Updated Economic Overview

of Latin America and the Caribbean 2013

April 2014

United Nations

ECLAC

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Introduction

This report updates the analysis set out in the *Preliminary Overview of Latin America and the Caribbean 2013*, released in December 2013, on the basis of official data published by the countries in the region in the subsequent months, and presents a revised economic outlook for 2014. In addition, it examines the external factors influencing the region's performance and their impact on the different components of the balance of payments and summarizes the challenges and main trends in relation to monetary, exchange-rate and fiscal policy. It confirms the deceleration of growth analysed in the *Preliminary Overview*, giving a revised regional rate of 2.5% for 2013. This slowdown curbed job creation, but did not drive up the rate of unemployment. The second part of the report reviews the main internal and external factors that will determine the region's economic performance in 2014. Although the world economy is expected to pick up with respect to 2013, Latin America and the Caribbean will grow at a similar rate to the previous year as a result of several factors.

Overview of 2013

Global economic growth slowed further and financial markets were volatile

In 2013 the pace of growth in the world economy fell yet further, to 2.1%, reflecting the slower pace of expansion in the developed countries in particular. Underlying this continued slowdown were the ongoing processes of fiscal consolidation in these countries following the global financial crisis of 2008-2009, which sapped domestic demand and weakened imports from developing countries. This situation was further complicated by specific difficulties in some large emerging economies —China and India in particular— whose growth had already begun to decline in 2012 compared with the high rates recorded in previous years.

However, the region's external environment changed significantly over 2013. Several eurozone economies continued to slow during the first half of the year, but in the second there were signs that their downward slide was coming to an end and some began to recover from a lengthy recession. At the same time, the recovery of the United States economy showed signs of increasing strength in the second half of the year. This led to a pronounced shift in expectations regarding the course of economic policy in these countries, especially the monetary policy of the United States, which had hitherto been heavily expansionary. On the back of improvements in unemployment and economic indicators, the United States authorities announced a gradual withdrawal of monetary stimulus. After an initial overreaction by financial markets, this situation prompted a spike in yields on United States financial assets and a readjustment in investment portfolios causing financial outflows from emerging economies and downward pressure on their currencies.

Table 1
Selected regions and countries: GDP growth, 2007-2013
(Percentages)

	2007-2010	2011	2012	2013
World	1.8	2.8	2.4	2.1
Developed countries	0.3	1.5	1.3	1.0
United States	0.3	1.8	2.8	1.6
Japan	0.0	-0.6	1.9	1.9
Eurozone	0.2	1.6	-0.7	-0.5
Developing countries	5.9	5.9	4.7	4.6
China	10.8	9.3	7.7	7.7
India	8.1	7.3	5.1	4.8
Russian Federation	2.4	4.3	3.4	1.5

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures from the Department of Economic and Social Affairs of the United Nations, *World Economic Situation and Prospects 2014*, New York. United Nations publication, Sales No.: E.14.II.C.2.

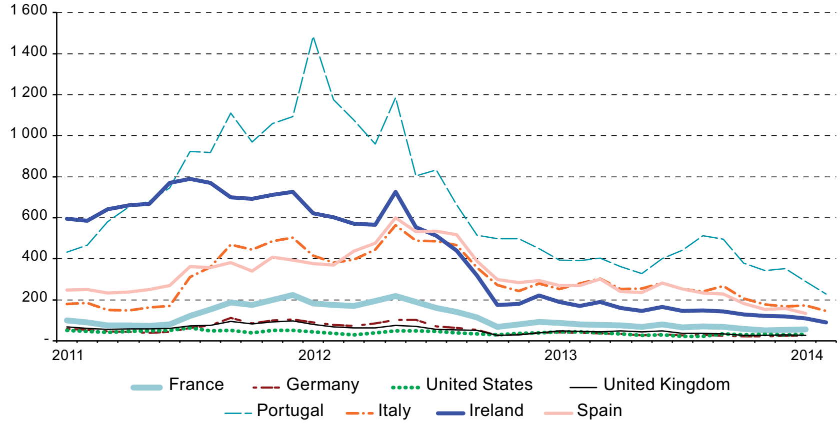
This picture of lean world growth and expectations of interest rate hikes in international markets, combined with fears (as yet unrealized) of a sharper slowdown in the Chinese economy and signs of oversupply in certain markets, pushed down international commodity prices. The exceptions were energy prices, which, on average, remained unchanged, partly owing to interruptions in supply. Thus, the price of agricultural products fell by an annual average of 7.2%, fertilizers by 17.4% and minerals and metals by 5.5%.[1]

At the same time, following the changes in monetary policy in the eurozone in mid-2012, risk indicators continued to trend downward throughout 2013, as they have done thus far in 2014, strengthened by signs of recovery, which has produced gradual convergence towards lower levels of risk in the financial markets (see figure 1).

Figure 1

United States and Europe (selected countries): risk premiums on credit default swaps, 2011-2014

(Basis points)



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

The worsening trade balance widened the current account deficit

Lower growth worldwide resulted in a drop in external demand for the region's products. The impact of these factors was even greater than projected in the 2013 edition of the *Preliminary Overview*. The value of the region's exports stagnated as a result of the downtrend in the prices of various export commodities, which was mitigated by slightly higher export volumes. However, export patterns varied substantially between subregions, with a considerable drop of 2.4% in the value exported from South America (excluding Brazil) and a relatively hefty rise of 2.6% from Mexico (see annex table A.1).

Overall, import prices in the region held steady and the 2.7% increase in volume therefore led to an equivalent rise in value. For the region as a whole, stable import prices combined with lower export prices caused a 1.8% decline in the terms of trade.

As a result of the variations in the volume and price components of external trade in goods, the surplus on the goods balance fell from 0.9% of GDP in 2012 to 0.3% in 2013 (see figure 2).

The deficit on the services balance widened slightly from 1.3% to 1.4% of GDP in 2013. One contributing factor was the slight fall-off in tourism for the region as a whole compared with the previous year. In particular, tourist arrivals in Central America and the Caribbean increased at a slower pace, while the number of foreign tourists in Mexico began to pick up again in the second half of 2013.

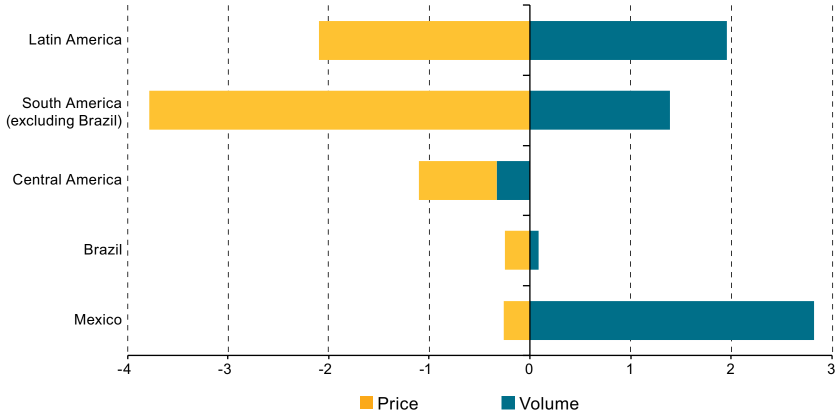
The income balance deteriorated slightly in 2013 to yield a deficit of 2.5% of GDP for the region overall, owing mainly to larger outflows —made up principally of profit remittances by foreign companies— from Mexico (up 16.2%) and Brazil (up 7.6%).

[1] World Bank, Commodities Price Data, 5 March 2014.

Figure 2

Latin America: estimated variation in export values, by volume and price, 2013

(Percentages)



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

Current transfers, which consist principally of remittances from workers abroad, fell slightly and ended the year at 1.0% of GDP. However, between 2012 and 2013 patterns in remittances varied among the countries. In general, the countries receiving remittances mainly from Spain and Italy recorded a fall (except the Plurinational State of Bolivia) as the difficult employment situation continued unabated in southern Europe. By contrast, the countries with a large workforce in the United States saw a rise in remittances (except Mexico).

As a result of the changes in its various components, the current account deficit widened from 1.8% of regional GDP in 2012 to 2.6% of GDP in 2013, slightly more than forecast in the *Preliminary Overview*.

The current account deficit was financed mostly with foreign direct investment, but changes in international financial markets reduced capital flows

The current account deficit was financed principally by foreign direct investment (FDI). Net inflows of FDI were up by 19% in 2013, as, despite slowing somewhat, Latin American economies were still growing faster than the developed countries and thus continued to draw investment aimed at the domestic market. This higher level of investment was not evenly spread, however, with much of it going to Mexico. Indeed, net foreign investment flows to the region excluding Mexico were down slightly on 2012.

External bond issues remained buoyant, spurred by international interest rates that remained at historic lows. Overall, sovereign risk indices remained fairly stable in 2013. Of the relatively higher-risk countries, risk indices increased sharply for the Bolivarian Republic of Venezuela but dropped for Belize and Ecuador (see annex table A.2).

The sum of net inflows of FDI and portfolio investment was equivalent to about 4% of GDP, slightly higher than the previous year.

By contrast, net outflows of the more volatile components of external financing increased substantially as global yields rose on external financial assets in response to the shift in expectations regarding United States monetary policy.

In terms of monetary policy, the challenges arising from the change in the external context led to varied reactions

Against this backdrop, the challenges addressed by monetary and exchange-rate policy during the first two quarters of 2013 were further compounded at the end of the year. Authorities tried, on the one hand, to avoid a further cooling of aggregate domestic demand and, on the other, to keep inflation expectations securely anchored. Several countries were also forced to take action to mitigate the adverse effects of exchange-rate fluctuations in the course of the year. The policy measures taken to address these challenges are outlined below, grouped by the main instruments used.

