Economic and Social Panorama of the Community of Latin American and Caribbean States, 2015

UNITED NATIONS

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Foreword

This edition of the *Economic and Social Panorama of the Community of Latin American and Caribbean States* is a contribution by the Economic Commission for Latin America and the Caribbean (ECLAC) to the fourth Summit of Heads of State and Government of the Community of Latin American and Caribbean States (CELAC), to be held in Quito in January 2016.

This document continues the work carried out since the first summit of CELAC held in Santiago and is a testimony to our ongoing commitment to work in collaboration with the countries of the region.

This is the third occasion on which ECLAC has produced a document of this nature to support the discussions and decisions of the Heads of State and Government of CELAC at the upcoming Summit. The document has six sections summarizing the situation in Latin America and the Caribbean as regards economic, social and population affairs, as well as foreign direct investment, trade and gender equality.

This document is based on excerpts from some of the annual flagships published by the Commission in 2015: *Statistical Yearbook for Latin America and the Caribbean 2014* (LC/G.2634-P), "Population projections" of the *Demographic Observatory 2014* (LC/G.2649-P), *Preliminary Overview of the Economies of Latin America and the Caribbean, 2015* (LC/G.2655-P), *Foreign Direct Investment in Latin America and the Caribbean 2015* (LC/G.2641-P), *Latin America and the Caribbean in the World Economy. The regional trade crisis: assessment and outlook* (LC/G.2650-P), *Inclusive social development: The next generation of policies for overcoming poverty and reducing inequality in Latin America and the Caribbean* (LC.L/4056(CDS.1/3)), and *Regional review and appraisal of implementation of the Beijing Declaration and Platform for Action and the outcome of the twenty-third special session of the General Assembly (2000) in Latin American and Caribbean countries* (LC/L.3951).[1]

ECLAC has had the honour to support Ecuador in its role as Pro Tempore Chair of CELAC, as it supported Chile, Cuba and Costa Rica during their respective chairships, and hopes to continue working with this important forum for dialogue and consensus-building among the 33 countries of Latin America and the Caribbean "on the basis of a common agenda of welfare, peace and security for or peoples".

Alicia Bárcena
Executive Secretary
Economic Commission for Latin America
and the Caribbean (ECLAC)

[1] These publications are available [online] at http://www.eclac.org/publicaciones/.

I. Economic panorama

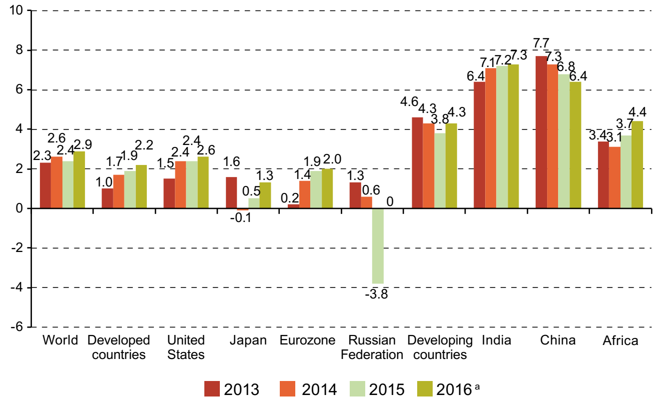
A. Growth

- World economic growth slowed from 2.6% in 2014 to 2.4% in 2015, a drop of 0.2 percentage points. Underlying this outcome was the slowdown in the developing economies, whose growth declined from 4.3% in 2014 to 3.8% in 2015, and particularly China, which grew by less than 7% for the first time since 1990 (6.8% in 2015).
- The developed countries, conversely, while still expanding much more slowly than the developing world, have picked up speed in recent years, with growth there rising from 1.7% in 2014 to 1.9% in 2015.
- Projections for 2016, while indicating a better performance than in 2015, have been revised downwards. The expectation for the year is that the global growth rate will pick up by 0.5 percentage points to 2.9%, with both developed and developing economies gaining some momentum. The growth rate should rise by three tenths of a percentage point to 2.2% in the developed countries and by five tenths to 4.3% in developing ones. China is naturally an outlier, as its economy has been moving in the opposite direction to that of the other subregions and its growth is expected to slow to 6.4%
- Metal and agricultural commodity prices have been trending steadily downward for five years, since early 2011. After declines of 11% and 6%, respectively, in 2014, the downtrend steepened in 2015, especially for metals, whose prices fell by 21%, while agricultural commodity prices dropped by 10%.
- The cumulative declines between January 2011 and October 2015 totalled almost 50% for metals and 30% for agricultural commodities. The energy group (comprising oil, natural gas and coal) saw the largest decline in the commodities category in 2015, with prices dropping by 24% between January and October. The cumulative decline between January 2011 and October 2015 was almost 50%, matching that for metals. Crude oil was the worst performer in this group, as a cumulative decline of 57% between January 2011 and late November 2015 took its price back down to levels not seen since the 2008-2009 global crisis.

Figure I.1

Selected regions and countries: gross domestic product growth, 2013-2016

(Percentages)

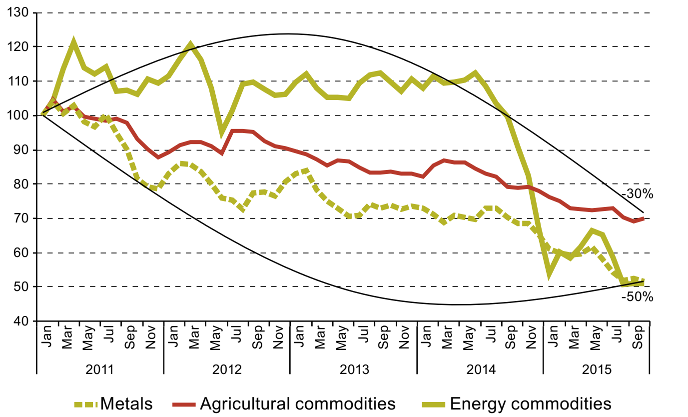


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of United Nations, *World Economic Situation and Prospects, 2016*, New York, December 2015.
[a] The figures for 2016 are projections.

Figure I.2

International commodity prices, January 2011-October 2015

(Index: January 2011=100)



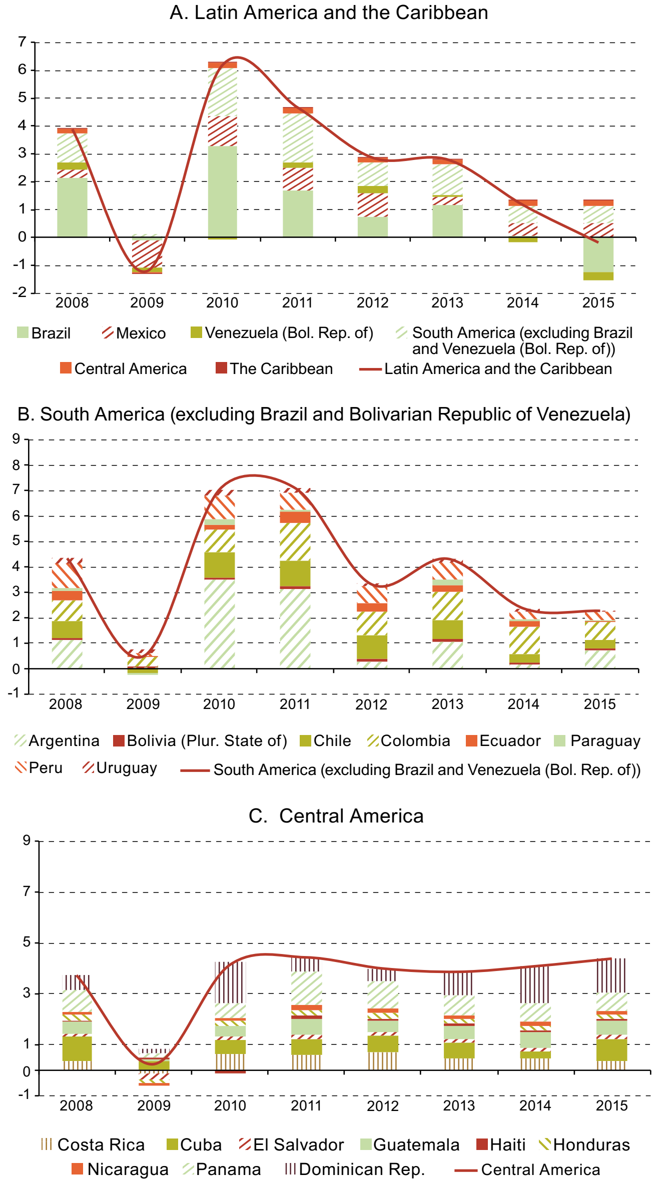
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of World Bank Commodity Price Data (Pink Sheet).

- The Latin American and Caribbean region's gross domestic product (GDP) shrank by 0.4% in 2015, which translated into a 1.5% downturn in per capita GDP. This performance, the poorest since 2009, left no doubt that the growth slowdown evident in the region over the past five years has sharpened.
- The shrinking economic activity at the regional level reflected the downturn in the South American economies, which, as a group, went from growth of 0.6% in 2014 to contraction of 1.6% in 2015. The subregion's performance was heavily influenced by the negative growth posted by Brazil and the Bolivarian Republic of Venezuela in 2015.
- The English- and Dutch-speaking Caribbean economies experienced a small uptick in growth, from 0.7% in 2014 to 1.0% in 2015, despite the impacts of natural disasters on some of these countries. Dominica, by contrast, suffered severe enough effects to produce an outright contraction in GDP in 2015.
- Economic activity gained momentum in the Central American economies and Mexico in 2015. The growth rate picked up from 4.0% in 2014 to 4.4% in 2015 in Central America, and from 2.2% to 2.5% in Mexico.
- In terms of subregions, the South American economies' contribution to the growth of the region overall has been shrinking since 2011, although it has held steady for the last three years if Brazil and the Bolivarian Republic of Venezuela are excluded from the estimates. Both Central America and the English- and Dutch-speaking Caribbean have seen their contribution to growth increase. The contribution of Brazil and the Bolivarian Republic of Venezuela has turned negative.

Figure I.3

Latin America and the Caribbean (selected countries and groupings): contribution to regional GDP growth, 2008-2015

(Percentages on the basis of dollars at constant 2010 prices)



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

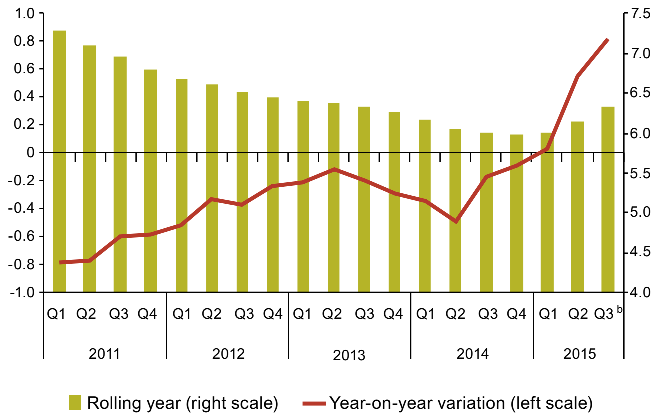
B. Employment and wages

- Whereas an unusually sharp fall in the labour participation rate mitigated the labour market impact of the economic slowdown in 2014, a year later the labour market's adjustment to the cooling regional economy reverted to the more usual historical patterns in Latin America and the Caribbean. In 2015, the decline in labour participation stopped, and the larger number of individuals seeking income in the job market amid slack labour demand pushed up both open unemployment and time-related underemployment. It also caused a deterioration in employment composition, with a larger proportion of employment appearing in low-productivity activities, particularly own-account work, and very sparse creation of wage employment. As a result, average labour productivity declined sharply. In some countries, rising inflation also eroded real wages, which, compounded by the weak growth of employment and its deteriorating composition, reduced household purchasing power.
- However, labour market performance varied between the region's countries, with average employment and unemployment rates for the year overall not yet worsening in most cases, whereas the regional weighted average is largely determined by the adverse trend of the labour market in Brazil. Nonetheless, gradual downturn in the labour market became increasingly the rule as the year unfolded.
- The unemployment rate, which had come down very sharply since 2010 following its spike in 2009, started to climb again in the first quarter of 2015. Measured as a four-quarter moving average, unemployment reached 6.1% in the second quarter of 2015 and 6.4% in the third. As an average for the calendar year, a further increase to 6.6% is expected, representing an estimated 1.5 million additional urban unemployed and pushing the total up to 14.7 million.
- Owing to the weak labour demand, wage-earning employment barely moved in the first half of 2015 (a rise of 0.4%, compared to 0.8% in 2014), measured as the weighted average for the countries with information available, and the total increase in employment (1.3%) represented mainly employment in non-wage categories. In particular, growth in own-account work quickened from 2.2% in 2014 to 2.8% in the first half of 2015, consistently with this category of employment's countercyclical behaviour over the past few years (see figure V.3). In general, but particularly in a context of weak labour demand, this type of work is of worse quality than wage-earning employment; so these contrasting dynamics indicate the deterioration of the average quality of employment.

Figure I.4

Latin America and the Caribbean (10 countries):[a] urban unemployment rate, rolling year and year-on-year variation, first quarter 2011 to third quarter 2015

(Percentages and percentage points)



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

[a] The countries included are Argentina, the Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Ecuador, Jamaica, Mexico, Peru and Uruguay). The 2015 figures for the Bolivarian Republic of Venezuela are estimates based on partial data.

[b] Preliminary figures.

