	2.9	-5.1	4.5
Honduras	3.8	4.5	6.2	6.1	6.6	6.2	4.2	-2.1	2.8	3.2
Jamaica	1.0	3.5	1.4	1.0	2.7	1.4	-0.6	-3.0	-1.3	1.3
Mexico	0.8	1.4	4.1	3.3	5.1	3.4	1.2	-6.3	5.6	4.0
Nicaragua	0.8	2.5	5.3	4.3	4.2	3.6	2.8	-1.5	4.5	4.5
Panama	2.2	4.2	7.5	7.2	8.5	12.1	10.1	3.9	7.6	10.5
Paraguay	-0.0	3.8	4.1	2.9	4.3	6.8	5.8	-3.8	15.0	4.0
Peru	5.0	4.0	5.0	6.8	7.7	8.9	9.8	0.9	8.8	7.0
Saint Kitts and Nevis	1.9	-1.4	4.4	9.9	4.7	2.8	4.7	-6.9	-2.4	4.5
Saint Vincent and the Grenadines	6.3	7.6	4.2	2.5	7.7	3.4	1.4	-2.2	-2.8	2.6
Saint Lucia	-0.3	4.9	7.5	-2.6	7.8	1.2	5.4	-1.1	3.2	2.5
Suriname	2.7	6.8	0.5	4.5	4.7	4.6	4.1	3.5	4.5	4.5
Trinidad and Tobago	7.9	14.4	8.0	5.4	14.4	4.6	2.3	-3.0	-0.0	-1.4
Uruguay	-11.0	2.2	11.8	6.6	4.3	7.3	8.6	2.6	8.5	5.5
Venezuela (Bolivarian Republic of)	-8.9	-7.8	18.3	10.3	9.9	8.8	5.3	-3.2	-1.5	4.2

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a At market prices.

^b Preliminary figures.

^c Based on official figures expressed in dollars at constant 2005 prices.

^d Based on the new quarterly national accounts figures published by the country, base year 2005.

Table A-3
LATIN AMERICA AND THE CARIBBEAN: PER CAPITA GROSS DOMESTIC PRODUCT^a
(Annual growth rates)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 ^b
Latin America and the Caribbean^c	-0.9	0.5	4.5	3.3	4.3	4.4	2.8	-3.1	4.8	3.2
Antigua and Barbuda	0.4	5.3	3.6	4.9	12.2	8.4	-1.1	-12.9	-8.9	-3.2
Argentina	-11.8	7.8	8.0	8.1	7.4	7.6	5.7	-0.2	8.1	8.0
Bahamas	1.4	-2.5	-0.7	2.1	0.9	-0.1	-2.8	-6.5	-0.5	0.8
Barbados	0.3	2.0	1.0	3.6	5.7	1.3	0.1	-4.1	0.2	0.6
Belize	2.7	6.9	2.3	0.8	2.5	-0.9	1.7	-2.0	0.6	0.6
Bolivia (Plurinational State of)	0.4	0.7	2.2	2.5	2.9	2.7	4.3	1.6	2.4	3.4
Brazil	1.2	-0.2	4.4	1.9	2.8	5.0	4.2	-1.2	6.6	2.0
Chile	1.0	2.8	4.9	4.5	3.5	3.5	2.6	-2.6	4.2	5.3
Colombia ^d	0.9	2.3	3.7	3.1	5.1	5.3	2.0	0.0	2.9	4.1
Costa Rica	0.8	4.3	2.4	4.1	7.1	6.4	1.4	-2.6	2.8	2.4
Cuba	1.2	3.6	5.6	11.1	12.0	7.2	4.1	1.4	2.1	2.5
Dominica	-1.9	7.7	3.3	-0.5	4.4	7.5	7.7	-0.7	0.9	0.9
Dominican Republic	4.2	-1.8	-0.2	7.7	9.1	6.9	3.8	2.1	6.3	3.2
Ecuador	2.2	2.1	7.6	4.6	3.6	1.0	6.1	-0.7	2.5	6.8
El Salvador	1.9	2.0	1.5	3.2	3.5	3.4	0.8	-3.6	0.9	0.8
Grenada	3.7	9.6	-1.0	12.4	-3.9	5.9	0.1	-6.6	-0.0	1.2
Guatemala	1.3	0.0	0.6	0.7	2.8	3.7	0.8	-1.9	0.3	0.8
Guyana	0.7	-1.0	1.2	-2.2	4.8	6.7	1.7	3.2	4.2	4.5
Haiti	-1.8	-1.2	-5.0	0.2	0.6	1.7	-0.8	1.2	-6.6	2.8
Honduras	1.7	2.5	4.1	3.9	4.4	4.1	2.2	-4.1	0.8	1.2
Jamaica	0.1	2.7	0.7	0.4	2.2	0.9	-1.0	-3.4	-1.6	0.9
Mexico	-0.5	0.2	2.9	2.1	3.9	2.2	0.2	-7.2	4.5	3.0
Nicaragua	-0.6	1.2	4.0	2.9	2.8	2.3	1.4	-2.7	3.2	3.2
Panama	0.4	2.3	5.6	5.3	6.7	10.2	8.3	2.2	5.9	8.8
Paraguay	-2.0	1.8	2.1	0.9	2.4	4.8	3.9	-5.5	13.1	2.3
Peru	3.6	2.6	3.6	5.5	6.4	7.6	8.5	-0.3	7.5	5.8
Saint Kitts and Nevis	1.9	-3.5	2.2	9.9	2.6	2.8	2.6	-8.7	-2.4	2.5
Saint Vincent and the Grenadines	6.3	7.6	3.2	2.5	7.7	3.4	1.4	-2.2	-2.8	2.6
Saint Lucia	-0.9	3.6	6.2	-3.2	6.5	-0.0	4.2	-1.7	2.0	1.3
Suriname	1.2	5.3	-0.7	3.2	3.5	3.6	3.1	2.5	3.5	3.7
Trinidad and Tobago	7.5	14.1	7.5	5.1	14.0	4.2	1.9	-3.4	-0.4	-1.7
Uruguay	-11.0	2.2	11.9	6.6	4.1	7.0	8.3	2.2	8.1	5.2
Venezuela (Bolivarian Republic of)	-10.5	-9.4	16.2	8.4	8.0	6.9	3.5	-4.8	-3.0	2.6

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a At market prices.

^b Preliminary figures.

^c Based on official figures expressed in dollars at constant 2005 prices.

^d Based on the new quarterly national accounts figures published by the country, base year 2005.

Table A-4
LATIN AMERICA AND THE CARIBBEAN: GROSS FIXED CAPITAL FORMATION^a
(Percentages of GDP)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 ^b
Latin America and the Caribbean	17.2	16.8	17.6	18.6	19.8	21.0	22.1	20.5	21.9	22.9
Argentina	12.2	15.5	19.1	21.5	23.4	24.4	25.0	22.2	24.7	26.4
Bahamas	20.6	21.2	19.9	24.2	29.0	27.8	23.4	22.5	20.0	...
Belize	24.8	19.5	17.6	18.5	18.0	18.7	24.6	...	...	...
Bolivia (Plurinational State of)	15.4	13.4	12.7	13.0	13.5	14.6	16.3	16.2	16.8	17.7
Brazil	16.3	15.4	15.9	15.9	16.8	18.1	19.5	18.3	20.6	21.2
Chile	17.1	17.4	18.0	21.2	20.7	22.0	25.4	21.7	24.5	26.3
Colombia	16.1	17.2	18.2	19.7	21.8	23.3	24.7	24.2	25.1	27.5
Costa Rica	19.8	19.9	19.0	18.7	19.1	20.9	22.6	20.6	20.0	20.6
Cuba	9.1	8.2	8.3	9.0	11.5	11.0	11.4	9.5	8.2	...
Dominican Republic	20.4	16.3	15.8	16.4	17.9	18.6	19.3	15.9	17.3	16.3
Ecuador	22.6	21.9	21.1	22.1	21.9	22.0	23.8	22.7	24.2	25.7
El Salvador	16.6	16.6	15.5	15.3	16.5	17.1	16.0	13.3	13.4	13.8
Guatemala	20.0	18.9	18.1	18.3	20.1	19.8	18.1	15.5	15.1	14.9
Haiti	26.7	27.4	27.5	27.4	27.4	27.3	27.9	28.0	27.5	27.9
Honduras	22.7	23.1	26.8	24.9	26.5	31.0	31.7	21.1	22.0	22.9
Mexico	19.0	18.8	19.5	20.3	21.2	21.9	22.8	21.5	21.7	22.3
Nicaragua	27.1	26.6	27.0	28.5	27.8	28.5	29.1	23.3	23.9	25.1
Panama	14.1	16.7	16.9	16.8	18.1	22.7	25.9	23.4	24.2	25.4
Paraguay	17.6	18.2	18.4	19.3	19.0	20.3	23.6	22.8	24.1	25.5
Peru	16.7	17.0	17.5	18.3	20.2	22.9	27.5	25.0	29.0	29.8
Trinidad and Tobago	17.7	24.9	20.7	30.2	15.8	14.7	15.6	...	...	...
Uruguay	14.9	12.9	15.0	16.5	18.6	19.3	21.3	19.4	20.5	20.2
Venezuela (Bolivarian Republic of)	18.7	12.8	16.2	20.3	23.9	27.6	25.3	24.0	24.2	22.6

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Based on official figures expressed in dollars at constant 2005 prices.

^b Preliminary figures.

Table A-5a
LATIN AMERICA AND THE CARIBBEAN: FINANCING OF GROSS DOMESTIC INVESTMENT
(Percentages of GDP)^a

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 ^b
1. Domestic saving	19.8	20.5	22.6	22.6	23.9	23.6	23.9	21.0	21.8	22.8
2. Net factor income	-2.9	-3.0	-3.1	-3.0	-3.0	-2.6	-2.5	-2.5	-2.4	-2.5
3. Net transfers	1.6	2.0	2.0	1.9	2.0	1.7	1.5	1.5	1.2	1.1
4. Gross national saving	18.6	19.4	21.5	21.5	22.9	22.7	22.9	20.0	20.6	21.4
5. External saving	0.8	-0.6	-1.0	-1.3	-1.5	-0.4	0.8	0.5	1.2	1.4
6. Gross domestic investment	19.4	18.9	20.5	20.2	21.4	22.4	23.6	20.3	21.8	22.8

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Based on values calculated in national currency and expressed in current dollars.

^b Preliminary figures.

Table A-5b
LATIN AMERICA: GROSS DOMESTIC INVESTMENT, NATIONAL INCOME AND SAVING
(Annual growth rates)^a

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 ^b
Gross domestic investment	-7.2	-6.4	11.4	7.4	11.2	11.5	10.1	-11.7	15.3	8.1
Gross national disposable income	0.7	2.3	6.8	5.7	7.2	6.4	4.8	-3.6	7.8	5.8
National saving	0.6	5.6	13.8	7.4	12.5	7.6	-0.5	-15.1	15.6	9.2

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Based on official figures expressed in dollars at constant 2005 prices.

^b Preliminary figures.

