Economic Survey of Latin America and the Caribbean 2024

Low-growth trap, climate change and employment trends

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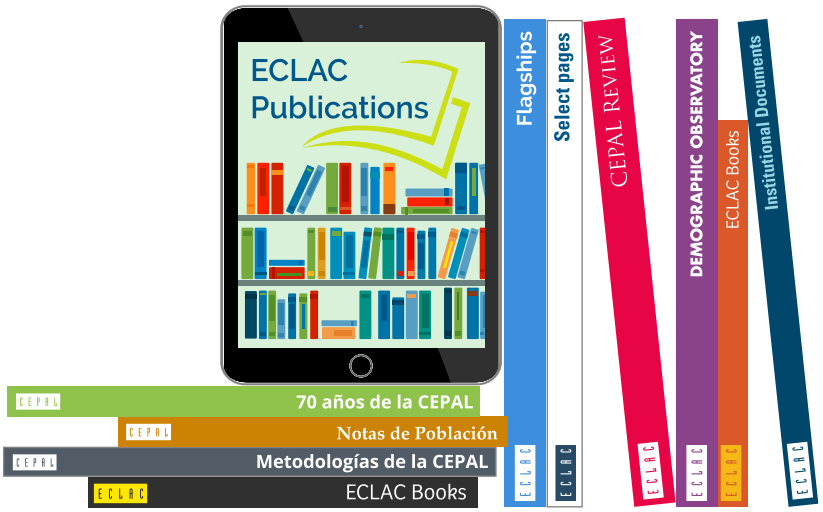

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Economic Survey of Latin America and the Caribbean 2024

Low-growth trap, climate change and employment trends

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Explanatory notes:

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

A dash indicates that the amount is nil or negligible.

A full stop is used to indicate decimals.

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

A slash between years (e.g. 2023/2024) indicates a 12-month period falling between the two years.

Individual figures and percentages in tables may not always add up to the corresponding total because of rounding.

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Presentation

The seventy-sixth issue of the *Economic Survey of Latin America and the Caribbean, 2024* is divided into three parts. Part I outlines the region's economic performance in 2023 and analyses trends in the early months of 2024, as well as the outlook for growth for 2024 and 2025. It examines the external and domestic factors that have influenced the region's economic performance and how these factors will affect economic growth in the coming years.

Part II examines macroeconomic and sectoral trends in employment in Latin America. Chapter II, titled "Employment growth and sectoral trends in Latin America", identifies how recent low-growth trends have affected job creation in the Latin American economies. The main findings reveal a close relationship between economic growth and job creation, at both the aggregate and the sectoral levels. The slowdown in the rate of economic growth has hindered employment growth over the last decade. This downward trend in job creation is reflected uniformly across all sectors of the economy, altering the sectoral distribution of employment. Similarly, job creation has occurred mostly in activities of lower productivity growth, including some related to the services sector and construction.

Chapter III, entitled "Informal employment in Latin America from 2013 to 2022: developments and trends" analyses how informality has spread across different sectors and branches of production. A probit model is estimated to analyse the impacts of economic growth and socioeconomic variables on the probability of being informally employed.

The findings indicate that between 2013 and 2022, total employment grew by 10%, with informal employment increasing by 18.6% and formal employment by 3.3%. Taking gender into account, informal employment grew by 22.8% among women and by 15.7% among men, thus confirming a gender bias in informality. As in the sectoral breakdown of total employment, informal employment has also been concentrated in sectors of lower productivity growth, with 74% of the informally employed working in this sector. The chapter also underscores that being a woman and having dependants in the household increases the likelihood of being informally employed. Accordingly, policies that foster the care economy can boost job creation and increase productivity, while facilitating women's access to the formal labour market. The study also shows how the probability of an employed person being in an informal job decreases at higher educational levels.

Lastly, chapter IV, "Impact of climate change on job creation in Latin American economies" analyses how the climate impact could affect growth and job creation in the region. Latin America's high vulnerability to climate change, owing to its geographical location and reliance on vulnerable sectors such as agriculture and tourism, poses a significant risk. In the absence of adequate adaptation and mitigation policies, climate change could have major adverse effects on economic growth and employment in the region. Estimated models show that, in a scenario without mitigation, GDP and employment could decline substantially by 2050. This underscores the urgent need for policies that foster sustainable and inclusive development in the region.

The results reported in these three chapters show that the low-growth trap in which the region's economies are mired has reduced the capacity to create jobs, particularly formal ones, and that groups such as young people, women, older persons, persons with low levels of education, migrants and rural dwellers are more likely to be informal workers. In addition, an intensification of climate change effects will drastically reduce the number of jobs created in the medium term if mitigation and adaptation policies are not adopted. To address these challenges and soften the impact on labour markets, the region must harmonize productive development, employment and macroeconomic policies, together with effective climate change adaptation and mitigation measures. This will require a significant increase in public and private investment, along with structural reforms to foster sustainable and equitable economic growth.

Part III of this publication may be accessed on the website of the Economic Commission for Latin America and the Caribbean (www.eclac.org). It contains the notes relating to the economic performance of the countries of Latin America and the Caribbean in 2023 and the first half of 2024, together with their respective statistical annexes. The cut-off date for updating the statistical information in this publication was 30 June 2024.

Executive summary

A. Latin America and the Caribbean: the low-growth trap and macroeconomic constraints

Over the past decade, economic growth in Latin American countries has been weak, averaging 0.9% between 2015 and 2024, which is lower than the 2.0% recorded in the "lost decade" of the 1980s. The region must boost growth to meet the environmental, social and labour challenges it currently faces.

Overcoming the low-growth trap and creating good-quality jobs requires the harmonization of macroeconomic and productive development policies that stimulate investment and productivity and facilitate inclusive and sustainable growth. The macroeconomic scenario facing the countries of the region, both externally and domestically, includes weak economic growth, uncertainty and limited fiscal and monetary policy space.

1. Moderate economic and trade growth worldwide

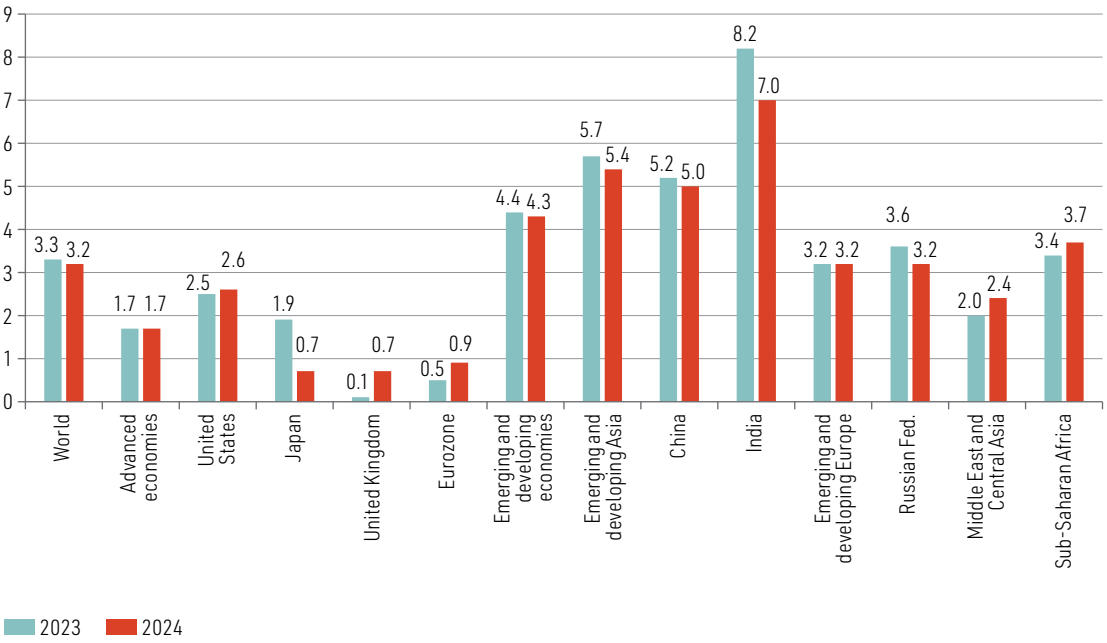
As shown in figure 1, the global economy is expected to grow by 3.2% in 2024, one tenth lower than the figure recorded in 2023 and still below the historical average annual growth of 3.8% between 2000 and 2019. The United States, Latin America and the Caribbean's leading trading partner,[1] is expected to record growth of 2.6% in 2024. In China, the region's second-largest trading partner, growth is forecast to dip, from 5.2% in 2023 to 5.0% in 2024. The country continues to face problems in the property sector, and has provided successive rounds of public stimulus to counter the ongoing contraction of the housing sector. The eurozone is projected to record an increase of 0.9% in 2024 (compared to 0.5% in 2023). In this case, the somewhat higher growth anticipated this year is due to the low base of comparison in 2023, when tight monetary policy and weak external demand dampened activity. Private consumption is expected to be more buoyant in 2024, with lower inflation supporting real household incomes.

With regard to world trade, declining inflation in 2024 is expected to lead to a recovery in manufactured goods consumption, boosting goods trade volume growth. According to the World Trade Organization, world trade volume is expected to rise by 2.6% in 2024. While this rate represents a recovery from the 1.2% decline in 2023, it is well below the levels of trade growth seen prior to the 2008–2009 global financial crisis. Between the early 1980s and 2007, trade volume grew by an average of almost 6% per year.

The actual figure may be lower than projected, given increasing geopolitical tensions and policy uncertainty. In April, the International Monetary Fund published a report (IMF, 2024) reiterating its warning about the fragmentation of global trade into rival blocs and noted that countries imposed some 3,000 new trade restrictions in 2023, almost three times as many as in 2019.

[1] In 2022, 45% of Latin America and the Caribbean's exports went to the United States, 13% to China and 9% to the European Union.

Figure 1
Selected regions and countries: GDP growth in 2023 and projections for 2024
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of International Monetary Fund (IMF), *World Economic Outlook Update. The Global Economy in a Sticky Spot*, Washington, D.C., July 2024.
Note: In the case of India, the figures are for the fiscal year beginning in April and ending in March the following year.

Efforts by countries to make their supply chains more resilient, shorten them and decouple them from geopolitically remote countries are creating a situation of increasing geoeconomic fragmentation. This trend is being driven by concerns in the United States and Europe about excess production capacity in China, which has increased global manufacturing output by more than 5% since 2019. Low domestic demand in China, where consumer spending still accounts for less than 40% of GDP, compared to 70% in the United States, for example, is forcing Chinese companies to seek foreign markets to sell their surplus output into. Further escalation of trade protectionism would have an even greater effect on global supply chains and access to markets and resources, with a negative impact on the global economy. On 14 May, the United States announced higher tariffs on imports from China in several sectors, including semiconductors (up from 25% to 50%), solar cells (up from 25% to 50%), electric vehicle batteries (up from 7.5% to 25%) and electric vehicles (up from 25% to 100%).

Global trade projections may also fail to be confirmed owing to disruptions in shipping routes, particularly those through the Red Sea and Suez Canal, and adverse climatic effects on water levels in the Panama Canal,[2] which may increase transport costs, lengthen voyage times and disrupt supply chains (UNCTAD, 2024). However, although global freight costs increased after the attacks on commercial shipping in the Red Sea, through which 11% of world trade moves, they remained well below their 2021–2022 levels and have recently declined (IMF, 2024).

[2] Some 6% of world merchandise trade passes through the Panama Canal.

Commodity prices are projected to record a further reduction of 5% on average in 2024, in addition to the 23% drop in 2023. Energy commodity prices are projected to close the year 10% below their 2023 averages, while non-energy commodity prices are expected to close at levels similar to those of the previous year. The copper price was notable, as it increased sharply from early March 2024, reaching an all-time high of US$ 5.2 per pound in the third week of May, reflecting a stronger increase in demand than supply. In fact, the international prices of several metals are expected to rise owing to a possible reduction in supply and inventories, logistical difficulties and increased international demand, given their role in sustaining the energy transition.