Table 2 summarizes the movements in monetary policy rates in the economies that use inflation-targeting schemes. In 2013, five out of nine countries lowered their monetary policy rate and three raised it. In Guatemala, the rate remained unchanged over the year as a whole after a 25-basis-point increase applied in May 2013 was subsequently reversed in November 2013 (see annex table A.4).

Table 2
Latin America (selected countries): cumulative variation in monetary policy rates, 2013
(Basis points)

	Increase	Decrease	Change in direction
Brazil	275		
Chile		50	
Colombia		125	
Costa Rica		100	
Dominican Republic	125		
Guatemala			+25/-25
Mexico		100	
Paraguay	50		
Peru		25	

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

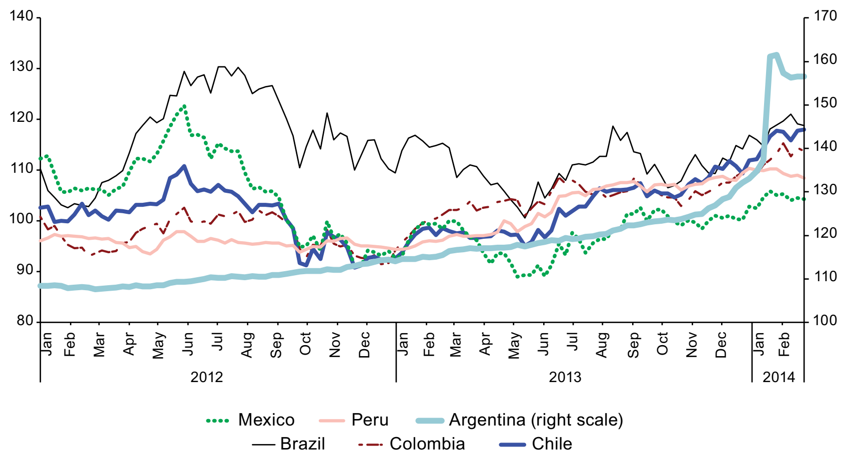
In the economies that use monetary aggregates as the main monetary policy instrument, growth in the money supply tended to slow in 2013, especially in the dollarized economies and in the English-speaking Caribbean, while the economies of South America and Central America saw rapid growth of monetary aggregates (see annex table A.3).

Owing to these variations in the main monetary policy instruments, interest rates and aggregates, total credit grew fairly steadily, but this growth slowed slightly towards the end of 2013. Credit to the public sector increased across the region, and expanded by more than 70% in Suriname and the Bolivarian Republic of Venezuela between the fourth quarters of 2012 and 2013.

In many countries, currency appreciation was reversed

As the prospect of a shift in United States monetary policy looked increasingly certain towards the end of 2013, nominal exchange rates fell against the United States dollar in the countries of the region that are more integrated into international capital markets. In fact, the currencies of Brazil, Chile, Colombia and Peru depreciated by more than 9% between December 2012 and December 2013. For various reasons, other currencies also fell sharply, including the bolívar (46.5%), the Argentine peso (32.1%), the Jamaican dollar (14.6%), the Uruguayan peso (12.3%) and the guaraní (8.1%).

Figure 3
Latin America (selected countries): nominal exchange rate against the United States dollar, January 2012-February 2014
(Index: January 2008=100)



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

The extraregional real effective exchange rate for Latin America and the Caribbean rose by 1.2% in 2013. By subregion, South America saw a depreciation of 2.2% between December 2012 and December 2013, while variations were much smaller in the economies in the English-speaking Caribbean (up 0.3%) and Central America (including the Dominican Republic) (down 0.5%). In total, the extraregional real effective exchange rate was up in 13 countries, and by over 7.0% in Brazil, Chile, Colombia and Peru.

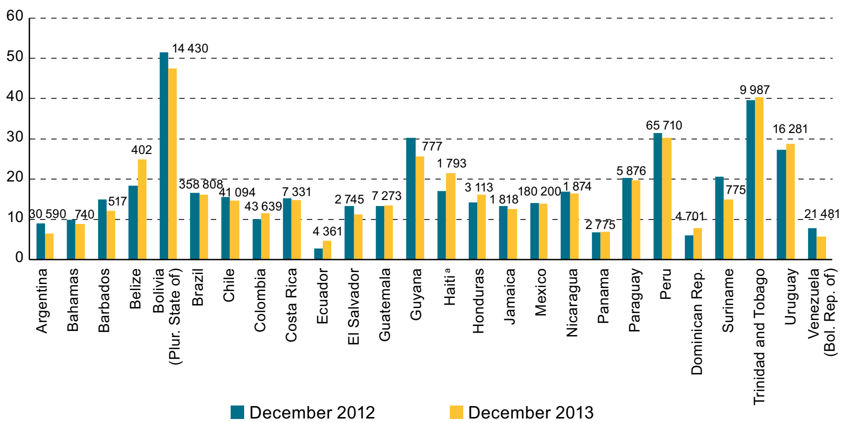
Lower net inflows of financial resources, in conjunction with a wider deficit on the balance-of-payments current account and efforts to slow currency depreciation in some countries, led to a very low rate of reserve accumulation. Consequently, year-on-year, the region's international reserves shrank by 0.4 percentage points as a proportion of GDP in 2013. This marked a significant change from the steady increase recorded in previous years in the region.

At the country level, figure 4 shows that in Argentina, Barbados, the Bolivarian Republic of Venezuela, El Salvador, Guyana, the Plurinational State of Bolivia and Suriname, international reserves fell by more than 2 GDP percentage points between December 2012 and December 2013. In Belize, Haiti and Honduras they increased by over 2 percentage points of GDP in this period.

Figure 4

Latin America and the Caribbean (selected countries): changes in international reserves, 2012-2013

(Percentages of GDP and millions of dollars)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Data as at September 2013.

The fiscal deficit widened on average in the region

Flexible fiscal policies were adopted in the region in 2013 in the context of slower growth and deteriorating terms of trade, which were eroding public revenue expansion.

Countries were able to do this without jeopardizing long-term fiscal sustainability thanks to highly favourable borrowing conditions, with access to abundant external and domestic financing and historically low interest rates. There are of course notable exceptions, including several countries in the Caribbean with limited borrowing room that have been forced to endure difficult fiscal adjustment processes, and some Central American and South American countries with serious fiscal imbalances.

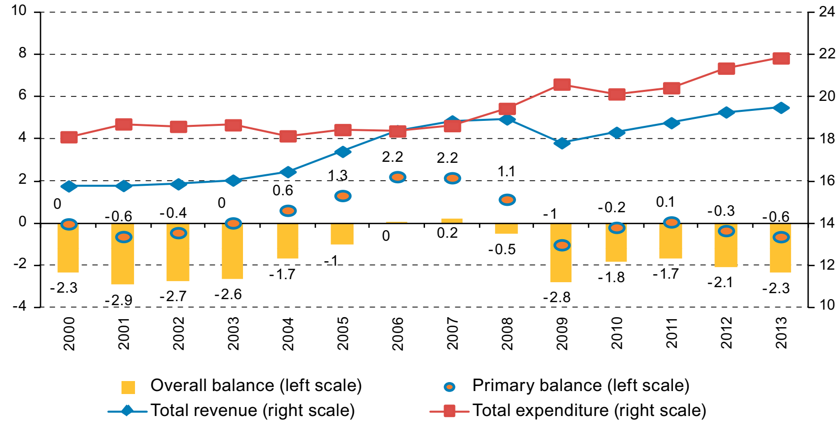
The updated figures on the fiscal balance and public debt are not significantly different to those presented in the *Preliminary Overview* of 2013.[2] The region's fiscal position deteriorated during the year. For Latin America, the overall deficit stood at 2.3% of GDP and the primary deficit at 0.6% of GDP, representing the widest since the crisis in 2009 in both cases and the consolidation of a negative primary balance (see figure 5 and annex table A.5).

[2] The projections in the *Preliminary Overview* were based on initial data in government budgets for 2014, while the updated data refer to official figures published at the end of 2013.

Figure 5

Latin America (19 countries): central government fiscal indicators, 2000-2013 [a]

(Percentages of GDP)



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

Compared with 2012, the fiscal balance deteriorated clearly in the mineral-exporting countries (Chile and Peru) and in some hydrocarbon-exporting countries (Ecuador and Trinidad and Tobago), though less markedly in Colombia and the Plurinational State of Bolivia. The fiscal deficits in Honduras, Costa Rica and Panama were larger than the subregional average for Central America of 3 GDP points. The Dominican Republic improved its fiscal position by 2.5 GDP points between 2012 and 2013.

As figure 6 shows, Chile, Haiti, Nicaragua, Peru and the Plurinational State of Bolivia ran fiscal surpluses or small deficits in 2013.

On average, Latin America's debt levels remained low and steady, with public debt at around 32% of GDP in 2013 (see figure 6). The countries with debt at or below this level included Chile, Ecuador, Guatemala, Haiti, Mexico, Nicaragua, Paraguay, Peru and the Plurinational State of Bolivia. However, these averages do not reflect the financing impediments faced by some South American countries, where serious imbalances have led to high inflation and diminishing international reserves.