- The regional figures are greatly affected by the performance of the region's largest economies, but the other reporting countries also display widely varying results. Figure I.6 shows that in five of the 14 countries considered, the urban employment rate outpaced the participation rate (countries shown above the diagonal), so open unemployment declined. In four countries, the two rates behaved similarly, and unemployment remained broadly stable; and in another five countries, unemployment rose, in most cases because the employment rate dropped faster than the participation rate.
- In general, participation and employment rates have both continued to rise among women, while falling slightly for men. As a result, the wide gap between the male and female rates has narrowed somewhat. However, should labour demand remain weak, then women are likely to suffer more than men from job shortages.

Figure I.5

Latin America and the Caribbean: economic growth and employment creation, 2000-first half of 2015

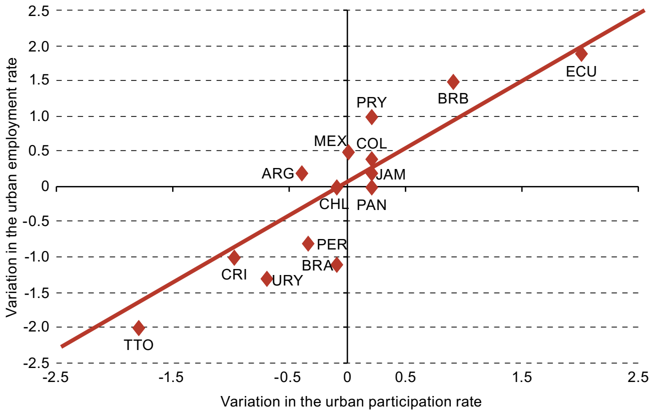
(Percentages)

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

Figure I.6

Latin America and the Caribbean (14 countries): year-on-year variation in the urban participation and employment rates, 2014-2015 (average for first-third quarters)

(Percentage points)



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

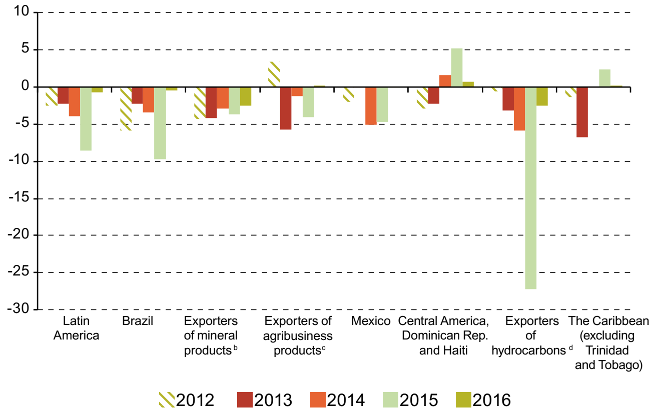
C. Terms of trade

- The sharp falls in commodity prices across the world were reflected in the average prices at which Latin America and Caribbean countries export those products. Given that 44% of the region's exports are commodities, the drop in the prices of most of these products has a major effect on its export prices, and in fact the Latin American export commodity price index shows a fall of 30% from its 2014 level. Oil has led this fall, losing 48%, followed by minerals and metals, where prices fell by 23%, and agricultural products, whose prices were down by 15%.
- Commodity prices are expected to fall again in 2016, although less steeply than in 2015, so the prices of Latin American and Caribbean commodity exports can be expected to deteriorate slightly overall.
- The impact of lower commodity prices on each country's terms of trade varies according to the weighting of the different products in their individual export and import baskets. For the region as a whole, the terms of trade are estimated to have deteriorated by 9% in 2015, making this the fourth consecutive year of deterioration.
- The Central American countries, along with the Dominican Republic and Haiti, benefited from the fall in the prices of energy products, of which they are large net importers. For this group, the terms of trade improved by 5%. The same happened in the Caribbean food- and fuel-importing countries (generally all Caribbean countries apart from Trinidad and Tobago), where the terms of trade rose by 2% in 2015.
- In contrast, the countries worst affected by the trend of foreign trade prices during the year were those whose exports are mainly concentrated in hydrocarbons (Bolivarian Republic of Venezuela, Colombia, Ecuador, Plurinational State of Bolivia, and Trinidad and Tobago), because their terms of trade fell by 27% in 2015.
- In countries whose exports are concentrated in minerals and metals, and also in the group that exports agribusiness products, the terms of trade declined by 4%. In several of these countries, lower export prices were partly offset by a reduction in the prices of their energy product imports, so the terms-of-trade deterioration was mitigated.

Figure I.7

Latin America and the Caribbean (selected countries and groupings): rate of variation in the terms of trade, 2012-2016 [a]

(Percentages)



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

[a] The figures for 2015 and 2016 are estimates and projections, respectively.

[b] Chile and Peru.

[c] Argentina, Paraguay and Uruguay.

[d] Bolivarian Republic of Venezuela, Colombia, Ecuador, Plurinational State of Bolivia and Trinidad and Tobago.

- Aside from terms-of-trade movements in the different countries and subregions, it is worth quantifying the monetary losses or gains caused by the differential trend of the countries' import and export prices between 2014 and 2015. In the latter year, these losses amounted to nearly US$ 92 billion, equivalent to 1.9% of regional GDP. By country grouping, the largest losses occurred in hydrocarbon-exporting economies (with losses equivalent to 4% of their GDP). By contrast, the group consisting of Central America, the Dominican Republic and Haiti gained from the export and import price trends by an amount equivalent to 2.4% of their GDP.
- Given the expected future path of export commodity prices, the terms of trade for Latin America as a whole look set to decline further in 2016, although the fall will be much less steep than in 2015.

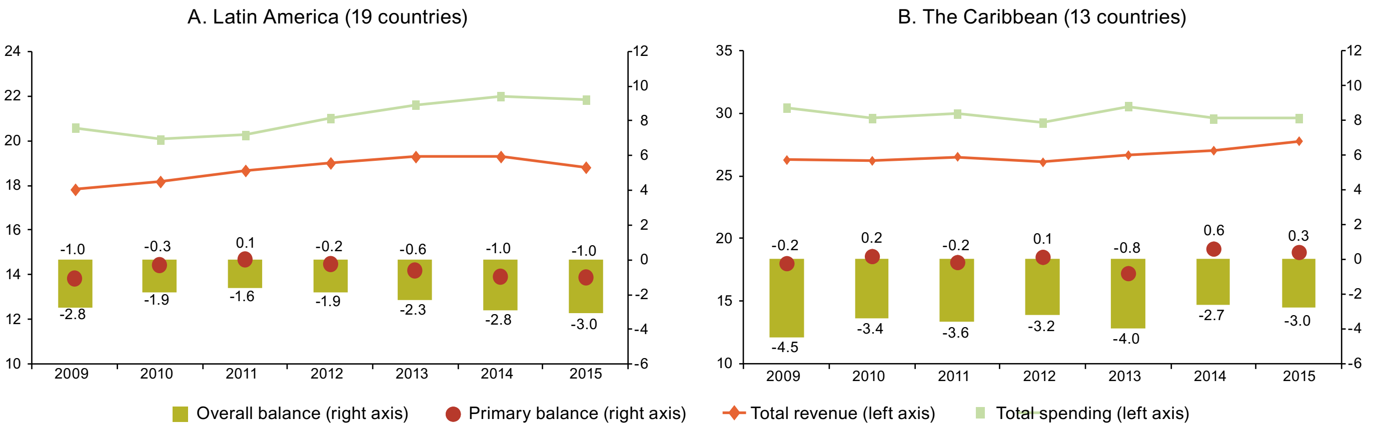
D. Fiscal policy

- At the central government level, the average fiscal outcome in 2015 is expected to be a primary deficit of 1% of GDP and an overall deficit (including public debt interest payments) of 3% of GDP. For the first time since 2009, all the countries of Latin America are running fiscal deficits, although fiscal revenue and spending levels are considerably higher this year.
- According to the information in each country's official budgets, the fiscal situation in 14 of the 19 countries of Latin America held fairly steady or improved in 2015. In a number of the region's countries, a substantial drop in fiscal revenues resulting from lower export commodity prices was offset by proportional adjustments in public spending.

Figure I.8

Latin America and the Caribbean: central government fiscal indicators, 2009-2015

(Percentages of GDP)



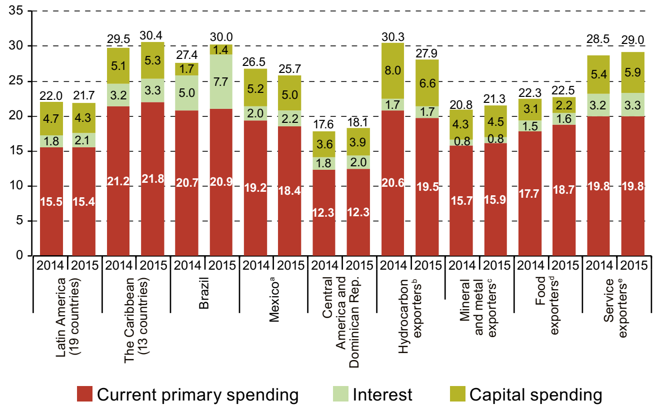
Source: Economic Commission for Latin America and the Caribbean (CEPAL), on the basis of official figures and budgets and unofficial estimates.

- The heterogeneity of the macroeconomic performance and production specialization of the region's countries is reflected in an array of fiscal outcomes. In the Caribbean and Central America, in particular, the public finances have benefited from a significant and positive twofold fiscal shock, with fairly vigorous growth and lower oil outlays.
- Most of the countries that have experienced negative external shocks have adjusted their spending levels to keep the public accounts under control and counteract the drop in fiscal revenues, with the budgets presented suggesting the trend will continue in 2016. On average, public debt has held steady as a share of GDP, mainly because interest rates are currently low, although this unprecedented situation could be reversed by future rises.
- The figures available show certain general trends in public spending. On average, according to the adjustments announced in a number of Latin American countries, capital spending in the region dropped by an average of 0.4 points of GDP, in contrast to the substantial increases of 2014. There were sharp falls in oil-exporting countries (Bolivarian Republic of Venezuela, Colombia, Ecuador, the Plurinational State of Bolivia and Trinidad and Tobago) and in Brazil, Costa Rica, Honduras, Panama and Paraguay. Public investment increased significantly in the rest of Central America and in Chile.

Figure I.9

Latin America and the Caribbean: disaggregated central government spending, by subregion and country grouping, 2014-2015

(Percentages of GDP)



Source: Economic Commission for Latin America and the Caribbean (CEPAL), on the basis of official figures and budgets and unofficial estimates.

[a] Federal public sector.

[b] Bolivarian Republic of Venezuela, Colombia, Ecuador, Plurinational State of Bolivia and Trinidad and Tobago.

[c] Chile and Peru.

[d] Argentina, Paraguay and Uruguay.

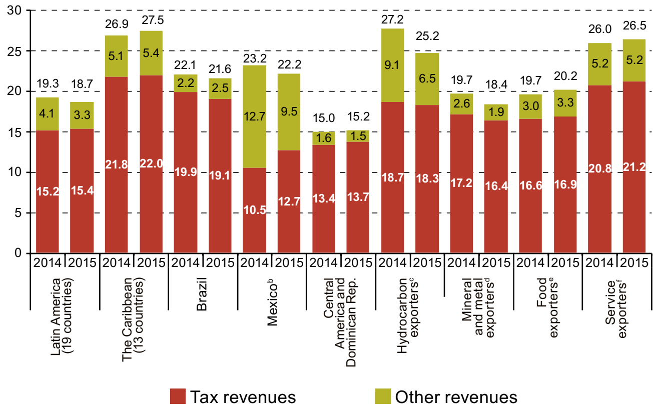
[e] Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Grenada, Jamaica, Panama, Saint Kitts and Nevis, Saint Lucia and Saint Vincent and the Grenadines.

- Fiscal revenues deteriorated in Latin America in 2015, mainly because of a drop in income from non-renewable natural resources. The collapse of the international crude oil price dealt a blow to the public accounts of the region's producing countries. Overall revenues, and non-tax revenues in particular, declined particularly sharply in Mexico (3.2 GDP points) and the other hydrocarbon-exporting countries (2.6 points). The non-tax revenues of mineral and metal exporters declined yet again (by 0.7 percentage points of GDP in Chile and 0.5 in Peru), in line with the steady fall since 2011 in the prices fetched by their commodities. Conversely, fiscal revenues held fairly steady in the Central American countries and increased in the Caribbean.
- Although the year was marked by the loss of revenues from non-renewable natural resources, this decline was partly offset in a number of countries by increased tax revenues. On average, Latin America succeeded in increasing tax pressure by 0.2 percentage points of GDP, led by Chile (0.5 GDP points), Mexico (2.2 points) and Ecuador (1.0 points), where recent reforms and measures have generated greater revenues.

Figure I.10

Latin America and the Caribbean: total central government fiscal revenues and tax revenues by subregion and country grouping, 2014-2015 [a]

(Percentages of GDP)



Source: Economic Commission for Latin America and the Caribbean (CEPAL), on the basis of official figures and budgets and unofficial estimates.

[a] The 2015 figures are estimates.

[b] Federal public sector.

[c] Bolivarian Republic of Venezuela, Colombia, Ecuador, Plurinational State of Bolivia and Trinidad and Tobago.

[d] Chile and Peru.

[e] Argentina, Paraguay and Uruguay.

[f] Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Grenada, Jamaica, Panama, Saint Kitts and Nevis, Saint Lucia and Saint Vincent and the Grenadines.