2. International financial conditions to remain tight in 2024

Given the decline in inflation rates in developed countries, markets anticipate that the main central banks will cut interest rates during the remainder of 2024, although there is no certainty as to when exactly they will do so. Thus far, only the European Central Bank has begun to cut interest rates, with a reduction of 25 basis points (to 3.75%) at its June meeting. The United States Federal Reserve has maintained interest rates in a range between 5.25% and 5.50% (with a midpoint of 5.38%), while the Bank of England has left its rate unchanged at 5.25%.

Capital inflows have resumed in many emerging markets, and equity market prices have risen substantially overall so far this year, albeit most sharply in advanced economies. Sovereign lending spreads have also continued their downward trend and are now at levels similar to those prevailing in late 2019, before the coronavirus disease (COVID-19) pandemic. Although sovereign risk in emerging markets has declined, financing costs for these economies are still high and will remain so until long-term rates in the developed economies fall.

Global liquidity has risen since the beginning of 2024. This improvement reflects, on the one hand, the less restrictive monetary stance of the world's main central banks, as already mentioned, and, on the other hand, the Federal Reserve's decision to slow the pace of its balance sheet reduction. United States fiscal policy has also boosted global liquidity. The removal of the debt ceiling set by the United States Congress (US$ 31.4 trillion in January 2023) until January 2025 has made it possible to increase the fiscal deficit and has been a factor in expanding liquidity.

If interest rates remain high for longer than expected, vulnerabilities associated with debt could increase in a number of emerging and developing economies. Meanwhile, the financial sector could also become more vulnerable in developed countries.

3. The region's external sector has proven to be resilient in a highly uncertain economic environment

In 2023, the capital and financial accounts recorded an expanded surplus equivalent to 1.5% of regional GDP. However, the current account reflected a deficit of 1.3% of GDP, much lower than the 2.5% of GDP recorded in 2022.

While the current transfers account maintained a solid surplus (2.3% of GDP), the current account showed a smaller deficit owing to the downward trend in international commodity prices, the moderation of global inflation and the weaker impact of the dollar cycle. All of this contributed to the balance of goods recording a small surplus (0.6% of GDP) as a result of the reduction in the value of imports, which outstripped the decline in the value of exports. The trade-in-services deficit also decreased, in line with the recovery of the region's tourism sector and lower freight costs. On the contrary, the income account deficit widened, owing to the impact of reinvested earnings and the rise in interest payments, amid high international financing costs.

Given the persistent volatility in global financial markets resulting from escalating geopolitical tensions and continued tight monetary policy, especially in the United States and the European Union, net portfolio capital flows into the region were negative in 2023. However, foreign direct investment flows to the region were significant, reaching 2.8% of GDP. In 2023, net foreign direct investment inflows (US$ 139 billion) amply financed the current account deficit of US$ 86 billion.

The outlook for 2024 indicates a slight deterioration in the regional current account (-1.7% of GDP) amid still-fragile global growth and trade, and high global interest rates for longer than expected, resulting in a stronger dollar. Meanwhile, geopolitical conflicts and potential global supply chain disruptions could lead to a rebound in commodity prices and global inflation. The surplus in the region's financial account is expected to improve, in line with the recent trend showing an increase in capital flows to emerging economies.

Despite currently high borrowing costs, the debt issued in international markets by the region's economies grew by 40% in 2023 compared to 2022. Sovereign bonds continued to account for the largest share of total debt issued. The share of thematic bonds also rose, from 6% of total sovereign issues in 2019 to 50% in 2023. The average coupon on this type of issue is lower than on other sovereign issues. In addition, credit risk in the region decreased in 2023, and this trend is set to continue in 2024, in line with the reduction of risk in the other emerging regions.

4. Low growth has resulted in stagnant per capita GDP

Economic growth in the region's economies remains weak. In the first quarter of 2024, the economy grew by 1.5% compared to the year-earlier period. This was the third consecutive quarter in which the GDP of the Latin American economies increased by less than 2.0%, and the sixth quarter in which growth was lower than the 4.5% recorded in the third quarter of 2022.

Monthly economic activity indicators show that all the region's economies recorded a slowdown in the first quarter of 2024. Thus, while the average growth rate in Latin America fell by 1.7 percentage points between the first quarter of 2023 and the same quarter of 2024, the decline was 1.8 percentage points in the economies of South America and 1.5 percentage points in those of Mexico and Central America.

The slowdown in economic activity reflects a weakening of both consumption and gross fixed capital formation. Private consumption growth continued to slow in the fourth quarter of 2023, although at a lower annual rate than in 2022, when it began declining in the second quarter. This slowdown occurred amid a deterioration in the purchasing power of real wages, low job creation, declining consumer confidence and the depletion of savings built up by households in recent years. Similarly, limited fiscal space translated into a reduction in public spending, especially on transfers, which weakened consumption in some economies of the region.

Gross fixed capital formation also exhibited a slowdown, with modest growth of 0.3 percentage points in the fourth quarter of 2023. This slackening was mainly due to the tight monetary policies applied to control inflation, which resulted in interest rates remaining high. Geopolitical tensions and sharp fluctuations in commodity prices on the world market also contributed to this low-growth environment.

Investment is showing signs of stagnation and remains at levels similar to those seen before the pandemic. After a slight increase in 2022, investment as a percentage of GDP continued to decline in 2023, falling back to pre-pandemic levels in a situation of high uncertainty and a deterioration in business confidence in many countries owing to the vagaries of the global economy, the effects of climate change and international conflicts. Similarly, the caution shown by monetary authorities in their interest rate management has resulted in monetary policy remaining tight, with real interest rates higher than before the pandemic.

Value added growth has slowed in all branches of economic activity. In the fourth quarter of 2023, economic expansion was led by the services sector. The services that grew the most were finance and corporate services; community, social and personal services; and electricity, gas and water. In contrast, the commerce and transport and communications sectors experienced a decline, affected by the reduced momentum of private consumption. Meanwhile, agriculture and mining, which had contributed a substantial 5% to value added in the first quarter of 2023, made a near-zero contribution in the fourth quarter of that year, much as they did in 2022.

5. Employment growth remains sluggish and gender gaps persist

In the first quarter of 2024, employment growth remained weak and the annualized growth in the number of employed persons was 0.9%, compared to 2.8% in the first quarter of 2023. Agriculture was the only sector to actually shed jobs in the first quarter of 2024 relative to the year-earlier period, with a 2.0% decrease representing the sixth consecutive quarter of shrinking employment in this sector. Although the manufacturing and services sectors saw employment grow by 1.1% and 1.4%, respectively, the rate of growth in the first quarter of 2024 was lower than in the first half of 2023 in both cases, by 1.3 and 2.5 percentage points, respectively.

The weighted average labour participation rate[3] for the region was 62.6% in the first quarter of 2024, up by 0.1 percentage points relative to the year-earlier period, and 0.3 points higher than in the first quarter of 2022. Despite this recovery, the regional participation rate is below the 63.1% average recorded between the first quarter of 2018 and the fourth quarter of 2019, reflecting the fact that many people who left the labour market during the COVID-19 pandemic have not yet returned and remain inactive.

The regional unemployment rate[4] continues the downward trend that began in the third quarter of 2020, falling from 11.6% in the second quarter of 2020 to 6.5% in the first quarter of 2024. However, in the latter period, the rate was higher than in the second, third and fourth quarters of 2023.

The disparities between men and women in the main labour market indicators have tended to narrow since 2021, and this trend continued in the first quarter of 2024. The difference in labour participation rates between men and women is 22.3 percentage points, similar to that recorded in the first quarter of 2023. The female participation rate recovered in the first quarter of 2024, relative to the same year-earlier period, but both the male and the female rates remained below the levels recorded in the first quarter of 2019. The gap in the unemployment rate between men and women also narrowed by 0.1 percentage points from 2.7 percentage points in the first quarter of 2023 to 2.6 points in the first quarter of 2024. During this period, unemployment among women fell by 0.4 percentage points, compared to a 0.3-point drop in the rate for men.

The easing of inflation region-wide, in conjunction with nominal minimum wage hikes, has meant that real minimum wages in the first quarter of 2024 were above the year-earlier levels in 14 of the 18 economies for which information was available. The real minimum wage in the region grew by 3.8%, on average. Average real wages rose in seven of the nine economies in the region for which information is available. Increases of more than 4% were recorded in Costa Rica, Mexico and Uruguay, while average real wages in Argentina and the Plurinational State of Bolivia declined by 14.0% and 2.0%, respectively.

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3 The labour force participation rate is measured as the economically active population (employed plus unemployed) as a percentage of the population of working age.

4 Jobless population who are looking for work but unable to find it, as a percentage of the economically active population.

6. Limited fiscal space reflects growing pressures for interest payments on public debt

The latest fiscal projections for the Latin American countries envisage total central government income stabilizing in 2024, following the previous year's contraction. Tax revenues are expected to increase, driven by the revival of economic activity in several countries and the progressive fall in inflation, along with atypical factors, such as the expiry of anti-inflationary tax measures. Meanwhile, revenues from other sources are forecast to decrease slightly, owing in part to the fall in revenues from non-renewable natural resources.

In the Caribbean, central government revenues are also expected to increase in 2024, following the contraction the previous year. Tax revenues are expected to rise slightly, driven by consumption taxes, particularly in service-exporting countries. Income from other sources is expected to increase, particularly in the case of external grants for investment projects. Meanwhile, inflows from citizenship-by-investment programmes —which have reflected strong momentum— are expected to be mixed in 2024, which could have an impact on total revenues in some countries.

According to updated official projections, public spending is projected to increase slightly in 2024 for central governments in Latin America, reflecting public policy decisions —such as higher budgeted capital expenditures— and the need to address the growing burden of interest payments. High interest rates in international markets have increased the cost of variable-rate public debt and of new issuances. Meanwhile, primary current spending is expected to decline as the anti-inflationary subsidies adopted in 2022 and 2023 are withdrawn.

In the Caribbean, total central government expenditure is expected to rise in 2024, with a significant increase in capital expenditure. However, execution of capital projects depends on several factors, especially the receipt of external capital grants. Interest payments are forecast to continue rising, in some cases owing to the increase in expenses associated with the debt contracted with international financial institutions, whose interest rate is linked to international benchmark interest rates.

In line with these trends, the fiscal position of Latin America's central governments is expected to remain stable in 2024, with a deficit similar to that of 2023. However, the overall deficit expected for the year (-3.2% of GDP) is higher than the average observed in 2015-2019 (-2.9% of GDP), when public debt rose sharply. In the Caribbean, meanwhile, the overall deficit is expected to expand, mainly as a result of the rise in capital spending.

These projections are subject to several variables that are hard to predict, and which could influence public spending and fiscal balances. They include the pace of execution of public investment, which tends to be used as an adjustment variable when the fiscal balances deviate from the targets set in budgets and fiscal rules. The performance of total revenues will be key in this regard, particularly in the Caribbean, where a significant portion of public investment is financed by external grants.

Central government gross public debt in Latin America declined in the first quarter of 2024, averaging 52.3% of GDP, compared to 55.0% in December 2023. Nominal GDP contributed to this reduction, although its growth rate was lower. This factor also played a key role in reducing the level of central government debt in the Caribbean, where gross public debt reached 67.9% of GDP in March 2024, compared to 70.7% of GDP in December 2023.

Given these high levels of public debt, it is essential to establish a fiscal sustainability framework focused on the strengthening and effective use of public resources. The region has a regressive tax structure, heavily biased towards indirect taxes. Therefore, major reforms in income, property and wealth taxes will be needed to mobilize resources and improve the progressiveness of the tax system.

There is also a need for measures to reduce the high level of tax evasion. In 2023, tax non-compliance in Latin America cost US$ 433 billion, equivalent to 6.7% of regional GDP (ECLAC, 2024). The

evaluation of tax expenditures would also offer opportunities to bolster public revenues. In 2021, tax expenditures in Latin America averaged 3.7% of GDP, representing 19% of central government budget expenditures (OECD and others, 2023).