Table A-6
LATIN AMERICA AND THE CARIBBEAN: BALANCE OF PAYMENTS
(Millions of dollars)

	Exports of goods f.o.b.			Exports of services			Imports of goods f.o.b.			Imports of services		
	2009	2010	2011 ^a	2009	2010	2011 ^a	2009	2010	2011 ^a	2009	2010	2011 ^a
Latin America and the Caribbean	702 080	890 675	1 096 758	105 492	117 167	128 704	651 597	844 025	1 036 542	137 005	163 844	189 124
Antigua and Barbuda	217	45	53	511	479	499	626	454	440	248	226	224
Argentina	55 672	68 134	85 407	11 038	13 112	13 954	37 146	53 868	71 142	12 229	14 074	15 502
Bahamas	711	702	758	2 351	2 494	2 553	2 535	2 590	2 797	1 196	1 181	1 323
Barbados	379	422	448	1 432	1 464	1 405	1 295	1 562	1 703	635	588	578
Belize	384	478	566	344	351	338	621	619	727	162	160	139
Bolivia (Plurinational State of)	4 918	6 290	8 271	515	550	545	4 144	5 384	7 621	1 015	775	829
Brazil	152 995	201 915	256 073	27 728	31 821	38 597	127 705	181 694	228 415	46 974	62 628	76 533
Chile	54 004	71 028	81 607	8 634	10 797	12 308	39 888	55 174	69 481	10 078	11 816	13 494
Colombia	34 025	40 777	56 886	4 202	4 446	4 985	31 479	38 628	53 057	7 023	7 981	9 262
Costa Rica	8 838	9 482	10 148	3 661	4 330	4 945	10 877	12 947	15 350	1 473	1 778	1 740
Cuba	...	...	...	...	...	...	...	...	...	...	...	...
Dominica	37	36	34	120	147	148	198	198	204	66	67	69
Dominican Republic	5 483	6 598	8 253	4 812	5 073	5 301	12 296	15 299	17 764	1 824	2 137	2 201
Ecuador	14 412	18 137	21 798	1 337	1 473	1 595	14 268	19 641	23 815	2 618	3 010	3 207
El Salvador	3 930	4 577	5 406	863	976	895	7 038	8 189	9 584	953	1 070	1 058
Grenada	35	30	33	139	137	150	263	284	285	98	94	96
Guatemala	7 295	8 566	10 678	1 925	2 216	2 260	10 643	12 858	15 899	2 084	2 370	2 491
Guyana	768	892	1 029	170	248	240	1 169	1 418	1 620	272	345	409
Haiti	551	565	751	379	237	340	2 032	2 809	2 516	772	1 267	1 286
Honduras	4 825	5 742	7 523	953	1 022	1 124	7 299	8 550	10 560	1 103	1 331	1 531
Jamaica	1 388	1 370	1 350	2 651	2 634	2 600	4 476	4 629	4 800	1 881	1 824	1 500
Mexico	229 975	298 860	349 344	14 496	14 937	14 139	234 901	301 820	352 537	23 076	25 257	29 002
Nicaragua	2 390	3 157	3 699	496	472	542	3 929	4 792	5 885	644	694	763
Panama	11 133	11 330	16 133	5 519	6 093	6 521	13 256	15 946	22 893	2 191	2 760	3 172
Paraguay	5 867	8 520	10 539	1 429	1 469	1 912	6 910	9 916	12 212	538	755	880
Peru	26 962	35 565	45 376	3 645	3 956	4 672	21 011	28 815	37 392	4 789	5 993	6 627
Saint Kitts and Nevis	54	79	88	132	130	142	251	236	238	96	99	102
Saint Vincent and the Grenadines	53	45	42	139	139	145	294	298	307	94	91	94
Saint Lucia	191	239	240	353	390	374	458	575	581	190	203	203
Suriname	1 404	2 084	2 172	287	241	252	1 296	1 398	1 539	285	259	320
Trinidad and Tobago	9 175	11 204	12 148	765	876	...	6 973	6 504	7 488	383	391	...
Uruguay	6 408	8 059	9 849	2 241	2 600	3 272	6 677	8 320	10 541	1 291	1 571	1 969
Venezuela (Bolivarian Republic of)	57 603	65 745	90 059	2 227	1 857	1 953	39 646	38 613	47 148	10 724	11 048	12 520

Table A-6 (continued)

	Goods and services balance			Income balance			Current transfers balance			Current account balance		
	2009	2010	2011 ^a	2009	2010	2011 ^a	2009	2010	2011 ^a	2009	2010	2011 ^a
Latin America and the Caribbean	18 970	-27	354	-100 954	-119 155	-135 560	60 463	61 233	63 042	-21 522	-57 950	-72 163
Antigua and Barbuda	-145	-156	-112	-51	-32	-32	27	22	22	-169	-166	-122
Argentina	17 335	13 304	12 716	-8 956	-9 942	-10 948	2 706	-346	-666	11 085	3 016	1 103
Bahamas	-670	-575	-809	-152	-234	-218	14	-3	-19	-809	-811	-1 047
Barbados	-120	-264	-427	-140	-121	-102	42	20	23	-218	-366	-506
Belize	-54	51	39	-108	-155	-136	79	92	80	-83	-12	-17
Bolivia (Plurinational State of)	274	681	365	-674	-860	-709	1 213	1 081	1 221	813	903	878
Brazil	6 044	-10 586	-10 279	-33 684	-39 567	-43 678	3 338	2 788	2 868	-24 302	-47 365	-51 088
Chile	12 673	14 836	10 940	-11 666	-15 424	-15 860	1 563	4 390	2 426	2 570	3 802	-2 494
Colombia	-275	-1 384	-448	-9 348	-11 945	-15 200	4 613	4 475	4 721	-5 011	-8 855	-10 927
Costa Rica	149	-913	-1 998	-1 084	-748	-882	359	370	359	-576	-1 291	-2 521
Cuba	...	...	...	...	...	...	...	...	...	...	...	...
Dominica	-108	-82	-92	-14	-9	-8	19	20	20	-102	-71	-80
Dominican Republic	-3 826	-5 765	-6 411	-1 721	-1 788	-2 081	3 216	3 118	3 295	-2 331	-4 435	-5 196
Ecuador	-1 138	-3 040	-3 628	-1 384	-1 054	-1 266	2 432	2 310	2 540	-90	-1 785	-2 354
El Salvador	-3 198	-3 706	-4 341	-548	-381	-623	3 442	3 599	3 794	-304	-488	-1 170
Grenada	-187	-211	-198	-66	-51	-48	40	32	31	-213	-230	-215
Guatemala	-3 507	-4 446	-5 452	-1 111	-1 200	-1 520	4 626	4 820	5 058	8	-826	-1 914
Guyana	-502	-623	-760	-17	13	...	300	371	378	-220	-239	-382
Haiti	-1 875	-3 273	-2 711	13	21	40	1 635	3 097	2 643	-227	-155	-28
Honduras	-2 625	-3 117	-3 445	-530	-598	-667	2 639	2 760	3 053	-516	-955	-1 060
Jamaica	-2 318	-2 449	-2 350	-668	-495	-500	1 858	2 010	2 300	-1 128	-934	-550
Mexico	-13 506	-13 280	-18 057	-14 385	-13 948	-17 190	21 531	21 504	23 249	-6 359	-5 724	-11 998
Nicaragua	-1 688	-1 858	-2 408	-259	-278	-309	1 118	1 173	1 287	-828	-963	-1 429
Panama	1 206	-1 283	-3 412	-1 460	-1 861	-1 768	210	191	433	-44	-2 953	-4 746
Paraguay	-152	-682	-640	-302	-537	-455	519	542	635	64	-677	-460
Peru	4 807	4 713	6 029	-7 484	-10 053	-12 469	2 887	3 026	3 194	211	-2 315	-3 246
Saint Kitts and Nevis	-161	-126	-111	-35	-34	-31	45	46	46	-151	-115	-96
Saint Vincent and the Grenadines	-196	-206	-214	-13	-17	-16	11	10	10	-197	-213	-220
Saint Lucia	-104	-149	-170	-48	-41	-40	12	15	20	-140	-175	-190
Suriname	110	669	564	5	-102	-70	94	87	109	210	653	603
Trinidad and Tobago	2 584	5 185	5 217	-997	-1 058	-590	27	65	283	1 614	4 192	4 911
Uruguay	681	767	611	-934	-1 352	-1 469	138	118	129	-115	-466	-729
Venezuela (Bolivarian Republic of)	9 460	17 941	32 344	-3 134	-5 302	-6 716	-291	-568	-501	6 035	12 071	25 127

Table A-6 (concluded)

	Capital and financial balance ^b			Overall balance			Reserve assets (variation) ^c			Other financing		
	2009	2010	2011 ^a	2009	2010	2011 ^a	2009	2010	2011 ^a	2009	2010	2011 ^a
Latin America and the Caribbean	68 488	143 442	176 328	46 966	85 493	104 165	-51 403	-86 730	-104 165	4 436	1 237	0
Antigua and Barbuda	159	179	115	-10	12	-7	30	-31	7	-20	19	0
Argentina	-11 462	1 142	-7 248	-377	4 157	-6 145	-1 346	-4 157	6 145	1 723	0	0
Bahamas	1 062	856	1 147	253	45	100	-253	-45	-100	0	0	0
Barbados	243	400	473	25	34	-32	-25	-34	32	0	0	0
Belize	130	16	9	47	4	-8	-47	-4	8	0	0	0
Bolivia (Plurinational State of)	-488	20	1 295	325	923	2 173	-325	-923	-2 173	0	0	0
Brazil	70 953	96 465	115 441	46 651	49 101	64 353	-46 651	-49 101	-64 353	0	0	0
Chile	-922	-779	13 303	1 648	3 023	10 809	-1 648	-3 023	-10 809	0	0	0
Colombia	6 358	11 991	15 210	1 347	3 136	4 283	-1 347	-3 136	-4 283	0	0	0
Costa Rica	836	1 852	2 627	260	561	106	-260	-561	-106	0	0	0
Cuba	...	...	...	...	...	...	...	...	...	...	...	...
Dominica	123	73	76	21	1	-4	-8	-1	4	-12	0	0
Dominican Republic	2 737	4 493	4 601	406	58	-595	-638	-453	595	232	395	0
Ecuador	-2 557	573	4 281	-2 647	-1 212	1 927	681	1 170	-1 927	1 966	42	0
El Salvador	727	193	1 017	422	-295	-152	-423	295	152	0	0	0
Grenada	239	221	205	26	-10	-9	-8	10	9	-18	0	0
Guatemala	465	1 503	2 534	473	677	620	-473	-677	-620	0	0	0
Guyana	454	356	346	234	117	-36	-271	-155	36	37	38	0
Haiti	76	1 139	165	-150	984	137	-240	-845	-137	390	-139	0
Honduras	91	1 523	795	-424	569	-265	354	-592	265	71	24	0
Jamaica	1 084	586	405	-44	-348	-145	44	-431	145	0	779	0
Mexico	10 888	26 339	32 499	4 528	20 615	20 501	-4 528	-20 615	-20 501	0	0	0
Nicaragua	1 009	1 135	1 390	181	172	-39	-259	-222	39	78	50	0
Panama	659	2 605	4 717	616	-348	-30	-616	348	30	0	0	0
Paraguay	851	996	1 238	915	319	778	-915	-319	-778	-0	-0	0
Peru	1 696	13 271	7 861	1 907	10 956	4 615	-1 943	-10 975	-4 615	36	19	0
Saint Kitts and Nevis	177	147	142	26	33	45	-13	-33	-45	-13	0	0
Saint Vincent and the Grenadines	202	238	192	5	25	-28	8	-36	28	-12	10	0
Saint Lucia	173	206	219	33	32	29	-10	-32	-29	-23	0	0
Suriname	-16	-619	-397	193	34	206	-193	-34	-206	0	0	0
Trinidad and Tobago	-2 327	-3 774	-4 594	-713	418	316	713	-418	-316	0	0	0
Uruguay	1 703	106	0	1 588	-361	-729	-1 588	361	729	-0	0	0
Venezuela (Bolivarian Republic of)	-16 834	-20 010	-23 736	-10 799	-7 939	1 391	10 799	7 939	-1 391	0	0	0

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of figures from the International Monetary Fund and national sources.

^a Preliminary figures.

^b Includes errors and omissions.

^c A minus sign (-) indicates an increase in reserve assets.

Table A-7
LATIN AMERICA: EXPORTS OF GOODS, f.o.b.
(Indices 2005=100)

	Value			Volume			Unit value		
	2009	2010	2011 ^a	2009	2010	2011 ^a	2009	2010	2011 ^a
Latin America	121.3	154.1	190.3	99.9	111.4	116.1	121.5	138.3	163.8
Argentina	137.8	168.7	211.5	109.5	127.2	134.5	125.9	132.6	157.2
Bolivia (Plurinational State of)	176.2	225.4	296.3	117.1	123.8	134.2	150.4	182.0	220.8
Brazil	129.3	170.7	216.4	95.1	104.1	103.9	136.0	164.0	208.2
Chile	130.9	172.1	197.8	104.2	105.6	105.6	125.6	162.9	187.4
Colombia	156.6	187.7	261.8	129.0	127.8	143.8	121.3	146.8	182.1
Costa Rica	124.5	133.6	142.9	128.6	140.7	146.2	96.8	94.9	97.7
Cuba	...	...	...	...	...	...	...	...	...
Dominican Republic	89.2	107.4	134.3	80.2	91.9	106.5	111.2	116.8	126.1
Ecuador	137.7	173.3	208.2	112.0	117.5	115.8	122.9	147.5	179.9
El Salvador	113.4	132.1	156.0	105.0	118.8	128.7	108.0	111.2	121.2
Guatemala	133.6	156.9	195.6	113.0	122.3	134.9	118.3	128.3	145.0
Haiti	119.9	123.0	163.3	100.2	103.6	134.6	119.6	118.8	121.3
Honduras	95.6	113.7	149.0	87.1	91.8	98.6	109.7	123.9	151.2
Mexico	107.1	139.2	162.8	97.1	117.9	123.0	110.4	118.1	132.3
Nicaragua	144.5	190.8	223.6	127.7	154.7	160.4	113.2	123.3	139.4
Panama	151.0	153.6	218.8	138.3	136.6	181.8	109.2	112.4	120.3
Paraguay	175.0	254.2	314.4	150.2	207.8	229.5	116.5	122.3	137.0
Peru	155.2	204.8	261.3	107.8	109.4	114.4	144.0	187.2	228.4
Uruguay	169.8	213.5	261.0	132.4	148.6	156.6	128.3	143.7	166.6
Venezuela (Bolivarian Republic of)	103.4	118.0	161.6	80.7	73.1	75.3	128.1	161.4	214.7

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of figures from the International Monetary Fund and national sources.