II. Foreign direct investment

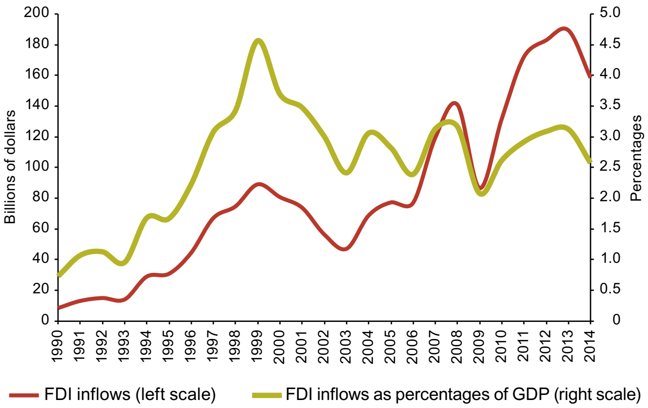
A. Foreign direct investment in Latin America and the Caribbean

- Global foreign direct investment (FDI) flows were down by 7% in 2014, but flows to developing and developed economies differed significantly. Flows to the developed economies fell by 14%, as FDI to North America plummeted by 54%, owing principally to a single divestment in the United States. The Russian Federation faced sanctions, among other economic challenges, which led to a 51% fall in inflows to the transition economies in 2014, while inflows to the developing economies rose by 4%.
- FDI in Latin America and the Caribbean fell by 16% in 2014 to US$ 158.803 billion. Outflows of FDI from the region were also down, by 12%. Both these trends were driven by the decline in prices of export commodities and the economic slowdown in the region. Nevertheless, FDI remains very important for the economies in the region, especially for smaller Caribbean economies.
- As a share of GDP, FDI inflows in Latin America and the Caribbean stood at 2.6%, which is somewhat lower than the region's long-term average, although this proportion also varies significantly throughout the region. Smaller economies generally have high FDI-to-GDP ratios, with economies in the Caribbean regularly reaching levels as high as 10% of GDP. Larger economies typically have much lower ratios, for instance 1.5% of GDP in Brazil1 and 2.0% of GDP in Mexico. FDI inflows are equivalent to as much as 10% of GDP in Panama, and slightly less in Chile and Nicaragua.

■ **Figure II.1** ■

Latin America and the Caribbean: foreign direct investment inflows, 1990-2014 [a]

(Billions of current dollars and percentages of GDP)



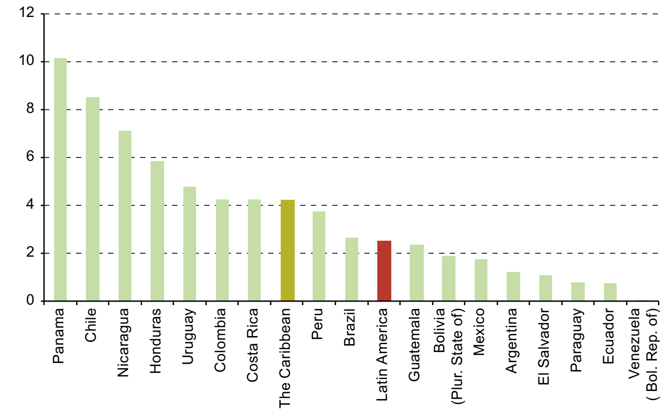
Source: Economic Commission for Latin America and the Caribbean (ECLAC) on the basis of official figures and estimates as of 18 May 2015.

[a] Figures do not include flows into the main financial centres of the Caribbean. FDI figures indicate inflows of foreign direct investment, minus disinvestments (repatriation of capital) by foreign investors.. These figures differ from those set out in the 2014 editions of the Economic Survey of Latin America and the Caribbean and the Preliminary Overview of the Economies of Latin America and the Caribbean because these publications show the net balance of foreign investment, that is, direct investment in the reporting economy (FDI) minus outward FDI.

■ **Figure II.2** ■

Latin America and the Caribbean: foreign direct investment as a proportion of GDP, 2014

(Percentages)



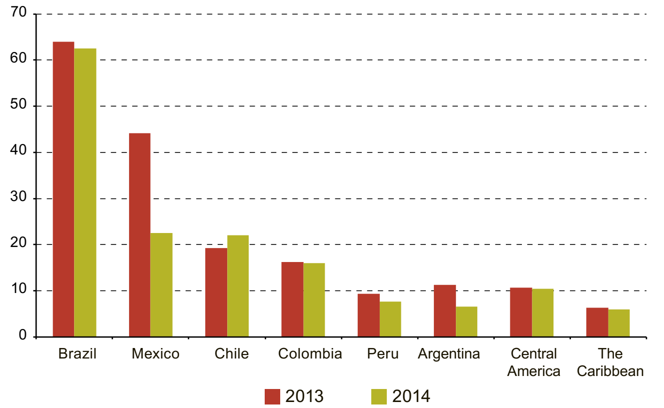
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures and estimates as of 18 May 2015.

- The sectoral distribution of FDI in 2014 also differed substantially from previous years. The share of natural resources in FDI inflows fell to 17%, compared with an average of 22% in 2009-2013. The share of manufacturing dipped to 36%, thus strengthening the dominant position of the services sector, which received 47% of inflows in 2014, compared with 38% in 2009-2013. In some economies, such as Colombia, Ecuador and the Plurinational State of Bolivia, the natural resources sector continued to receive a large share of FDI, but even in these economies that share waned. The reason for this was the decline in the prices of minerals, which had been occurring since 2012, but started to affect FDI inflows only in 2015. The price of oil dropped by half in the latter months of 2014 after remaining stable for several years.
- There is some evidence that the technology intensity of FDI in the region is increasing: FDI in medium-high and high technology sectors now accounts for some 60% of total inflows, although with large differences between countries. Mexico receives the highest share of such FDI, followed by Brazil, owing mainly to large investments in the automotive sector (medium-high technology), which is having a transformative impact on those economies.
- With respect to the source countries of investment, the Netherlands is now the largest investor country in Latin America, accounting for 20% of inflows that can be attributed to source countries. This chiefly reflects the Netherlands' position as by far the largest investor in Brazil, since it is the source of 29% of flows into that country. The United States was responsible for 17% of inflows during 2014. Its investments account for a large share of total FDI in Mexico (29%), Colombia (14%) and Central America (33%). Spain is the third largest investor in the region, having nearly quadrupled its share to 10%. Spain has a particularly strong presence in Mexico (18%), Colombia (13%) and some of the Central American economies. Two large acquisitions by Spanish companies in 2014 are evidence of the recovery of Spanish inflows after several years of weak inflows. Official FDI from Asia to the region is minimal, accounting for some 6% of total flows in 2014, of which one sixth comes from China.

Figure II.3

Latin America and the Caribbean (selected countries): inward foreign direct investment, 2013-2014

(Billions of dollars)

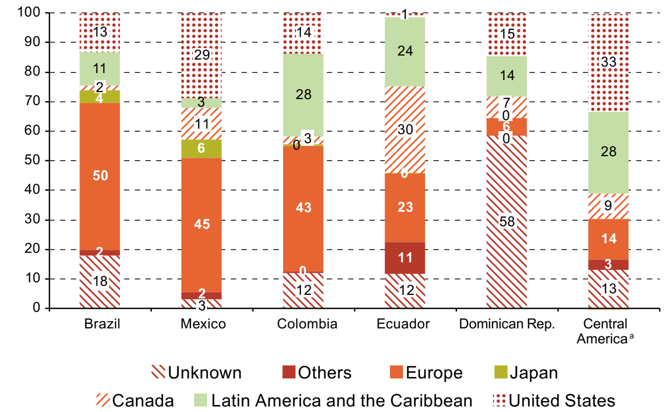


Source: Economic Commission for Latin America and the Caribbean (ECLAC) on the basis of official figures and estimates as of 18 May 2015.

Figure II.4

Latin America (selected countries and subregions): origin of foreign direct investment, 2014

(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures and estimates as of 18 May 2015.

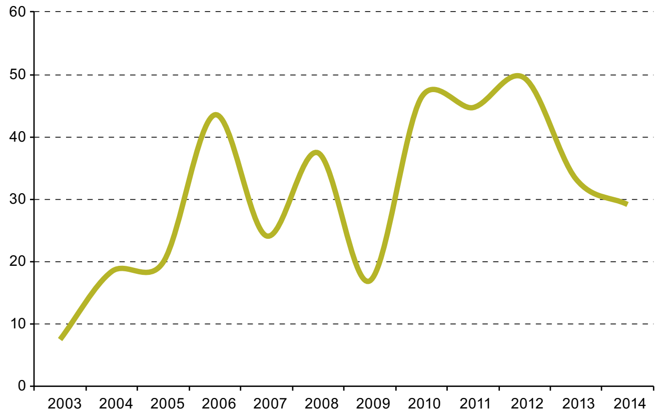
[a] Central America includes Costa Rica, El Salvador, Guatemala and Honduras.

- Outward FDI decreased for the second year in a row, falling by 12% to US$ 29.162 billion in 2014. The same factors behind the overall drop in FDI inflows to the region also explain the lower FDI outflows since the vast majority of trans-Latin corporations invest within the region. Outflows from Colombia and Mexico dropped markedly in 2014, whereas outflows from Chile increased. Brazil's FDI outflows have been negative for four years running, owing to large inter-company loans that seek to bypass the high cost of capital in the country. Despite the fall in outflows from Mexico, Mexican trans-Latins continue to dominate the list of cross-border acquisitions. Peru became the third largest investor abroad in 2014, with outflows of US$ 4.452 billion.

Figure II.5

Latin America and the Caribbean: outflows of foreign direct investment, 2003-2014

(Billions of dollars)



Source: Economic Commission for Latin America and the Caribbean (ECLAC) on basis of official figures and estimations as of 18 May 2015.

B. Transnational corporations and the environment

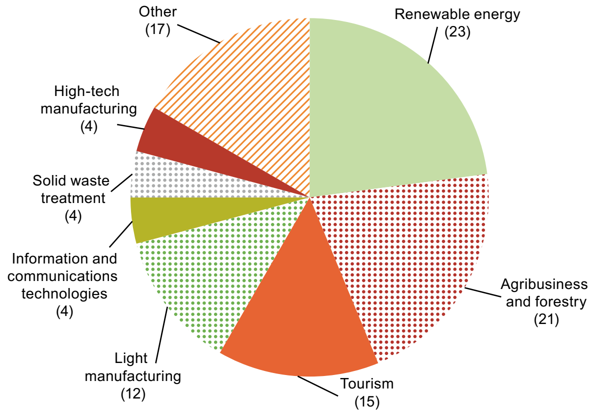
- Despite the recent weakening of FDI inflows, transnational corporations have a very significant —and still growing— presence in Latin American and Caribbean economies, and their environmental footprint is therefore large as well. Transnational corporations played a major role in establishing certain consumption and production patterns (including the rise in car ownership) which have long-term implications for the region's environmental sustainability. Their investment strategies can therefore have very significant implications regarding the environmental impact of economic activity.
- Foreign direct investment may be expected to have a more serious environmental impact in countries where it is concentrated in mining and heavy industry, though the actual impact of each investment is contingent on government regulations (and their enforcement) and the actions taken by companies.
- Looking to the future, substantial investments will be required to make the economies of Latin America and the Caribbean more environmentally sustainable. Worldwide, it is estimated that current investment falls as much as US$ 1 trillion short of that needed to meet the Sustainable Development Goals on climate action and clean water and sanitation. To cover this gap, the private sector will need to make a larger contribution in developing countries and transnational corporations will be key stakeholders in this process, since they hold considerable assets in Latin America and the Caribbean and have the technological and institutional wherewithal needed to enhance sustainability.

- All the region's countries have environmental policies, but they are seldom coordinated with investment promotion efforts. Still, almost two thirds of investment promotion agencies claim to consider the environmental impacts of FDI and, despite limited room for manoeuvre, many have programmes to attract FDI based on green criteria, with a strong focus on renewable energy. Governments should aim to ensure consistency between FDI promotion policies and other policies that have a bearing on the environment, such those on energy, transport, industry and urban development.

Figure II.6

Latin America and the Caribbean: [a] **target sectors for attracting green investment**

(Percentage of total responses)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of information provided by the respective countries.

[a] Includes responses by investment promotion agencies in 19 of the region's countries, out of a possible total of 31, to a survey conducted between October and December 2014.

III. The region in the world economy

A. World trade

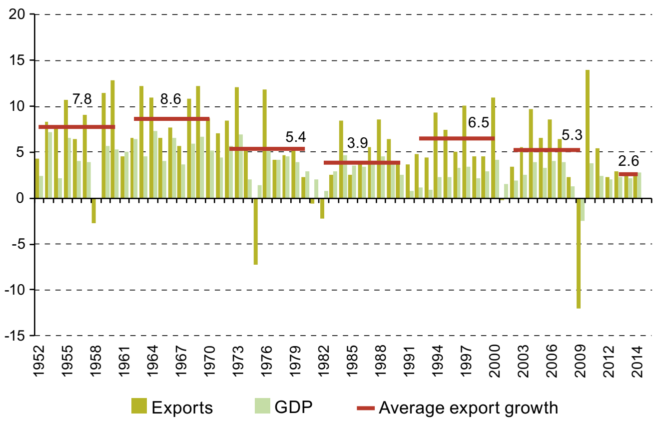
- World trade was highly dynamic between 1952 and 2014, with world export volumes growing by more than GDP in 52 of the 62 years of the period.
- Seven years on from the outbreak of the 2009-2009 economic and financial crisis, world trade has yet to recover the momentum of most of the post-war period.
- Trade lost momentum after the global crisis and its growth rate fell below that of output. After dropping by 12% in 2009 and recovering by 14% in 2010, it seems to have plateaued.

Between 2012 and 2014, world exports averaged volume growth of only 2.6%, which almost exactly matched the average expansion of the world economy in the same period (2.5%) and was just half the average rate attained in the run-up to the crisis (2001-2008). World trade looks even more sluggish when measured by value, since the global export price index has moved only downward since 2012 as the prices of commodities, especially oil and metals, have declined.