These figures refer to gross public debt, which tends to be the measure used in international comparisons; however, in recent years some countries have accumulated significant financial assets in the form of treasury deposits at the central bank (Brazil and the Plurinational State of Bolivia) or stabilization funds (Chile and Peru). In Brazil, for example, net debt amounted to 34.5% of GDP, while gross debt was close to 60%.

The overall deficit of the Caribbean countries shrank by 0.2 GDP points to 3.0% of GDP. The picture was more uneven in relation to gross public debt, where the average exceeded 76% of GDP in 2013, with a low of 40% in Suriname and a high of over 120% in Jamaica. In general terms, the service-exporting countries of the Caribbean saw scant economic growth and public debt therefore remained high in 2013.

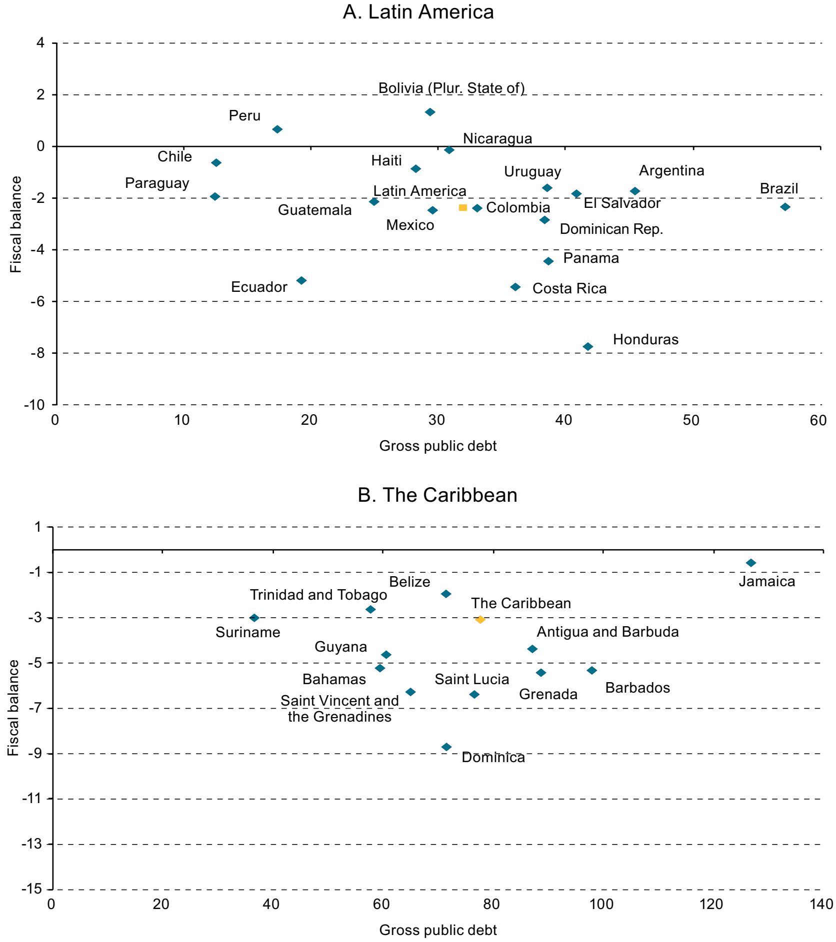
The region experienced a third consecutive year of slow growth

The Latin American and Caribbean region recorded GDP growth of 2.5% in 2013, somewhat lower than the *Preliminary Overview* estimate published in December 2013. The largest discrepancy between the *Preliminary Overview* projection and actual performance was for Argentina, whose economy grew by 3.0%. However, its lower-than-projected result can be attributed to the recalculations carried out using a new base year for the country's national accounts. Growth in Mexico (1.1%) was somewhat slower than estimated. The Plurinational State of Bolivia (6.8%), Colombia (4.3%) and Paraguay (13.6%) posted growth slightly above the initial projections.

Figure 6

Latin America and the Caribbean: government fiscal balance and public debt, 2013 [a]

(Percentages of GDP)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Coverage specified in annex table A.5.

The annual GDP figures confirm the countries' heterogeneous economic performance. As in 2012, the region's two largest economies, Mexico and Brazil (2.3%), registered low growth in 2013; indeed, if these two countries are excluded, the region's GDP rose by 3.6%. Paraguay and Panama posted the largest expansions, while falls were recorded in Barbados, Dominica and Saint Vincent and the Grenadines.

By subregion, South America posted growth of 3.0% (compared with an initial projection of 3.1%), while the group formed by Central America plus the Dominican Republic and Haiti saw an expansion of 4.3% (compared with the projection of 4.0%). GDP growth in the Caribbean stood at 1.2% in 2013, the same rate as recorded in 2012.

Consumption and investment weakened

At the regional level, domestic demand, in terms of both consumption and investment, continued to weaken. The slowdown in private consumption was largely a reflection of the wage bill, which continued to rise in the region, but more slowly than before. In several countries, this was exacerbated by cooler lending to the private sector. Public consumption also slackened, standing at 2.5%, the lowest rate since 2003. Gross fixed capital formation expanded by 4.7% in the regional aggregate, although with uneven performances across the countries. Gross fixed investment fell by 3.0% in Mexico and expanded by 6.3% in Brazil and 8.0% in Colombia, while it slowed sharply in Chile (from 12.3% in 2012 to 1.2% in 2013) and Peru (from 14.9% in 2012 to 1.7% in 2013). Gross domestic investment grew more slowly than gross fixed capital formation, reflecting a downward adjustment in inventory accumulation in the region.

The rise in gross fixed capital formation pushed up regional investment once again. Although with differences from one country to another, the regional investment rate has increased steadily in the past five years, from 20.6% of GDP in 2009 to 23.0% of GDP in 2013. Buoyant domestic demand was reflected in a 4.9% increase in the region's real imports of goods and services, similar to the rise recorded in 2012. Meanwhile, growth in real exports of goods and services slowed to 2.3% (from 3.1% in 2012).

Commerce performed well across the board, albeit slightly less buoyantly than in 2012. All countries recorded positive growth rates in this sector. The tourism sector again made a positive contribution to growth in the hotel and commerce sectors, although the increase in tourist arrivals was smaller in 2013 than in 2012: the number was up by 4.2% in Central America (7.3% in 2012), 2.4% in South America (5.0% in 2012) and 1.0% in the Caribbean (2.8% in 2012).[3]

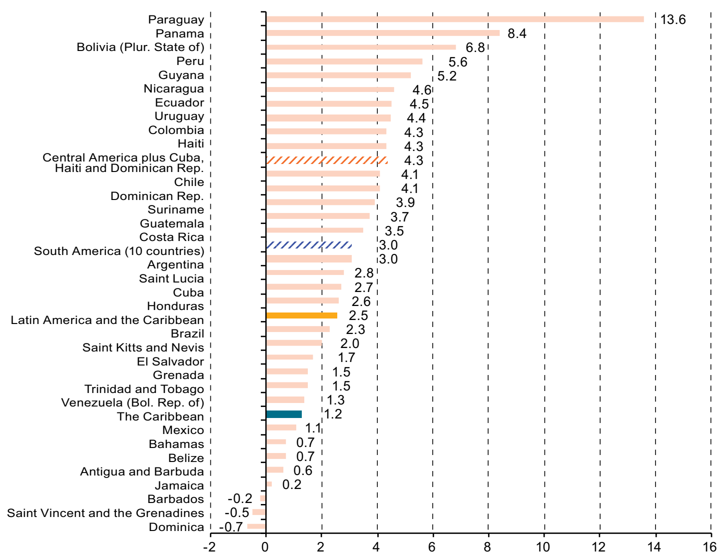
In other sectors, the return of normal weather conditions supported expansion of the agricultural sector at rates above the average for the national economy in Argentina (11.1%), Brazil (6.5%) and Paraguay (36.6%). The performance of the mining sector was quite uneven. While mining activity posted no gain over 2012 figures at the regional level, Nicaragua, Panama, the Plurinational State of Bolivia, Uruguay and some economies of the Organization of Eastern Caribbean States (OECS) experienced double-digit expansion. A similar pattern was observed in the construction sector. Antigua and Barbuda, Colombia, Grenada, Nicaragua and Saint Vincent and the Grenadines saw construction activity surge by over 10%, and Panama posted rates of almost 30%. The sector contracted in Mexico (by 4.5%), as well as in the Bolivarian Republic of Venezuela, Dominica, the Dominican Republic, Honduras and Saint Lucia, but held steady in El Salvador. Manufacturing also differed between countries, although overall growth in the sector remained below the rate of expansion of the economy as a whole.

The movements in import and export prices yielded smaller terms-of-trade gains in 2013 than in 2012. In addition, as net payments abroad increased and net current transfers declined, gross national disposable income rose by just 2.0%, below the rate of regional GDP growth. With growth in national income flagging, national savings were squeezed and external savings contributed increasingly to financing regional investment.

Figure 7

Latin America and the Caribbean: GDP growth rates, 2013

(Percentages based on dollars at constant 2005 prices)



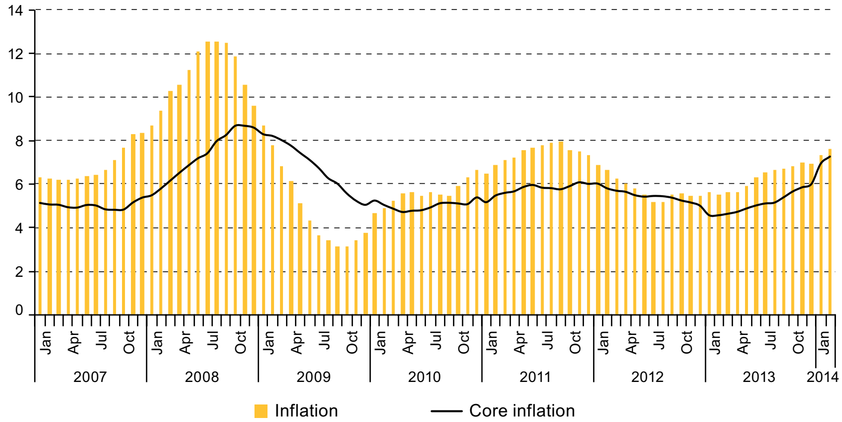
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

[3] World Tourism Organization (UNWTO), *UNWTO World Tourism Barometer*, January 2014.

