

Editorial note

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With its 147th issue, of December 2025, the *CEPAL Review* editorial team marks the end of a year of economic, social and geopolitical challenges unfolding on a global scale, with immediate and complex implications for the region.

According to the *Preliminary Overview of the Economies of Latin America and the Caribbean, 2025*, a flagship macroeconomic report of the Economic and Social Commission for Latin America and the Caribbean (ECLAC), our region continues to face a trap of low capacity for growth, with projected rates of just 2.4% for 2025 and 2.3% for 2026. This performance reflects an uncertain international climate, characterized by trade tensions and financial volatility, and by critical internal constraints, namely low investment, stagnant productivity and high public debt that is severely constricting fiscal space. Although a continued decline in inflation is allowing room for more flexible monetary policy, the region urgently requires a profound productive transformation and improved policy coordination to overcome labour informality and strengthen resilience to external shocks.

With regard to social development, meanwhile, the 2025 edition of the *Social Panorama of Latin America and the Caribbean* indicates that the region continues to experience significantly higher levels of inequality than the countries of the Organisation for Economic Co-operation and Development, with a Gini index score of 0.452 (compared to 0.315 in 2024). The wealthiest 10% of the population accounts for one third of regional income, while the poorest decile accounts for just 2%. Income distribution did improve slightly between 2021 and 2024 (the Gini index fell at an annual rate of 1.3%), but the improvement was primarily the result of labour dynamics and demographic changes, rather than effective redistributive policies. ECLAC has identified six structural causes of this trap of high inequality, low social mobility and weak social cohesion: segmented and highly informal labour markets, regressive tax systems, weak social protection, segmented education systems, gender inequality and urban segregation. To overcome this trap, ECLAC proposes an inclusive social development pact that would coordinate comprehensive policies, expand universal social protection systems and strengthen institutional capacities, supported by a robust multidimensional measurement of inequality to guide effective public policy design.

The traps of low growth capacity and of high inequality, low social mobility and weak social cohesion analysed in the above-mentioned reports are closely linked to other structural factors that play a significant role in the structural development delays that the region has historically faced, namely: the low level of productive development, weaknesses in institutional capacities aligned with an agenda that reconciles economic growth and social inclusion, and rising pressures concerning the environment and the political economy of managing the region's variety of natural resources. These aspects of the production, social and political-institutional structures point to an extremely complex outlook for the region, considering the extent to which its countries are affected by the global outlook. The weakening of international multilateralism, a fragmented geopolitical landscape, trade tensions exacerbated by tariff hikes, global financial volatility and accelerated technological disruptions are creating a climate of heightened uncertainty that is further limiting Latin American economies' room for manoeuvre.

Against this backdrop — the regional and global state of affairs at the end of 2025 and its potential intensification due to additional challenges in 2026 — this issue of *CEPAL Review* presents seven articles offering empirical data, analytical frameworks and policy discussions on critical development obstacles facing Latin America and the Caribbean. The analyses, conducted from a variety of angles, address the links between technological change, innovation and competitiveness, the transformation of production structures, including from a territorial perspective, and how these factors affect employment, wages and productivity. In this regard, several of the articles address the themes that constitute the enduring focus of our editorial line, relating to cross-cutting issues, such as the persistence of structural heterogeneity, endogenous capacity gaps in technology and production and the need to strengthen institutional arrangements, that affect the ability to combine sustained growth strategies with greater social inclusion.

Rounding out this 147th issue is an interview with Jayati Ghosh, noted economist and member of International Development Economics Associates, conducted virtually by Esteban Pérez Caldentey and Miguel Torres in late July 2025, and a critical review by our ECLAC colleagues, José Eduardo Alatorre and Santiago Lorenzo, of the book *Toward Inclusive Development in Latin America: Leveraging the Global Green Transition*, by Eva Paus and Rafael Domínguez, published by Palgrave MacMillan in 2025.

We encourage our readership to explore and disseminate this issue of the *CEPAL Review* and those to come in 2026 as we continue to analyse the latest development problems facing Latin America and the Caribbean with the usual analytical rigour that our authors bring to our publication. These upcoming issues of *CEPAL Review* will also have the important distinction of marking its fiftieth anniversary.