■ **Figure III.1** ■

Annual variations in global goods export volumes and global GDP, 1952-2014

(Percentages)

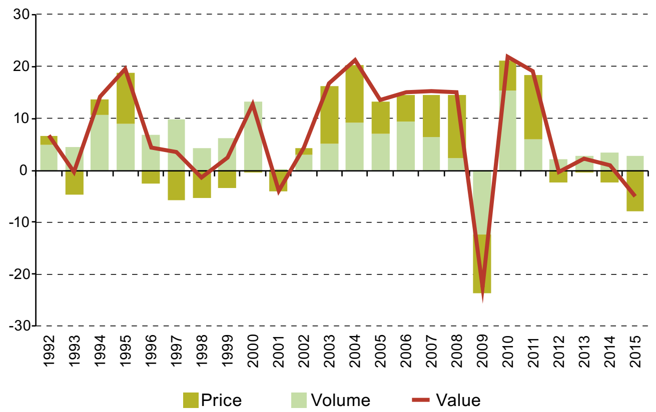


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of data from the World Trade Organization (WTO) and the International Monetary Fund (IMF).

■ **Figure III.2** ■

Annual variations in global goods exports by value and volume, 1992-2015 [a]

(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of Netherlands Bureau for Economic Policy Analysis (CPB), World Trade Database [online] http://www.cpb.nl/en/world-trade-monitor.

[a] Figures for 2015 are ECLAC projections based on data from the World Trade Organization (WTO) and the United Nations Commodity Trade Statistics Database (COMTRADE) and price series information for the period from January to August 2015.

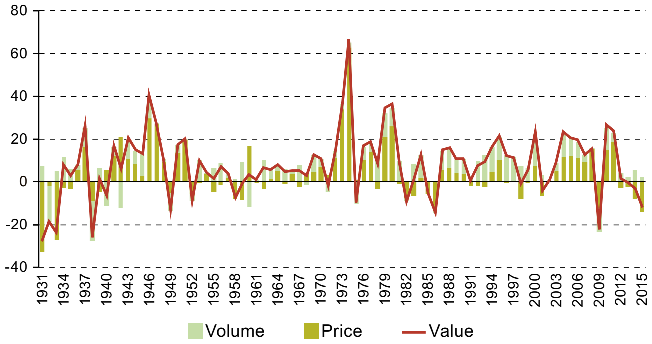
B. Export performance of Latin America and the Caribbean

- Exports from Latin America and the Caribbean declined for the third year running in 2015, with their value projected to fall by 14%. Such a situation has not been seen in 83 years, since the Great Depression, when the value exported fell by an annual average of 23% between 1931 and 1933. The prices of the regional export basket in 2015 are expected to fall more sharply in 2015 than during the recent economic crisis in 2009. Given the inauspicious price outlook for 2016, the probability of a further contraction in exports is high.
- Weak aggregate demand in Latin America and the Caribbean and in several of its main extraregional markets largely accounts for its poor export performance in 2015. Depressed global demand has dragged down commodity prices significantly, especially for oil, coal, copper, iron, zinc, silver, nickel, gold, soybean, corn, cotton, sugar, coffee and fish products. This situation has hit the region hard because it has a commodity-intensive export structure and offers only a limited range of the higher-technology products whose prices have fallen less.

Figure III.3

Latin America and the Caribbean: variations in exports by value, price and volume, 1931-2015 [a]

(Percentages)



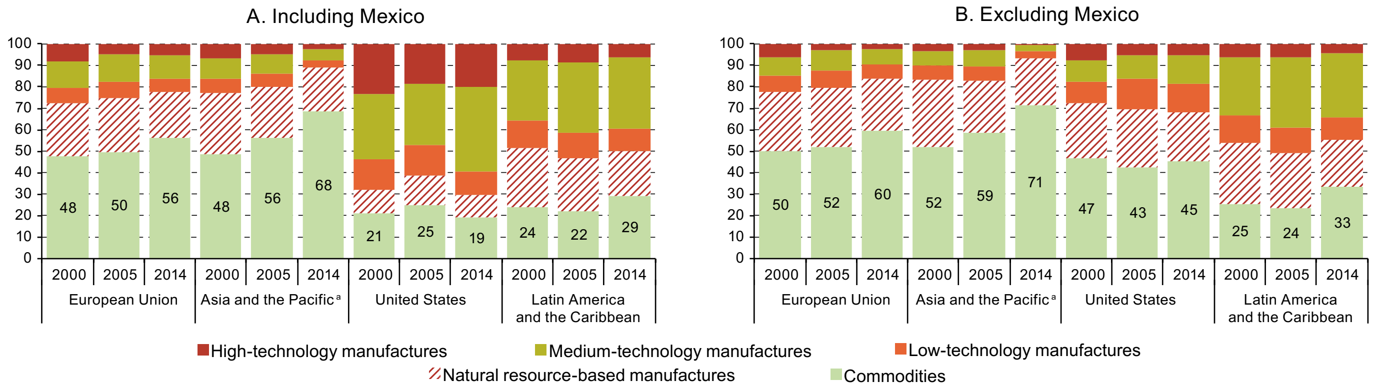
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of ECLAC, "América Latina: relación de precios de intercambio", Cuadernos Estadísticos de la CEPAL, No. 1, Santiago, 1976; and data from regional indices with a 2010 baseline.

[a] Figures for 2015 are projections.

Figure III.4

Latin America and the Caribbean: structure of exports to selected destinations by technology intensity, 2000, 2005 and 2014

(Percentages)



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

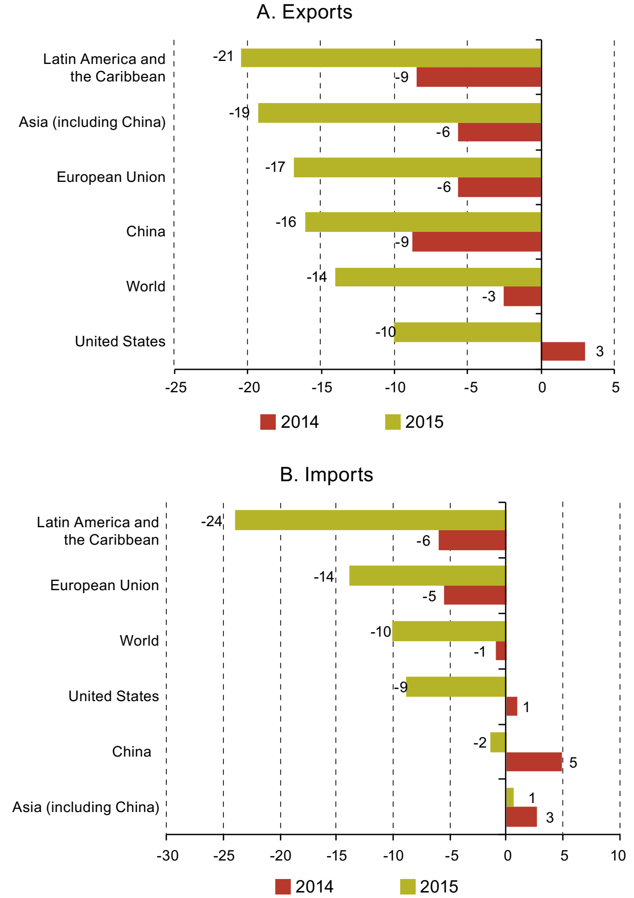
[a] Includes members of the Association of Southeast Asian Nations (ASEAN), Australia, China, India, Japan, New Zealand and the Republic of Korea.

- During the decade-long commodities boom, the region —and especially South America— increased its dependence on exports of commodities, which dominate shipments to Asia and the European Union in particular. Commodities feature less strongly in exports within the region itself and to the United States. Their smaller share of exports to this latter market is attributable chiefly to Mexican industrial exports: if Mexico is excluded, the share of commodities in the value of the region's exports to the United States in 2014 was 45% rather than 19%.
- The decline in the region's exports and imports in 2015 affected the region's trade with all its main partners. Besides the sharp contraction in intraregional trade, there was a particularly large fall in trade with the European Union. The smallest decreases were in exports to the United States, while in the case of imports, a slight increase occurred in those from Asia.
- The countries that export oil and its derivatives, natural gas and metals (mostly South American economies) have experienced the greatest drop in export values and deterioration in their terms of trade. By contrast, most Central American and Caribbean economies (with the exception of Trinidad and Tobago), as net importers of fuels and food, recorded a terms-of-trade gain. Mexico's terms of trade deteriorated by less than the regional average because, despite being affected by the sharp fall in oil prices, most of its exports are manufactured goods.

Figure III.5

Latin America and the Caribbean: variations in the value of goods trade by origin and destination, 2014 and 2015 [a]

(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures from the countries' central banks, customs offices and national institutes of statistics.

[a] Figures for 2015 are projections.

C. Intraregional trade

- ECLAC projects that the value of intraregional exports dropped by about 21% in 2015, some 8 percentage points more than shipments to the rest of the world. This will be the second consecutive year's decline in shipments within the region, and also the second year in which they drop by more than extraregional exports. Intraregional imports are expected to fall by even more than exports (-24%). This highlights the strongly procyclical behaviour of intraregional trade. The exception to this pattern is trade between Central American countries.
- The largest declines in intraregional trade were in South America and the Caribbean. In the first half of 2015, trade within MERCOSUR and within the Andean Community contracted by 23% and 20%, respectively. Trade between Argentina and Brazil contracted by 17% in the first half of 2015, with reciprocal purchases of industrial manufactures (especially intermediate goods, consumer durables and capital goods) falling yet more (25%).
- The weakness of intraregional trade is worrying because such trade is typically more intensive in high value added products than extraregional trade and characterized by a greater presence of small and medium-sized enterprises (SMEs), which account for much of job creation. Intraregional trade contracted heavily in the first half of 2015, although not as much as during the global economic crisis.
- The intraregional trade situation in South America stands in contrast to trade between the Central American countries, which grew slightly in the same period. This is because of the stronger economic activity in Central America and the deeper production integration between its economies.

■ **Figure III.6** ■

Latin America and the Caribbean: variation in intraregional and extraregional exports by value, 2005-2015 [a]

(Percentages)

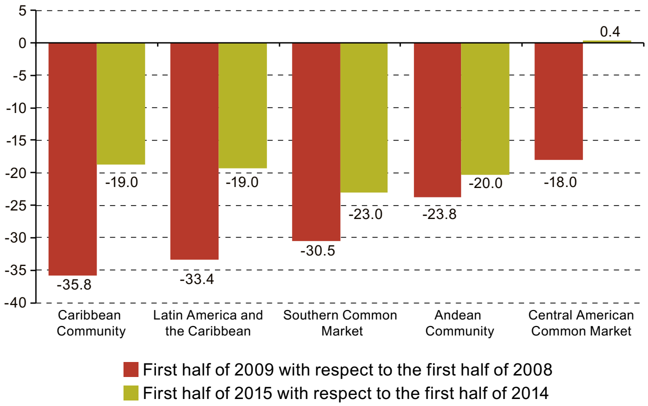
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures from the countries' central banks, customs offices and national institutes of statistics.

[a] Figures for 2015 are projections.

■ **Figure III.7** ■

Latin America and the Caribbean (selected groupings): variations in intraregional exports, first half of 2009 and first half of 2015

(Percentages with respect to the year-earlier period)



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

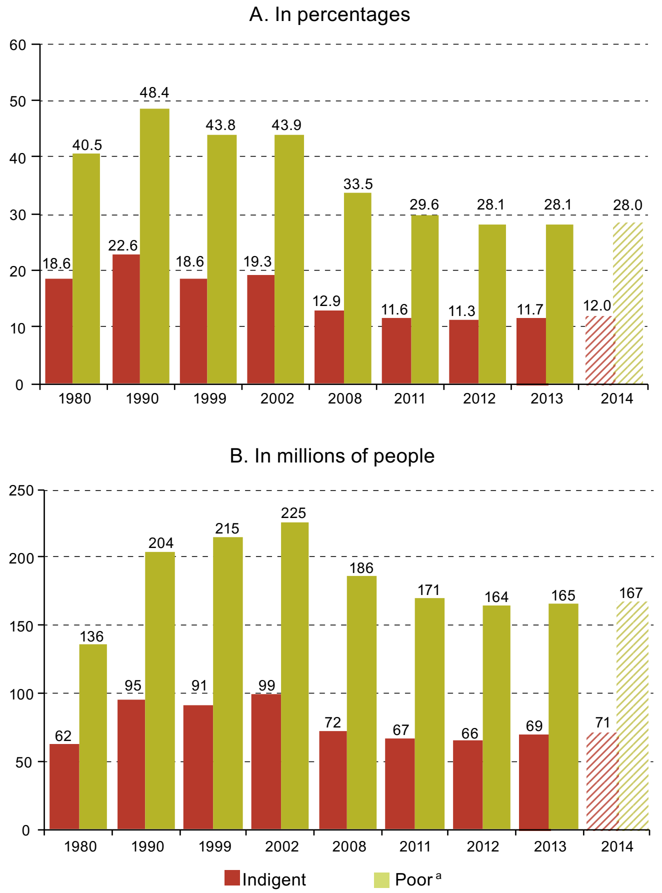
IV. Social panorama

A. Poverty (measured by income)

- In recent years, the region has made noteworthy progress in reducing poverty and extreme poverty. Following the jump in poverty recorded during the 1980s, the proportion of poor among the population as a whole fell over the following decade, from 48.4% in 1990 to 43.8% in 1999. Similarly, the proportion living in extreme poverty fell from 22.6% to 18.6% over the same period. In absolute terms, those figures mean that the region's extremely poor fell from 95 million to 91 million, but the number of poor rose from 204 million to 215 million.
- The reduction of poverty and extreme poverty steepened over the following decade, particularly between 2002 and 2012, in both absolute and relative terms. The decrease in poverty, on average, totalled a cumulative 15.7 percentage points since 2002: from 43.9% to 28.1%. Extreme poverty also fell significantly, by 8 percentage points (from 19.3% to 11.3%); however, the rate of that reduction has flattened in recent years, chiefly because of food costs rising more rapidly than overall inflation.
- In 2012 and 2013, the poverty reduction process plateaued. This occurred in a context of low global economic growth, the end of the commodity boom, heightened inflationary pressure and curtailed capacity to create and formalize employment.