7. Inflation continues to fall in the region's economies

Similar to the trend seen outside the region, inflation has slowed in the economies of Latin America and the Caribbean. Following a record increase of 9.2% in June 2022, inflation has been trending steadily downward in the region. The median regional inflation rate was 3.9% at the end of June, with a decline in most countries in the region.

The drop in regional inflation was driven by the sharp fall in international market prices for food and energy, by the restrictive monetary policies adopted in the region to curb rising prices since mid-2021 and by the slower depreciation of the region's currencies during the last quarter of 2023. In the first quarter of 2024, the average year-on-year fall in international market food prices was 8.6%. International market energy prices have also recorded year-on-year decreases since February 2023, a trend that continued until March 2024, with an average decline of 7.3% in the first quarter of 2024.

Inflation expectation surveys suggest that inflation will continue to fall. However, the central value of the Economic Commission for Latin America and the Caribbean (ECLAC) projection for the region remains at around 3.6% for the end of 2024 and mid-2025. The expected lower international market prices for food, energy and manufactured goods would contribute to the decline in regional inflation in 2024 and 2025.

8. Monetary policy space is limited amid persistent inflation and exchange-rate pressures

The decline in inflation has enabled most of the region's countries with inflation-targeting regimes to embark on, since mid-2023, a cycle of reductions in their respective monetary policy rates. However, the pace of these adjustments moderated in the first months of 2024. The caution in lowering rates is the consequence, first, of considerations regarding the trend in core inflation, which —in some countries such as Brazil and Mexico— has been more persistent than the general level of inflation, with a resulting impact on inflation expectations. Second, such caution on the part of some countries also reflects considerations about the effect of possible exchange-rate pressures on price stability.

The trend in real-term monetary policy rates shows that, despite the recent reductions in nominal terms, the monetary policy stance in all the inflation-targeting countries remains restrictive, with real rates higher than those observed before the pandemic. Similar to the experiences of the inflation-targeting countries, at the regional level the median growth rate of the monetary base —which decelerated sharply throughout 2021 and 2022— has stabilized at a nominal year-on-year figure of around 5%.

Reductions in policy rates by central banks in inflation-targeting countries resulted in lower spreads with respect to United States interest rates, which, starting in the second half of 2023, led to a depreciation of those countries' currencies, which have flexible exchange rates. Despite the depreciation of the nominal exchange rate, the extraregional real effective exchange rate continues to appreciate in the region.

In that context, bank interest rates in the region remained high. After contracting in the second half of 2023, deposits recovered over the first two months of 2024, encouraged by higher increases in deposit rates and greater-than-expected economic activity. However, net domestic credit has contracted since the fourth quarter of 2023, as a result, on the one hand, of the lagged effect of the

restrictive monetary policy on the credit channel and, on the other hand, of the partial substitution of domestic for external credit.

The banking system's credit risk is on the decline owing to credit rationing via interest rates, as well as the effect of higher requirements for access to financing and better monitoring and supervision practices. On the contrary, local currency depreciations have increased exposure to foreign exchange risk. The capitalization levels and liquidity ratios of financial institutions remained stable, above regulatory minimums, while bank profitability reached its highest level since 2012 in September 2023, thanks to rising lending rates and the limited materialization of credit risk. In order to improve risk management capacity, the monetary authorities of several of the region's countries increased their capital requirements in 2023.

After remaining relatively stable throughout 2023, the balance of net international reserves grew in the first months of 2024. Despite fluctuations throughout the period, since the beginning of 2023, inflation-targeting countries have continued to accumulate net international reserves. In contrast, both the countries with fixed exchange rates and those with targets for the exchange rate and monetary aggregates have reported drops in their net international reserve holdings. At the same time, in the countries of the chronic inflation group, whose behaviour largely mirrors developments in Argentina, the balance of net international reserves, after persistent reductions throughout 2023, has started to recover in 2024.

The convergence of inflation towards the targets and the relative strength of the anchoring of medium-term inflation expectations have allowed the region's monetary authorities to begin to relax their policy stances; they do, however, remain restrictive. Although the outlook for the rest of the year is that this trend will continue, the future conduct of monetary policy will be shaped by both external factors —notably including the policy stance of the United States— and domestic factors —in particular, each country's cyclical position. This underscores the relatively narrow policy space granted by the use of a single instrument for conducting monetary policy. As repeatedly stated by ECLAC, the complementary use of instruments for exchange-rate and macroprudential objectives enables monetary policy to be less sensitive to external shocks and to focus on domestic stabilization objectives.

9. Growth projections and policy proposals

The Latin American and Caribbean region is expected to remain on a low-growth path in 2024, with an average rate of 1.8%. This low growth is forecast for all subregions, including 1.5% in South America, 2.2% in Central America and Mexico, and 2.6% in the Caribbean (excluding Guyana). On the contrary, a higher growth rate of 2.3% is expected for the region as a whole in 2025, as shown in table 1. The performance of South America, in particular, is forecast to drive this upturn.

Given recent performance, the region's modest economic growth remains conditioned by an uncertain external scenario, with high inflation and interest rates that remain elevated worldwide, which tends to delay the normalization of inflation and monetary policy easing in the main advanced countries, depressing external demand and keeping financial conditions tight. This situation may be aggravated by a possible exacerbation of geopolitical and trade tensions, and by the worsening effects of climate change. Although private consumption is still the main determinant of regional growth, it has been curbed by reduced household purchasing power, amid weak labour productivity and limited formal job creation. The tight monetary policy stance is undermining domestic demand and depressing investment, which is already in decline. Fiscal policy space is further limited by the heavier public debt service burden. As a result of all these factors, combined with expectations of lower external demand, the region remains stuck in a low-growth trap.

Table 1
Latin America and the Caribbean: GDP growth and projections, 2022–2025
(Percentages and percentage points)

	GDP growth rate *(Percentages)*				Year on year variation *(Percentage points)*	
	2022	2023	2024	2025	2023/2024	2024/2025
Latin America and the Caribbean	**4.0**	**2.2**	**1.8**	**2.3**	**-0.3**	**0.5**
Latin America	**3.9**	**2.1**	**1.7**	**2.3**	**-0.3**	**0.5**
South America	**3.9**	**1.6**	**1.5**	**2.4**	**-0.1**	**1.0**
Argentina	5.3	-1.6	-3.6	4.0	-2.0	7.6
Bolivia (Plurinational State of)	3.6	3.1	1.7	2.2	-1.4	0.5
Brazil	3.0	2.9	2.3	2.1	-0.6	-0.3
Chile	2.1	0.2	2.6	2.3	2.4	-0.3
Colombia	7.3	0.6	1.3	2.6	0.7	1.3
Ecuador	6.2	2.4	1.8	1.6	-0.6	-0.2
Paraguay	0.2	4.7	3.8	3.6	-0.9	-0.2
Peru	2.6	-0.6	2.6	2.5	3.2	-0.1
Uruguay	4.7	0.4	3.6	2.6	3.2	-1.0
Venezuela (Bolivarian Republic of)	12.0	3.0	5.0	3.0	2.0	-2.0
Central America	**4.6**	**3.1**	**3.1**	**3.1**	**0.0**	**0.0**
Central America and Mexico	**3.9**	**3.2**	**2.2**	**1.9**	**-0.9**	**-0.3**
Costa Rica	4.6	5.1	4.0	3.8	-1.1	-0.2
Cuba	1.8	-1.0	0.5	1.0	1.5	0.5
Dominican Republic	4.9	2.4	5.2	4.5	2.8	-0.7
El Salvador	2.8	3.5	3.5	3.1	0.0	-0.4
Guatemala	4.2	3.5	3.4	3.2	-0.1	-0.2
Haiti	-1.7	-1.9	-3.0	-0.5	-1.1	2.5
Honduras	4.1	3.6	3.8	3.6	0.2	-0.2
Mexico	3.7	3.2	1.9	1.4	-1.3	-0.5
Nicaragua	3.8	4.6	3.7	3.2	-0.9	-0.5
Panama	10.8	7.3	2.7	3.3	-4.6	0.6
The Caribbean	**12.8**	**9.1**	**8.4**	**6.3**	**-0.7**	**-2.1**
The Caribbean (excl. Guyana)	**6.0**	**2.9**	**2.6**	**2.3**	**-0.3**	**-0.3**
Antigua and Barbuda	9.5	3.9	6.3	4.8	2.4	-1.5
Bahamas	10.8	2.6	2.3	1.8	-0.3	-0.5
Barbados	13.5	4.9	3.7	2.8	-1.2	-0.9
Belize	8.7	4.8	4.1	3.3	-0.7	-0.8
Dominica	5.6	4.7	4.6	4.3	-0.1	-0.3
Grenada	7.3	3.6	4.1	3.7	0.5	-0.4
Guyana	63.3	39.2	29.2	17.8	-10.0	-11.4
Jamaica	5.2	2.1	1.8	1.7	-0.3	-0.1
Saint Kitts and Nevis	10.5	2.3	3.0	2.7	0.7	-0.3
Saint Lucia	18.2	3.4	3.4	2.0	0.0	-1.4
Saint Vincent and the Grenadines	7.2	6.0	4.7	4.6	-1.3	-0.1
Suriname	2.4	2.0	2.4	2.7	0.4	0.3
Trinidad and Tobago	1.5	2.7	2.4	2.2	-0.3	-0.2

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
Note: The calculations refer to constant figures at 2018 prices. GDP growth rates for 2024 and 2025 are projections.

The momentum of the region's exports and economic activity depends heavily on the scope of the economic slowdown in its main trading partners. Specifically, this group of countries is expected to record growth of 2.7% in 2024, similar to that of 2023, and a slowdown in 2025 (2.4%). This is mainly due to the weaker growth forecast for the region's two main trading partners, the United States (roughly 1.9% in 2025) and China (around 4.5% in 2025). In the eurozone, the latest projections by the European Central Bank place annual GDP growth at 1.4% in 2025. Given the projected weaker drive from external demand, policymaking should seek to boost intraregional demand over the medium term, given that trade within the region is significant, representing 15.1% of exports and 15.6% of imports by value in 2023. This ties in with the implementation of active employment policies that support investment and productivity to boost labour participation in strategic sectors with high value added, as discussed in the second part of this document.

Meanwhile, despite a recent downward trend, global inflation is expected to remain high (5.9% in 2024 and 4.4% in 2025). One of the most striking projections is for an increase in commodity prices, including certain foods such as cocoa, metals —particularly those critical to the energy transition— such as copper and energy products such as oil.

Amid these conditions, global prices are expected to come under additional pressure, particularly with regard to the region's main trading partners, with projected inflation rates of 6.4% for 2024 and 3.3% for 2025, depending on the trend in commodity prices, the magnitude of the impact of climate change and the geopolitical tensions mentioned above. Among the main recent concerns are core inflation, which remains high, and inflation in services, particularly in advanced countries. In emerging and developing economies, meanwhile, inflation is projected to be slower to decline, owing especially to the impact of food and fuel prices. All this suggests that the benchmark interest rates of the world's major central banks will remain high over the course of the year, and will probably be revised downward in 2025.

The region's limited macroeconomic policy space precludes an effective response to external and internal constraints. GDP growth will continue to be driven by private consumption, while investment is being held down in a context of low growth and high inflation and interest rates.

Fiscal space remains limited and public debt service costs will continue to pose a major challenge in the years ahead, because they tend to divert much of the resources that are crucial to meet demand for education, health and sustainable infrastructure. Responding to this challenge requires increasing tax revenues by making direct taxation more progressive and adopting wealth taxes, for example, while improving efficiency gains in spending and budget allocation, and refraining from using public investment as the main adjustment variable.

B. Low-growth trap, climate change and employment trends

Part II of this *Economic Survey of Latin America and the Caribbean, 2024* analyses the macroeconomic and sectoral trends in employment in Latin American countries. Chapter II, "Employment growth and sectoral trends in Latin America" aims, on the one hand, to examine how low growth in the region in recent years affects job creation and, on the other hand, to analyse the sectoral composition of employment, to determine which sectors and branches of activity have generated the most employment. It also examines labour productivity and how it relates to sectoral trends in job creation.