^a Preliminary figures.

Table A-8
LATIN AMERICA: IMPORTS OF GOODS, f.o.b.
(Indices 2005=100)

	Value			Volume			Unit value		
	2009	2010	2011 ^a	2009	2010	2011 ^a	2009	2010	2011 ^a
Latin America	130.3	169.9	209.3	114.4	141.7	155.4	113.9	119.9	134.7
Argentina	136.1	197.3	260.6	128.4	176.2	209.6	106.0	112.0	124.3
Bolivia (Plurinational State of)	189.8	246.7	349.2	157.3	191.0	248.0	120.7	129.2	140.8
Brazil	173.5	246.8	310.3	138.6	189.9	204.0	125.2	130.0	152.1
Chile	130.8	180.9	227.9	124.2	162.1	185.6	105.3	111.6	122.8
Colombia	156.3	191.9	263.5	137.9	158.2	185.7	113.4	121.3	141.9
Costa Rica	117.5	139.8	165.8	115.9	135.3	149.9	101.3	103.4	110.6
Cuba	...	...	...	...	...	...	...	...	...
Dominican Republic	124.6	155.0	180.0	118.4	135.1	137.6	105.2	114.7	130.8
Ecuador	147.0	202.3	245.3	128.2	161.9	173.7	114.7	125.0	141.2
El Salvador	108.2	125.9	147.4	98.3	106.9	113.7	110.1	117.8	129.6
Guatemala	110.3	133.2	164.8	94.9	105.2	113.1	116.2	126.7	145.7
Haiti	155.3	214.7	192.3	112.9	152.0	110.7	137.5	141.2	173.7
Honduras	111.5	130.6	161.4	95.6	101.8	109.9	116.7	128.4	146.8
Mexico	105.6	135.7	158.6	94.7	117.0	124.8	111.5	116.0	127.0
Nicaragua	132.9	162.1	199.1	119.0	134.4	145.4	111.7	120.7	136.9
Panama	148.4	178.5	256.3	130.9	149.9	196.8	113.4	119.1	130.3
Paraguay	181.2	260.0	320.2	167.6	229.0	257.8	108.1	113.5	124.2
Peru	173.9	238.5	309.5	130.6	162.6	180.4	133.2	146.6	171.6
Uruguay	177.9	221.7	280.8	148.1	170.1	187.3	120.1	130.4	149.9
Venezuela (Bolivarian Republic of)	165.1	160.8	196.4	151.6	139.3	153.2	108.9	115.5	128.1

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of figures from the International Monetary Fund and national sources.

^a Preliminary figures.

Table A-9
LATIN AMERICA: TERMS OF TRADE FOR GOODS, f.o.b
(Indices 2005=100)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 ^a
Latin America	88.9	91.0	95.3	100.0	106.7	109.6	113.0	106.7	115.3	121.7
Argentina	92.4	100.3	102.2	100.0	106.0	110.0	124.6	118.9	118.4	126.5
Bolivia (Plurinational State of)	86.0	88.1	93.0	100.0	125.0	127.0	128.7	124.6	140.9	156.9
Brazil	99.2	97.8	98.7	100.0	105.3	107.5	111.3	108.7	126.1	136.9
Chile	69.5	73.5	89.3	100.0	131.1	135.6	117.9	119.3	146.0	152.6
Colombia	83.3	85.8	92.2	100.0	103.8	112.1	124.4	107.0	121.0	128.3
Costa Rica	109.7	108.1	104.0	100.0	97.1	96.1	92.5	95.6	91.8	88.4
Cuba	80.9	93.2	102.7	100.0	126.3	132.9	...	...	...	...
Dominican Republic	106.0	102.2	101.0	100.0	99.0	102.3	97.7	105.7	101.8	96.5
Ecuador	84.8	87.7	89.3	100.0	107.3	110.3	121.1	107.2	118.0	127.4
El Salvador	105.0	101.0	100.0	100.0	98.7	97.7	95.0	98.1	94.4	93.5
Guatemala	104.9	101.9	100.9	100.0	98.1	96.3	93.8	101.8	101.3	99.5
Haiti	108.4	106.8	103.8	100.0	96.2	93.5	67.2	87.0	84.1	69.8
Honduras	105.5	100.9	100.0	100.0	95.4	93.6	87.9	94.0	96.6	103.0
Mexico	94.5	95.4	98.1	100.0	100.5	101.4	102.2	99.0	101.8	104.1
Nicaragua	106.9	103.3	101.4	100.0	97.6	96.6	92.4	101.3	102.2	101.8
Panama	108.7	103.9	101.9	100.0	97.1	96.2	91.8	96.3	94.4	92.4
Paraguay	99.2	104.2	107.1	100.0	98.1	102.7	110.2	107.8	107.8	110.3
Peru	82.4	85.6	93.2	100.0	127.3	132.0	114.4	108.1	127.7	133.1
Uruguay	113.1	114.0	110.1	100.0	97.6	97.8	103.7	106.8	110.2	111.2
Venezuela (Bolivarian Republic of)	56.7	63.9	76.5	100.0	119.4	130.9	161.6	117.6	139.8	167.6

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of figures from the International Monetary Fund and national sources.

^a Preliminary figures.

Table A-10
LATIN AMERICA AND THE CARIBBEAN: NET RESOURCE TRANSFERS^a
(Millions of dollars)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 ^b
Latin America and the Caribbean	-41 939	-40 095	-66 519	-78 233	-93 213	15 463	-34 441	-28 030	25 525	40 768
Antigua and Barbuda	34	67	56	136	261	333	291	88	166	83
Argentina	-20 773	-12 535	-7 175	-3 722	-10 388	-198	-14 317	-18 695	-8 800	-18 196
Bahamas	299	431	349	358	1 077	1 037	903	909	622	928
Barbados	42	131	58	263	89	293	204	102	278	372
Belize	92	64	7	25	-51	-84	38	22	-139	-126
Bolivia (Plurinational State of)	-156	-235	-565	-535	-428	-143	-155	-1 162	-840	586
Brazil	-10 252	-14 234	-29 955	-35 633	-10 553	56 642	-9 401	37 269	56 899	71 764
Chile	-2 068	-4 076	-10 102	-10 220	-23 558	-29 297	-4 050	-12 588	-16 203	-2 557
Colombia	-1 440	-2 609	-849	-1 846	-2 925	2 713	-788	-2 991	45	10
Costa Rica	580	443	432	1 166	2 058	1 929	2 022	-247	1 104	1 744
Cuba	-300	-450	150	-633	-618	-960	...	...	...	...
Dominica	32	29	20	62	48	66	103	97	63	68
Dominican Republic	-881	-2 787	-2 324	-321	-221	666	2 462	1 248	3 099	2 520
Ecuador	-100	-953	-1 084	-1 580	-3 691	-2 138	-1 971	-1 975	-439	3 015
El Salvador	-42	595	132	-59	375	1 039	1 477	179	-187	394
Grenada	109	87	47	138	203	232	220	155	169	158
Guatemala	993	1 251	1 359	995	1 096	1 159	1 075	-646	303	1 014
Guyana	20	-6	-10	143	242	215	350	474	407	346
Haiti	26	5	94	-20	201	286	465	479	1 022	205
Honduras	86	94	743	177	149	612	1 530	-368	949	127
Jamaica	208	-246	605	623	798	937	2 120	416	871	-95
Mexico	8 179	4 128	1 039	727	-10 998	1 109	7 372	-3 497	12 391	15 309
Nicaragua	607	520	616	590	804	1 178	1 362	828	907	1 081
Panama	-39	-539	-414	418	-648	709	1 732	-801	744	2 949
Paraguay	-134	168	-98	72	168	388	486	549	459	783
Peru	505	-680	-1 263	-4 752	-7 225	572	56	-5 752	3 236	-4 608
Saint Kitts and Nevis	95	71	43	23	70	88	157	130	113	111
Saint Vincent and the Grenadines	18	55	99	70	106	168	204	177	231	176
Saint Lucia	75	115	47	40	268	295	264	102	165	179
Suriname	70	118	112	83	-179	-152	-271	-11	-721	-467
Trinidad and Tobago	-441	-1 418	-1 513	-2 878	-7 088	-4 787	-7 016	-3 323	-4 832	-5 184
Uruguay	-2 601	979	-137	84	-52	710	3 045	769	-1 246	-1 469
Venezuela (Bolivarian Republic of)	-14 785	-8 679	-17 037	-22 225	-22 603	-20 155	-24 408	-19 968	-25 312	-30 452

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of figures from the International Monetary Fund and national sources.

^a The net resource transfer is calculated as total net capital income minus the income balance (net payments of profits and interest). Total net capital income is the balance on the capital and financial accounts plus errors and omissions, plus loans and the use of International Monetary Fund credit plus exceptional financing. Negative figures indicate resources transferred outside the country.

^b Preliminary figures.

Table A-11
LATIN AMERICA AND THE CARIBBEAN: NET FOREIGN DIRECT INVESTMENT^a
(Millions of dollar)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 ^b
Latin America and the Caribbean	51 321	39 851	50 722	57 051	31 808	94 265	99 819	70 414	75 052	130 120
Antigua and Barbuda	66	166	80	221	359	338	174	81	97	59
Argentina	2 776	878	3 449	3 954	3 099	4 969	8 335	3 299	6 084	3 929
Bahamas	153	190	274	563	706	746	860	664	862	900
Barbados	17	58	-16	119	200	256	223	218	...	...
Belize	25	-11	111	126	108	139	167	108	96	89
Bolivia (Plurinational State of)	674	195	83	-291	284	362	508	426	651	747
Brazil	14 108	9 894	8 339	12 550	-9 380	27 518	24 601	36 033	36 919	81 497
Chile	2 207	2 701	5 610	4 801	4 556	9 961	7 109	4 813	6 351	5 982
Colombia	1 277	783	2 873	5 590	5 558	8 136	8 342	4 049	386	2 632
Costa Rica	625	548	733	904	1 371	1 634	2 072	1 339	1 441	1 758
Dominica	20	31	26	19	26	40	57	41	24	25
Dominican Republic	917	613	909	1 123	1 085	1 667	2 870	2 165	1 626	2 023
Ecuador	783	872	837	493	271	194	1 006	319	157	440
El Salvador	496	123	366	398	268	1 455	824	366	78	430
Grenada	54	89	65	70	90	157	142	103	60	40
Guatemala	183	218	255	470	552	720	737	574	663	742
Guyana	44	26	30	77	102	110	178	164	270	300
Haiti	6	14	6	26	161	75	30	38	150	...
Honduras	269	391	553	599	669	926	1 007	523	799	855
Jamaica	407	604	542	581	797	751	1 361	480	169	228
Mexico	23 031	17 285	20 386	17 802	14 195	22 258	25 408	8 810	6 222	9 832
Nicaragua	204	201	250	241	287	382	626	434	508	574
Panama	99	818	1 019	918	2 547	1 899	2 196	1 773	2 363	2 568
Paraguay	12	22	32	47	167	199	272	225	389	566
Peru	2 156	1 275	1 599	2 579	3 467	5 425	6 188	5 178	7 113	7 296
Saint Kitts and Nevis	80	76	56	93	110	134	178	131	120	142
Saint Vincent and the Grenadines	34	55	66	40	109	130	159	97	103	135
Saint Lucia	52	106	77	78	234	272	161	146	110	76
Suriname	-74	-76	-37	28	-163	-247	-234	-93	-248	-200
Trinidad and Tobago	684	583	973	599	513	830	2 101	709	549	533
Uruguay	180	401	315	811	1 495	1 240	2 117	1 576	2 402	2 323
Venezuela (Bolivarian Republic of)	-244	722	864	1 422	-2 032	1 587	45	-4 374	-1 462	3 600

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of figures from the International Monetary Fund and national sources.

^a Corresponds to direct investment in the reporting economy after deduction of outward direct investment by residents of that country. Includes reinvestment of profits.

^b Preliminary estimates. Includes an adjustment due to a lack of data.