■ Figure IV.1 ■

Latin America: poverty [a] and indigence, 1980-2014



Source: Economic Commission for Latin America and the Caribbean (ECLAC), *Social Panorama of Latin America 2014* (LC/G.2635-P), Santiago.

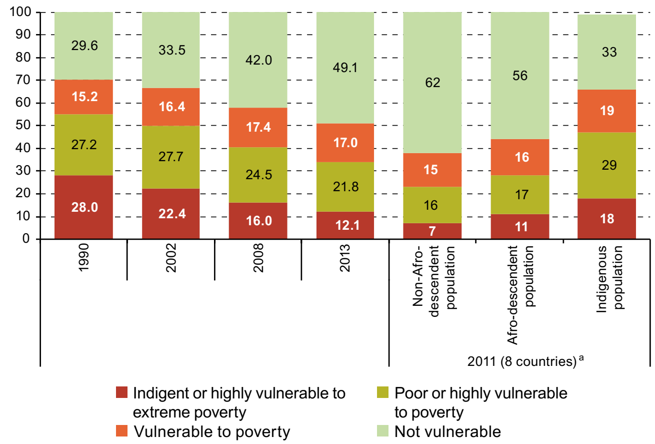
[a] The figures for the poor population include the indigent population.

- Currently, estimates for 19 Latin American countries indicate that in 2014, there were 167 million people living in poverty, with 71 million of them in extreme poverty.
- What is more, large sectors of Latin America's population still risk slipping back into poverty or extreme poverty, amid slacker economic growth, slower job creation, increased levels of unemployment and informal work, and obstacles to the expansion of social spending.
- Despite a major reduction during the period under review (from 70.4% in 1990 to 50.9% in 2013), less than half the region's population (49.1%) can be considered not vulnerable to poverty. The rates of extreme poverty, poverty and vulnerability tend to be highest among those segments of the population that, because of a lack of appropriate and systematic information, tend not to be visible in the analyses. Thus, when the population is broken down by ethnic or racial origin, poverty, indigence and vulnerability are seen to be much higher among indigenous and Afro-descendent populations.

Figure IV.2

Latin America (weighted average for 18 countries and for 8 countries): profile of income vulnerability, around 1990, 2002, 2008 and 2013, and by race or ethnic group, around 2011

(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of data from household surveys conducted in the countries.

[a] Weighted average for Brazil (2011), Chile (2011), Ecuador (2011), Mexico (2010), Paraguay (2011), Peru (2011), the Plurinational State of Bolivia (2009) and Uruguay (2011).

B. Income inequality

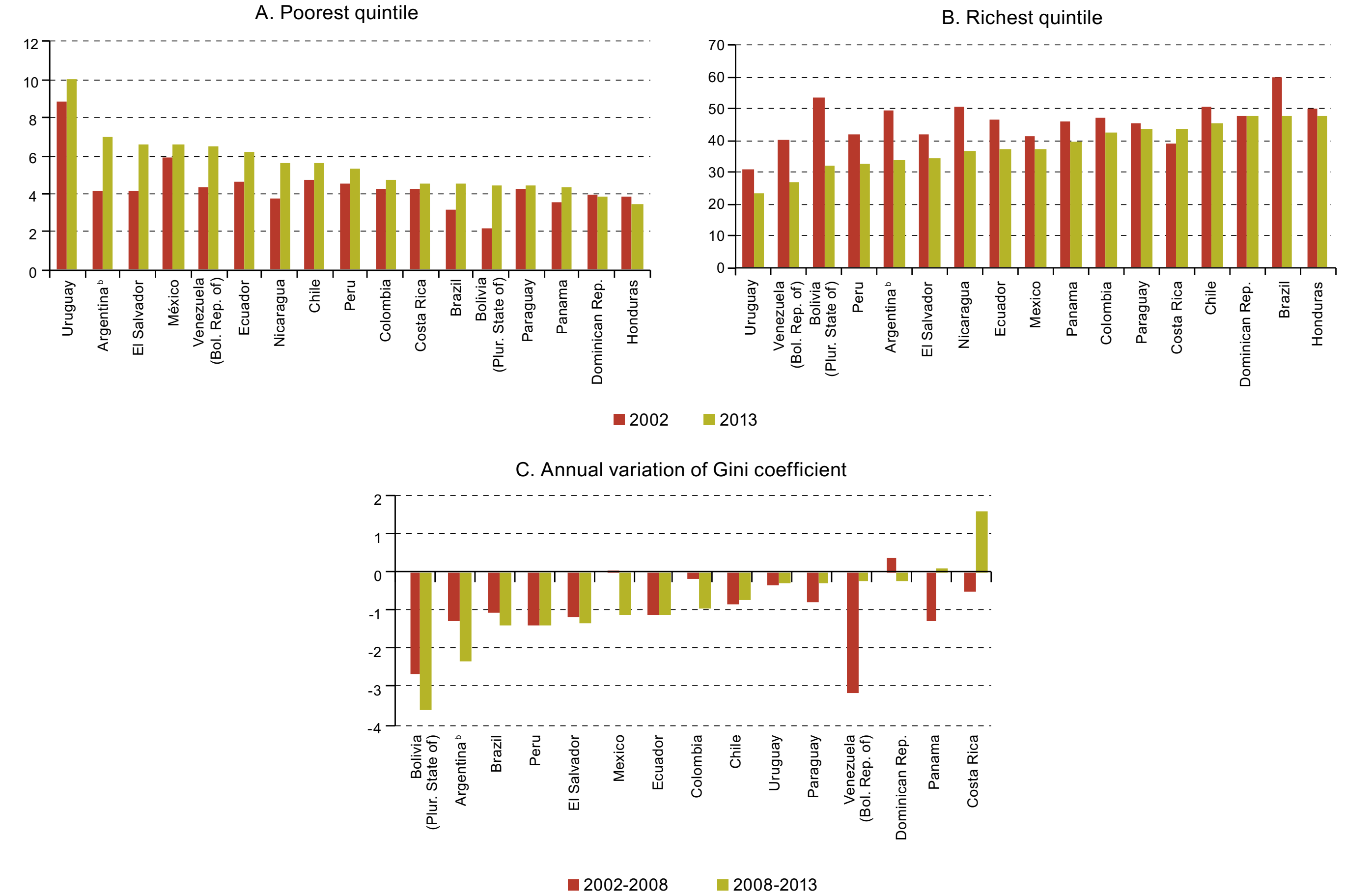
- Inequality has historically been a hallmark of Latin American societies. It can be seen most clearly in the income distribution which is, in turn, the cause and effect of other inequalities, in areas such as education and the labour market. The breakdown of social inequality in Latin America and the Caribbean is heavily determined by the production structure, but it is also affected by gender, racial and ethnic factors, which intersect and exacerbate each other.
- Using the 2002 figures as a reference point, the household survey data indicate that in eight countries, the share in total income of the poorest quintile (in other words, the 20% of households with the lowest incomes) grew by at least one percentage point: thus, on average, that group earned 5.5% of total income in 2013. At the same time, in nine countries, the relative share of the richest quintile fell by 5 percentage points or more. Although in seven countries this group's share still accounts for more than 50% of total nation income, in 2002 that was true in 10 countries.
- Of the 15 countries for which information was available, in 12 the Gini coefficient came down by a simple average of 1% per year between 2008 and 2012. Ten countries improved on that rate and another two attained average yearly drops of at least 0.5%.

- The downward trend in inequality was also seen over the most recent five years of the 2002 to 2013 period. Thus, six countries reported larger Gini falls over the second five-year subperiod (2008 to 2013) than over the first (2002 to 2008). One country reported reductions of around 3% per year. In contrast, another two reported rises in inequality during the second subperiod. Although the improvement is significant, inequality rates worsened slightly between 2012 and 2013, indicating less promising progress than had been forecast a year earlier.

Figure IV.3

Latin America (17 countries): share in total income of the poorest and richest quintiles, 2002 and 2013, and annual variation of Gini coefficient, 2002-2008 and 2008-2013 [a]

(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of data from household surveys conducted in the countries.

[a] Includes only countries with information available up to 2011, 2012 or 2013. The countries are ordered by the variation recorded in the second subperiod (2008-2013).

[b] Urban areas.

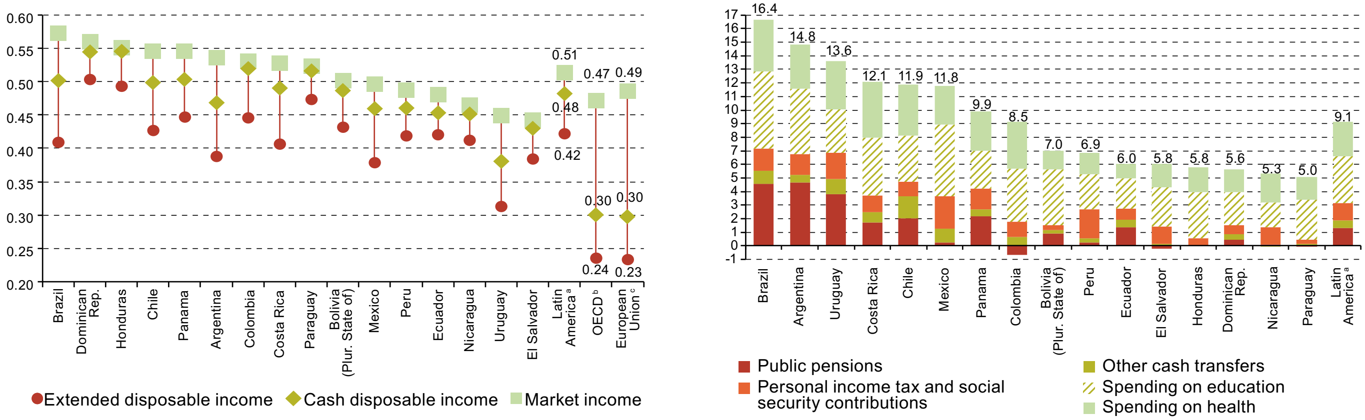
- Direct fiscal action reduces the region's Gini coefficient by only 3 percentage points, whereas public provision of education and health services reduces it by some additional 6 percentage points. By comparison, in the OECD economies, the combined redistributive effect of monetary transfers and personal income tax averages around 17 percentage points in the Gini coefficient, while redistribution through public spending accounts for 7 percentage points.

Figure IV.4

Latin America (16 countries), Organization for Economic Cooperation and Development (OECD) (25 countries) and European Union (15 countries): effects on inequality of fiscal policy and social spending on education and health (Gini coefficient), around 2011

A. Gini coefficient before and after fiscal policy and social spending on education and health

B. Reduction in Gini coefficient by fiscal policy tool *(percentage points)*



Source: Economic Commission for Latin America and the Caribbean (ECLAC), *Panorama fiscal de América Latina y el Caribe 2015: dilemas y espacios de políticas* (LC/L.3961), Santiago, 2015.
[a] Simple average for 16 countries.
[b] Simple average for 25 countries. Does not include Chile or Mexico.
[c] Simple average for 15 countries.

C. Other inequalities: gender, racial and ethnic dimensions

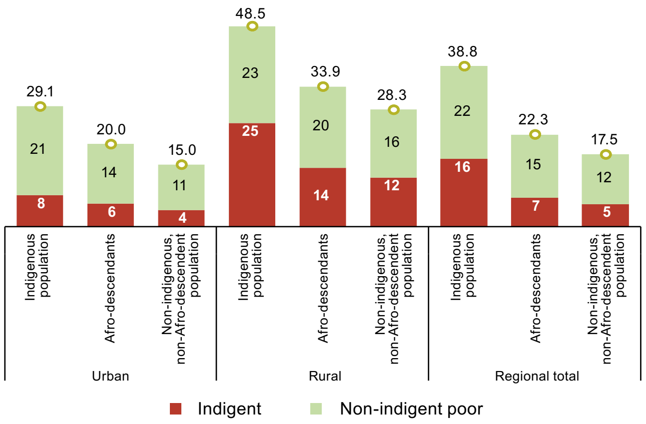
- Poverty, extreme poverty and vulnerability are strongly determined by gender, racial and ethnic factors, and they are also dependent on certain moments in the life cycle, such as childhood, youth and old age. Disparities and inequalities are also very pronounced within the region's countries and between rural and urban areas, with major gaps remaining in all those dimensions.
- The Latin American States currently recognize 826 indigenous peoples, either directly in legislation or in different public policy instruments, representing a total of more than 46 million people. The region is also home to a large number of Afro-descendants, calculated at more than 120 million, most of whom live in Brazil.
- Indigenous peoples and Afro-descendants are at a clear disadvantage vis-à-vis the rest of the population in the vast majority of social indicators and in the effective exercise of rights. It is therefore important to acknowledge that ethnic and racial inequalities, along with those arising from gender-related factors, are crucial components in the region's social inequality matrix.