The main findings of this chapter indicate a close relationship between growth and job creation at the aggregate and sectoral levels; thus, the slowdown in economic growth has translated into weaker growth in the number of employed persons in the past decade. Between 2014 and 2023, the number of employed persons in the region grew by an average of 1.3% per year, one third of the 3.9% recorded in the 1970s.

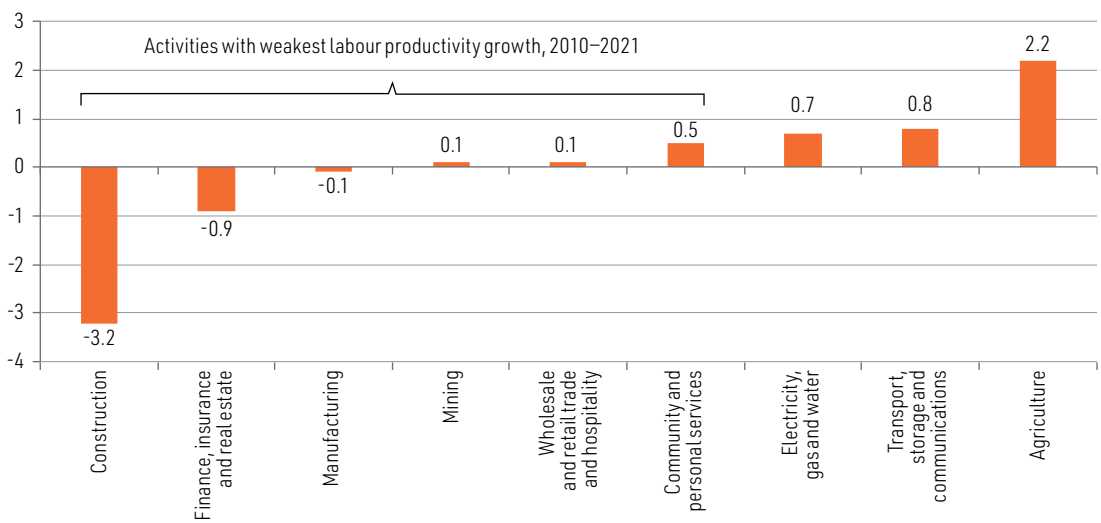
This diminished rate of job creation at the aggregate level is reflected across economic sectors. The decade of 2010 recorded the lowest growth in employment and value added in all sectors of production, with growth averaging -0.1% in agriculture, 0.7% in manufacturing and 1.7% in services. This growth in the number of employed persons led to a change in the distribution of workers among sectors, as the services sector's share of total employment increased by 36.2 percentage points, from 28.5% in 1950 to 64.7% in 2020. During this period, as in other regions, the structural change in employment led to a drop in the agricultural sector's share, down from more than 50% in 1950 to less than 15% in 2020. This reorganization of employment patterns in the region has been accentuated in recent decades, with increasing numbers of workers finding employment in the services sector.

A worrisome outcome of these changes in the employment structure, as shown in figure 2, is that some of the activities accounting for the largest share of jobs created in the region were those that recorded the least productivity growth, including some in the services and construction sectors. This sectoral trend helps to explain the poor performance of labour productivity in the region, which in 2024 has been lower than the level seen in 1980.

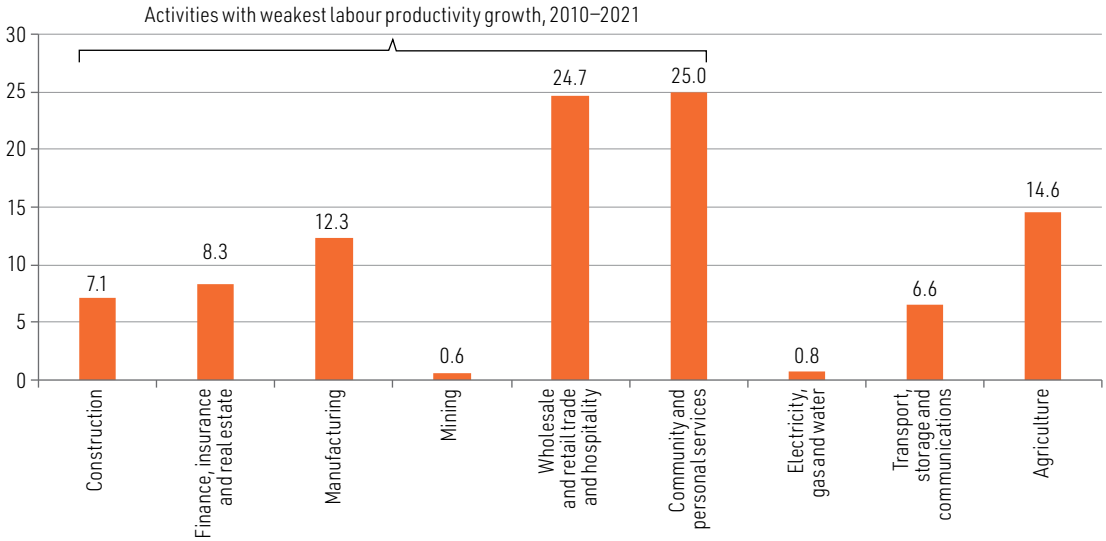
In other words, one of the region's structural challenges is not merely the need to generate more employment, but to create jobs in higher-productivity sectors. To achieve this, as ECLAC points out, considerable efforts will be needed to strengthen labour force capabilities.

Figure 2
Latin America (17 countries):[a] variation in labour productivity and concentration of employment, by branch of economic activity, 2010–2021
(Percentages)

A. Variation in labour productivity, 2010–2021



B. Concentration of employment, by branch of economic activity, 2021



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures, R. C. Feenstra, R. Inklaar and M. P. Timmer, "The next generation of the Penn World Table", *American Economic Review*, vol. 105, No. 10, 2015 [online] https://www.rug.nl/ggdc/productivity/pwt/ and International Labour Organization (ILO).

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

Chapter III, entitled "Informal employment in Latin America from 2013 to 2022: developments and trends" analyses how informality has spread across different sectors and branches of production. A probit model is estimated to analyse the impacts of growth and various socioeconomic variables on the probability of being informally employed.

The main findings reported in this chapter include the importance of informal employment in explaining overall employment growth. Between 2013 and 2022, the number of employed persons rose by 10%. Informal employment grew by 18.6%, while formal employment grew by 3.3%. When the trend in informal employment is analysed by sex, the gender bias in the informal sector is confirmed, as the larger increase was among women (22.8%), while among men the increase was 15.7%. As in the case of total employment, the sectors with the lowest productivity growth also account for the largest share of informal employment (74% of the informally employed).

The estimates of the probit model confirm the close relationship between the trend in informality and economic growth. During periods of economic contraction or slowdown, informal employment tends to increase. It is also found that having secondary school, university or technical education significantly decreases the probability of employment being informal. This underscores the importance of investing resources in education and of countries increasing funding to improve the coverage and quality of technical and university education.

The likelihood of someone being informally employed is higher if that person is a woman and greater still if there are dependants in the household, which explains why women account for a larger share of informal workers. Accordingly, policies that foster the care economy are a powerful tool, not only to boost job creation and increase productivity, but also to facilitate women's access to the formal labour market.

Lastly, chapter IV, "Impact of climate change on job creation in Latin American economies" analyses how an intensification of climate shocks could affect job creation in the region. As ECLAC has documented, Latin America and the Caribbean is highly vulnerable to climate change effects.

Most countries are located in geographical areas that are highly exposed to the effects of changes in hydrometeorological conditions or the occurrence of extreme weather events. The region also depends heavily on economic activities that are likely to be affected by climate change, such as agriculture, mining and tourism.

If adaptation and mitigation policies are not implemented, climate change may have highly detrimental effects on economic growth and employment. With a view to evaluating these effects, on the basis of the methodology used in *Economic Survey of Latin America and the Caribbean, 2023* and in *Fiscal Panorama of Latin America and the Caribbean, 2024*, a model was developed to estimate trend GDP growth and employment between 2025 and 2050. These estimates were then compared with the economic growth and employment projected for the region in the event of a worsening of the negative effects of climate change.

The results suggest that, under a scenario of intensification of climate change effects in which mitigation and adaptation policies are not incorporated, GDP in 2050 would be 12.5% lower than in the base scenario, in which these climate shocks do not occur. Meanwhile, in the scenario of intensified climate shocks, and given estimates of the elasticity of employment with respect to output, employment growth would drop to 1.1%. This disparity translates into a difference of 11.2% in the number of persons employed by 2050, equivalent to 42.7 million jobs, or 10% of the labour force, lost between the two scenarios. By 2050, the agricultural and tourism sectors, two of the most affected by climate change, would lose about 10.9 million and 4.4 million jobs, respectively, compared to the base scenario, and between them would account for approximately 35% of the total projected job losses for that year.

Since, as previously mentioned, the scenario of intensification of climate change effects does not consider the implementation of mitigation and adaptation policies, the adverse effects on GDP and employment growth are greater than would be the case if such policies were adopted. Accordingly, the simulation result could be interpreted as the maximum loss to be expected under these conditions.

The scenarios described in this document show that inaction could be very costly and is a luxury that the region cannot afford. To avoid the losses in growth and employment caused by the worsening of climate shocks, the region must harmonize its productive development, employment and macroeconomic policies. It is crucial to implement adaptation and mitigation policies to reduce the costs that this intensification would have on economic activity and employment in the region.

On several occasions, ECLAC has reiterated the need to increase investment, both public and private, in order to attain a high, sustainable and inclusive growth path. However, increasing investment requires an expansion of public policy space, both fiscal and monetary. Expanding fiscal policy space to stimulate investment requires developing progressive tax structures, reducing tax evasion and avoidance, and implementing sovereign debt restructuring and relief mechanisms. Meanwhile, increasing the monetary policy space for this purpose requires expanding the set of tools (monetary, exchange-rate and macroprudential) that are available to the region's authorities to underpin the macrofinancial stability of their economies.

However, the investment effort needed to offset the loss of output that would result from the intensification of climate change means increasing the rate of investment by more than 5% per year, which is difficult for a region that has maintained one of the lowest rates in the world, virtually unchanged since 1990. For this reason, ECLAC has posited the need to broaden the scope of productive development policies, focusing on specific productive sectors and activities to foster their development; working with stakeholders at the local level; and using cluster initiatives to enhance the efficiency and effectiveness of stakeholder management and collaboration processes.

Productive development, climate change mitigation and adaptation, and macroeconomic policies must also be complemented by active employment policies that encourage the creation of good-quality jobs to improve employment opportunities and make it easier for workers to enter or re-enter the labour

market. The region must implement programmes aimed at improving the skills and competencies of workers to adapt to the needs of new labour market realities. Initiatives should target young people, women, migrants and older persons, who are the most vulnerable groups in labour markets and are often overrepresented in some of the activities most affected by the intensification of climate change effects. It is also necessary to strengthen social protection policies and expand and improve instruments such as unemployment insurance and other mechanisms that facilitate the transition from unemployment to employment.