Table A-12
LATIN AMERICA AND THE CARIBBEAN: INTERNATIONAL BOND ISSUES^a
(Millions of dollars)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 ^b
Latin America and the Caribbean	20 208	37 906	36 383	45 838	45 714	41 715	18 913	64 750	90 183	88 674
National issues	20 208	37 906	36 383	45 054	44 647	41 176	18 466	61 950	88 657	86 009
Argentina	-	100	200	540	1 896	3 256	65	500	3 146	2 193
Bahamas	-	-	-	-	-	-	100	300	-	-
Barbados	-	-	-	325	215	-	-	450	390	-
Belize	125	100	-	-	-	-	-	-	-	-
Bolivia (Plurinational State of)	-	-	108	-	-	-	-	-	-	-
Brazil	6 857	19 364	11 603	15 334	19 079	10 608	6 400	25 745	39 305	38 403
Chile	1 694	3 200	2 350	1 000	1 062	250	-	2 773	6 750	6 049
Colombia	695	1 545	1 545	2 435	3 177	3 065	1 000	5 450	1 912	5 811
Costa Rica	250	490	310	-	-	-	-	-	-	250
Cuba	-	-	-	-	400	200	-	-	-	-
Dominican Republic	-	600	-	160	675	605	-	-	1 034	750
Ecuador	-	-	-	650	-	-	-	-	-	-
El Salvador	1 252	349	286	375	925	-	-	800	450	654
Grenada	100	-	-	-	-	-	-	-	-	-
Guatemala	-	300	380	-	-	-	30	-	-	150
Honduras	-	-	-	-	-	-	-	-	20	-
Jamaica	300	-	814	1 050	930	1 900	350	750	1 075	694
Mexico	6 505	7 979	13 312	11 703	9 200	10 296	5 835	15 359	26 882	18 835
Panama	1 030	275	770	1 530	2 076	670	686	1 323	-	897
Paraguay	-	-	-	-	-	-	-	-	-	100
Peru	1 000	1 250	1 305	2 675	733	1 827	-	2 150	4 693	2 155
Trinidad and Tobago	-	-	-	100	500	-	-	850	-	175
Uruguay	-	-	-	-	-	-	-	-	-	-
Venezuela (Bolivarian Republic of)	-	2 354	3 050	6 115	100	7 500	4 000	5 000	3 000	7 200
Supranational issues	-	-	-	784	1 067	539	447	2 800	1 526	2 665
Central American Bank for Economic Integration	-	-	-	200	567	-	-	500	151	-
Caribbean Development Bank	-	-	-	-	-	-	-	-	-	175
Andean Development Corporation	-	-	-	584	250	539	447	1 000	1 375	1 240
Latin American Reserve Fund	-	-	-	-	250	-	-	-	-	-
NII Holdings	-	-	-	-	-	-	-	1 300	-	1 250

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of figures from the International Monetary Fund Merrill-Lynch, JP Morgan and Latin Finance.

^a Includes sovereign, bank and corporate bonds.

^b Figures at 5 December 2011.

Table A-13
LATIN AMERICA AND THE CARIBBEAN: TOTAL GROSS EXTERNAL DEBT^a
(Millions of dollar)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 ^b
Latin America and the Caribbean	739 606	768 552	764 408	674 956	667 828	739 471	753 481	817 418	965 902	1 032 844
Antigua and Barbuda ^c	434	497	532	317	321	481	436	416	431	444
Argentina	156 748	164 645	171 205	113 799	108 864	124 560	124 923	116 415	128 618	132 502
Bahamas ^c	310	364	345	338	334	337	443	767	898	...
Barbados	2 321	2 475	2 435	2 695	2 991	3 130	3 487	4 009	4 485	...
Belize ^c	652	822	913	970	985	973	958	1 016	1 009	...
Bolivia (Plurinational State of)	6 970	7 734	7 562	7 666	6 278	5 403	5 930	5 801	5 875	5 936
Brazil	210 711	214 929	201 373	169 451	172 589	193 219	198 340	198 192	256 804	291 648
Chile	40 504	43 067	43 515	46 211	49 497	55 733	64 318	74 041	86 738	96 476
Colombia	37 382	38 065	39 497	38 507	40 103	44 553	46 369	53 719	64 837	68 893
Costa Rica	5 310	5 575	5 765	6 763	7 186	8 444	9 105	8 174	9 125	9 239
Cuba ^{c,d}	10 900	11 300	5 806	5 898	7 794	8 908	...	...	...	...
Dominica ^c	205	223	209	221	225	241	234	222	242	248
Dominican Republic ^c	4 536	5 987	6 380	5 847	6 295	6 556	7 219	8 215	9 947	10 304
Ecuador	16 236	16 756	17 211	17 237	17 099	17 445	16 900	13 498	13 879	13 913
El Salvador ^e	3 987	7 917	8 211	8 877	9 692	9 349	9 994	9 882	9 698	10 521
Grenada	262	279	331	401	481	469	481	512	538	514
Guatemala ^c	3 119	3 467	3 844	3 723	3 958	4 226	4 382	4 928	5 562	5 531
Guyana ^c	1 352	1 199	1 189	1 215	1 043	718	834	933	1 043	1 111
Haiti ^c	1 229	1 316	1 376	1 335	1 484	1 628	1 917	1 272	353	548
Honduras	5 025	5 343	6 023	5 135	3 935	3 190	3 464	3 345	3 773	3 906
Jamaica ^c	4 348	4 192	5 120	5 376	5 796	6 123	6 344	6 594	8 390	8 875
Mexico	134 980	132 524	130 925	128 248	119 084	127 669	128 851	166 711	196 702	206 035
Nicaragua ^c	6 363	6 596	5 391	5 348	4 527	3 385	3 512	3 661	3 876	3 989
Panama ^c	6 349	6 504	7 219	7 580	7 788	8 276	8 477	10 150	10 439	10 618
Paraguay	2 900	2 951	2 901	2 700	2 739	2 868	3 256	3 154	3 718	3 588
Peru	27 872	29 587	31 244	28 657	28 897	32 894	34 838	35 731	40 574	42 266
Saint Kitts and Nevis ^c	261	316	304	299	310	313	328	306	302	290
Saint Vincent and the Grenadines	168	195	219	231	220	219	235	261	305	303
Saint Lucia ^c	246	324	344	350	365	399	364	373	393	384
Suriname ^c	372	383	384	390	391	298	319	269	334	...
Trinidad and Tobago ^c	1 549	1 553	1 364	1 329	1 261	1 392	1 445	1 422	1 561	...
Uruguay	10 548	11 013	11 593	11 418	10 560	12 218	12 021	13 935	14 623	15 654
Venezuela (Bolivarian Republic of)	35 460	40 456	43 679	46 427	44 735	53 855	53 757	69 494	80 831	89 107

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures from the International Monetary Fund and national sources.

^a Includes debt owed to the International Monetary Fund.

^b First semester.

^c Refers to external public debt.

^d From 2004 on refers only to active external debt; excludes other external debt, 60.2% of which is official debt owed to the Paris Club.

^e The figure for 2002 corresponds to external public debt.

Table A-14
LATIN AMERICA AND THE CARIBBEAN: GROSS INTERNATIONAL RESERVES
(Millions of dollars)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 ^a
Latin America and the Caribbean	164 950	197 812	225 874	262 367	319 198	459 305	512 398	567 227	655 106	761 519
Antigua and Barbuda ^b	88	114	120	127	143	144	138	108	...	...
Argentina	10 420	13 820	19 299	27 262	31 167	45 711	46 198	47 967	52 145	47 523
Bahamas	373	484	668	579	500	454	563	816	861	979 ^c
Barbados	683	752	595	618	597	775	680	829	803	782
Belize	...	...	...	...	95	99	156	210	216	236 ^c
Bolivia (Plurinational State of)	897	1 096	1 272	1 798	3 193	5 319	7 722	8 580	9 730	11 903
Brazil	37 823	49 296	52 935	53 799	85 839	180 334	193 783	238 520	288 575	352 928
Chile	15 351	15 851	16 016	16 963	19 429	16 910	23 162	25 371	27 864	38 673
Colombia	10 540	10 608	13 220	14 634	15 109	20 607	23 672	24 992	28 464	32 746
Costa Rica	1 502	1 839	1 922	2 313	3 115	4 114	3 799	4 066	4 627	4 733
Dominica ^b	45	48	42	49	63	60	55	64	...	...
Dominican Republic	829	279	825	1 929	2 251	2 946	2 662	3 307	3 765	3 170
Ecuador ^d	...	...	...	2 147	2 023	3 521	4 473	3 792	2 622	4 549
El Salvador	1 591	1 910	1 893	1 833	1 908	2 198	2 545	2 987	2 883	2 731
Grenada ^b	88	83	122	94	100	110	104	112	...	...
Guatemala	2 381	2 932	3 529	3 783	4 061	4 310	4 659	5 213	5 954	6 574
Guyana	280	272	225	251	277	313	356	628	780	742 ^e
Haiti	139	112	166	187	305	494	587	733	1 281	1 418 ^f
Honduras	1 687	1 609	2 159	2 526	2 824	2 733	2 690	2 174	2 775	2 510 ^c
Jamaica	1 643	1 196	1 882	2 169	2 399	1 906	1 795	1 752	2 979	2 914
Mexico	50 674	59 028	64 198	74 110	76 330	87 211	95 302	99 893	120 587	141 088 ^c
Nicaragua	454	504	670	730	924	1 103	1 141	1 573	1 799	1 760
Panama ^g	1 183	1 011	631	1 211	1 335	1 935	2 424	3 028	2 715	...
Paraguay	641	983	1 168	1 293	1 703	2 462	2 864	3 861	4 169	4 881 ^c
Peru	9 690	10 206	12 649	14 120	17 329	27 720	31 233	33 175	44 150	48 765
Saint Kitts and Nevis ^b	66	65	78	71	89	96	110	123	...	...
Saint Vincent and the Grenadines ^b	52	50	74	69	78	86	83	75	...	...
Saint Lucia ^b	92	105	130	114	132	151	140	151	...	...
Suriname ^g	106	106	129	126	215	401	433	659	639	738 ^h
Trinidad and Tobago	...	...	2 539	4 015	5 134	6 674	9 380	8 652	9 070	9 512 ^f
Uruguay	772	2 087	2 512	3 078	3 091	4 121	6 360	7 987	7 743	10 362
Venezuela (Bolivarian Republic of)	14 860	21 366	24 208	30 368	37 440	34 286	43 127	35 830	27 911	29 302

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures from the International Monetary Fund and national sources.

^a Balances as of October.

^b Net international reserves.

^c Balance as of September.

^d Readily available International reserves.

^e Balance as of January.

^f Balance as of August.

^g Does not include gold.

^h Balance as of May.

Table A-15
LATIN AMERICA AND THE CARIBBEAN: STOCK EXCHANGE INDICES
(National indices to end of period, 31 December 2005=100)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 ^a
Argentina	34.0	69.5	89.1	100.0	135.5	139.4	70.0	150.4	228.3	166.1
Brazil	33.7	66.5	78.3	100.0	132.9	191.0	112.2	205.0	207.2	170.0
Chile	50.9	75.6	91.4	100.0	137.1	155.4	121.0	182.3	250.8	211.8
Colombia	17.3	24.5	45.7	100.0	117.3	112.4	79.5	122.0	162.9	135.9
Costa Rica	94.9	86.6	77.9	100.0	177.1	217.2	207.2	141.7	118.1	122.1
Ecuador	71.6	65.4	79.4	100.0	129.7	121.0	128.2	107.4	125.6	128.5
Jamaica	43.4	64.7	107.8	100.0	96.3	103.3	76.7	79.7	81.5	92.0
Mexico	34.4	49.4	72.6	100.0	148.6	165.9	125.7	180.4	216.5	206.9
Peru	29.0	50.7	77.3	100.0	268.3	364.9	146.8	295.0	486.7	414.6
Trinidad and Tobago	51.1	65.0	100.7	100.0	90.8	92.0	79.0	71.7	78.3	94.1
Venezuela (Bolivarian Republic of)	39.3	108.9	146.9	100.0	256.1	185.8	172.1	270.0	320.4	559.2

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of information from Bloomberg.

^a Figures as of November.