There was an uptick in inflation

The cumulative weighted average inflation rate for the region for the 12 months to December 2013 stood at 7.3%, compared with 5.6% in 2012. The Bolivarian Republic of Venezuela and Argentina posted double-digit inflation rates (see annex table A.7). Higher food prices, owing mainly to specific factors affecting local food supplies, contributed significantly to the uptick in inflation. However, core inflation also trended upwards over the year in most of the countries.

Figure 8
Latin America: inflation and core inflation, 2007-2013 [a]
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Cumulative 12-month inflation rate.

Job creation faltered, but did not drive up unemployment

In 2013 the economic slowdown was reflected in the labour market, and job creation lost considerable momentum. Consequently, the urban employment rate fell for the second time in 10 years, although by only 0.1 percentage points, from 56.6% to 56.5% (weighted average for 18 countries; see annex table A.8). One factor behind the slowdown in job creation was the weakening demand for labour, which slowed wage employment expansion to an estimated 1.5%, compared with 3.1% in 2012.

Labour market participation by the working-age population contacted, more heavily towards the end of the year, and the urban participation rate consequently declined from 60.5% in 2012 to 60.3% in 2013. This lower rate reflected a drop in labour force participation by men (for a weighted average of 16 countries), while the rate for women remained stable. In terms of simple averages for these countries, women's labour force participation went up by 0.3 percentage points, while that of men held steady.

Owing to that contraction in labour market participation, the lower employment rate did not push up unemployment. Indeed, since participation fell more heavily than expected, the urban open unemployment rate actually decreased by 0.2 percentage points, from 6.4% to 6.2% (instead of 6.3% as estimated in the *Preliminary Overview*). In absolute terms, the number of urban unemployed fell by approximately 160,000; however, an estimated 13.5 million of those aged 15 years and over remain unemployed in the region's urban areas.

On average for 16 countries, the unemployment rate fell slightly for men and women alike, but for opposite reasons. As was the case for the aggregate employment rate, the drop in the male employment rate did not translate into a higher level of unemployment because of the lower participation rate for men. Meanwhile the increase in the labour force participation rate among women was more than offset by an increase in the level of female employment.

Weaker labour demand also resulted in a smaller increase in formal employment, which grew by 2.9% (simple average for 12 countries), the lowest rate since 2002 (with the exception of 2009). The expansion of formal employment reflects not only the creation of new jobs, but also the formalization of existing jobs.

Visible underemployment is another sign of change in the labour markets. This indicator had improved gradually over the last decade (again, with the exception of 2009), but that trend was interrupted in 2013 with a slight increase in visible underemployment (simple average for 13 countries). However, the changes were modest in most countries.

In the majority of countries with information available, average wages increased more slowly than the previous year, although they continued to be a significant factor in raising household income. In the countries with data available, wages rose by 1.9% in the median in real terms (compared with 2.3% in 2012). Contributing to the slower rise was the more modest increase in the minimum wage (on average for 20 countries), which went up by 1.4% in real terms, compared with 2.8% in 2012.

In sum, the loss of momentum in the labour markets in 2013 did not result in higher unemployment. Nevertheless, fewer new jobs and more modest increases in real wages led to slower growth in the wage bill, which reined in household consumption and hence domestic demand.

Table 3

Latin America and the Caribbean: labour market indicators, 2004-2013

(Percentages)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013 [a]
Urban unemployment rate [b c]										
Weighted average	10.3	9.0	8.6	7.9	7.3	8.1	7.3	6.7	6.4	6.2
Urban participation rate [c d]										
Weighted average	59.5	59.3	59.5	59.7	59.7	59.8	60.1	60.3	60.5	60.3
National participation rate [e f]										
Simple average	60.8	60.2	60.6	60.9	60.9	60.9	60.8	61.0	60.9	61.1
Women	47.8	47.6	48.0	48.3	48.6	48.9	48.9	49.1	49.3	49.6
Men	74.8	73.8	74.3	74.5	74.2	74.0	73.7	73.9	73.5	73.5
Urban employment rate [c d]										
Weighted average	53.4	54.0	54.5	55.1	55.4	55.0	55.7	56.2	56.6	56.5
Time-related underemployment [g]										
Simple average	10.6	9.9	8.6	8.4	7.9	8.9	8.5	8.1	7.9	8.1
Formal employment indicators [h i]										
Simple average	107.5	115.2	122.3	132.2	140.2	140.5	145.9	153.5	159.8	164.8
Real average wage [i]										
Median	102.5	103.0	105.1	106.4	105.2	108.6	111.0	112.8	115.4	117.6
Real minimum wage [i]										
Median	103.6	105.6	109.2	110.9	110.1	115.9	118.1	119.6	123.0	124.7

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Preliminary figures.
[b] 24 countries.
[c] Series adjusted for changes in methodology in Mexico (2005).
[d] 18 countries.
[e] 16 countries.
[f] For countries for which no nationally adjusted series is available, the urban series is included.
[g] 13 countries.
[h] Generally, workers covered by social security. 12 countries.
[i] Index: 2000=100.

Outlook for 2014

Thus far in 2014, activity indicators in the developed countries have either shown signs of a moderate uptick, as in the United States, the United Kingdom, the Republic of Korea, Germany and various other eurozone economies, or signs that the downturn has bottomed out. Although production levels have yet to regain pre-crisis levels in several European countries, the indications are that the developed countries overall will yield economic growth on the order of 2.2% in 2014,[4] better than the average of 0.3% for 2007-2010. Meanwhile, China still shows no indicators of a sharp slowdown and its government has set a growth target of 7% for 2014. A degree of caution is warranted, however, given recent signs of tension in China's financial system and the slower growth in its manufacturing industry.

During the first few months of 2014, the United States Federal Reserve reduced its rate of financial asset purchases on three occasions and tapering of monetary stimulus will continue throughout the year and at least into the first quarter of 2015. At that point, the Federal Reserve will begin to raise the interest rate from the present level of close to 0%. Japan is expected to continue its expansionary monetary policy, principally to counteract the effects of higher consumption taxes scheduled for this year. No major changes are expected in eurozone monetary policy, which is geared mainly towards stabilizing sovereign debt markets, although the rising spectre of deflation makes the adoption of a looser stance more likely.

More robust activity in the developed countries, along with a gradual return to normalcy in United States monetary policy, suggests that the dollar will tend to appreciate against the currencies of the emerging economies and that international financial resources will become more costly.

Two opposing forces are thus coming to bear on commodity markets. One the one hand, higher financial costs will likely lead to a reduction in inventories, which, together with the resulting currency appreciation in developed countries, will pull prices downward. On the other hand, stronger growth in the global economy will sustain some momentum in demand. Since global growth in 2014 is expected to be driven by stronger activity in the developed countries, whose growth is less intensive in demand for primary products, commodity prices are likely to fall moderately once again. Also influencing this decline will be the re-gearing of the Chinese economy's production structure towards services provision, as well as its rechannelling of expenditure towards consumption and away from investment.

With respect to hydrocarbons, geopolitical tensions have shifted to Europe with the conflict in Ukraine threatening to disrupt supply. This continues to generate uncertainty in the hydrocarbon market, although previously there was some consensus that prices would edge down, owing to the significant changes occurring in global energy supply.

China's performance in 2014 is the main risk factor in this baseline scenario. If insolvency increases in the country's financial system or if growth cannot be kept above 7%, then the external context for the Latin American and Caribbean region could take a negative turn, especially for countries that have strong trade links with China.

With prices falling slightly, especially for food and mining products, terms of trade will be rather less favourable than in previous years. For the region as a whole, terms of trade are expected to worsen again in 2014, by around 1%. This external environment will have different effects on the countries of the region depending on their export structure and relationship with the leading economies. The impact will be harshest for the South American countries, whereas the Central American and Caribbean economies, as net food importers, are expected to see a slight terms-of-trade gain. Mexico's terms of trade should remain relatively stable in 2014, most of its exports being manufactures.

Export volumes are expected to follow a similar pattern to that of 2013, with a slight rise at the regional level and major differences between subregions and countries. For commodity-intensive economies exporting mainly to China,

[4] International Monetary Fund, *World Economic Outlook Update. Recovery Strengthens, Remains Uneven*, Washington, D.C., April, 2014.

the expected trends in volumes and prices will yield little growth in export values. Economies exporting mainly to the United States (especially Mexico and the Central American countries) face a somewhat brighter export outlook.

Assuming that the Federal Reserve continues to taper off monetary easing in the United States and as other developed economies recover somewhat, financial flows will in all likelihood continue to gradually shift back to the developed economies and global liquidity will start to return to more normal conditions. This scenario of tighter external financial resources will affect the countries differently depending on their particular circumstances, including their external vulnerability, their borrowing history and the soundness of their current macroeconomic policies. Without claiming to cover every eventuality, table 4 illustrates some of the indicators of borrowing and liquidity requirements that may be used to gauge countries' vulnerability to a shift in financial flows.