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PART

I

Regional macroeconomic report and outlook for 2023 and 2024

CHAPTER

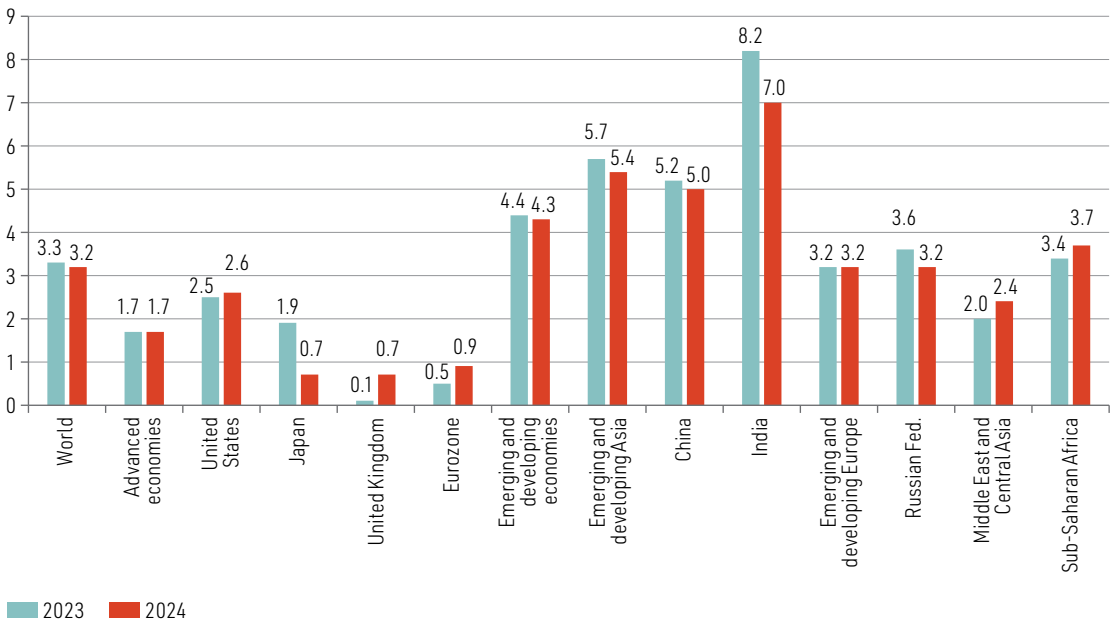
I

Regional overview

A. The international context

The world economy is expected to grow by 3.2% in 2024 (see figure I.1), one tenth of a point less than in 2023, according to the latest projections by the International Monetary Fund (IMF, 2024). This forecast is below the historical average of 3.8% annual growth between 2000 and 2019.

Figure I.1
Selected regions and countries: GDP growth in 2023 and projections for 2024
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of International Monetary Fund (IMF), *World Economic Outlook Update. The Global Economy in a Sticky Spot*, Washington, D.C., July 2024.
Note: In the case of India, the figures are for the fiscal year beginning in April and ending in March the following year.

A growth rate of 1.7% is expected for the advanced economies in 2024 (1.7% in 2023). For the United States, the region's largest trading partner,[1] growth of 2.6% is forecast in 2024, following a stronger-than-expected expansion of 2.5% in 2023. Growth during 2023, coming in above expectations, was underpinned by strong private consumption and government spending. Private consumption was boosted by high demand for services and consumer durables, while fiscal spending increased at the federal level. Non-residential investment was also buoyed by government measures to encourage businesses to locate in the country, such as the Bipartisan Infrastructure Investment and Jobs Act, the Creating Helpful Incentives to Produce Semiconductors (CHIPS) and Science Act, and the Inflation Reduction Act (2022).[2]

For the eurozone, growth of 0.9% is expected in 2024 (0.5% in 2023). In this case, the somewhat higher growth anticipated for 2024 is due to the low base of comparison in 2023, when tight monetary policy and weak external demand dampened activity. Private consumption is expected to be more buoyant in 2024, with lower inflation supporting real household incomes.

Emerging market and developing economies are projected to grow by 4.3%, a tenth of a point below the 2023 rate.

1 In 2022, 45% of Latin America and the Caribbean's exports went to the United States, 13% to China and 9% to the European Union.
2 See Central Reserve Bank of Peru (2024).

Within this group, growth in China, the region's second-largest trading partner, is expected to moderate slightly from 5.2% in 2023 to 5.0% in 2024. The country continues to face problems in the property sector, with successive rounds of public stimulus being applied to counter the continuing contraction of the housing sector. In May, the government unveiled a new plan to revitalize the housing market by easing mortgage lending rules and encouraging local governments to purchase unsold homes. This package of measures includes lower down payment requirements for buyers and central bank financing aimed at boosting housing purchases by public entities.

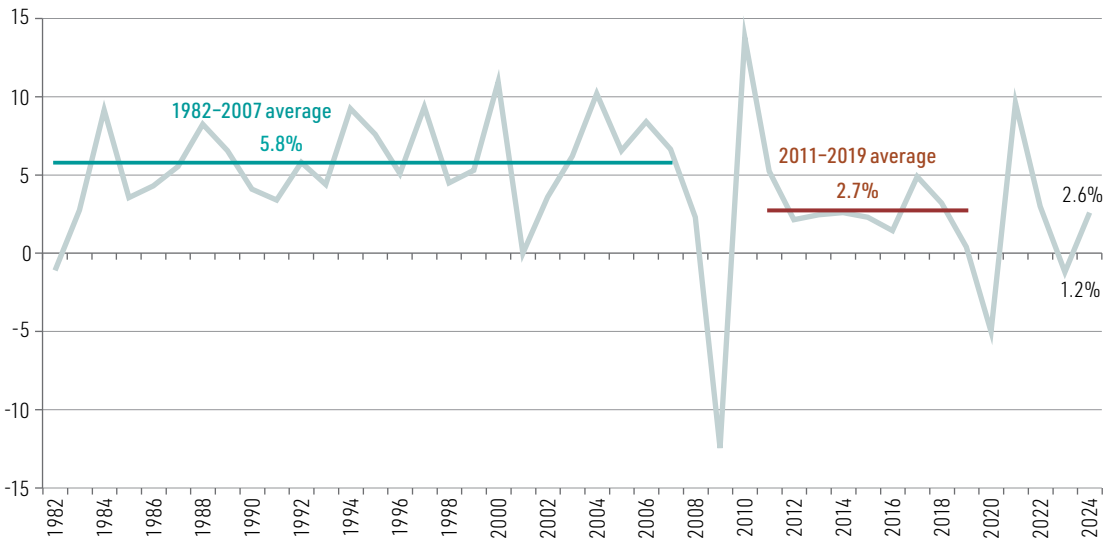
India, meanwhile, is expected to continue experiencing strong growth in 2024 (7.0%), driven in part by a rebound in friendshoring (Nageswaran, Unnikrishnan and Guru, 2023).

1. The World Trade Organization forecasts that the volume of world goods trade will increase by 2.6% in 2024

Declining inflation in 2024 is expected to lead to a recovery in manufactured goods consumption, boosting goods trade volume growth to 2.6% in 2024 (WTO, 2024).

While this rate represents a recovery from the 1.2% decline in 2023, it is well below the levels of trade growth seen prior to the 2008–2009 global financial crisis. Between the early 1980s and 2007, trade volume grew by an average of almost 6% per year, as shown in figure I.2.

Figure I.2
Year-on-year variation in world goods trade by volume, 1982–2024[a]
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of data from the World Trade Organization (WTO).
[a] Data for 2024 are projections.

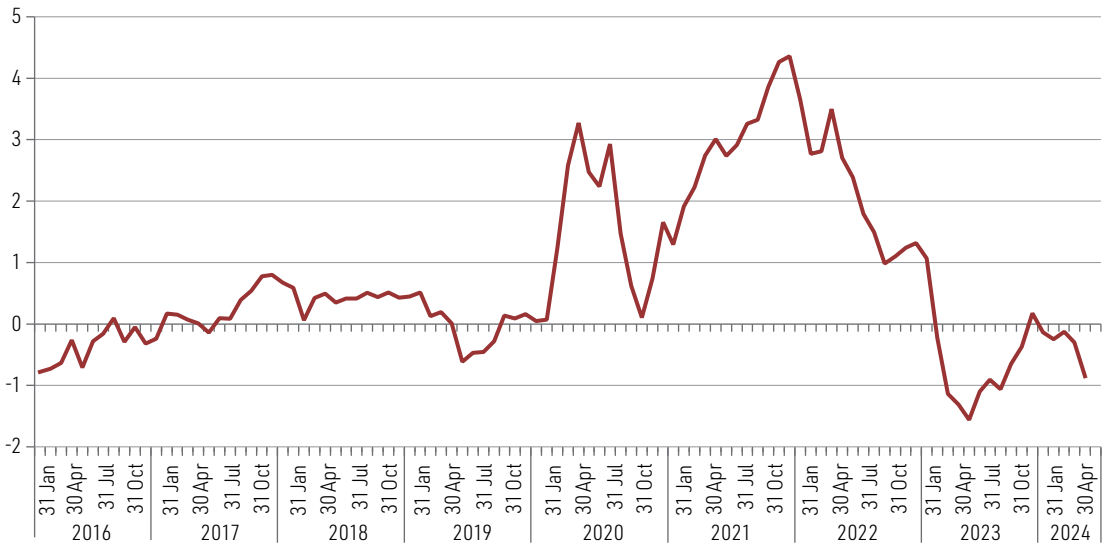
Furthermore, there are downside risks to this projection because of rising geopolitical tensions and policy uncertainty. In its *World Economic Outlook* of April, IMF reiterated its warning about the fragmentation of global trade into rival blocs and noted that countries imposed some 3,000 new trade restrictions in 2023, almost three times as many as in 2019.

On 14 May, the United States announced higher tariffs on imports from China in several sectors, including semiconductors (up from 25% to 50%), solar cells (up from 25% to 50%), electric vehicle batteries (up from 7.5% to 25%) and electric vehicles (up from 25% to 100%).

Another downside risk to global trade projections are disruptions in shipping routes, particularly those through the Red Sea and Suez Canal, and adverse climatic effects on water levels in the Panama Canal,[3] which may increase transport costs, lengthen voyage times and disrupt supply chains (UNCTAD, 2024).

Although global freight costs increased after the attacks on commercial shipping in the Red Sea, through which 11% of world trade moves, they remained well below their 2021–2022 levels and have recently declined (IMF, 2024). According to Capital Economics (2024a), the global shipping industry has adapted to the new normal of avoiding the Red Sea. While there has been a massive diversion of cargo from the Suez Canal to the Cape of Good Hope, which has lengthened voyage times, surveys of manufacturers do not indicate longer supplier delivery times or shortages of products and parts. Moreover, manufacturers' goods inventories are high relative to sales, while trade inventories are at historical averages. All in all, there does not appear to have been a major disruption in global supply chains, at least in April 2024, the latest month for which information from the Global Supply Chain Pressure Index is available (see figure I.3).

Figure I.3
Global Supply Chain Pressure Index, January 2016–April 2024
(Standard deviations from a historical mean since 1997)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of Federal Reserve Bank of New York, "Global Supply Chain Pressure Index (GSCPI)", 2023 [online] https://www.newyorkfed.org/research/policy/gscpi#/overview.
Note: The Global Supply Chain Pressure Index (GSCPI), produced by the Federal Reserve Bank of New York, measures conditions in global supply chains by combining various indicators of commodity shipping costs (Baltic Dry Index), container shipping rates (Harpex Index), air freight costs and supply chain-related components from Purchasing Managers' Index (PMI) surveys of the manufacturing sector of a set of seven economies (China, the eurozone, Japan, the Republic of Korea, Taiwan Province of China, the United Kingdom and the United States).

[3] Some 6% of world merchandise trade passes through the Panama Canal.

2. After falling by more than 20% in 2023, largely because of a high base effect in 2022, commodity prices are expected to decline further in 2024

Commodity prices fell by an average of 23% in 2023, largely because of a high base effect in 2022, when some commodity prices reached record highs following the Russian Federation's invasion of Ukraine.

After this decline in 2023, commodity prices are expected to fall by a further 5% on average in 2024. Energy commodity prices are projected to close the year 10% below their 2023 averages, while non-energy commodity prices are expected to close at levels similar to those of 2023 (see table I.1).