Table A-16
LATIN AMERICA AND THE CARIBBEAN: REAL EFFECTIVE EXCHANGE RATES^a
(Indices 2005=100)

	2002	2003	2004	2005	2006	2007	2008	2009	2010 ^b	2011 ^{b c}
Latin America and the Caribbean^d	99.7	107.5	106.8	100.0	97.5	95.1	90.2	90.4	86.0	84.3
Argentina	106.9	97.5	100.2	100.0	102.0	101.2	97.0	99.3	97.9	100.8
Barbados	94.8	98.9	101.7	100.0	98.2	99.0	98.5	93.1	91.6	88.6
Bolivia (Plurinational State of)	81.7	89.0	93.7	100.0	102.3	101.3	94.2	85.4	88.4	87.7
Brazil	132.0	130.4	123.2	100.0	88.4	82.2	79.5	80.8	69.7	65.8
Chile	106.1	111.0	105.2	100.0	97.8	99.6	99.1	101.7	95.7	93.9
Colombia	111.7	126.2	112.9	100.0	101.5	90.4	86.7	91.6	79.6	79.7
Costa Rica	92.0	97.4	99.0	100.0	99.0	96.6	93.0	92.7	82.7	80.4
Cuba ^e	89.6	95.0	101.1	100.0	106.8	109.5	119.9	119.9	118.7	...
Dominica	91.9	94.3	97.5	100.0	102.0	104.6	105.2	105.1	105.6	108.2
Dominican Republic	109.4	146.0	138.8	100.0	106.6	105.6	107.8	109.9	107.7	108.7
Ecuador	95.5	93.2	95.2	100.0	101.1	105.2	105.6	100.4	99.5	102.4
El Salvador	98.8	99.3	98.1	100.0	100.5	101.8	103.5	101.3	103.8	105.2
Guatemala	111.9	111.8	108.3	100.0	97.0	96.3	91.4	94.6	94.0	90.5
Honduras	96.3	97.8	100.3	100.0	97.7	97.4	94.5	87.2	86.2	85.5
Jamaica	97.9	111.6	108.5	100.0	101.3	105.3	97.2	109.8	95.2	93.5
Mexico	90.0	100.0	103.6	100.0	100.1	101.2	104.1	118.5	109.3	107.3
Nicaragua	93.7	97.0	97.7	100.0	98.2	100.6	96.9	100.4	98.1	102.8
Panama	91.3	93.1	97.8	100.0	101.7	103.1	102.2	97.5	98.6	99.3
Paraguay	89.8	95.4	89.7	100.0	89.8	81.3	72.0	79.5	77.5	69.1
Peru	94.9	98.8	98.9	100.0	102.9	103.0	99.2	98.8	95.4	98.3
Trinidad and Tobago	98.2	98.9	101.3	100.0	98.0	96.4	99.2	90.3	86.4	88.6
Uruguay	87.7	111.8	113.7	100.0	95.8	95.1	89.8	87.6	76.4	74.3
Venezuela (Bolivarian Republic of)	88.0	99.3	97.7	100.0	93.2	83.0	67.4	51.2	77.8	69.4

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures from the International Monetary Fund and national sources.

^a Annual averages. A country's overall real effective exchange rate index is calculated by weighting its real bilateral exchange rate indices with each of its trading partners by each partner's share in the country's total trade flows in terms of exports and imports. The extraregional real effective exchange rate index excludes trade with other Latin American and Caribbean countries. A currency depreciates in real effective terms when this index rises and appreciates when it falls.

^b Preliminary figures, weighted by trade in 2009.

^c January-October average.

^d Simple average of the extraregional real effective exchange rate for 20 countries.

^e Preliminary figures. Yearly calculation by ECLAC, based on consumer price data and nominal exchange rates provided by the National Statistical Office of Cuba.

Table A-17
LATIN AMERICA AND THE CARIBBEAN: PARTICIPATION RATE ^a
(Average annual rates)

		2002	2003	2004	2005	2006	2007	2008	2009	2010	2010	2011 ^b	
												January to September average	
Latin America and the Caribbean ^c		57.8	58.7	58.7	58.4	58.5	58.6	58.6	58.8	59.1	...	...
Argentina ^d	Urban areas	55.8	60.2	60.2	59.9	60.3	59.5	58.8	59.3	58.9	59.0	59.6	
Barbados	National total	68.5	69.3	69.4	69.6	67.9	67.8	67.6	67.0	66.6	67.5	68.1 ^e	
Bolivia (Plurinational State of)	Departmental capitals ^f	64.6	67.6	64.9	62.8	66.3	64.8	...	56.9	57.3	...	...
Brazil	Six metropolitan areas	55.1	57.1	57.2	56.6	56.9	56.9	57.0	56.7	57.1	57.1	57.1 ^g	
Chile ^h	National total	53.7	54.4	55.0	55.6	54.8	54.9	56.0	55.9	58.5	58.3	59.8 ^g	
Colombia	National total	62.3	62.9	61.5	60.5	59.1	58.3	58.5	61.3	62.7	62.6	63.4 ^g	
Costa Rica ⁱ	National total	55.4	55.5	54.4	56.8	56.6	57.0	56.7	60.4	59.1	59.1	60.7	
Cuba ^j	National total	71.0	70.9	71.0	72.1	72.1	73.7	74.7	75.4	74.9	...	...
Dominican Republic	National total	55.1	54.7	56.3	55.9	56.0	56.1	55.6	53.8	55.0	54.9	56.2 ^o	
Ecuador	Urban total	58.3	58.2	59.1	59.5	59.1	61.3	60.1	58.9	56.9	57.6	56.1	
El Salvador ^k	National total	51.2	53.4	51.7	52.4	52.6	62.1	62.7	62.8	62.5	...	...
Honduras	National total	51.7	50.0	50.6	50.9	50.7	50.7	51.0	53.1	53.6	53.6	51.9 ^l	
Jamaica	National total	65.8	64.4	64.3	64.2	64.7	64.9	65.4	63.5	62.4	62.5	62.4 ^m	
Mexico	National total	56.9	57.1	57.7	57.9	58.8	58.8	58.7	58.6	58.4	58.7	58.6 ^g	
Nicaragua	National total	...	53.7	53.1	53.8	51.4	53.4	53.3	66.9	72.1	...	...
Panama	National total	62.6	62.8	63.3	63.6	62.6	62.7	63.9	64.1	63.5	63.5	61.8	
Paraguay	Asunción and urban areas of the Departamento Central ⁿ	61.2	59.8	63.4	61.8	59.4	60.8	61.7	62.9	62.5	62.7	62.2	
Peru ⁱ	Metropolitan Lima	62.9	63.2	62.3	62.5	64.0	63.5	66.4	68.4	70.0	70.2	70.0	
Trinidad and Tobago	National total	60.9	61.6	63.0	63.7	63.9	63.5	63.5	62.7	61.7 ^p	...	...
Uruguay	National total ^q	59.3	59.3	59.3	59.3	60.8	62.7	62.5	63.2	63.2	63.1	64.0 ^g	
Venezuela (Bolivarian Republic of)	National total	68.7	69.3	68.5	66.3	65.4	64.9	64.9	65.1	64.6	64.7	64.4 ^g	

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Economically active population as a percentage of the total working-age population.

^b Preliminary figures.

^c Weighted average adjusted for lack of information and differences and changes in methodology. The data relating to the different countries are not comparable owing to differences in coverage and in the definition of the working-age population.

^d New measurements have been used since 2003; the data are not comparable with the previous series.

^e Refers to the period January-June.

^f Up to 2008, urban areas.

^g Refers to the period January-October.

^h New measurements have been used since 2010; the data are not comparable with the previous series.

ⁱ New measurements have been used since 2009; the data are not comparable with the previous series.

^j The working-age population is measured as follows: for males, 17 to 59 years and for females, 15 to 54 years.

^k New measurements have been used since 2007; the data are not comparable with the previous series.

^l Refers to the measurement of May.

^m Refers to the period January-July.

ⁿ Up to 2009, nationwide total.

^o Refers to the measurement of April.

^p January-September average.

^q Up to 2005, urban total.

Table A-18
LATIN AMERICA AND THE CARIBBEAN: OPEN URBAN UNEMPLOYMENT
(Average annual rate)

		2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 ^a
Latin America and the Caribbean^b		11.2	11.1	10.3	9.0	8.6	7.9	7.3	8.1	7.3	6.8
Argentina ^c	Urban areas	19.7	17.3	13.6	11.6	10.2	8.5	7.9	8.7	7.7	7.2 ^d
Bahamas ^e	National total	9.1	10.8	10.2	10.2	7.6	7.9	8.7	14.2	...	13.7
Barbados ^e	National total	10.3	11.0	9.8	9.1	8.7	7.4	8.1	10.0	10.8	11.1 ^f
Belize ^e	National total	10.0	12.9	11.6	11.0	9.4	8.5	8.2	13.1	...	...
Bolivia (Plurinational State of)	Departmental capitals ^g	8.7	9.2	6.2	8.1	8.0	7.7	6.7	7.9	6.5	...
Brazil	Six metropolitan areas	11.7	12.3	11.5	9.8	10.0	9.3	7.9	8.1	6.7	6.1 ^h
Chile ⁱ	National total	9.8	9.5	10.0	9.2	7.7	7.1	7.8	9.7	8.2	7.2 ^h
Colombia ^e	Thirteen metropolitan areas	18.1	17.1	15.8	14.3	13.1	11.4	11.5	13.0	12.4	11.4 ^h
Costa Rica ^j	Urban total	6.8	6.7	6.7	6.9	6.0	4.8	4.8	8.5	7.1	7.7
Cuba	National total	3.3	2.3	1.9	1.9	1.9	1.8	1.6	1.7	2.4	...
Dominican Republic ^e	National total	16.1	16.7	18.4	17.9	16.2	15.6	14.1	14.9	14.3	14.6 ^k
Ecuador ^e	Urban total	9.2	11.6	9.7	8.5	8.1	7.4	6.9	8.5	7.6	6.1 ^d
El Salvador	Urban total	6.2	6.2	6.5	7.3	5.7	5.8	5.5	7.1	6.8	...
Guatemala	Urban total	5.4	5.2	4.4	...	...	...	...	...	4.8	...
Honduras	Urban total	6.1	7.6	8.0	6.5	4.9	4.0	4.1	4.9	6.4	6.8 ^l
Jamaica ^e	National total	14.2	11.4	11.7	11.3	10.3	9.8	10.6	11.4	12.4	12.6 ^m
Mexico	Urban areas	3.9	4.6	5.3	4.7	4.6	4.8	4.9	6.7	6.4	6.0 ^h
Nicaragua	Urban total	11.6	10.2	9.3	7.0	7.0	6.9	8.0	10.5	9.7	...
Panama ^{e,j}	Urban total	16.5	15.9	14.1	12.1	10.4	7.8	6.5	7.9	7.7	5.4
Paraguay	Asunción and urban areas of the Departamento Central ⁿ	14.7	11.2	10.0	7.6	8.9	7.2	7.4	8.2	7.0	7.5 ^d
Peru	Metropolitan Lima	9.4	9.4	9.4	9.6	8.5	8.4	8.4	8.4	7.9	7.7 ^h
Suriname ^e	National total	10.0	7.0	8.4	11.2	12.1	...	...	...	...	...
Trinidad and Tobago ^e	National total	10.4	10.5	8.4	8.0	6.2	5.6	4.6	5.3	5.9	...
Uruguay	Urban total	17.0	16.9	13.1	12.2	11.4	9.6	7.9	7.6	7.1	6.3 ^h
Venezuela (Bolivarian Republic of)	National total	15.8	18.0	15.3	12.4	9.9	8.4	7.3	7.8	8.6	8.4 ^h

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of household surveys.

^a Preliminary figures.

^b Weighted average adjusted for lack of information and differences and changes in methodology. The data relating to the different countries are not comparable owing to differences in coverage and in the definition of the working-age population.

^c New measurements have been used since 2003; the data are not comparable with the previous series.

^d Estimate based on data from January to September.

^e Includes hidden unemployment.

^f First semester.

^g Up to 2008, urban areas.

^h Estimate based on data from January to October.

ⁱ New measurements have been used since 2010; the data are not comparable with the previous series. For 2002-2005, the series were adjusted to splice with the series applicable as of 2006.

^j New measurements have been used since 2009; the data are not comparable with the previous series.

^k Figure for April.

^l Figure for May.

^m Average of the January and July measurements.

ⁿ Up to 2009, urban total.