- Certain aspects of those inequalities were examined using the 2011 household surveys of eight countries that allowed identification of the population by ethnic or racial origin or identification. Although the results are not representative of the entire region, they do indicate the extent to which poverty and extreme poverty have a greater impact on indigenous and Afro-descendent populations, particularly in rural areas.
- Gender inequalities and ethnic and racial inequalities intersect and reinforce each other, and this can be seen in the situations of particular disadvantage faced by indigenous women and women of African descent in various areas, compared both to their male peers and to non-indigenous, non-Afro-descendent women.
- One of the most telling indicators of these intersecting inequalities are differentials in labour incomes. Figure IV.6 shows the employed population aged 15 and over in eight Latin American countries, broken down into three groups by schooling (0 to 3 years, 4 to 7 years, 8 years or more) and analyses the average labour incomes of each group in terms of multiples of the poverty line. The pattern of inequality is clear, situating non-indigenous, non-Afro-descendent men at one extreme of the income scale and indigenous women at the other, regardless of their levels of schooling. Among those with eight years of formal education or more, non-indigenous, non-Afro-descendent men are followed, in descending order, by Afro-descendent men, non-indigenous, non-Afro-descendent women, Afro-descendent women, indigenous men and, finally, indigenous women. In the two lowest schooling levels the pattern is the same, with the difference that indigenous men receive higher incomes than all women.
- Of the different aspects of society that produce, exacerbate or mitigate inequalities, the most decisive is the world of work. It is there that most household income in Latin America and the Caribbean is generated, along with the inequalities inherent in its distribution. The world of work is also a cornerstone in the understanding of equality, insofar as work and education together constitutes the key links of social inclusion.

Figure IV.5

Latin America (8 countries):[a] indigenous, Afro-descendent and non-indigenous, non-Afro-descendent population, by poverty status and areas of residence, around 2011

(Percentages)



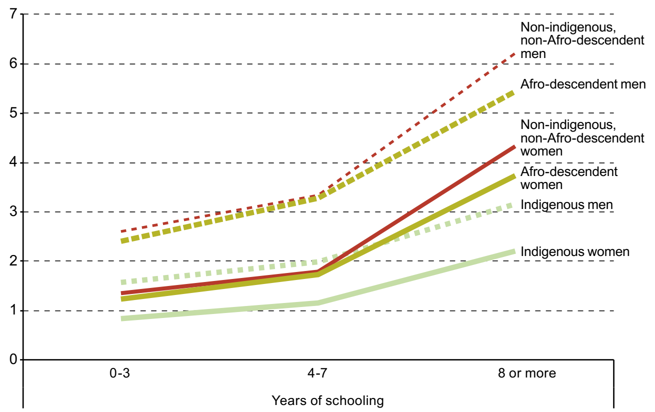
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of data from household surveys conducted in the countries.

[a] Weighted average for Brazil (2011), Chile (2011), Ecuador (2011), Mexico (2010), Paraguay (2011), Peru (2011), the Plurinational State of Bolivia (2009) and Uruguay (2011).

Figure IV.6

Latin America (8 countries[a]): average monthly labour income of indigenous, Afro-descendent and non-indigenous, non-Afro-descendent population, by years of schooling and sex, around 2011

(Multiples of the poverty line in each country)



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

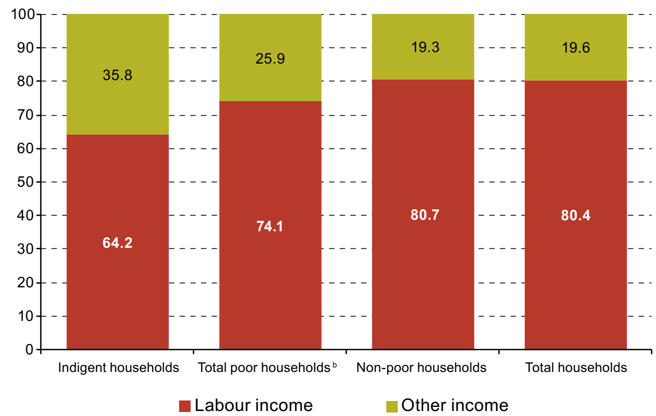
[a] Brazil (2011), Chile (2011), Ecuador (2011), Mexico (2010), Paraguay (2011), Peru (2011), Plurinational State of Bolivia (2009) and Uruguay (2011).

- The importance of the labour market in distributing the benefits of economic growth and in reducing poverty can be seen by analysing the relative weight of labour incomes in total household income. In 17 Latin American countries around 2013, on average, labour income accounted for 80% of total household income, for 74% of the incomes of poor households and for 64% of the incomes of households in extreme poverty. This shows, on the one hand, that a high percentage of the region's poor and extremely poor participate in the labour market, but that the incomes they earn there are insufficient to extract them from those levels of poverty, and, on the other, that improved working conditions and incomes have the potential for overcoming poverty and extreme poverty.
- Unemployment rates among 15- to 24-year-olds clearly outstrip those found among the total population in all the countries of Latin America and the Caribbean. Of particular concern is much of the English-speaking Caribbean, where at the start of this decade, youth unemployment in some countries stood at over 30%.

■ Figure IV.7 ■

Latin America (17 countries): share of labour income in total household income by poverty status,[a] around 2013

(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of data from household surveys conducted in the countries.

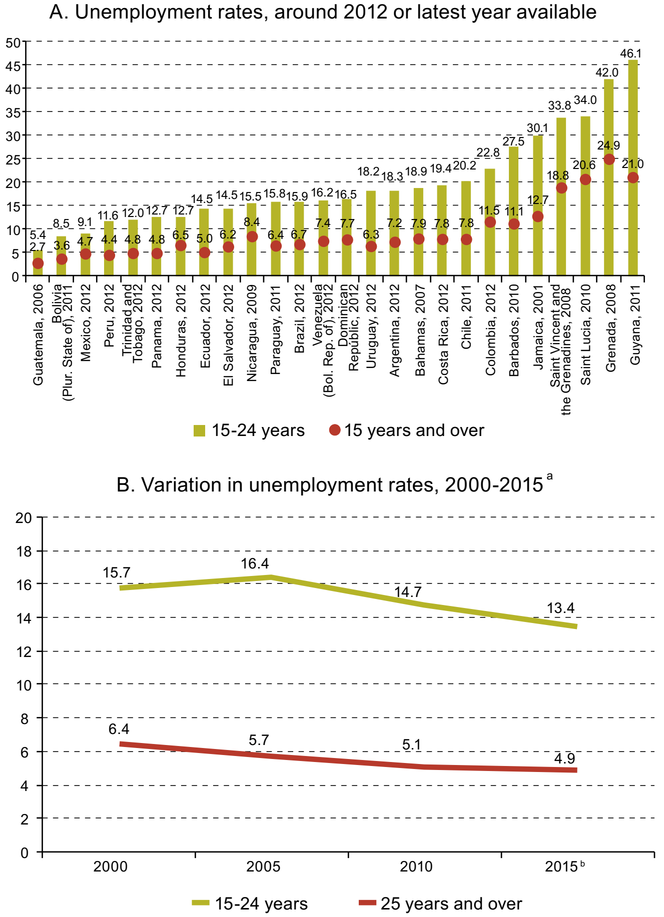
[a] Simple average for the countries

[b] Includes indigent households.

■ Figure IV.8 ■

Latin America and the Caribbean (26 countries): unemployment rates and variation by age group

(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of data from household surveys conducted in the countries. For Caribbean countries: World Bank, "Youth unemployment in the Caribbean", *Caribbean Knowledge Series*, Washington, D.C., 2014; and International Labour Organization (ILO), *Labour Overview 2013*, Lima, ILO Regional Office for Latin America and the Caribbean, 2013.

[a] Simple average for 18 countries.

[b] Data for 2015 are projections.

- As the Latin American and Caribbean region has moved closer to attaining universal primary coverage, the intergenerational transmission of inequalities has shifted to secondary education and, increasingly, to higher education. While a number of countries are a long way from universalizing complete primary education, in others the main stumbling blocks to greater effective equality are now low education quality and social inequalities in this regard at both the primary and secondary levels.

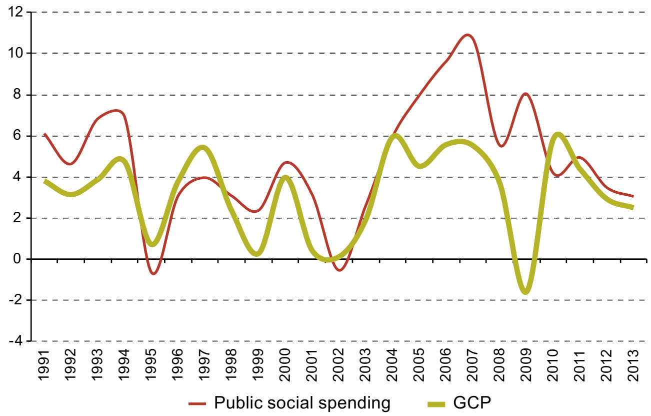
D. Social spending

- Since the 1990s, public investment used to fund social policies (public social spending) has been on the rise; this represents a break with the period of structural adjustments and fiscal austerity that most of the region's countries experienced during the 1980s, known as the "lost decade", when increased spending constraints were accompanied by rises in poverty and vulnerability.
- From 1990 to 2013, the GDP share of funds assigned to social purposes increased by approximately 38%. Since GDP grew by 49% over that same period (measured in constant 2010 dollars), the resources available for social spending doubled, in both overall and per capita terms.

Figure IV.9

Latin America and the Caribbean (21 countries):[a] aggregate trends in total public spending, social public spending and GDP, 1991-2013

(Annual percentage variation)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), *Social Panorama of Latin America 2014* (LC/G.2635-P), Santiago.

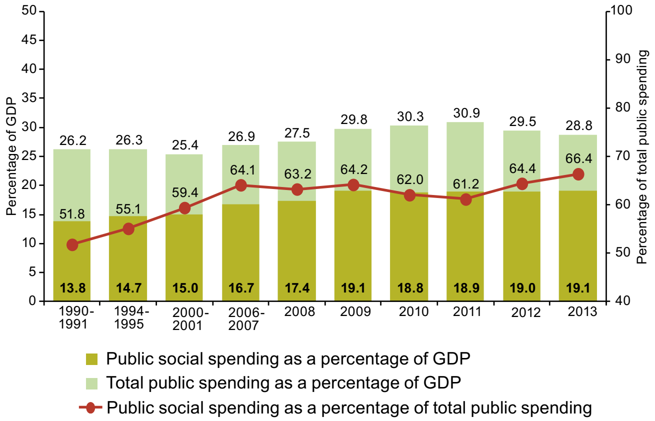
[a] Argentina, Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Plurinational State of Bolivia, Trinidad and Tobago, and Uruguay.

- In addition to the growth of GDP, a key element in the increased availability of resources in the region was the major rise in the proportion of public budgets allocated to social spending, expanding from between 52% and 56% of the countries' total public spending during the 1990s to slightly over 65% at present. During this period, the expansion of social spending was relatively steady: total public spending reported an accumulated increase of 3.3 percentage points (from 26.2% of GDP to 29.5%, with a slight fall in 2013), but with significant variations, falling to below 25% of GDP at the start of the 2000s (at the height of the Asian crisis) and exceeding 30% of GDP at the start of the current decade.

Figure IV.10

Latin America and the Caribbean (21 countries):[a] public social spending and total public spending, 1990-1991 to 2012-2013[b]

(Percentages of GDP and of total public spending)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), social expenditure database.

[a] Argentina, Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Plurinational State of Bolivia, Trinidad and Tobago, and Uruguay.

[b] Weighted average for the countries. The figures on total public spending correspond to official data, mostly from the functional classification of public spending, and may not correspond to those based on an economic classification of spending. The regional figures are affected by the Brazilian official report's inclusion within total public spending of domestic and external debt refinancing, which was equivalent to 14.8% of total public spending on average over the last 4 years. For this reason, the data used for Brazil correspond to primary public spending.

V. Population

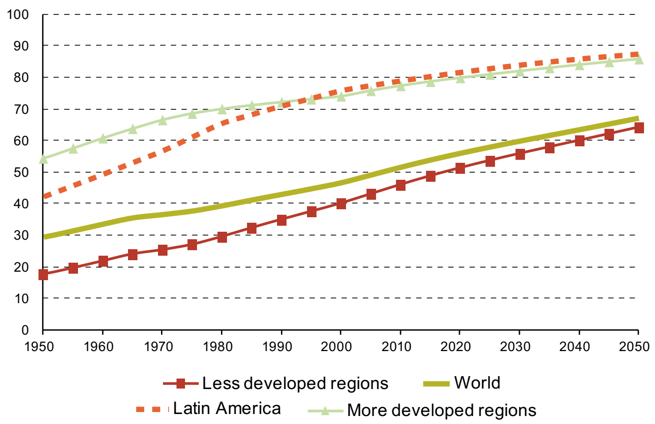
A. Population estimates and projections

- ECLAC estimates and projections place the population of Latin America and the Caribbean at 630 million in 2015. One of Latin America's characteristics is that its urban population is larger, in percentage terms, than the world average. Until the early 1960s Latin America was predominantly rural, but the application of the import-substitution policies and the absence of reform in the countryside intensified rural-to-urban migration. As a result, the urban population rose dramatically as a proportion of the total between 1950 and 1995. This trend continued until the end of the twentieth century, by which time Latin America had overtaken the most developed regions in terms of urban population. Today, with about 80% of its population residing in cities, Latin America has the most urbanized population of any region in the developing world.

Figure V.1

World, Latin America and developed and developing regions: urban population estimates and projections, 1950-2050

(Percentages)



Source: United Nations, World Urbanization Prospects: The 2011 Revision [online] http://esa.un.org/unup/, 2012 and Latin American and Caribbean Demographic Centre (CELADE)-Population Division of ECLAC, population estimates and projections, 2013 revision.