Table I.1
International commodity prices: annual variation in 2023 and projections for 2024
(Percentages)

Annual variation	2023	2024[a]
Total commodities	-23	-5
Energy	-37	-10
Crude oil	-16	-2
Gas natural	-63	-33
Non-energy	-6	0
Food	-6	0
Sugar	26	-7
Wheat	-24	-20
Maize	-21	-24
Soybeans	-9	-19
Coffee	-5	9
Non-precious metals	-3	-2
Aluminium	-17	-2
Iron ore	0	-3
Tin	-17	1
Nickel	-17	-19
Zinc	-24	-9
Lead	-1	-1
Copper	-4	12

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of International Monetary Fund (IMF), *World Economic Outlook. Steady but Slow: Resilience amid Divergence*, Washington, D.C., April 2024; and V. Garay, *Informe trimestral del precio del cobre: proyecciones 2024-2025. Primer trimestre de 2024*, Chilean Copper Commission (COCHILCO), 16 May 2024.
[a] Data for 2024 are projections.

The copper price merits special mention. It increased sharply from early March 2024, reaching an all-time high of US$ 5.2 per pound in the third week of May. This increase was partly due to forecasts that the supply of copper would grow by less than demand, leading the Chilean Copper Commission (COCHILCO) to project a price of US$ 4.3 per pound for the year, 12% higher than the 2023 average (Garay, 2024).[4]

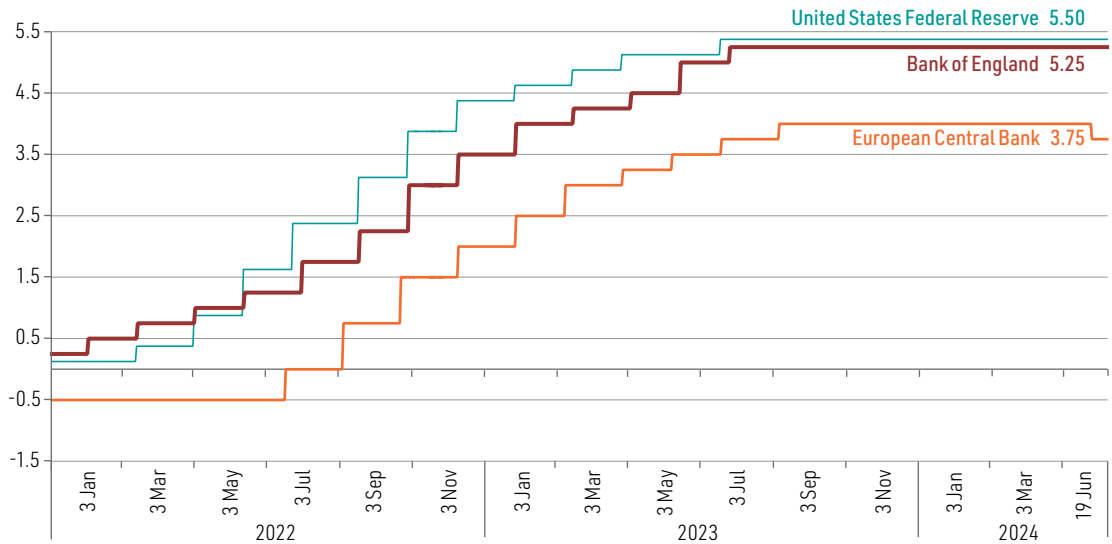
[4] With regard to copper demand, the energy intensity of artificial intelligence computing processes means there is expected to be growing investment in energy-related infrastructure, in which copper's conductive properties make it a crucial component (Niedens, 2024).

3. Inflation has moderated from the peaks that followed the pandemic and the Russian Federation's invasion of Ukraine

In the latest *World Economic Outlook*, IMF (2024) forecasts that global inflation will fall to 5.9% in 2024 from 6.7% in 2023. This will be due mainly to a decline in inflation in the advanced countries group (from 4.6% in 2023 to 2.7% in 2024), as inflation in the emerging and developing countries group is expected to remain almost unchanged at 8.2% (8.3% in 2023).

Given moderating inflation, markets anticipate interest rate cuts by the major central banks in 2024, although the precise timing will vary from country to country. The Federal Reserve has not lowered interest rates so far, while the European Central Bank has done so once, at its June meeting (see figure I.4).

Figure I.4
Monetary policy interest rates of major central banks, 3 January 2022–19 June 2024
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of Bloomberg.
Note: For the United States, the ceiling of the target interest rate range (5.25%–5.50%) is used.

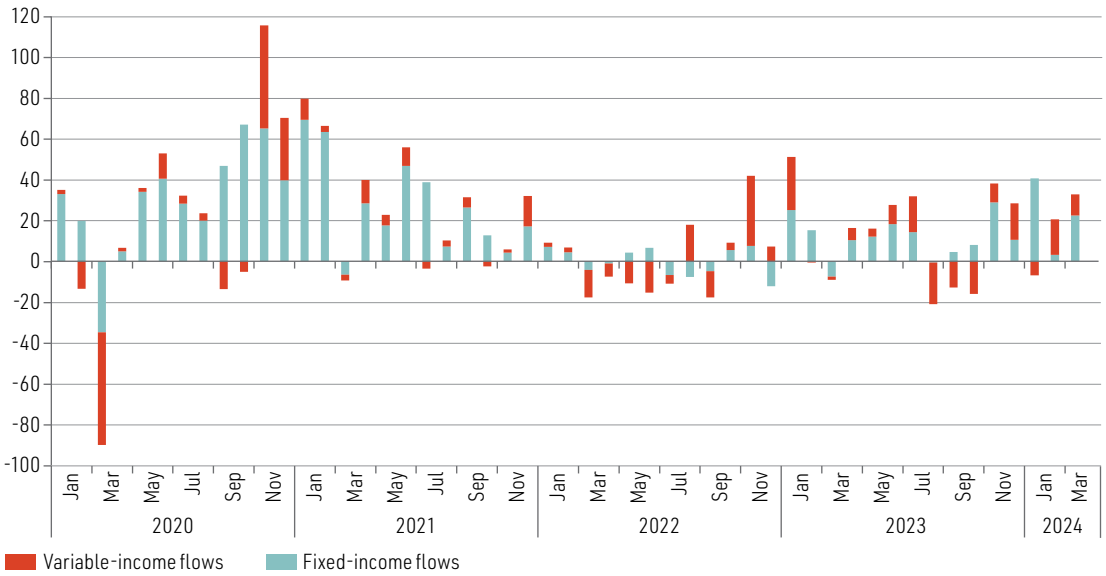
In the United States, greater economic momentum coupled with recent inflation readings that have been somewhat higher than expected have led the market to expect cuts to be postponed until the second half of 2024. The Chair of the Board of Governors of the Federal Reserve System, Jay Powell (2024), said that inflation was likely to take longer than expected to fall to the central bank's target level. At its May meeting, the Federal Reserve in fact kept the benchmark interest rate in the 5.25%–5.50% range, maintained its data-dependent bias and moderated the pace of asset sales from its balance sheet.

4. Although financial conditions have eased since late 2023, they will remain tight going forward, and the decline in financing costs will be gradual

The expectation that the major central banks will lower interest rates, together with the resilience shown by the global economy, with some economies performing better than expected, has led to an easing of global financial conditions since late 2023.

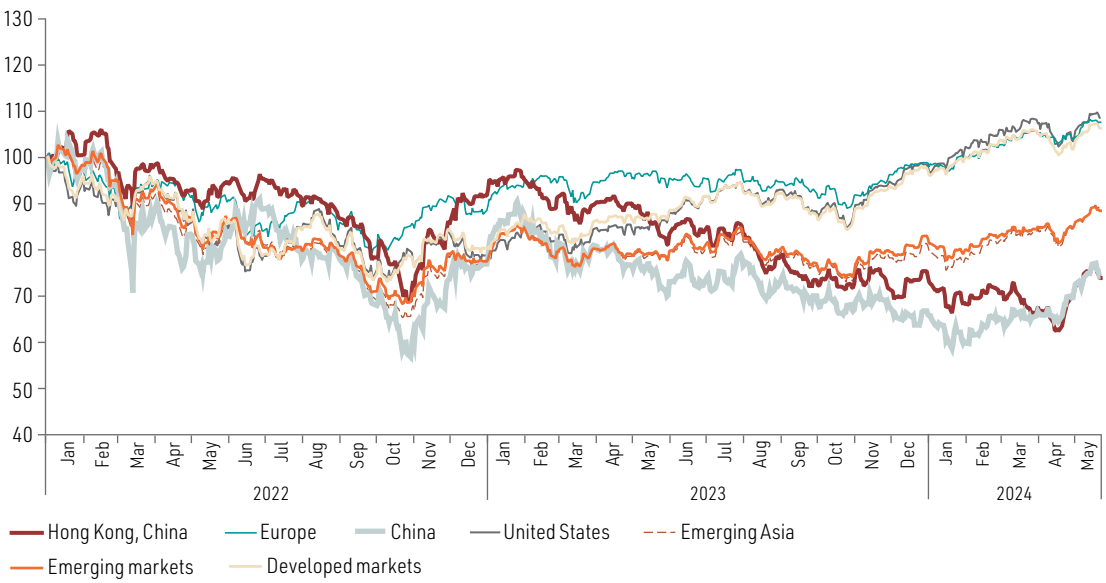
Capital inflows have resumed in many emerging markets (see figure I.5), and equity market prices have risen substantially overall so far this year,[5] albeit most sharply in advanced economies (see figure I.6). Sovereign lending spreads have also continued their downward trend and are now at levels similar to those prevailing in late 2019, before the pandemic (see figure I.7).

Figure I.5
Portfolio capital flows to emerging markets, January 2020–March 2024
(Billions of dollars)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the Institute of International Finance (IIF).

Figure I.6
United States, Europe and market groupings: MSCI equity market price index, January 2022–May 2024
(Index: January 2022 = 100)



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

[5] Up to the end of May.

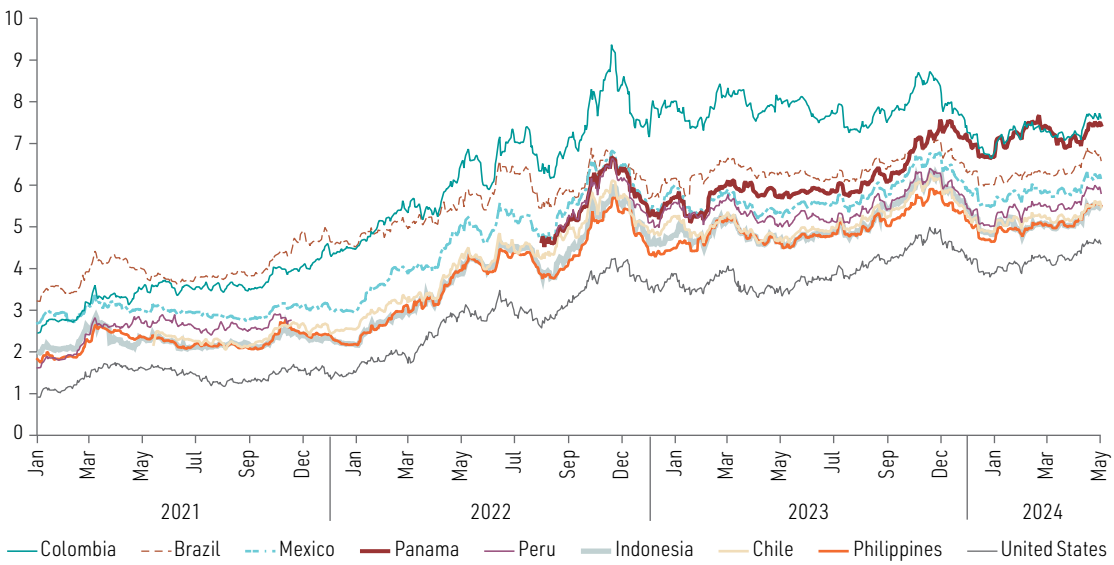
Figure I.7
Emerging markets bond index of emerging countries' sovereign risk, January 2019–May 2024
(Basis points)

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of Invenómica, "Riesgo País EMBI – América Latina – Serie Histórica" [online] http://www.invenomica.com.ar/riesgo-pais-embi-america-latina-serie-historica/.

Despite these developments, financial conditions will remain tight for the foreseeable future, as policy rates will decline only gradually and remain at elevated levels for several more quarters.