Table A-19
LATIN AMERICA AND THE CARIBBEAN: EMPLOYMENT RATE ^a
(Average annual rates)

		2002	2003	2004	2005	2006	2007	2008	2009	2010	2010	2011 ^b	
												January to	
												September	average
Latin America and the Caribbean ^c		51.6	52.4	52.9	53.3	53.7	54.2	54.5	54.2	54.9	...	...
Argentina ^d	Urban areas	45.9	49.8	52.0	52.9	54.1	54.5	54.2	54.2	54.4	54.4	55.2	
Barbados	National total	61.4	61.6	62.7	63.2	61.9	62.7	62.1	60.3	59.4	60.3	60.6 ^e	
Bolivia (Plurinational State of)	Departmental capitals ^f	53.0	54.9	55.0	51.2	54.0	52.7	...	52.4	53.6	...	...
Brazil	Six metropolitan areas	48.7	50.1	50.6	51.0	51.2	51.6	52.5	52.1	53.2	53.1	53.6 ^g	
Chile ^h	National total	48.4	49.3	49.5	50.4	50.5	51.0	51.7	50.5	53.7	53.6	55.4 ^g	
Colombia	National total	52.6	54.1	53.1	53.4	52.0	51.8	51.9	53.9	55.4	55.2	56.3 ^g	
Costa Rica ⁱ	National total	51.8	51.8	50.9	53.0	53.3	54.4	53.9	55.4	54.8	54.8	56.0	
Cuba ^j	National total	68.6	69.2	69.7	70.7	70.7	72.4	73.6	74.2	74.9	...	...
Dominican Republic	National total	46.2	45.4	46.0	45.9	46.9	47.4	47.7	45.8	47.1	47.0	48.0 ^k	
Ecuador	Urban total	52.9	51.5	53.5	54.4	54.3	56.8	56.0	53.9	52.6	53.0	51.6	
El Salvador ^l	National total	48.0	49.7	48.2	48.3	49.2	58.1	59.0	58.2	58.1	...	...
Honduras	National total	49.7	47.4	48.6	48.6	49.0	49.2	49.4	51.5	51.5	51.5	49.7 ^m	
Jamaica	National total	56.4	57.1	56.8	57.0	58.0	58.6	58.5	56.3	54.6	54.7	54.5 ⁿ	
Mexico	National total	55.2	55.3	55.4	55.8	56.7	56.7	56.3	55.4	55.3	55.6	55.4 ^g	
Nicaragua ^l	National total	...	49.5	49.6	50.8	48.8	48.6	50.1	61.8	66.8	...	...
Panama	National total	54.1	54.6	55.9	57.3	57.2	58.7	60.3	59.9	59.4	59.4	59.1	
Paraguay	Asunción and urban areas of the Departamento Central ^o	54.6	55.0	58.8	58.2	55.4	57.4	58.2	58.9	58.0	57.9	57.5	
Peru	Metropolitan Lima	62.0	61.1	61.6	60.7	61.8	63.0	62.4	62.7	64.5	64.5	64.4	
Trinidad and Tobago	National total	54.6	55.2	57.8	58.6	59.9	59.9	60.6	59.4	58.1 ^p	...	...
Uruguay	National total ^q	49.1	48.3	50.9	51.4	54.2	56.8	57.7	58.5	59.0	58.7	60.0 ^g	
Venezuela (Bolivarian Republic of)	National total	57.8	56.8	58.1	58.1	59.0	59.5	60.1	60.1	59.2	59.1	58.8 ^g	

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Employed population as a percentage of the working-age population.

^b Preliminary figures.

^c Weighted average adjusted for lack of information and differences and changes in methodology. The data relating to the different countries are not comparable owing to differences in coverage and in the definition of the working-age population.

^d New measurements have been used since 2003; the data are not comparable with the previous series.

^e Refers to the period January-June.

^f Up to 2008, urban areas.

^g Refers to the period January-October.

^h New measurements have been used since 2010; the data are not comparable with the previous series.

ⁱ New measurements have been used since 2009; the data are not comparable with the previous series.

^j The working-age population is measured as follows: for males, 17 to 59 years and for females, 15 to 54 years.

^k Refers to the measurement of April.

^l New measurements have been used since 2007; the data are not comparable with the previous series.

^m Refers to the measurement of May.

ⁿ Refers to the period January-July.

^o Up to 2009, urban total.

^p January-September average.

^q Up to 2005, urban total.

Table A-20
LATIN AMERICA: REAL AVERAGE WAGES^a
(Indices 2005=100)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 ^b
Argentina ^c	76.0	85.2	93.1	100.0	108.9	118.8	129.2	144.3	163.0	195.6 ^d
Bolivia (Plurinational State of) ^e	99.4	101.0	103.7	100.0	92.0	86.8	80.4	83.5	...	...
Brazil ^f	109.2	99.6	100.4	100.0	103.5	105.0	107.2	108.6	110.9	112.3 ^d
Chile ^g	95.5	96.4	98.1	100.0	101.9	104.8	104.6	109.6	112.0	114.8 ^d
Colombia ^h	97.5	96.9	98.5	100.0	103.8	103.5	101.5	102.7	105.2	105.2
Costa Rica ⁱ	104.3	104.7	101.9	100.0	101.6	102.9	100.9	108.6	110.9	115.9 ^d
Cuba	81.2	83.2	88.5	100.0	111.6	109.9	110.0	115.1	118.5	...
El Salvador ^j	107.1	106.1	102.4	100.0	100.4	98.0	94.9	98.2	99.3	...
Guatemala ⁱ	106.1	106.5	104.2	100.0	98.9	97.3	94.8	94.9	97.6	...
Mexico ⁱ	95.2	97.0	98.3	100.0	101.4	102.8	103.0	101.9	100.8	101.6
Nicaragua ^l	100.1	102.0	99.8	100.0	101.4	99.6	95.9	101.5	102.8	102.6
Panama ^k	102.6	102.0	101.2	100.0	102.0	103.4	99.1	101.8	103.7	101.8 ^l
Paraguay	98.1	97.3	99.0	100.0	100.6	103.0	102.3	106.8	107.6	109.9 ^m
Peru ⁿ	99.3	100.9	102.0	100.0	101.2	99.4	101.6	104.8	107.5	...
Uruguay	109.3	95.6	95.6	100.0	104.3	109.3	113.2	121.4	125.5	130.9 ^d
Venezuela (Bolivarian Republic of)	117.9	97.2	97.5	100.0	105.1	106.4	101.5	94.8	89.9	92.6

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Figures deflated by the official consumer price index of each country.

^b Estimate based on data from January to September.

^c Registered private-sector workers.

^d Estimate based on data from January to October.

^e Private-sector average wage index.

^f Private-sector workers covered by social and labour legislation. In 2002 includes public-sector workers.

^g General index of hourly wages. New measurements have been used since 2010; the data are not comparable with the previous series.

^h Manufacturing.

ⁱ Average wages declared by workers covered by social security.

^j Gross salary.

^k Workers with social security coverage. Figures for 2010 and 2011 correspond to workers in small, medium-sized and large businesses, in manufacturing, commerce and services.

^l January-June average.

^m Figure for June.

ⁿ Private-sector workers in the Lima metropolitan area.

Table A-21
LATIN AMERICA AND THE CARIBBEAN: MONETARY INDICATORS
(End-of-year balances as percentages of GDP)

	Monetary base				Money Supply (M3) ^a				Foreign-currency deposits			
	2008	2009	2010	2011 ^b	2008	2009	2010	2011 ^b	2008	2009	2010	2011 ^b
Antigua and Barbuda	10.7	12.0	14.0	...	82.6	91.4	96.5	94.4	7.4	12.4	13.9	13.3
Argentina	10.6	10.4	10.8	11.1	25.4	26.9	29.3	32.4	3.1	3.7	4.3	3.7
Bahamas	7.8	8.9	10.7	11.6 ^c	71.9	77.3	80.4	78.4 ^c	2.4	3.0	2.9	2.6 ^c
Barbados	13.1	12.7	11.3	12.4	109.0	105.9	107.5	89.9 ^c	12.1	9.1	7.9	5.1 ^c
Belize	14.1	16.0	14.9	16.7	72.4	77.9	74.9	75.4	...	...	...	...
Bolivia (Plurinational State of)	18.5	24.3	23.6	22.2	46.5	58.7	59.5	56.1 ^c	20.3	24.4	19.1	16.0 ^c
Brazil ^d	4.9	5.1	5.5	4.8	35.3	35.9	36.0	39.4	...	...	...	...
Chile	4.8	5.2	5.4	5.4	69.1	62.1	60.1	63.1	9.0	6.0	6.7	6.3
Colombia ^e	7.7	7.8	8.2	7.2	35.1	35.0	35.7	40.5	...	...	...	...
Costa Rica	7.3	7.2	7.1	6.4	50.9	54.4	51.0	48.4	21.9	24.2	20.9	18.9
Cuba ^f	31.1	24.4	23.1	...	41.5	41.2	40.7	...	...	...	...	...
Dominica	10.6	11.6	12.7	...	70.9	74.9	79.3	80.3	1.2	1.1	2.3	3.0
Dominican Republic ^g	8.5	8.2	7.6	6.5	31.4	33.4	33.1	30.6	6.1	6.3	6.8	6.6
Ecuador	11.3	13.3	12.8	12.3	...	35.3	37.4	37.0	...	...	...	...
El Salvador	10.7	11.0	11.1	10.4 ^c	39.0	40.9	41.6	40.6	...	...	...	...
Grenada	12.8	13.0	12.7	...	78.6	86.9	86.8	82.4	5.6	6.4	5.3	5.3
Guatemala	9.7	10.3	10.3	9.1	33.5	35.9	37.1	35.1 ^h	4.8	5.9	6.4	6.5
Guyana	14.9	17.5	20.0	18.2	47.0	48.9	50.7	51.5	...	...	...	...
Haiti	21.0	22.2	31.9	28.9	38.1	39.2	49.4	45.5	16.7	18.2	23.2	22.4
Honduras	11.5	10.6	11.0	8.2	53.0	52.2	52.8	50.9	14.0	14.1	13.0	13.0
Jamaica	7.1	7.5	7.3	6.3	31.1	30.7	28.8	26.8	10.2	10.7	9.2	8.2
Mexico	4.8	5.3	5.3	4.6	22.5	24.2	23.7	22.9	1.3	1.5	1.3	1.2
Nicaragua	8.4	9.8	10.4	8.9	31.9	33.2	35.5	34.0 ^c	...	...	...	...
Panama	4.5	5.2	4.4	3.9	85.2	90.1	91.0	81.9	...	...	...	...
Paraguay	10.3	14.3	11.8	9.9	31.3	39.6	39.6	37.3	12.1	14.0	15.3	14.5
Peru	5.9	6.0	7.7	7.2	29.9	30.4	33.0	31.5	14.0	13.4	12.9	12.6
Saint Kitts and Nevis	13.7	18.5	23.1	...	83.5	94.6	101.3	96.0	19.9	20.1	20.0	17.3
Saint Vincent and the Grenadines	12.0	10.1	15.4	...	57.4	59.3	60.7	58.2	1.9	1.6	2.5	2.4
Saint Lucia	12.6	13.5	13.7	...	81.3	84.1	79.1	71.9	5.2	4.8	4.7	4.9
Suriname	17.6	24.4	24.9	19.6 ^c	61.3	80.2	...	...	28.4	36.8	...	...
Trinidad and Tobago	8.0	14.8	15.4	16.6 ^c	33.3	61.5	56.5	53.9 ⁱ	9.2	18.4	14.2	14.0 ⁱ
Uruguay	5.5	5.5	5.4	5.4	56.2	49.9	51.7	50.4 ^c	43.6	36.5	36.3	35.7 ^c
Venezuela (Bolivarian Republic of) ^j	12.4	14.0	12.1	9.3	28.8	33.2	28.4	27.5	...	...	...	...

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a According to the ECLAC definition, this corresponds to M1 plus savings and time deposits in national currency plus foreign-currency deposits.

^b Balances as of October.

^c Balance as of September.

^d According to the country's definition, money supply corresponds to M1 plus local-currency-denominated fixed-term and saving deposits and private securities.

^e According to the country's definition, money supply also includes deposits of entities in liquidation and term deposit certificates of special entities and demand deposits of non-bank entities.

^f According to the country's definition, money supply corresponds to M1 plus fixed-term deposits.

^g Series corresponding to harmonized monetary indicators.

^h Balance as of June.

ⁱ Balance as of July.

^j Money supply figures do not include foreign-currency deposits.