B. Infant mortality

- Mortality among children under one year of age has been used as an indicator of the general living standards of a population, because it is particularly sensitive to changes in the environmental and social conditions. Mortality during the first month of life (the neonatal period) is principally the result of endogenous factors, whereas mortality between the second and twelfth month of life (the post-neonatal period) is determined by exogenous causes, above all infectious and contagious diseases associated with limited or no access to basic sanitation, safe drinking water, health-care services and adequate food, among other factors indicative of a population's poverty level.

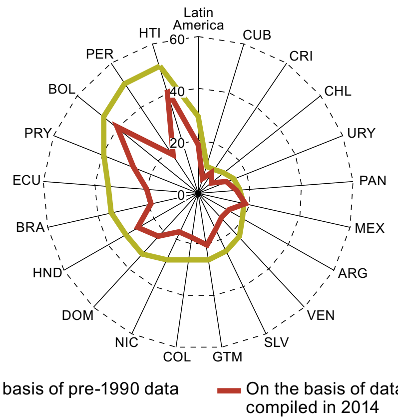
- Estimating infant and under-five mortality became more important following the World Summit for Children (New York, 1990); the International Conference on Population and Development (ICPD) (Cairo, 1994); and the Millennium Summit of the United Nations (New York, 2000). These three summits led to the establishment of the Interagency Group for Child Mortality Estimation (IGME), which centralizes all the available sources and the respective estimates of infant and child mortality used to monitor progress towards the goals.

- The 1990 projections suggested that infant mortality in Latin America would stand at 29 per 1,000 live births in 2015, with a range of 10 to almost 51; in other words, infant mortality in the country with the highest rate would be five times that of the country with the lowest rate.
- The 2014 revision paints a completely different picture, with the region's infant mortality rate estimated at 19 per 1,000 live births in 2015. The lowest projected rate is 5.4 (Cuba) while the highest is 41.3 (Haiti).
- The discrepancy between the figures projected in 1990 and those estimated in 2014 is striking: in 11 countries, infant mortality as estimated in 2014 is 30% lower than projected in 1990, while in Peru it is 65% lower than expected.
- Between the periods 1950-1955 and 2010-2015, the average infant mortality rate in Latin America declined from 128.3 to 19.8 deaths per 1,000 births, that is, it fell by 85% over a period of 60 years. Progress has been mixed across the region, as shown in figure V.3, which illustrates trends in the region's estimated mortality rates and the lowest and highest rates for each five-year period. It would appear, at first glance, that gaps are narrowing significantly.
- Notably, infant mortality fell in all countries throughout almost the entire period, regardless of social and economic indicators and without reversals during economic crises, such as in the 1980s. The continued decline in infant mortality is due to the positive impact of programmes targeting maternal-child health and environmental health, and the incorporation of new generations of mothers with higher levels of schooling.
- Despite the progress made, significant differences persist in the risk of infant mortality, which is systematically higher in rural areas, among indigenous populations, and above all in social groups in which mothers have less education.
- Latin America has made considerable progress in reducing mortality, particularly in young age groups, but the challenge is now to bridge inequalities among and within countries.

Figure V.2

Latin America: projected infant mortality in 2015, based on pre-1990 data and compiled sources to 2014

(Number of infant deaths per 1,000 live births)

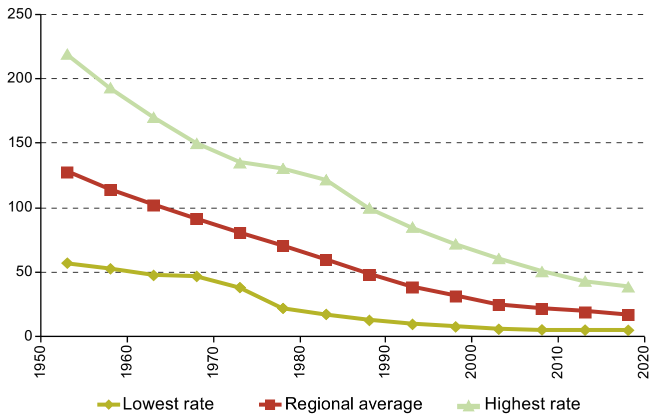


Source: Latin American Demographic Centre (CELADE), "Estimaciones y proyecciones de población", *Boletín Demográfico*, No. 45 (LC/DEM/G.82), Santiago, January 1990 and population estimates and projections, 2014 revision.

Figure V.3

Latin America: infant mortality rate and highest and lowest rates during each five-year period, 1950-2020

(Number of infant deaths per 1,000 live births)



Source: Latin American and Caribbean Demographic Centre (CELADE)-Population Division of ECLAC, population estimates and projections, 2014 revision.

VI. Gender equality

- Twenty years after the Fourth World Conference on Women, progress has been uneven but generally insufficient. From the perspective of the global challenges, progress towards gender equality has not kept pace with environmental, economic and social changes, which has added significant new challenges to the Beijing agenda to build fairer and more egalitarian societies.
- The legal and institutional changes promoting greater gender equality represent the most important and widespread achievement in this regard in the region. At the same time, many significant advances in the fight against gender-based violence as well as in political participation, female leadership in the various spheres of public life and the shrinking gender gap in the labour market point up the challenges and unfinished business recognized by the governments.
- Three pillars represent those aspects of women's autonomy related to the ability to earn one's own income and control assets (economic autonomy), exert control over one's own body (physical autonomy) and fully participate in decisions affecting one's life and society (decision-making autonomy).

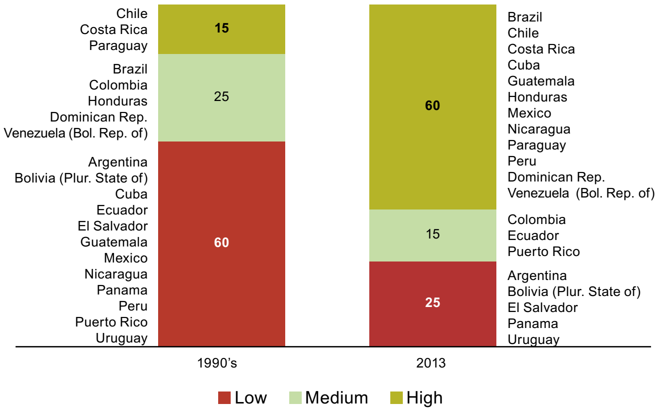
A. Decision-making autonomy

- Openly discriminatory laws have all but been eliminated in the region's countries, regardless of income level, in one of the most sweeping advances of the period. In some cases, explicit recognition of equality between men and women is a recent development. Meanwhile, others have wrought changes inconceivable just 20 years ago, such as adoption of the concept of gender in the institutional regulatory framework, recognition of the diversity of families and marriage reform, which aside from their legal significance, reflect profound cultural change.
- Machineries for the advancement of women have tended to rise in the hierarchy of the executive branch and are increasingly taking on governing, regulatory and policymaking functions, which can be seen as an indicator of the fulfilment of one of the commitments assumed in Beijing. The legislative establishment of machineries for the advancement of women in several countries reveals the desire within the public-political sector for continuity —often elusive— in this area across changes in government and cabinet restructurings.

Figure VI.1

Latin America: level within governmental hierarchy of national machineries for the advancement of women, 1990s and 2013

(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), Gender Equality Observatory for Latin America and the Caribbean.

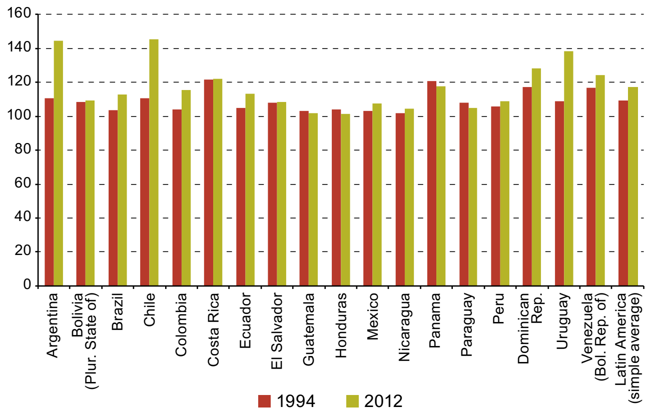
B. Economic autonomy

- All the region's countries have reduced the proportion of women living in poverty. However, progress has been uneven across the region. For example, countries including Argentina, Chile and Uruguay, which had poverty rates well below the regional average in 1995 and have logged major advances in reducing overall poverty over the past 20 years, are also the countries that have seen the steepest rise in the femininity index of poverty and a disproportionate burden of poverty on urban dwellers. Panama, which also had poverty rates below the regional average, has succeeded in lowering the femininity index of poverty despite not having significantly reduced poverty overall.
- In the majority of the Latin American countries, women make up a significant portion of low-income groups. Regionwide, one in three women does not have her own income, compared with one in 10 men in this situation. Variables such as age and civil status also have implications for poverty.
- Although female participation in employment has risen in recent decades, it has stagnated since the early 2000s, and today half of all Latin American and Caribbean women have no ties to the labour market. On average, the female labour force participation rate in Latin America stands at 49.8%, which means that one in two women of working age has or is actively seeking paid work.
- In every country in the region with available information, women spend at least twice — and as much as four times— as much time on unpaid work as men. This heavy load of unpaid work prevents women from participating in decision-making, advancing their careers and taking advantage of professional opportunities, which in turn reduces their income and prospects for access to social protection.

Figure VI.2

Latin America (18 countries): femininity index of poverty, around 1994 and 2012

(Percentages)

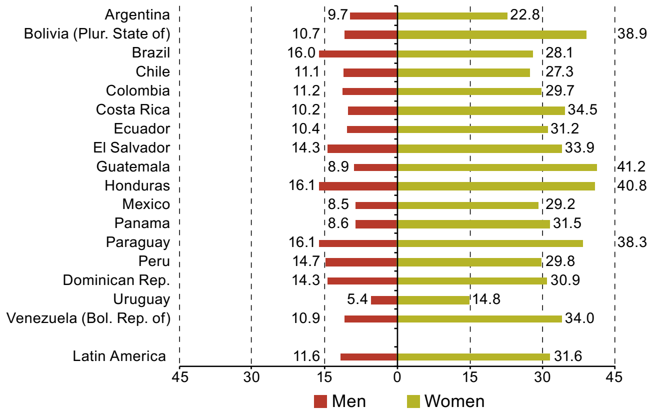


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulation of household surveys conducted in the countries.

Figure VI.3

Latin America (17 countries): population aged 15 and over without own income, by sex

(Percentages)



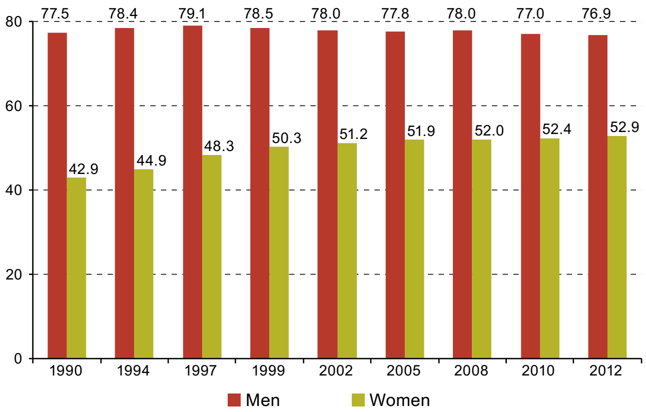
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulation of household surveys conducted in the countries. The data are national, except in the case of Argentina, where the data correspond to urban areas. The data are from 2012, except in the case of Chile (2011), Guatemala (2006), Honduras (2010), Paraguay (2011) and the Plurinational State of Bolivia (2011).

- An analysis of occupational categories shows that women work in more precarious positions for less pay. Women make up a small proportion of wage-earners, and more than one in 10 (11.6%) work in domestic service, which continues to be a precarious and poorly regulated sector, whereas the proportion is negligible (0.5%) in the case of men.

Figure VI.4

Latin America (simple average for 18 countries): economic participation rate of the urban population, by sex, 1990-2012

(Percentages)

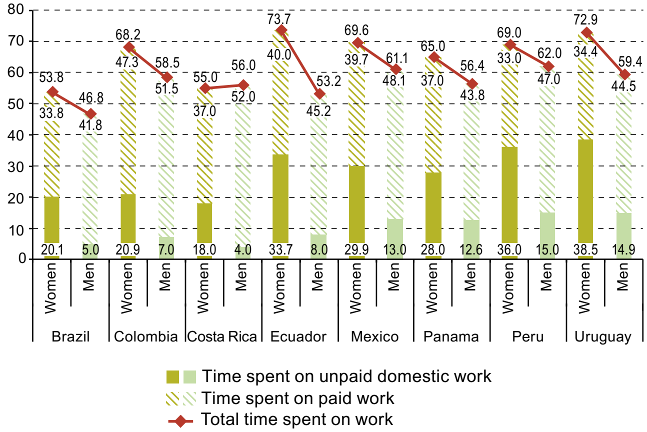


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

Figure VI.5

Latin America (8 countries): time spent on total work, paid and unpaid, by the economically active population aged 15 and over, by sex, latest available year

(Hours per week)

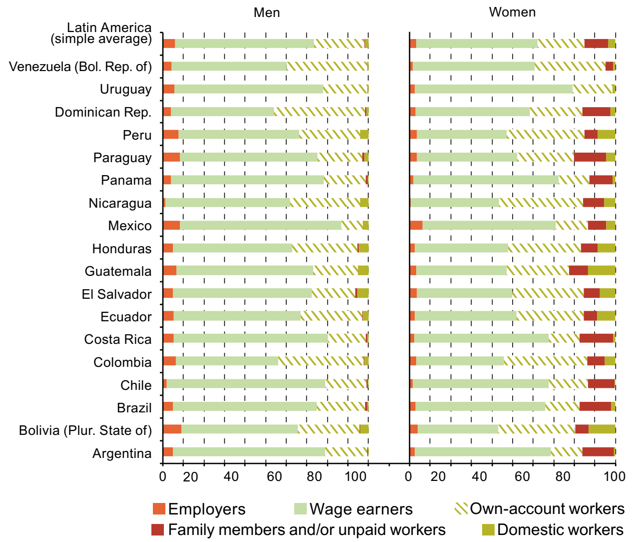


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of tabulations of time-use surveys.