Table 4

Latin America and the Caribbean: indicators of borrowing and liquidity requirements, 2013

(Percentages and percentage points)

	External debt-to-GDP ratio		Current account-to-GDP ratio		Ratio of international reserves to imports of goods and services	
	2013	Variation 2010-2013	2013	Variation 2010-2013	2013	Variation 2010-2013
Antigua and Barbuda	37.2	-0.8	-14.8	-0.1		
Argentina	29.5	-5.4	-0.6	-1.0	33.9	-42.1
Bahamas	13.9	4.9	-18.0	-7.9	15.4	-7.5
Barbados	29.7	-1.0	...	...	...	...
Belize	65.9	-7.1	-4.2	-0.9	36.0	9.5
Bolivia (Plurinational State of)	24.2	-5.7	4.3	0.5	136.6	-10.4
Brazil	14.0	2.0	-3.7	-1.4	110.0	-8.2
Chile	46.7	6.8	-3.4	-5.0	45.5	4.8
Colombia	23.9	1.4	-3.3	-0.2	64.0	2.9
Costa Rica	32.4	7.1	-4.6	-1.1	38.0	6.6
Dominica	52.6	1.7	...	...	...	...
Dominican Republic	24.8	5.5	-3.8	4.6	24.9	3.6
Ecuador	19.4	-0.6	-1.9	0.4	14.4	2.8
El Salvador	50.5	5.2	-7.0	-4.3	23.3	-8.1
Grenada	69.8	0.1	-23.8	2.7		
Guatemala	29.4	0.3	-3.1	-1.7	38.0	-1.5
Guyana	41.3	-4.9	-15.6	-4.6	41.1	-3.1
Haiti	15.0	3.9	-3.2	-0.7	47.1	15.7
Honduras	34.5	10.7	-5.4	-1.1	24.5	-3.0
Jamaica	57.3	-6.1	-8.6	-1.6	23.5	-22.7
Mexico	18.7	-0.1	-1.7	-1.4	43.6	6.8
Nicaragua	39.7	-5.4	-12.4	-2.4	24.8	-8.0
Panama	30.5	-8.1	-12.0	-1.7	9.3	-4.9
Paraguay	16.5	-1.6	4.0	4.3	44.4	4.1
Peru	27.8	0.1	-4.7	-2.3	131.9	5.3
Saint Kitts and Nevis	39.9	-5.9	-13.8	6.3	...	...
Saint Lucia	34.9	3.5	-12.0	4.2	...	...
Saint Vincent and the Grenadines	40.8	0.6	-26.8	3.7	...	...
Suriname	9.3	1.7	3.4	-11.5	31.4	-7.2
Trinidad and Tobago	8.3	0.7	17.6	-2.7	116.7	-15.0
Uruguay	39.3	-8.2	-7.4	-5.5	103.0	26.3
Venezuela (Bolivarian Republic of)	32.0	-8.5	1.8	-3.2	29.3	-26.9
Latin America and the Caribbean [a]	32.8	-0.4	-2.8	-1.2	50.0	-2.2
Latin America [a]	28.9	-0.0	-2.6	-1.2	51.9	-1.8
The Caribbean [a]	38.5	-1.0	-10.6	-1.1	44.0	-4.1

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

First, external indebtedness represents the prior accumulation of liabilities and, if it is high, the cost of refinancing it will be high as well. On this basis, several countries of Central America and, especially, the Caribbean appear to be vulnerable. Nevertheless, countries where currency overvaluation keeps indebtedness apparently —and unsustainably— low may be vulnerable too. As demonstrated by previous crises, exchange-rate adjustments can drastically increase the external debt burden.

Second, a large current account deficit, especially if it has deteriorated recently, indicates significant external borrowing requirements. On this basis too, the Caribbean and Central American countries appear to be in a vulnerable position, along with some South American countries whose external balance has weakened.

Third, with external financing suddenly dwindling, international reserves provide the liquidity needed to maintain the pace of imports and meet external commitments. In this respect, the region is even more heterogeneous and in a number of cases import coverage is very low and has fallen recently.[5]

A very substantial proportion of the region's external financing requirements has been covered until now by foreign direct investment (FDI). Nevertheless, a slowdown in FDI flows cannot be ruled out, especially towards sectors producing commodities for which demand growth will be slacker than in previous years. FDI geared to production for domestic markets will follow investor expectations concerning countries' ability to drive domestic market growth by means of countercyclical policies.

Thus, in 2014, global liquidity is likely to tighten, bringing major macroeconomic policy and external financing challenges for the region. This context of scant economic growth, widening current account deficits and more limited capital inflows poses new and greater challenges for 2014, specifically for monetary authorities.

Amid volatile exchange rates and sharper currency depreciations or reserve losses, central banks may choose to absorb liquidity to prevent exchange-rate adjustments from triggering domestic price inflation. An additional risk in this scenario is the possibility of balance sheet difficulties arising in some of the region's financial and non-financial institutions, owing to exchange-rate fluctuations coming on top of currency misalignments between assets and liabilities, as well as arrears issues if borrowing conditions become harsher.

On the other hand, weaker external demand could prompt monetary policymakers to make an even greater effort to maintain liquidity levels in order to sustain domestic demand. Which of these policy slants prevails will depend on the policy space available, the extent to which currency depreciations pass through to inflation and how quickly domestic demand cools. During 2014, then, the authorities will continue to respond depending on the relative significance of the various challenges relating to inflationary pressure and the economic slowdown. In fact, in the first few months of the year, two countries (Brazil and Paraguay) raised their monetary policy rate and another (Chile) lowered it.

Meanwhile, the tighter external constraints faced by the region's central banks will tend to increase exchange-rate volatility in economies with flexible currency regimes and erode reserve accumulation —or even produce reserve losses— in economies with fixed exchange rates or those which intervene in the market to stem exchange rate volatility. Early in the year, the national currency depreciation which had begun in 2013 in several countries continued, although exchange rates tended to stabilize subsequently. At the same time, the Argentine currency was devalued sharply while the Bolivarian Republic of Venezuela established a new mechanism for allocating dollars to the private sector (in addition to the Complementary System for Foreign Currency Administration, SICAD), resulting in the creation of a third, higher official exchange rate, which was equivalent in practice to a currency devaluation.

In a departure from the pattern of recent years, domestic demand in the region overall is unlikely to receive much of a boost from fiscal policy in 2014. On the income side, the sluggish economic performance will undermine tax receipts, while in several countries revenues from the export of natural resources will slacken or fall, reflecting international price forecasts, although currency depreciation will soften this impact somewhat. At the same time, declining international liquidity will squeeze financing conditions, which will probably constrain public spending growth and force governments to seek new measures to boost revenues. In other words, 2014 could mark a turning point towards a new period in which the fiscal accounts will be harder to balance, with lower growth than in 2003-2008.

Bearing in mind that new administrations took office in several countries in 2014, amid growing demands from the public and a slowdown in government receipts, fiscal policy may be expected to return to the heart of public debate, with discussion on new tax packages and initiatives for shifting public expenditure towards the social sectors.

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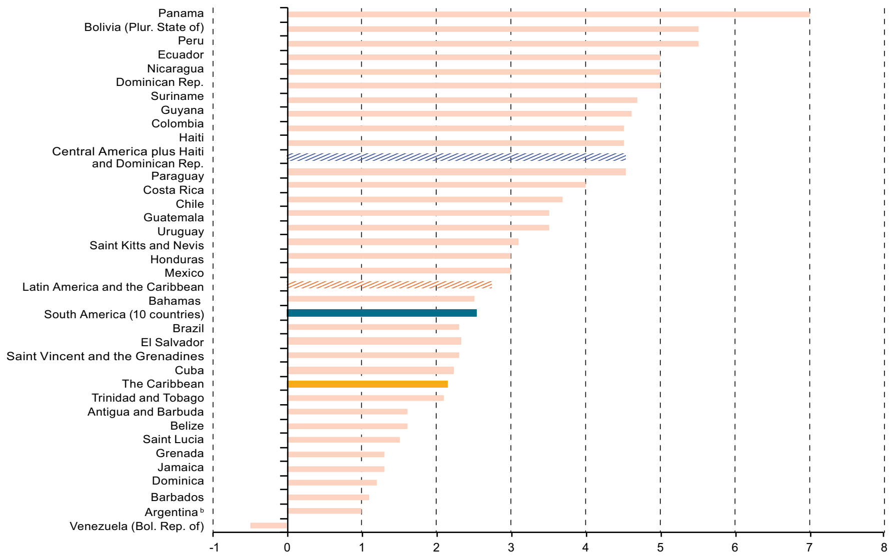
[5] The indicator used in this table is only one of the ways of gauging the adequacy of international reserves. For a more in-depth discussion, see box II.2 of Economic Commission for Latin America and the Caribbean (ECLAC), *Preliminary Overview of the Economies of Latin America and the Caribbean*, 2011 LC/G.2512-P), Santiago, Chile, 2011, United Nations publication, Sales No. E.12.II.G.2, and section II.C of Part 2 of ECLAC, *Economic Survey of Latin America and the Caribbean 2010-2011* (LC/G.2512-P), Santiago, Chile, 2011, United Nations publication, Sales No. E.11.II.G.3.