Table A-22
LATIN AMERICA AND THE CARIBBEAN: REPRESENTATIVE LENDING RATES
(Annual average of monthly annualized rate)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 ^a
Antigua and Barbuda ^b	...	13.4	11.5	11.2	10.7	10.3	10.1	9.5	10.2	...
Argentina ^c	40.7	16.8	10.8	10.5	12.9	14.0	19.8	21.3	15.1	15.8
Bahamas ^b	...	12.0	11.2	10.3	10.0	10.6	11.0	10.6	11.0	11.1 ^d
Barbados ^b	...	7.6	7.4	8.5	10.0	10.4	9.7	8.7	9.5	9.3 ^d
Belize ^b	14.8	14.4	13.9	14.2	14.2	14.3	14.2	14.1	13.9	13.4 ^e
Bolivia (Plurinational State of) ^f	10.9	9.1	8.2	8.2	7.8	8.2	8.9	8.3	5.2	6.3
Brazil ^g	44.4	49.8	41.1	43.7	40.0	34.5	38.8	40.4	38.5	41.3 ^e
Chile ^h	14.4	13.0	11.0	13.5	14.4	13.6	15.2	12.9	11.8	12.6
Colombia ^b	16.3	15.2	15.1	14.6	12.9	15.4	17.2	13.0	9.4	11.1
Costa Rica ⁱ	26.8	26.2	23.4	24.0	22.7	17.3	16.7	21.6	19.4	17.6
Cuba ^j	...	9.6	9.7	9.8	9.4	9.1	9.0	9.3	9.3	...
Dominica ^b	11.0	11.8	8.9	9.9	9.5	9.2	9.1	10.0	9.4	...
Dominican Republic ^e	21.3	27.8	30.3	21.4	15.7	11.7	16.0	12.9	8.3	11.2
Ecuador ^k	14.1	12.6	10.2	8.7	8.9	10.1	9.8	9.2	9.0	8.4
El Salvador ^l	7.1	6.6	6.3	6.9	7.5	7.8	7.9	9.3	7.6	6.1
Grenada ^b	...	...	10.3	10.0	9.8	9.7	9.4	10.7	9.4	...
Guatemala ^b	16.9	15.0	13.8	13.0	12.8	12.8	13.4	13.8	13.3	13.4
Guyana ^m	17.3	16.6	16.6	15.1	14.9	14.1	13.9	14.0	15.2	14.8 ^e
Haiti ⁿ	25.5	30.7	34.1	27.1	29.5	31.2	23.3	21.6	20.7	19.8
Honduras ^b	22.7	20.8	19.9	18.8	17.4	16.6	17.9	19.4	18.9	18.6 ^e
Jamaica ⁱ	26.1	25.1	25.1	23.2	22.0	22.0	22.3	22.6	20.3	18.3 ^e
Mexico ^o	8.2	6.9	7.2	9.9	7.5	7.6	8.7	7.1	5.3	4.9
Nicaragua ^p	18.3	15.5	13.5	12.1	11.6	13.0	13.2	14.0	13.3	10.2
Panama ^q	9.2	8.9	8.2	8.2	8.1	8.3	8.2	8.3	7.9	7.3 ^e
Paraguay ^b	34.3	30.5	21.2	15.3	16.6	14.6	14.6	15.6	13.2	16.5 ^e
Peru ^r	23.3	20.2	18.7	17.9	17.1	16.5	16.7	16.0	19.0	18.6
Saint Kitts and Nevis ^b	...	...	10.0	9.9	9.2	9.3	8.6	8.6	8.5	...
Saint Vincent and the Grenadines ^b	...	...	9.7	9.6	9.7	9.6	9.5	9.1	9.0	...
Saint Lucia ^b	...	...	10.8	10.4	10.5	9.9	9.3	9.0	9.5	...
Suriname ^s	22.2	21.0	20.4	18.1	15.7	13.8	12.2	11.7	11.6	11.7 ^e
Trinidad and Tobago ^m	13.4	11.0	9.4	9.1	10.2	10.5	12.3	11.9	9.2	8.0 ^d
Uruguay ^t	116.4	56.6	26.0	15.3	10.7	10.0	13.1	16.6	12.0	10.9
Venezuela (Bolivarian Republic of) ^u	38.4	25.7	17.3	15.6	14.6	16.7	22.8	20.6	18.0	17.7

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a January-November average.

^b Weighted average of the system lending rates.

^c Local-currency loans at fixed or renegotiable rates, signature loans of up to 89 days.

^d January-September average.

^e January-October average.

^f Nominal local-currency rate for 60-91-day banking operations.

^g Preset lending rates for legal persons.

^h Lending rates for 90-360 days, non-adjustable operations.

ⁱ Average lending rate.

^j Corporate lending rate in convertible pesos.

^k Effective benchmark lending rate for the corporate commercial segment. Until 2003, reference lending rate in dollars.

^l Basic lending rate for up to 1 year.

^m Prime lending rate.

ⁿ Average of minimum and maximum lending rates.

^o Lending rate published by the International Monetary Fund.

^p Short-term loans rate, weighted average.

^q Interest rate on 1-year trade credit.

^r Market lending rate, average for transactions conducted in the last 30 business days (FTAMN).

^s Average bank lending rate in local currency.

^t Business credit, 30-367 days.

^u Average rate for loan operations for the six major commercial banks.

Table A-23
LATIN AMERICA AND THE CARIBBEAN: CONSUMER PRICES
(Percentage variation December–December)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 ^a
Latin America and the Caribbean^b	12.2	8.5	7.4	6.1	5.0	6.5	8.2	4.7	6.5	6.9
Antigua and Barbuda	...	...	...	...	0.0	5.2	0.7	2.4	2.9	3.7 ^c
Argentina	41.0	3.7	6.1	12.3	9.8	8.5	7.2	7.7	10.9	9.5 ^c
Bahamas	1.9	2.4	1.9	1.2	2.3	2.8	4.6	1.3	1.4	3.3 ^c
Barbados	0.9	0.3	4.3	7.4	5.6	4.7	7.3	4.4	6.5	10.6 ^d
Belize	...	2.3	3.1	4.2	2.9	4.1	4.4	-0.4	0.0	0.9 ^e
Bolivia (Plurinational State of)	2.5	3.9	4.6	4.9	4.9	11.7	11.8	0.3	7.2	8.3
Brazil	12.5	9.3	7.6	5.7	3.1	4.5	5.9	4.3	5.9	6.6
Chile	2.8	1.1	2.4	3.7	2.6	7.8	7.1	-1.4	3.0	3.9
Colombia	7.0	6.5	5.5	4.9	4.5	5.7	7.7	2.0	3.2	4.0
Costa Rica	9.7	9.9	13.1	14.1	9.4	10.8	13.9	4.0	5.8	4.6
Cuba ^f	7.3	-3.8	2.9	3.7	5.7	10.6	-0.1	-0.1	1.5	1.7 ^g
Dominica	0.5	2.8	-7.2	2.7	1.8	6.0	2.0	3.3	2.2	3.1 ^h
Dominican Republic	10.5	42.7	28.7	7.5	5.0	8.9	4.5	5.7	6.3	8.6
Ecuador	9.4	6.1	1.9	3.1	2.9	3.3	8.8	4.3	3.3	5.5
El Salvador	2.8	2.5	5.4	4.3	4.9	4.9	5.5	-0.2	2.1	5.1
Grenada	-0.4	1.1	2.5	6.2	1.7	7.4	5.2	-2.3	4.2	3.2 ⁱ
Guatemala	6.3	5.9	9.2	8.6	5.8	8.7	9.4	-0.3	5.4	6.1
Guyana	6.0	5.0	5.5	8.2	4.2	14.1	6.4	3.6	4.4	6.1 ^h
Haiti	14.8	40.4	20.2	15.4	10.2	9.3	17.0	2.1	6.2	10.4 ^c
Honduras	8.1	6.8	9.2	7.7	5.3	8.9	10.8	3.0	6.5	5.4
Jamaica	7.3	14.1	13.7	12.9	5.8	16.8	16.9	10.2	11.8	7.7 ^c
Mexico	5.7	4.0	5.2	3.3	4.1	3.8	6.5	3.6	4.4	3.5
Nicaragua	4.0	6.6	8.9	9.6	10.2	16.2	12.7	1.8	9.1	7.9
Panama	1.8	1.5	1.5	3.4	2.2	6.4	6.8	1.9	4.9	6.8
Paraguay	14.6	9.3	2.8	9.9	12.5	6.0	7.5	1.9	7.2	5.6
Peru	1.5	2.5	3.5	1.5	1.1	3.9	6.6	0.2	2.1	4.6
Saint Kitts and Nevis	...	...	...	...	7.9	2.1	7.6	1.0	3.9	6.6 ⁱ
Saint Vincent and the Grenadines	-0.7	0.5	3.5	5.2	9.6	0.0	3.8	1.0	-0.6	0.7 ⁱ
Saint Lucia	0.4	2.7	1.7	3.9	4.8	8.3	8.7	-1.6	2.0	...
Suriname	...	...	...	15.8	4.7	8.3	9.4	1.3	10.3	15.8 ^c
Trinidad and Tobago	4.3	3.0	5.6	7.2	9.1	7.6	14.5	1.3	13.4	3.7 ^c
Uruguay	25.9	10.2	7.6	4.9	6.4	8.5	9.2	5.9	6.9	8.4
Venezuela (Bolivarian Republic of)	31.2	27.1	19.2	14.4	17.0	22.5	31.9	26.9	27.4	28.9

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Twelve-month variation to November 2011.

^b The only English-speaking Caribbean countries included are Barbados, Jamaica and Trinidad and Tobago.

^c Twelve-month variation to October 2011.

^d Twelve-month variation to August 2011.

^e Twelve-month variation to February 2011.

^f Refers to national-currency markets.

^g Twelve-month variation to March 2011.

^h Twelve-month variation to June 2011.

ⁱ Twelve-month variation to September 2011.

Table A-24
LATIN AMERICA AND THE CARIBBEAN: CENTRAL GOVERNMENT BALANCE
(Percentages of GDP)

	Primary balance					Overall balance				
	2007	2008	2009	2010	2011 ^a	2007	2008	2009	2010	2011 ^a
Latin America and the Caribbean (33 countries)^b	1.8	1.4	-0.5	0.3	...	-0.5	-1.2	-3.4	-2.3	...
Latin America (19 countries)^c	2.3	1.3	-1.1	-0.3	0.3	0.3	-0.4	-2.9	-1.9	-1.5
Caribbean (13 countries)^d	1.4	2.0	0.6	1.4	...	-1.6	-2.0	-4.2	-2.9	...
Antigua and Barbuda	-2.7	-3.2	-7.8	1.3	...	-5.6	-5.9	-10.6	-1.1	...
Argentina ^e	2.7	2.8	1.4	1.5	1.4	0.6	0.7	-0.8	-0.1	-0.7
Bahamas	0.6	-1.0	-0.9	0.4	...	-1.2	-2.9	-3.1	-3.2	-2.4
Barbados ^f	2.3	-0.2	-4.0	-2.4	...	-1.6	-5.1	-7.9	-8.7	...
Belize	0.7	5.4	0.8	1.9	...	-1.2	1.5	-2.8	-1.9	-0.9
Bolivia (Plurinational State of) ^g	3.5	0.8	0.4	1.4	0.9	2.3	-0.0	-1.1	-0.1	-0.5
Brazil ^h	2.2	2.4	1.3	2.2	2.0	-1.9	-1.2	-3.5	-1.3	-2.0
Chile	8.8	4.8	-4.0	0.1	1.6	8.2	4.3	-4.5	-0.4	1.2
Colombia ⁱ	0.8	0.6	-1.1	-1.1	...	-2.7	-2.3	-4.1	-3.8	-4.0
Costa Rica	3.7	2.4	-1.3	-3.1	-2.8	0.6	0.2	-3.4	-5.2	-5.0
Cuba	-1.8	-5.5	-3.8	-2.1	...	-3.2	-6.9	-4.8	-3.4	0.0
Dominica	1.6	-0.7	-1.0	3.0	...	-0.9	-2.6	-2.1	1.4	...
Dominican Republic ^l	1.4	-1.9	-1.6	-0.6	0.8	0.1	-3.5	-3.5	-2.5	-1.6
Ecuador	1.9	0.3	-4.2	-1.0	-0.4	-0.1	-1.1	-5.1	-2.0	-1.5
El Salvador	2.3	1.8	-1.2	-0.4	2.0	-0.2	-0.6	-3.7	-2.7	0.4
Grenada	-3.7	-3.4	-2.8	0.2	...	-5.3	-5.0	-5.0	-1.7	...
Guatemala	0.0	-0.3	-1.7	-1.8	-1.3	-1.4	-1.6	-3.1	-3.3	-2.9
Guyana	-2.8	-2.1	5.1	6.5	...	-4.5	-3.8	-3.7	-2.9	-3.0
Haiti	-1.3	-1.0	-0.8	0.3	2.3	-1.6	-1.3	-1.3	-0.2	1.9
Honduras ^j	-2.4	-1.9	-5.5	-3.8	-2.5	-3.1	-2.5	-6.2	-4.8	-3.9
Jamaica	7.2	4.9	6.2	4.4	...	-4.2	-7.2	-5.8	-6.3	-5.1
Mexico ^k	1.9	1.6	-0.4	-1.0	-0.5	0.0	-0.1	-2.3	-2.8	-2.5
Nicaragua	1.9	0.0	-0.9	0.5	1.5	0.4	-1.2	-2.3	-1.0	-0.1
Panama	4.6	3.4	1.4	0.1	-0.3	1.2	0.3	-1.5	-2.6	-3.0
Paraguay	1.8	3.1	0.7	1.8	0.5	1.0	2.5	0.1	1.4	0.4
Peru	3.4	3.6	-0.4	1.1	1.2	1.8	2.2	-1.7	0.0	0.1
Saint Kitts and Nevis ^m	4.7	6.5	6.1	3.0	...	-1.9	-0.3	-0.6	-4.2	...
Saint Vincent and the Grenadines	-0.0	1.8	-0.0	-0.8	...	-2.5	-0.6	-2.6	-3.5	...
Saint Lucia	0.9	2.6	0.8	2.2	...	-2.0	0.0	-2.2	-0.6	...
Suriname	5.7	5.8	8.1	-5.6	...	8.0	0.0	-2.4	-2.8	-2.2
Trinidad and Tobago	3.9	9.7	-2.8	4.3	...	1.8	7.8	-5.6	-2.2	-5.5
Uruguay	2.1	1.7	1.3	1.2	1.8	-1.6	-1.1	-1.5	-1.1	-0.6
Venezuela (Bolivarian Republic of)	4.5	0.1	-3.7	-2.2	-1.4	3.0	-1.2	-5.0	-3.6	-3.5

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Preliminary figures.