Figure VI.6

Latin America (18 countries): employed population by occupational category and sex, urban areas, around 2012

(Percentages)



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

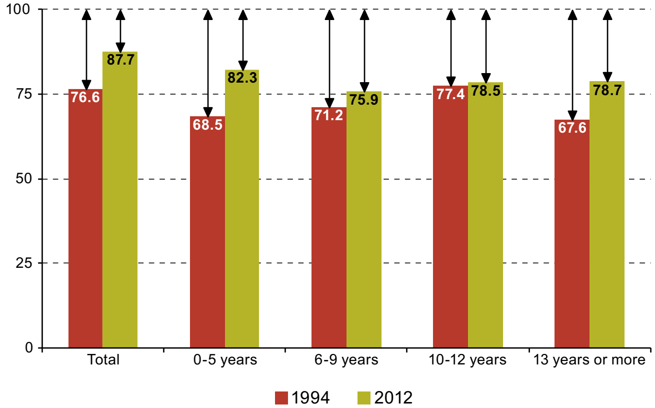
- Even though the income of both male and female workers increases proportionate to years of schooling and the income gap between men and women has narrowed as incomes have risen among employed workers with stronger educational credentials, the wage gap between male and female workers with postsecondary schooling (more than 13 years in the formal education system) is among the largest, with women earning just 78.7% of their male counterparts' average earnings.

- Over the past 20 years, progress towards greater wage equality has varied significantly from one country to the next, with Peru and the Dominican Republic representing extreme cases, where instead of shrinking, the gender gap has widened. The Dominican Republic, though, has been able to equalize wages for men and women in the group with less education, a significant achievement. At the other extreme, the wage gap between men and women is less than 5% in the Bolivarian Republic of Venezuela, Costa Rica and Ecuador.

Figure VI.7

Latin America (simple average for 18 countries): average wage of female urban wage-earners aged 20 to 49 years, working 35 hours or more per week, as a proportion of the wages of men in the same situation, by years of education, 1994 and 2012

(Percentages)

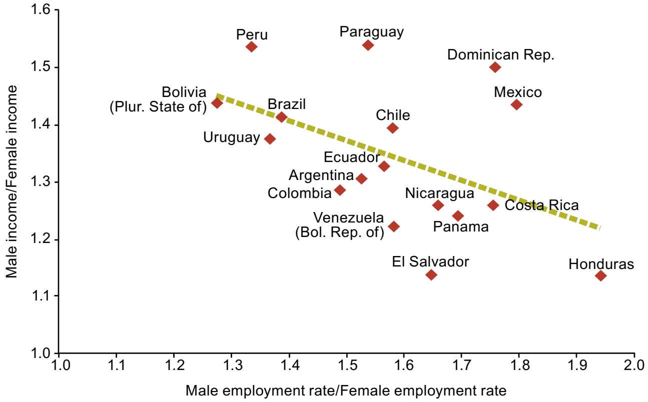


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

Figure VI.8

Latin America (17 countries): employment and pay gaps between men and women, around 2012

(Proportions)



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

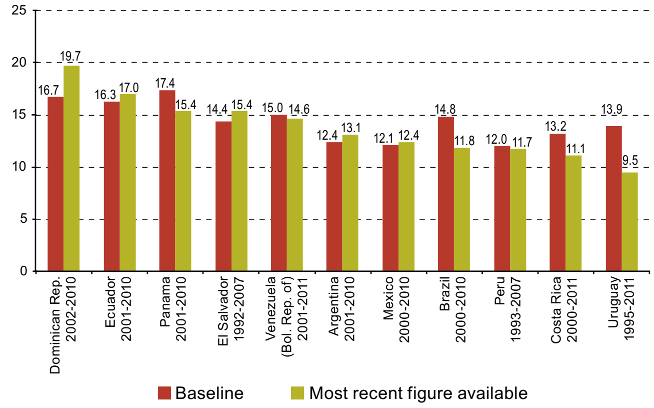
C. Physical autonomy

- Over the past 20 years, progress has been made on several fronts. There are two main areas in which the countries report progress and ongoing challenges: women's health and violence against women.
- Adolescent pregnancy continues to be a serious, unresolved problem that helps perpetuate the cycle of poverty, given the school dropout rates among adolescent mothers and the ensuing difficulties they face in their working lives. The adolescent fertility rate in Latin America and the Caribbean is one of the highest in the world, exceeded only by that in the countries of sub-Saharan Africa. Data from the Gender Equality Observatory for Latin America and the Caribbean show that even as fertility rates among women in general are trending downward, adolescent fertility rates not only are not falling but have even climbed in some countries for low-income, less-educated teenagers.
- In Latin America and the Caribbean, the most recent information available indicates that the causes of maternal death are associated with complications during pregnancy, birth and puerperium. Maternal mortality in the region is cause for concern and is probably one of the truest indicators of gender inequality and discrimination.

Figure VI.9

Latin America (11 countries): women between the ages of 15 and 19 who are mothers, baseline and most recent figure available

(Percentages)



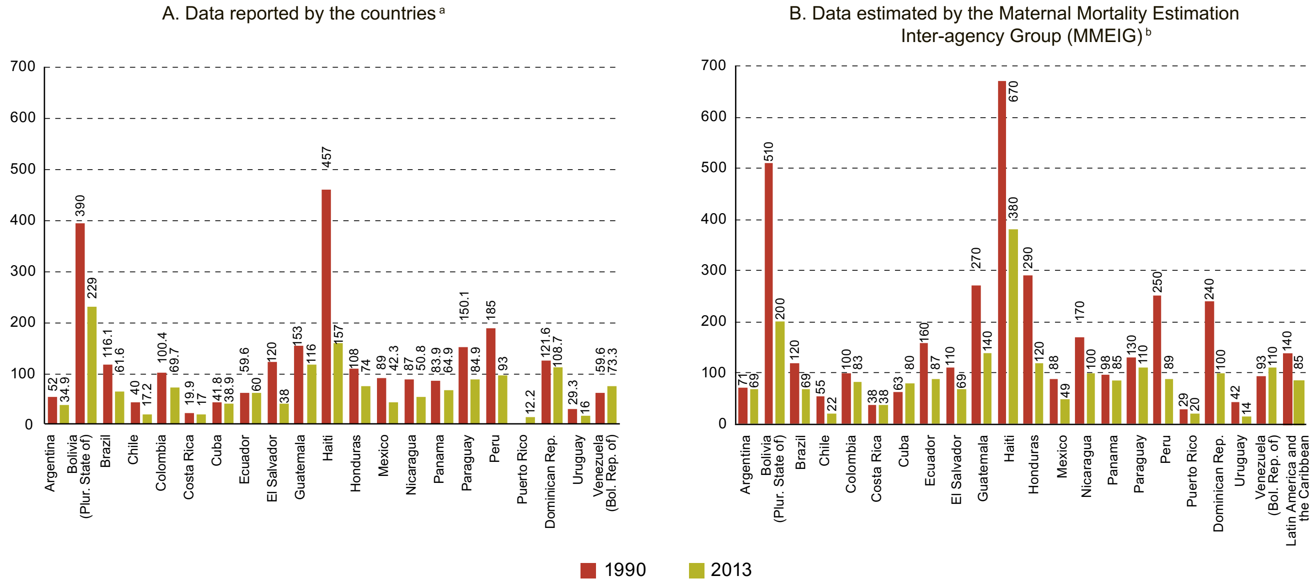
Source: Economic Commission for Latin America and the Caribbean (ECLAC), Gender Equality Observatory for Latin America and the Caribbean, on the basis of official figures.

- Violence against women can cause death, and is a scourge that persists despite the initiatives taken by the countries. According to data from the report on violence prepared by the Gender Equality Observatory for Latin America and the Caribbean, 496 women died at the hands of a current or former intimate partner in nine countries in Latin America in 2012. That same year, 545 gender-based homicides or femicides were recorded in seven countries in the region, and nearly two thirds of the perpetrators were current or former intimate partners.
- Fourteen countries in the region have classified femicide as a criminal offence, which allows for a regional comparison of official records. Using this information, the Gender Equality Observatory for Latin America and the Caribbean has developed an indicator for women killed by a current or former intimate partner.

■ **Figure VI.10** ■

Latin America (21 countries): maternal mortality ratio, 1990 and 2013

(Rate per 100,000 live births)



Source: Pan American Health Organization (PAHO), "Core Health Indicator Database" [online] http://www.paho.org; and Economic Commission for Latin America and the Caribbean (ECLAC), CEPALSTAT database, on the basis of United Nations Children's Fund (UNICEF), Monitoring the Situation of Children and Women [online] http://www.childinfo.org/.

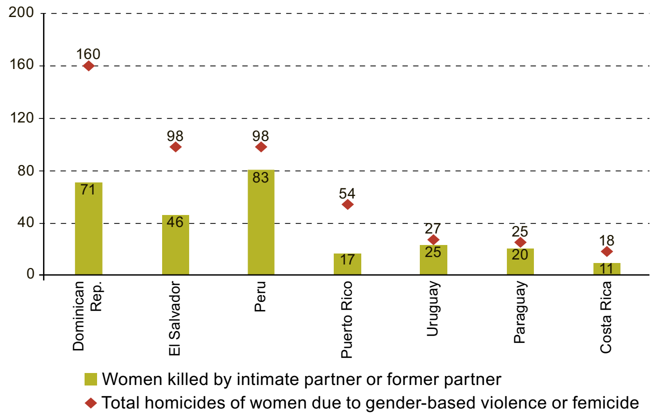
[a] The data available include deaths registered in national statistics systems and reported to WHO by the national authorities.

[b] The estimate for maternal mortality (as per the fifth Millennium Development Goal, target 5.A, indicator 5.1) is carried out by the Maternal Mortality Estimation Inter-agency Group (MMEIG), comprising the World Health Organization (WHO), World Bank, United Nations Population Fund (UNFPA), United Nations Population Division and United Nations Children's Fund (UNICEF), in collaboration with a technical advisory group. The estimates have been calculated so as to ensure comparability between countries and thus may not necessarily be equivalent to official national statistics, for which other, more rigorous methods may be used.

Figure VI.11

Latin America (7 countries): femicide or homicide of women for reasons of gender and women killed by a current or former intimate partner, latest data available

(Absolute numbers)

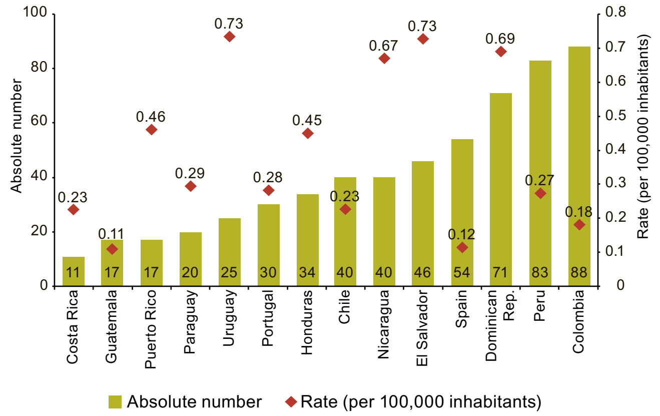


Source: Economic Commission for Latin America and the Caribbean (ECLAC), *Gender Equality Observatory for Latin America and the Caribbean. Annual Report 2013-2014: Confronting violence against women in Latin America and the Caribbean* (LC/G.2626), Santiago, Chile, 2014.

Figure VI.12

Latin America (12 countries), Spain and Portugal: women killed by a current or former intimate partner, 2013

(Absolute numbers and rates)

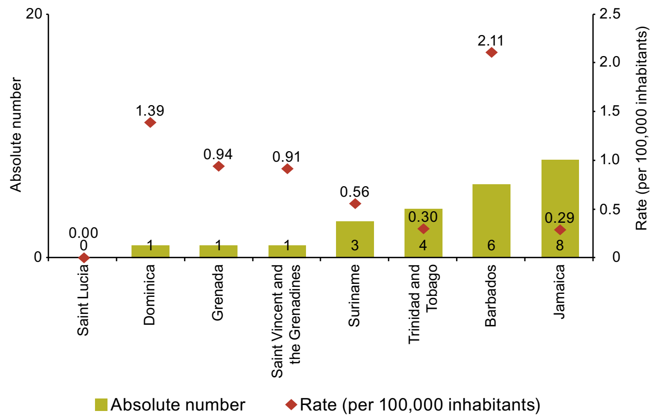


Source: Economic Commission for Latin America and the Caribbean (ECLAC), *Gender Equality Observatory for Latin America and the Caribbean. Annual Report 2013-2014: Confronting violence against women in Latin America and the Caribbean* (LC/G.2626), Santiago, Chile, 2014.

Figure VI.13

The Caribbean (8 countries): women killed by a current or former intimate partner, latest data available

(Absolute numbers and rates)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), *Gender Equality Observatory for Latin America and the Caribbean. Annual Report 2013-2014: Confronting violence against women in Latin America and the Caribbean* (LC/G.2626), Santiago, Chile, 2014.

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