Given the external context for 2014, growth in the region will not rise much above the 2013 figure and will likely reach 2.7% —down from the 3.2% forecast at the end of 2013. Contributing to this lower regional growth projection was the fact that, in some countries, disequilibria that had become evident in recent years worsened in the course of 2013, and adjustments became increasingly necessary. This was particularly the case in Argentina and the Bolivarian Republic of Venezuela. Early in the year Argentina devalued its currency sharply and increased interest rates, measures which are bound to dampen economic activity in the short term.[6] In the Bolivarian Republic of Venezuela, economic activity is restrained by the shortage of foreign exchange, among other factors. These were the countries whose growth projections were lowered most steeply compared with the figures given in the *Preliminary Overview of the Economies of Latin America and the Caribbean, 2013*. The region's two largest economies, Brazil and Mexico, will also yield lower growth than forecast, although the respective adjustments are smaller in these cases.

Figure 9

Latin America and the Caribbean: GDP growth, 2014[a]

(Percentages, on the basis of dollars at constant 2005 prices)



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

[a] Projections.

[b] In March 2014, Argentina published partial results using the new calculation for the national accounts, which includes a change in the base year. Since only partial information is available, the GDP growth projection for 2014 could be revised substantially.

Nevertheless, the regional figure masks a very mixed picture as regards the growth rates of the economies. The economies of the Dominican Republic, Nicaragua, Panama, Peru and the Plurinational State of Bolivia will grow by 5% or more in 2014, while many countries will register rates of between 3% and 5%.

The economic upturn in the United States will benefit the economies closest by, especially Mexico and the Central American countries, as the United States is such an important trading partner for them. Caribbean economies specializing in services exports will benefit from the upswing in the developed economies, through the rally in the tourism sector, which caters mainly to tourists from those economies. Conversely, the natural resource producers and exporters in South America will feel the effects of lower growth in China, which will weaken demand for their commodities.

Private consumption will continue to make a positive contribution to growth, although less strongly than in previous years as lending to households slows and labour markets lose vigour.

In most countries, inflation is not expected to increase much, although the regional average will be pushed up by new measurement methodologies in Argentina, an uptick in the rate in several countries (where it nevertheless remains within a range of 3%-6%), and still-high inflation in the Bolivarian Republic of Venezuela. This was already

[6] The lower forecast is also partly due to the change in the base year used for national accounts. In 2013 economic growth was lower than that estimated using the previous base year as well.

apparent early in 2014, since the 12-month cumulative rate of regional inflation for the first two months of the year stood at 7.6%, up from 7.3% in December 2013.

With economic growth projections modest for 2014, no major increases are expected in employment creation and the employment rate could hold relatively steady. If the labour force participation rate returns to its long-term trend —a gradual increase as more and more women enter the labour market— the unemployment rate may climb slightly over the 2013 level. Thus far in 2014, however, the participation rate has not risen and, accordingly, the regional unemployment rate has not gone up.

Lastly, in many countries, slack labour demand could slow nominal wage rises, which —together with some increase in inflation— could leave real wage growth below 2013 levels. Overall, modest growth in both employment levels and real wages will likely expand the wage bill somewhat, and this will continue to fuel household consumption, but far less vigorously than during part of the past decade.

Annex

Table A.1

Latin America and the Caribean: exports and imports of goods FOB, 2011-2013

(Millions of dollars)

	Goods exports			Goods imports		
	2011	2012	2013 [a]	2011	2012	2013 [a]
Latin America and the Caribbean	1 108 941	1 123 964	1 122 698	1 037 609	1 080 149	1 107 690
Latin America	1 086 420	1 103 292	1 101 397	1 011 203	1 055 225	1 083 909
Argentina	84 051	80 927	83 027	71 126	65 556	70 871
Bolivia (Plurinational State of)	8 358	11 233	11 496	7 927	8 269	9 338
Brazil	256 040	242 578	242 179	226 247	223 183	239 621
Chile	81 438	77 965	76 684	70 398	75 458	74 568
Colombia	58 322	61 447	59 992	52 232	56 703	57 160
Costa Rica	10 414	11 460	11 526	15 542	16 801	17 149
Dominican Republic	8 612	9 079	9 611	17 436	17 758	16 613
Ecuador	23 082	24 569	25 674	23 243	24 532	26 617 [b]
El Salvador	5 308	5 339	5 491	9 965	10 258	10 772
Guatemala	10 519	10 103	10 190	15 482	15 838	16 356
Haiti	768	785	851	3 014	2 679	2 755 [b]
Honduras	7 977	8 274	8 015	11 126	11 374	11 127 [b]
Mexico	349 946	371 378	380 903	351 209	371 151	381 638
Nicaragua	3 666	4 146	4 123	5 844	6 442	6 402
Panama	16 926	18 872	17 505	24 143	25 413	24 256
Paraguay	12 639	11 654	13 605	11 784	11 083	11 942
Peru	46 268	46 228	41 826	36 967	41 113	42 191
Uruguay	9 274	9 916	10 317	10 704	12 277	11 591
Venezuela (Bolivarian Republic of)	92 811	97 340	88 382	46 813	59 339	52 943 [b]
The Caribbean	22 521	20 672	21 301	26 406	24 923	23 781 [b]
Antigua and Barbuda	56	59	61	431	484	494
Bahamas	834	984	1 007	2 966	3 385	3 284
Barbados	448	…	…	1 703	…	…
Belize	604	626	616	775	837	916
Dominica	33	41	…	199	183	…
Grenada	37	43	45	295	300	305
Guyana	1 129	1 396	1 383	1 771	1 997	1 891
Jamaica	1 665	1 667	1 780	5 922	5 810	5 800
Saint Kitts and Nevis	68	64	62	246	228	251
Saint Lucia	194	197	200	616	537	551
Saint Vincent and the Grenadines	43	48	50	292	315	320
Suriname	2 467	2 563	2 620	1 679	1 782	1 994
Trinidad and Tobago	14 944	12 983	13 476	9 511	9 065	7 976

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

Table A.2

Latin America and the Caribbean: risk spreads according to the EMBIG, 2010 to first quarter 2014 [a]

(Basis points, average values for each period)

	2010	2011	2012	2013	2013				2014
					Q1	Q2	Q3	Q4	Q1
Latin America and the Caribbean (15 countries)	433	451	513	419	431	423	434	408	421
Argentina	696	701	1 007	1 091	1 232	1 192	1 106	835	930
Belize	818	1 011	1 968	937	1 232	794	879	843	750
Brazil	209	195	184	217	174	208	248	238	253
Chile	131	140	150	157	139	158	171	160	155
Colombia	194	166	150	167	140	164	189	174	187
Costa Rica	…	…	390	296	251	286	322	327	355
Dominican Republic	373	453	459	383	374	380	404	373	360
Ecuador	954	819	827	626	703	646	632	523	574
El Salvador	322	383	450	383	341	395	412	385	455
Guatemala	…	…	288	263	245	272	278	257	254
Jamaica	492	485	656	653	680	654	632	645	590
Mexico	191	188	190	194	176	196	211	195	199
Panama	181	172	165	185	157	176	203	205	213
Peru	179	194	158	167	138	164	190	177	183
Trinidad and Tobago	…	…	…	278	…	…	297	266	211
Uruguay	219	200	176	188	156	187	209	201	216
Venezuela (Bolivarian Republic of)	1 107	1 213	996	944	760	892	998	1 125	1 273

Source:Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of figures from J.P. Morgan.
[a] EMBIG: Emerging Markets Bonds Index Global.

Table A.3

Latin America and the Caribbean: monetary base, 2009-2013

(Percentage variation with respect to the year-earlier period)

	2009	2010	2011	2012	2013
Latin America					
Argentina	5.4	25.1	37.1	34.9	30.2
Bolivia (Plurinational State of)	19.6	32.4	11.6	18.2	12.5
Brazil	8.0	17.5	11.0	9.4	5.5
Chile	15.0	13.8	14.8	13.7	16.3
Colombia	10.3	12.4	15.1	9.5	12.5
Costa Rica	6.3	10.0	11.7	12.1	14.1
Dominican Republic	3.4	6.4	5.8	9.0	3.9
Ecuador	18.1	24.1	9.9	16.2	23.2
El Salvador	10.8	0.4	-1.3	1.8	4.8
Guatemala	6.6	8.0	10.1	5.8	9.2
Haiti	14.2	34.1	18.1	9.2	0.4
Honduras	11.6	-13.8	10.7	11.3	4.0
Mexico	15.9	9.7	9.5	13.9	6.3
Nicaragua	0.7	24.0	20.5	18.3	6.3
Panama	11.2	7.5	27.1	12.7	16.0
Paraguay	30.7	5.2	5.0	11.8	5.1
Peru	2.1	24.2	31.3	31.2	21.1
Uruguay	6.1	12.9	23.1	21.8	15.3
Venezuela (Bolivarian Republic of)	18.3	24.5	27.0	40.8	61.1
The Caribbean					
Antigua and Barbuda	-10.5	0.9	20.1	29.4	…
Bahamas	2.0	2.5	26.8	-7.8	2.2
Barbados	-13.9	3.4	7.7	-0.9	10.4
Belize	11.9	-1.2	8.2	17.5	19.2
Dominica	-4.6	9.7	8.5	17.8	…
Grenada	-8.5	6.0	7.2	4.7	…
Guyana	10.6	17.7	17.4	15.2	6.6
Jamaica	22.8	5.5	5.3	6.3	6.3
Saint Kitts and Nevis	48.3	-3.2	36.1	13.7	…
Saint Lucia	8.5	3.6	16.3	4.2	…
Saint Vincent and the Grenadines	-3.2	11.9	0.8	11.8	…
Suriname	22.1	13.0	3.2	27.0	13.8
Trinidad and Tobago	37.6	24.7	14.1	15.4	19.5