^b Simple averages of the figures for 33 countries.

^c Simple averages. Includes information on 19 countries of Latin America and the Caribbean: Argentina, Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Plurinational State of Bolivia and Uruguay.

^d Simple averages. Includes information on 13 Caribbean countries: Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, Saint Kitts and Nevis, Saint Vincent and the Grenadines, Saint Lucia, Suriname and Trinidad and Tobago.

^e National public administration.

^f Non-financial public sector.

^g General government.

^h The figures are derived from the primary balance based on the below-the-line criterion and nominal interest.

ⁱ Central national government. The balance does not include the cost of financial restructuring.

^j Central administration.

^k Public sector.

^l The overall balance includes the residue.

^m Federal government.

Table A-25
LATIN AMERICA AND THE CARIBBEAN: REVENUES AND EXPENDITURES OF THE CENTRAL GOVERNMENT
(Percentages of GDP)

	Total revenue			Tax revenue			Total expenditure		
	2009	2010	2011 ^a	2009	2010	2011 ^a	2009	2010	2011 ^a
Latin America and the Caribbean (33 countries)^b	23.2	23.4	19.7	16.6	16.5	15.4	26.8	26.1	21.2
Latin America (19 countries)^c	18.7	19.3	19.7	14.5	14.8	15.4	21.6	21.2	21.2
Caribbean (13 countries)^d	27.8	27.8	...	19.4	19.0	...	32.3	31.6	...
Antigua and Barbuda	17.7	21.4	...	16.9	17.6	...	28.3	22.5	...
Argentina ^e	21.0	22.7	23.3	18.2	19.9	21.3	21.8	22.9	24.0
Bahamas	16.7	19.7	...	14.2	17.4	...	19.9	22.0	...
Barbados ^f	31.2	28.4	...	28.3	26.5	...	40.6	36.6	...
Belize	26.1	27.2	...	2.9	3.4	...	29.0	28.8	...
Bolivia (Plurinational State of) ^g	31.3	30.8	30.9	18.1	18.0	18.1	32.4	30.9	31.4
Brazil	23.1	25.0	23.7	23.1	23.0	23.7	26.7	25.9	25.6
Chile ^h	20.4	23.0	24.1	16.3	18.4	19.6	24.8	23.5	23.0
Colombia ⁱ	15.2	13.7	14.2	12.8	12.2	12.6	19.2	17.5	18.3
Costa Rica	14.1	14.6	14.6	13.8	13.5	13.6	17.5	19.8	19.6
Cuba	48.9	45.2	...	21.3	18.2	...	53.8	48.7	...
Dominica	32.8	32.7	...	25.5	26.0	...	34.9	31.3	...
Dominican Republic	13.7	13.6	14.0	13.1	12.8	13.0	16.9	16.3	15.6
Ecuador	22.3	26.0	29.3	13.9	15.2	15.2	27.3	28.0	30.8
El Salvador	13.8	15.1	15.6	12.6	13.6	14.5	17.6	17.9	15.2
Grenada	21.0	23.9	...	18.5	18.9	...	26.0	25.6	...
Guatemala	11.1	11.3	11.4	10.6	10.8	10.9	14.2	14.6	14.3
Guyana	23.0	23.8	...	21.6	22.3	...	30.8	29.4	...
Haiti	12.1	13.9	14.0	11.7	11.5	12.3	13.3	14.5	12.1
Honduras ^j	17.5	17.4	17.3	14.6	14.8	15.2	23.8	22.2	21.2
Jamaica	27.5	25.5	...	24.4	22.7	...	38.6	31.6	...
Mexico ^k	23.7	22.6	21.7	9.5	9.6	9.9	26.0	25.5	24.3
Nicaragua	21.3	21.7	23.2	17.5	18.3	19.5	23.6	22.7	23.3
Panama	18.5	18.8	19.6	10.9	11.4	12.2	19.9	21.3	22.5
Paraguay	19.6	18.7	19.5	14.4	14.5	15.0	19.5	17.4	19.1
Peru	15.6	17.0	17.4	13.4	14.5	15.0	17.3	17.0	17.3
Saint Kitts and Nevis ^l	34.2	32.7	...	21.7	19.5	...	34.8	36.9	...
Saint Vincent and the Grenadines	27.7	25.6	...	22.7	21.6	...	30.3	29.1	...
Saint Lucia	26.7	26.2	...	24.3	22.5	...	28.9	26.9	...
Suriname	49.1	43.0	...	12.2	10.0	...	45.4	57.6	...
Trinidad and Tobago	27.2	31.7	...	...	...	...	32.5	32.0	...
Uruguay	20.5	20.7	20.9	18.1	18.1	18.5	22.0	21.9	21.5
Venezuela (Bolivarian Republic of)	21.2	19.6	19.4	13.2	11.3	12.1	26.5	23.1	22.9

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Preliminary figures.

^b Simple averages of the figures for 33 countries.

^c Simple averages. Includes information on 19 countries of Latin America and the Caribbean: Argentina, Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Plurinational State of Bolivia and Uruguay.

^d Simple averages. Includes information on 13 Caribbean countries: Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, Saint Kitts and Nevis, Saint Vincent and the Grenadines, Saint Lucia, Suriname and Trinidad and Tobago.

^e National public administration.

^f Non-financial public sector.

^g General government.

^h Total revenue corresponds to revenue plus sales of physical assets.

ⁱ Central national government. Total revenue includes special funds and incorporates accrued revenues.

^j Central administration.

^k Public sector.

^l Federal government.

Table A-26
LATIN AMERICA AND THE CARIBBEAN: CENTRAL GOVERNMENT GROSS PUBLIC DEBT
(Percentages of GDP)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 ^a
Latin America and the Caribbean^b	58.1	57.3	50.9	42.9	35.9	30.0	28.6	30.0	29.5	28.1
Argentina ^c	145.9	138.2	126.4	72.8	63.6	55.7	48.5	48.5	45.1	41.2
Bolivia (Plurinational State of) ^d	77.4	86.7	81.1	75.4	49.6	37.1	34.0	34.5	34.5	33.8
Brazil ^e	37.9	34.0	31.0	30.9	31.0	30.7	24.0	29.3	27.6	27.9
Chile ^f	15.7	13.0	10.7	7.3	5.3	4.1	5.2	6.2	9.2	9.7
Colombia ^g	41.7	42.6	38.9	39.1	37.5	32.9	33.2	34.7	34.7	31.9
Costa Rica	43.6	41.3	41.0	37.5	33.3	27.6	24.9	27.5	29.5	29.3
Dominican Republic	...	...	...	22.0	20.4	18.4	24.4	28.0	28.9	26.0
Ecuador	50.7	46.2	40.8	36.1	29.5	27.7	22.9	18.2	23.0	20.0
El Salvador ^d	35.2	37.2	38.1	37.5	37.7	34.9	34.4	42.6	43.0	43.2
Guatemala ^d	18.4	20.9	21.4	20.8	21.7	21.3	20.1	22.9	24.2	23.0
Haiti ^h	60.2	57.5	46.7	44.1	36.2	33.6	42.3	34.4	22.8	20.6
Honduras	55.5	60.7	59.6	44.7	28.7	17.4	20.1	24.5	30.0	29.2
Mexico ⁱ	21.9	22.1	20.7	20.3	20.6	20.9	24.4	28.1	27.6	27.0
Nicaragua	133.7	137.7	100.6	92.6	69.5	42.7	38.2	43.6	44.5	42.3
Panama ^j	69.0	66.6	69.6	65.1	60.3	52.3	44.8	44.7	43.0	39.9
Paraguay	59.2	46.5	40.5	34.3	26.0	18.6	15.9	16.0	15.2	11.5
Peru	43.2	43.4	40.1	36.9	30.1	26.2	24.1	23.4	21.3	19.1
Uruguay	94.4	90.2	71.4	64.2	57.8	49.0	47.7	43.6	38.5	35.9
Venezuela (Bolivarian Republic of) ^k	42.4	46.3	38.1	32.8	24.1	19.1	14.0	18.2	18.3	22.0

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Preliminary figures.

^b Simple averages.

^c National public administration. As from 2005, does not include debt not presented for swap.

^d Does not include publicly guaranteed private debt.

^e Net public debt. Federal government and central bank.

^f Consolidated debt.

^g Central national government.

^h Does not include public sector commitments to commercial banks.

ⁱ Federal government.

^j Does not include domestic floating debt.

^k Non-financial public sector.

Table A-27
LATIN AMERICA AND THE CARIBBEAN: NON-FINANCIAL PUBLIC-SECTOR GROSS PUBLIC DEBT
(Percentages of GDP)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 ^a
Latin America and the Caribbean^b	64.9	62.7	55.8	48.3	40.7	33.6	32.0	33.6	32.6	30.8
Argentina ^c	184.4	156.9	143.3	87.6	76.3	66.7	57.8	57.7	52.0	47.0
Bolivia (Plurinational State of) ^d	80.2	89.5	83.9	78.1	52.4	40.0	36.8	37.6	38.1	34.0
Brazil ^e	60.4	54.8	50.6	48.4	47.3	45.5	38.5	42.8	40.7	40.5
Chile ^f	22.1	19.5	16.8	13.0	10.6	9.1	12.0	12.9	15.8	15.4
Colombia ^g	58.6	56.6	51.6	50.1	47.4	43.8	42.6	44.8	45.8	40.1
Costa Rica	45.1	45.6	46.9	42.9	38.4	31.8	29.9	34.1	36.2	35.5
Dominican Republic ^h	...	...	...	...	...	19.0	25.2	28.6	29.2	26.7
Ecuador ^d	54.7	49.5	43.7	38.9	32.0	30.2	25.0	19.6	22.8	19.9
El Salvador ^d	38.6	40.3	40.5	39.7	39.9	37.0	36.9	45.2	45.6	45.6
Guatemala ^d	19.6	22.0	22.4	21.5	21.9	21.6	20.4	23.3	24.5	23.3
Haiti ⁱ	66.5	63.5	51.1	47.5	38.7	35.9	44.5	35.0	22.9	20.6
Honduras	55.1	59.9	59.4	44.8	30.0	18.3	19.0	22.9	25.4	25.0
Mexico ^j	25.7	26.1	24.2	22.9	22.6	22.7	26.9	34.9	34.1	33.0
Nicaragua	134.1	138.0	100.7	92.8	70.0	43.5	39.3	44.8	45.6	43.4
Panama	69.4	67.0	70.4	66.2	61.0	52.9	45.4	45.6	43.4	41.8
Paraguay	64.0	49.8	43.1	36.5	27.6	22.2	19.2	18.7	16.0	12.2
Peru ^k	45.7	47.4	41.8	38.2	31.3	27.2	24.5	23.8	21.7	19.5
Uruguay	101.4	96.1	75.5	67.4	61.1	52.2	51.1	47.7	42.2	39.3
Venezuela (Bolivarian Republic of)	42.4	46.3	38.1	32.8	24.1	19.1	14.0	18.2	18.3	22.0

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Preliminary figures.

^b Simple averages.

^c Consolidated figures. In 2002, the figure refers to national public-sector debt plus provincial debt.

^d Refers to the external debt of the non-financial public-sector and central-government domestic debt.

^e Net public debt. Public sector.

^f Consolidated debt.

^g Consolidated non-financial public sector.

^h Public sector.

ⁱ Does not include public sector commitments to commercial banks.

^j Includes public sector external debt and federal government domestic debt.

^k Includes local and regional government debt owed to Banco de la Nación.



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