Thus, although sovereign risk in emerging markets has declined, financing costs for these economies are still high and will remain so until long-term rates in the developed economies fall (see figure I.8).

Figure I.8
United States and selected emerging countries: dollar-denominated 10-year sovereign bond rates
(Percentages)



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

5. The combination of geopolitical tensions, trade-restrictive measures, regional conflicts, debt burdens and sectoral crises has been shaping a situation of high uncertainty and risk for the global economy

Geopolitical tensions and trade-restrictive measures: Efforts by countries to make their supply chains more resilient, shorten them and decouple them from geopolitically remote countries are creating a situation of increasing geoeconomic fragmentation. This trend is being driven by concerns in the United States and Europe about excess production capacity in China, which has increased global manufacturing output by more than 5% since 2019. Low domestic demand in China, where consumer spending still accounts for less than 40% of GDP, compared to 70% in the United States, for example, is forcing Chinese companies to seek foreign markets to sell their surplus output into.[6] Further escalation of trade protectionism would have an even greater effect on global supply chains and access to markets and resources, with a negative impact on the global economy.

Regional conflicts: If current conflicts, such as the war between Israel and Hamas and the war in Ukraine, were to lead to further increases in food and energy prices, this would exacerbate global food insecurity and complicate the ongoing disinflation process, delaying cuts to policy interest rates.

Debt burdens: In addition to the effects on global economic activity, if interest rates remain high for longer than expected, vulnerabilities associated with debt could increase in a number of emerging and developing economies. The financial sector could also become more vulnerable in developed countries, as seen with the failure of banks in the United States and Switzerland in early 2023.

Sectoral crises: The crisis in China's real estate sector has introduced an additional risk into the global economic outlook. A sharper-than-expected slowdown in China could have significant repercussions, especially for its trading partners, including several countries of the region. Global economic interconnectedness means that problems in a large economy such as China's can have an impact on other markets, exacerbating global instability.

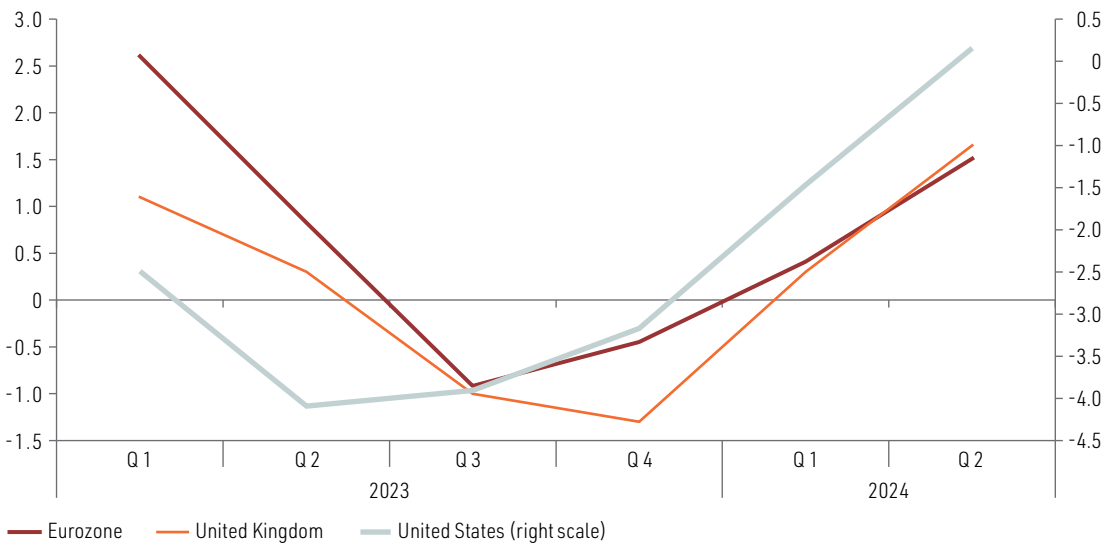
[6] China's industrial production has increased by some 25% since the end of 2019, while domestic demand for its products has remained relatively low, so that surplus production has been channelled to external markets. See Capital Economics (2024b).https://www.capitaleconomics.com/blog/overcapacity-concerns-open-new-front-us-china-fracturing.

B. Global liquidity

1. Global liquidity conditions improved slightly in 2024

Since early 2024, the slowdown in the rate of growth of the money supply of the main central banks eased, and most of the cases considered were reporting an expansion by the end of the first quarter. Between the first and second quarters of 2024, money supply growth accelerated from 0.3% to 1.7% in the United Kingdom, from -1.5% to 0.2% in the United States and from 0.4% to 1.5% in the eurozone (see figure I.9). Alternative liquidity indicators point to global liquidity increasing by 3% in 2024 relative to the previous year, driven by expansions of 3.8% in commercial banks and of 2.2% among shadow banks.[1]

Figure I.9
Rate of growth of money supply of world's major central banks, first quarter 2023–second quarter 2024
(Percentages)



Source: Federal Reserve Bank of St. Louis, "Economic Data", Federal Reserve Economic Data (FRED), 2023 [online] https://fred.stlouisfed.org/.
Note: Money supply refers to the M2 monetary aggregate in the case of the United States and to M3 in the case of the eurozone and the United Kingdom. Data for the second quarter are a simple average of the figures for April and May.

2. This situation reflected a softening of the contractionary monetary policy applied by the world's main central banks

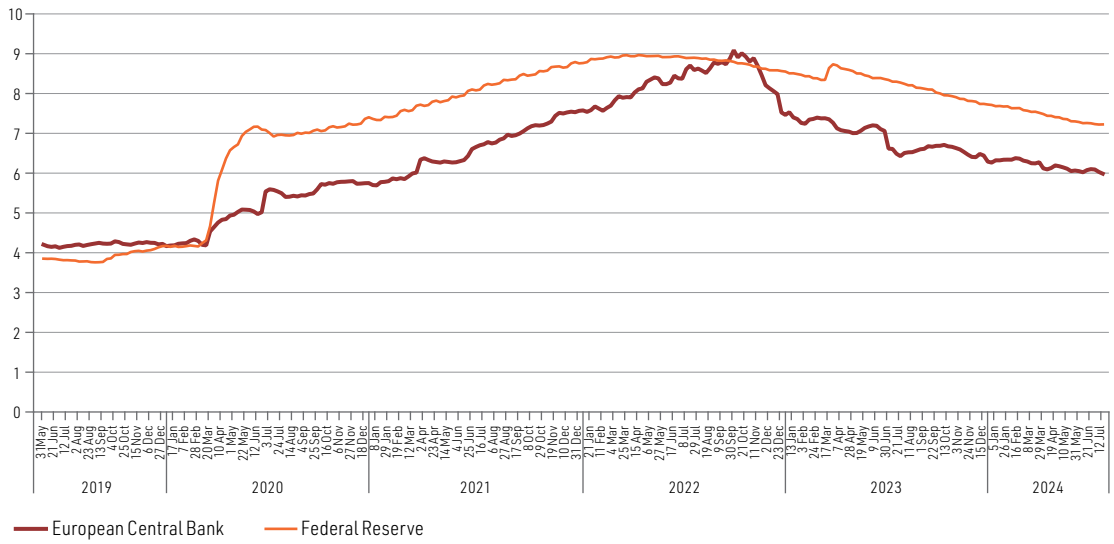
The less restrictive monetary stance is in response to the partial fall in the inflation rate and its gradual convergence towards the 2% annual target set by the authorities of the world's main central banks.[2] Between August and September 2023, the Bank of England, the European Central Bank and the Federal Reserve Bank of the United States decided to pause the increase in their monetary policy rates and

1 See Howell (2024). Howell's global liquidity indicator is constructed from the total amount of money that can move through the financial system, measured by the size of the balance sheets of central and commercial banks. The index, which in 2024 will stand at around US$ 168 trillion, includes the quantity of securities held by these institutions that can be instantly converted to cash.
2 The Federal Reserve Bank of the United States, the European Central Bank, the Bank of England and the Bank of Japan adopted an annual inflation target as from 2012, 1998, 2004 and 2013, respectively.

keep them at 5.25%, 4.0% and 5.5%, respectively.[3] From June onward, the European Central Bank started to lower its policy rates, with an initial cautious 0.25 basis point cut (ECB, 2024a; Arnold, 2024).

A second factor explaining the trend in global liquidity is the Federal Reserve's decision to slow the pace of its balance sheet downsizing (see figure I.10). Starting in June 2022, it adopted a quantitative tightening policy that aims to absorb approximately US$ 2 trillion of excess liquidity in the financial system by shrinking its balance sheet.

Figure I.10
Assets of Federal Reserve Bank and European Central Bank, weekly data, 31 May 2019–12 July 2024
(Trillions of dollars)



Source: Federal Reserve Bank of St. Louis, "Economic Data", Federal Reserve Economic Data (FRED), 2023 [online] https://fred.stlouisfed.org/.

The Federal Reserve's balance sheet expanded sharply from US$ 905 billion at the onset of the global financial crisis, triggered by the collapse of the Lehman Brothers investment bank in September 2008, to US$ 4.1 trillion in December 2019. During the coronavirus disease (COVID-19) pandemic it grew further to reach a record level of US$ 9 trillion in April 2022. Between 2008 and 2022, the Federal Reserve balance sheet expanded from 8% to over 25% of United States GDP.

On the asset side, the growth in the Federal Reserve's balance sheet entailed an increase in Treasury bond purchases, which made it possible to finance the federal government's fiscal deficit. From US$ 458 billion in 2008, the latter grew to a record level of more than US$ 3 trillion in 2020 during the pandemic, and stood at US$ 1.7 trillion in 2023.

The growth of assets was matched by a sharp increase in the reserves of the financial system (US$ 103 billion and 8% of banking system assets in September 2008, and US$ 3.4 trillion and 18%, respectively, in April 2024). This is partly explained by the Federal Reserve's decision to pay interest on reserves.

The balance sheet was reduced by not renewing up to US$ 60 billion per year maturing Treasury bonds. A similar principle was applied to mortgage-backed securities of up to US$ 30 million. By the end of May, the balance sheet had shrunk by US$ 1.7 trillion.

[3] The European Central Bank monetary policy rate refers to the rate on deposits. The Bank uses two other monetary policy rates, the refinancing rate and the marginal lending rate, which stand at 4.5% and 4.75%, respectively.

As from 1 May, the cap on maturing Treasury bonds that would not be renewed was lowered from US$ 60 billion to US$ 25 billion. This means that the Federal Reserve will reduce its rate of liquidity absorption by approximately US$ 50 billion per month.

Although the quantitative tightening policy was adopted with a view to meeting the traditional goal of maintaining price stability, it also responded to the objective of reducing financial losses incurred on interest paid to the commercial banks for holding their reserves at the Federal Reserve.[4] In 2023, interest payments totalled US$ 281.1 billion (triple the amount recorded in 2022), while the income received from holding assets amounted to US$ 163.8 billion (up from US$ 170 billion in 2022) (Harris, 2024; First Trust, 2023).[5]

One of the main challenges facing the Federal Reserve is to determine the level of commercial bank reserves needed to prevent liquidity shortages. According to Federal Reserve economists, this should be between 10% and 12% of GDP (between US$ 2.7 trillion and US$ 3.4 trillion). A survey of 24 financial institutions that deal directly with the Federal Reserve found that the level of reserves is expected to decline from the current level of over US$ 3.7 trillion to US$ 3 trillion by late 2025.

3. The United States Government has maintained an expansionary fiscal policy, decoupling from monetary policy

The removal of the debt ceiling set by the United States Congress (US$ 31.4 trillion in January 2023) until January 2025 has made it possible to increase the fiscal deficit and has been a factor in expanding liquidity. The Congressional Budget Office (CBO, 2024) expects the fiscal deficit to reach US$ 1.6 trillion in 2024, US$ 1.8 trillion in 2025, and US$ 2.6 trillion in 2034. The International Monetary Fund expects the United States public deficit to represent 7.1% of GDP in 2025, which is three times the 2% average recorded by other developed economies (Jones and Muir, 2024).