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

Table A.4

Latin America and the Caribbean: representative lending rates, 2009-2013

(Average rates)

	2009	2010	2011	2012	2013
Latin America					
Argentina [a]	21.3	15.2	17.7	19.3	21.6
Bolivia (Plurinational State of) [b]	8.5	5.2	6.3	6.7	7.0
Brazil [c]	47.5	42.9	44.9	39.9	39.1
Chile [d]	12.9	11.8	12.4	13.5	13.2
Colombia [e]	13.0	9.4	11.2	12.6	11.0
Costa Rica [f]	21.6	19.8	18.1	19.7	17.4
Dominican Republic [g]	12.9	8.3	11.7	12.2	10.7
Ecuador [h]	9.2	9.0	8.3	8.2	8.2
El Salvador [i]	9.3	7.6	6.0	5.6	5.7
Guatemala [f]	13.8	13.3	13.4	13.5	13.6
Haiti [j]	21.6	20.7	19.8	19.4	18.9
Honduras [f]	19.4	18.9	18.6	18.4	20.1
Mexico [k]	7.1	5.3	4.9	4.7	4.3
Nicaragua [l]	14.0	13.3	10.8	12.0	15.0
Panama [m]	8.3	7.9	7.3	7.0	7.4
Paraguay [n]	14.6	12.5	16.9	16.6	16.7
Peru [o]	21.0	19.0	18.7	19.2	18.1
Uruguay [p]	16.6	12.0	11.0	12.0	13.3
Venezuela (Bolivarian Republic of) [q]	20.6	18.0	17.4	16.2	15.6
The Caribbean					
Antigua and Barbuda [r]	9.5	10.2	10.1	9.4	9.4 [s]
Bahamas [t]	10.6	11.0	11.0	10.9	11.2
Barbados [r]	9.8	9.5	9.3	8.6	8.5
Belize [u]	14.1	13.9	13.3	12.3	11.5
Dominica [r]	10.0	9.4	8.7	8.9	9.0 [s]
Grenada [r]	10.7	10.3	10.4	9.5	9.1 [s]
Guyana [o]	14.0	15.2	14.7	14.0	12.1
Jamaica [v]	22.6	20.3	18.3	17.8	16.3
Saint Kitts and Nevis [r]	8.6	8.5	9.2	8.5	8.3 [s]
Saint Lucia [r]	9.5	9.5	9.2	8.6	8.4 [s]
Saint Vincent and the Grenadines [r]	9.1	9.0	9.0	9.3	9.1 [s]
Suriname [v]	11.7	11.7	11.8	11.7	12.0
Trinidad and Tobago [o]	11.9	9.2	8.0	7.7	7.5

Source:Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Local-currency loans to the non-financial private sector, at fixed or renegotiable rates, signature loans of up to 89 days.
[b] Nominal local-currency rate for 60-91-day operations.
[c] Interest rate on total consumer credit by natural person.
[d] Non-adjustable 90-360 day operations.
[e] Weighted average of consumer, prime, ordinary and treasury lending rates for the working days of the month. Owing to the high turnover of treasury credit, its weighting was set at one fifth of the amount disbursed daily.
[f] Weighted average financial system for lending rate in local currency.
[g] Prime lending rate.
[h] Effective benchmark lending rate for the corporate commercial segment.
[i] Basic lending rate for up to one year.
[j] Average of highest and lowest lending rates.
[k] Weighted average rate of private debt issues of up to 1 year, expressed as a 28-day curve. Includes only stock certificates.
[l] Weighted average of short-term lending rates in local currency.
[m] Interest rate on one-year trade credit.
[n] Commercial lending rate, local currency.
[o] Market lending rate, average for transactions conducted in the last 30 business days.
[p] Business credit, 30-367 days.
[q] Average rate for loan operations for the six major commercial banks.
[r] Weighted average of lending rates.
[s] Figures to September.
[t] Weighted average of lending and overdraft rates.
[u] Rate for personal and business loans, residential and other construction loans; weighted average.
[v] Average lending rate in local currency.

Table A.5

Latin America and the Caribbean: fiscal balances, 2010-2013

(Percentages of GDP)

	Primary balance				Overall balance			
	2010	2011	2012	2013	2010	2011	2012	2013
Latin America and the Caribbean [a]	-0.1	0.1	-0.1	-0.3	-2.5	-2.3	-2.5	-2.5
Latin America [b]	-0.2	0.1	-0.3	-0.6	-1.8	-1.6	-2.0	-2.3
Argentina [c]	1.5	-0.1	-0.1	-0.0	-0.1	-2.3	-2.3	-1.7
Bolivia (Plurinational State of) [d]	1.4	-0.2	2.7	2.0	-0.1	-1.1	1.8	1.4
Brazil	2.1	2.3	2.0	1.6	-1.7	-2.6	-2.0	-2.3
Chile	0.1	1.8	1.1	-0.0	-0.4	1.3	0.6	-0.6
Colombia	-1.2	-0.3	0.2	-0.0	-3.9	-2.8	-2.3	-2.4
Costa Rica	-3.1	-1.9	-2.3	-2.9	-5.2	-4.1	-4.4	-5.4
Cuba [c]	-2.2	…	…	…	-3.6	-1.8	-4.3	1.2
Dominican Republic	-0.7	-0.1	-2.9	-0.2	-2.7	-2.2	-5.4	-2.8
Ecuador [c]	-0.9	-0.7	-1.0	-3.8	-1.7	-1.6	-2.0	-5.1
El Salvador	-0.4	-0.1	0.5	0.6	-2.7	-2.3	-1.7	-1.8
Guatemala	-1.8	-1.3	-0.9	-0.6	-3.3	-2.8	-2.4	-2.1
Haiti [c]	1.8	2.5	-0.5	-0.5	1.3	2.1	-0.8	-0.8
Honduras	-3.7	-3.2	-4.3	-5.6	-4.7	-4.6	-6.0	-7.7
Mexico	-1.2	-1.0	-1.0	-0.7	-2.7	-2.5	-2.7	-2.4
Nicaragua [d]	1.2	2.1	1.6	0.8	0.1	1.1	0.6	-0.1
Panama	0.1	-1.2	-0.8	-2.4	-2.5	-3.5	-2.9	-4.4
Paraguay	1.6	1.0	-1.6	-1.6	1.2	0.7	-1.8	-1.9
Peru [d]	1.1	3.0	2.9	1.7	-0.1	1.9	1.9	0.7
Uruguay	1.3	1.9	0.4	0.0	-1.2	-0.6	-2.0	-1.6
Venezuela (Bolivarian Republic of) [c]	-2.1	-1.8	-2.2	-0.3	-3.6	-4.0	-4.9	-3.4
The Caribbean [e f]	0.1	-0.1	0.3	0.1	-3.4	-3.5	-3.2	-3.0
Antigua and Barbuda	1.0	-2.7	1.1	-2.4	-1.4	-5.3	-1.4	-4.3
Bahamas [c]	-2.0	-3.4	-4.3	-2.5	-4.7	-5.7	-6.7	-5.2
Barbados [c g]	-3.2	1.7	-1.4	1.0	-8.7	-4.4	-8.0	-5.3
Belize [c]	2.2	2.0	2.8	1.0	-1.2	-1.4	-0.2	-1.9
Dominica	-4.7	-6.7	-7.5	-6.6	-6.4	-8.6	-9.0	-8.7
Grenada	-0.4	-0.7	-2.1	-2.9	-2.4	-3.2	-5.5	-5.4
Guyana [c]	-1.2	-1.6	-3.8	-3.5	-2.9	-3.1	-4.9	-4.6
Jamaica [c]	4.7	3.2	6.2	7.5	-6.4	-6.5	-3.9	-0.5
Saint Kitts and Nevis	2.7	8.9	17.2	18.6	-4.3	2.5	11.2	14.5
Saint Lucia	2.1	-1.8	-3.0	-2.6	-0.6	-4.6	-6.4	-6.4
Saint Vincent and the Grenadines	-0.0	-0.2	0.3	-3.8	-2.9	-2.7	-2.1	-6.2
Suriname [c]	-2.0	-1.0	-1.9	-2.1	-2.5	-2.0	-2.8	-3.0
Trinidad and Tobago	2.6	1.2	0.5	-0.7	0.1	-0.7	-1.4	-2.6

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Simple averages for 33 countries. The coverage corresponds to the central government.
[b] Simple averages; does not include Cuba.
[c] Preliminary figures for 2013, prepared on the basis of information from public budgets for 2013/2014.
[d] The coverage corresponds to the general government.
[e] Fiscal year.
[f] Simple averages.
[g] The coverage corresponds to the non-financial public sector.

Table A.6
Latin America and the Caribbean: gross domestic product, 2009-2013
(Annual growth rates)

	2009	2010	2011	2012	2013 [a]
Latin America and the Caribbean	-1.6	5.8	4.3	3.1	2.5
Latin America	-1.5	5.9	4.4	3.1	2.5
Argentina [b]	0.9	9.2	8.9	1.9	3.0
Bolivia (Plurinational State of)	3.4	4.1	5.2	5.2	6.8
Brazil	-0.3	7.5	2.7	1.0	2.3
Chile	-1.0	5.8	5.8	5.4	4.1
Colombia	1.7	4.0	6.6	4.2	4.3
Costa Rica	-1.0	5.0	4.4	5.1	3.5
Cuba	1.4	2.4	2.8	3.0	2.7
Dominican Republic	3.5	7.8	4.5	3.9	4.1
Ecuador	0.6	3.5	7.8	5.1	4.5
El Salvador	-3.1	1.4	2.2	1.9	1.7
Guatemala	0.5	2.9	4.2	3.0	3.7
Haiti	2.9	-5.4	5.6	2.8	4.3
Honduras	-2.4	3.7	3.8	3.9	2.6
Mexico	-4.7	5.2	3.8	3.9	1.1
Nicaragua	-2.2	3.6	5.4	5.0	4.6
Panama [b]	4.0	5.9	10.8	10.2	8.4
Paraguay	-4.0	13.1	4.3	-1.2	13.6
Peru [b]	1.0	8.5	6.5	6.0	5.6
Uruguay [b]	2.4	8.4	7.3	3.7	4.4
Venezuela (Bolivarian Republic of)	-3.2	-1.5	4.2	5.6	1.3
The Caribbean	-3.5	0.1	0.5	1.2	1.2
Antigua and Barbuda	-12.0	-7.2	-2.0	3.3	0.6
Bahamas	-4.2	1.0	1.7	1.8	0.7
Barbados	-4.1	0.3	0.8	0.0	-0.2
Belize	0.3	3.1	2.1	1.5	0.7
Dominica	-1.1	1.2	0.2	-1.1	-0.7
Grenada	-6.6	-0.5	0.8	-1.8	1.5
Guyana	3.3	4.4	5.4	4.8	5.2
Jamaica	-3.5	-1.5	1.3	-0.3	0.2
Saint Kitts and Nevis	-5.6	-3.2	1.7	-1.2	2.0
Saint Lucia	-0.1	-0.7	1.4	-1.3	2.8
Saint Vincent and the Grenadines	-2.1	-3.3	-0.4	1.6	-0.5
Suriname	3.0	4.1	4.7	4.4	3.9
Trinidad and Tobago	-4.4	0.2	-1.6	1.5	1.5
Memo item:					
Central America (9 countries)	0.8	4.8	5.1	4.7	4.3
South America (10 countries)	-0.2	6.4	4.6	2.6	3.0

Source:Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Preliminary figures.
[b] Argentina, Panama, Peru and Uruguay published new national accounts series in 2014, which included a change in the base year.

Table A.7

Latin America and the Caribbean: consumer prices, 2009-2013

(Percentage variation December–December)

	2009	2010	2011	2012	2013
Latin America and the Caribbean	4.6	6.5	6.8	5.6	7.3
Latin America					
Argentina	7.7	10.9	9.5	10.8	10.9
Bolivia (Plurinational State of)	0.3	7.2	6.9	4.5	6.5
Brazil	4.3	5.9	6.5	5.8	5.9
Chile	-1.4	3.0	4.4	1.5	3.0
Colombia	2.0	3.2	3.7	2.4	1.9
Costa Rica	4.0	5.8	4.7	4.5	3.7
Cuba	-0.1	1.5	1.3	2.0	0.3 [a]
Dominican Republic	5.7	6.3	7.8	3.9	3.9
Ecuador	4.3	3.3	5.4	4.2	2.7
El Salvador	-0.2	2.1	5.1	0.8	0.8
Guatemala	-0.3	5.4	6.2	3.4	4.4
Haiti	2.0	6.2	8.3	7.6	3.4
Honduras	3.0	6.5	5.6	5.4	4.9
Mexico	3.6	4.4	3.8	3.6	4.0
Nicaragua	1.8	9.1	8.6	7.1	5.4
Panama	1.9	4.9	6.3	4.6	3.7
Paraguay	1.9	7.2	4.9	4.0	3.7
Peru	0.2	2.1	4.7	2.6	2.9
Uruguay	5.9	6.9	8.6	7.5	8.5
Venezuela (Bolivarian Republic of)	25.1	27.2	27.6	20.1	56.2
The Caribbean					
Antigua and Barbuda	2.4	2.9	4.0	1.8	1.1
Bahamas	1.3	1.4	3.2	0.7	-0.2 [b]
Barbados	4.4	6.5	9.6	2.4	1.8 [b]
Belize	-0.4	0.0	2.6	0.8	0.8 [a]
Dominica	3.2	0.3	2.0	2.0	-1.7
Grenada	-2.3	4.2	3.5	1.8	-1.7
Guyana	3.6	4.5	3.3	3.4	0.2 [c]
Jamaica	10.2	11.8	6.0	8.0	9.7
Saint Kitts and Nevis	1.2	5.2	2.9	0.1	0.3
Saint Lucia	-3.1	4.2	4.8	5.0	-0.7
Saint Vincent and the Grenadines	-1.6	0.9	4.7	1.0	0.0
Suriname	1.3	10.3	15.3	4.4	0.6
Trinidad and Tobago	1.3	13.4	5.3	7.2	5.6

Source:Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Twelve-month variation to September 2013.
[b] Twelve-month variation to October 2013.
[c] Twelve-month variation to June 2013.

Table A.8

Latin America and the Caribbean: open unemployment rates and employment rates, 2009-2013 [a]

(Average annual rates)

			2009	2010	2011	2012	2013 [b]
Latin America							
Argentina	Urban areas	Unemployment	8.7	7.7	7.2	7.2	7.1
		Employment	54.2	54.4	55.2	55.0	54.7
Bolivia (Plurinational State of)	Departmental capitals	Unemployment	7.9	6.1	5.8	…	…
		Employment	52.4	53.6	…	…	…
Brazil	Six metropolitan areas	Unemployment	8.1	6.7	6.0	5.5	5.4
		Employment	52.1	53.2	53.7	54.2	54.0
Chile [c]	Nationwide total	Unemployment	9.7	8.2	7.1	6.4	5.9
		Employment	50.8	53.7	55.5	55.7	56.0
Colombia	Thirteen metropolitan areas	Unemployment [d]	12.4	11.8	10.9	10.6	10.1
		Employment	56.2	57.6	59.1	60.1	60.3
Costa Rica	Urban total	Unemployment	8.5	7.1	7.7	7.8	8.2
		Employment	57.0	56.4	57.8	57.4	56.5
Cuba	Nationwide total	Unemployment	1.7	2.5	3.2	3.5	…
		Employment	74.2	73.0	73.6	71.6	…
Dominican Republic	Nationwide total	Unemployment	5.3	5.0	5.8	6.5	7.0
		Employment	45.8	47.1	48.0	48.2	47.7
Ecuador	Urban total	Unemployment [d]	6.8	6.1	4.9	4.2	4.0
		Employment	53.9	52.6	51.9	53.2	52.2
El Salvador	Urban total	Unemployment	7.1	6.8	6.6	6.2	…
		Employment	59.7	60.0	59.5	60.6	…
Guatemala	Urban total	Unemployment	…	4.8	3.1	4.0	3.8
		Employment	…	…	59.0	62.8	59.5
Honduras	Urban total	Unemployment	4.9	6.4	6.8	5.6	6.0
		Employment	50.5	50.3	48.9	48.3	51.1
Mexico	Urban areas	Unemployment	6.6	6.4	5.9	5.8	5.7
		Employment	56.2	56.2	56.7	57.4	57.1
Nicaragua	Urban total	Unemployment	10.5	9.7	…	…	…
		Employment	46.6	…	…	…	…
Panama	Urban total	Unemployment [d]	6.3	5.8	3.6	3.6	3.6
		Employment	59.3	59.1	59.8	60.6	61.1
Paraguay	Asunción and urban areas of the Central Department [e]	Unemployment	8.2	7.2	7.1	8.1	8.1
		Employment	57.1	58.0	58.0	57.8	59.9
Peru	Metropolitan Lima	Unemployment	8.4	7.9	7.7	6.8	5.9
		Employment	62.7	64.5	64.5	64.4	64.8
Uruguay	Urban total	Unemployment	8.2	7.5	6.6	6.7	6.8
		Employment	58.4	58.8	60.7	59.6	59.3
Venezuela (Bolivarian Republic of)	Nationwide total	Unemployment	7.9	8.7	8.3	8.1	7.8
		Employment	60.0	59.0	59.0	58.7	59.3
The Caribbean							
Bahamas	Nationwide total	Unemployment [f]	14.2	…	15.9	14.0	15.8
		Employment	63.0	…	60.6	64.2	61.6
Barbados	Nationwide total	Unemployment [f]	10.0	10.8	11.2	11.6	11.2 [g]
		Employment	60.3	59.4	60.0	58.5	59.1 [g]
Belize	Nationwide total	Unemployment [f]	13.1	12.5	…	15.3	13.2
		Employment	…	…	…	55.7	56.7 [h]
Jamaica [c]	Nationwide total	Unemployment [d]	7.5	8.0	8.4	9.3	10.3
		Employment	56.3	54.6	54.4	53.3	53.4
Trinidad and Tobago	Nationwide total	Unemployment	5.3	5.9	5.1	5.0	3.7 [i]
		Employment	59.4	58.4	58.2	58.8	59.6 [i]

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

[a] Unemployed population as a percentage of the economically active population and employed population as a percentage of the working-age population, respectively. The data relating to the different countries are not comparable owing to differences in coverage and in the definition of the working age population.
[b] Preliminary figures.
[c] New measurements have been used since 2010; the data are not comparable with the previous series.
[d] Excludes hidden unemployment. Includes an adjustment to the figures for the economically active population.
[e] In 2009, figure refer to urban total.
[f] Includes hidden unemployment.
[g] January-September average.
[h] Figure for april.
[i] Figures are averages for March, June and September.

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