In 2023, the federal government paid a total of US$ 658 billion in net interest on the national debt. That amount, up by 38% from US$ 476 billion in 2022, was the largest amount ever spent on interest in the budget and represented 2.4% of GDP. Interest costs are on track to become the single largest expenditure category in the federal budget (Peter G. Peterson Foundation, 2024). Although Treasury bond yields have retreated from the levels recorded during the period of the federal funds rate hike, they remain at historically high levels and have been a key factor driving the increase in debt service.

Commercial banks also buy Treasury bonds in large quantities, and in the first quarter of 2024, these increased by the largest amount since the pandemic (Capo McCormick, 2024). An analysis of the aggregate balance sheet assets of United States commercial banks shows that, between April 2023 and May 2024, the only securities that increased were Treasury bonds (US$ 1.44 trillion and US$ 1.52 trillion, respectively) (Board of Governors of the Federal Reserve System, 2024).

4. Commercial banking in the eurozone and United States faces major challenges posed by high interest rates

The fall in the inflation rate and the expectation that the European Central Bank will attain the inflation target without a lengthy contraction in the eurozone has alleviated commercial bank vulnerability. Nonetheless, commercial banks face major challenges going forward.

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4 For an analysis of the positive and negative aspects of quantitative easing policies, see Schnabel (2024). The author notes that these policies expose central banks to the risk derived from interest rate variations and losses incurred by those banks. In the case of the Federal Reserve, this means that it ceases to transfer its profits to the United States Treasury, thus adding to the public sector deficit. The Treasury, meanwhile, closes the gap by issuing additional Treasury bonds.

5 See Du, Forbes and Luzzetti (2024) for an analysis of the impact of quantitative tightening policy in the world.

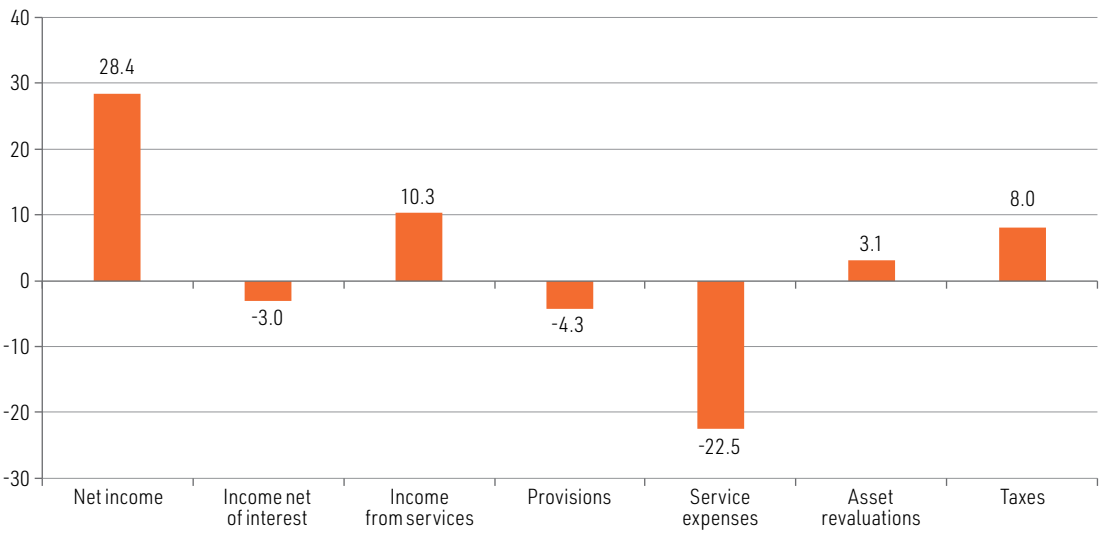
In the case of Europe, in 2023, commercial banks recorded the highest annual rate of return since before the outbreak of the global financial crisis, at 9.3% measured as the rate of return on assets. This is explained partly by a combination of measures that included increased capitalization, a reduction in banks' non-performing loan portfolio and a review of their financial operating models. This enhanced the banks' resilience to external shocks and the interest rate hike that occurred between 2022 and 2023.

However, the increase in profitability is explained by a larger net interest margin owing to the lag with which funding costs adapt to changes in lending rates. Recent data show an increase in funding costs for commercial banks, to some extent reflecting depositors' search for higher yields. Ongoing European Central Bank interest rate cuts, coupled with higher funding costs and stagnant demand for bank loans, can be expected to squeeze commercial banks' net interest margins and profitability.

Two additional factors could aggravate the situation in the financial sector. Residential property prices have fallen steeply since 2021. Having peaked at 9.8%, the steepest increase since 1991, residential property prices declined by 2.2% in the third quarter of 2023 and were 1.1% lower by the end of that year. This, together with higher debt refinancing rates, has hit firms in the real estate sector very hard, and the highest bankruptcy rates are expected in this sector. Bankruptcy is also likely to affect segments of households and companies with low credit ratings (ECB, 2024b).

As in Europe, commercial banks in the United States experienced a reduction in the net interest margin owing to stronger demand for deposits, which resulted in higher funding costs and reduced loan income. However, owing mainly to write-downs of goodwill, which resulted in a contraction of expenses on services (US$ 22.5 billion), and to a lesser extent to an increase in income from services (US$ 10.3 billion), the banking sector as a whole recorded an increase in net income of US$ 28 billion (see figure I.11).

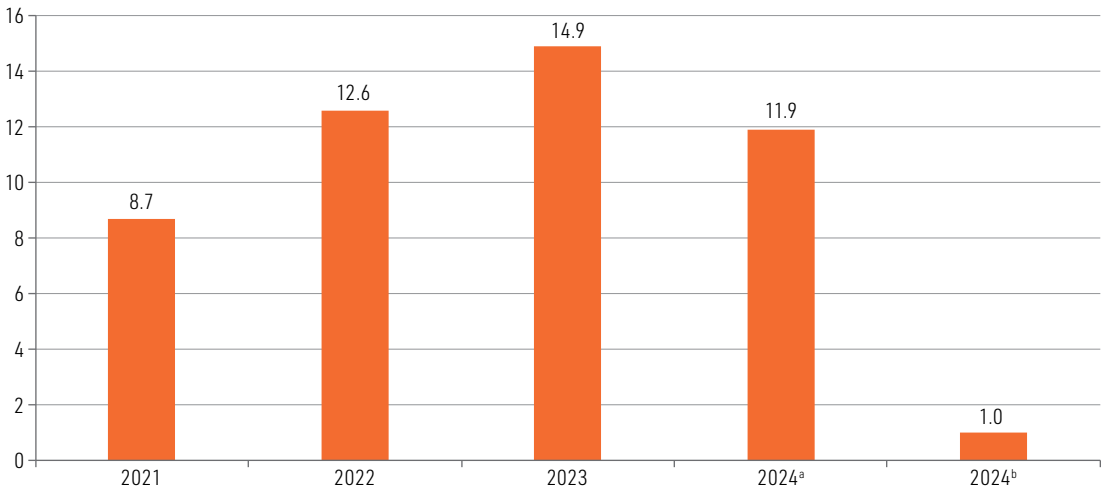
Figure I.11
United States: variation in commercial bank net income, by component, first quarter of 2024 relative to fourth quarter of 2023
(Billions of dollars)



Source: Federal Deposit Insurance Corporation (FDIC), "FDIC Quarterly Banking Profile First Quarter 2024", 29 May 2024 [online] https://www.fdic.gov/news/speeches/fdic-quarterly-banking-profile-first-quarter-2024.

Another factor contributing to this result is the stalling of demand for credit from the commercial and industrial sector, which recorded a growth rate of -0.6% in April 2024 relative to the same month in the previous year. This may be due to the Federal Reserve's decision to maintain the current level of interest rates for a longer period, which has discouraged investment. A survey of the manufacturing sector suggests that the rate of growth of capital expenditure could decline from 14.9% in 2023 to 1.0% in 2024 (see figure I.12).

Figure I.12
United States: rate of variation in capital expenditure in manufacturing sector, 2021–2024
(Percentages)



Source: M. Niquette and M. Sasso, "Fed's higher-for-longer stance hits firms that expected rate cut", Bloomberg Tax, 11 June 2024 [online] https://news.bloombergtax.com/financial-accounting/feds-higher-for-longer-stance-hits-firms-that-expected-rate-cut and estimates on the basis of a survey of manufacturing companies conducted by the Institute for Supply Management (ISM).
[a] Estimate for 23 December.
[b] Estimate for 24 May.

As in Europe, the banking system in the United States faces other types of risk, owing to the tight financing constraints facing some of the more vulnerable segments of the productive sector. According to Standard & Poor's, 153 firms in the United States were unable to meet their interest payments in 2023, an increase of 80% relative to 2022.

Most of these firms are in the lower credit rating segments, where liquidity positions are weak and debt levels high. In the first quarter of 2024, there were 17 bankruptcies in the United States, almost the same as recorded in the year-earlier period (Cox, 2024; Adinolfi, 2024).

5. Most countries have decided to leave monetary policy interest rates unchanged, in line with the stance adopted by the Federal Reserve

In a sample of 59 developing countries, 59% opted to leave their policy rates unchanged in 2024. This group includes some of the largest economies in the developing world, such as China, India, South Africa and Türkiye.

China is a particular case, since despite holding the policy rate constant, the People's Bank of China, which is the largest central bank in the developing world, supported overall liquidity through a countercyclical monetary policy implemented in part by reducing reserve requirements. In March

and September 2023, the People's Bank of China lowered the reserve requirement by 25 basis points, and this was followed in February 2024 by a 50-basis-point cut, with two further cuts expected during the course of the year (Bloomberg News, 2024; Cheng and Tan, 2024).

From the second half of 2023 to January 2024, the People's Bank of China is estimated to have injected the equivalent of US$ 850 million into the country's economy. Commercial banks also increased their lending by 10% in 2023 (Howell, 2024).

Of this sample of economies, 27% decided to cut interest rates and 15% chose to hike them. Latin America and the Caribbean is the region with the highest number of countries that cut rates, including the largest economies: Brazil, Chile Colombia, Mexico and Peru (Romei and Smith, 2024).

6. Led by China, global debt continued to trend upward and attained a record level

The improvement of global liquidity conditions should alleviate the debt burden and have a positive impact on developing countries' access to international capital markets. In the first quarter of 2024, the global debt stock reached a new historical peak of US$ 315 trillion (US$ 307 trillion and US$ 313 trillion in the first and fourth quarter of 2023, respectively), representing 333% of global GDP (see table I.2).

Table I.2
World and selected country groupings: total debt of households, non-financial corporates, government and financial sector, 2023–first quarter 2024
(Trillions of dollars and percentages of total)

	Households		Non-financial corporates		Government		Financial sector		Total	
Trillions of dollars	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
World	59.1	58.2	94.1	92.6	91.4	86.4	70.4	69.8	315.0	307.0
Developed economies[a]	39.9	39.6	50.2	50.1	63.0	60.3	56.5	55.9	209.6	205.9
Emerging and developing economies[b]	19.2	18.6	44.0	42.5	28.4	26.2	13.9	13.8	105.5	101.1
Percentages of total										
World	18.8	19.0	29.9	30.2	29.0	28.1	22.3	22.7	100.0	100.0
Developed economies[a]	19.0	19.2	24.0	24.3	30.1	29.3	27.0	27.1	100.0	100.0
Emerging and developing economies[b]	18.2	18.4	41.7	42.0	26.9	25.9	13.2	13.6	100.0	100.0

Source: Institute of International Finance (IIF), "Global Debt Monitor: Politics, Policy, and Debt Markets – What to Watch in 2024", 21 February 2024, and "Global Debt Monitor: Navigating the New Normal", 7 May 2024.

[a] Developed economies include: United States, Japan, United Kingdom and Eurozone.

[b] Emerging and developing economies include the following: emerging Asian economies (China; India; Indonesia; Malaysia; Pakistan; Hong Kong, China; Philippines; Republic of Korea; Singapore; Thailand and Viet Nam); emerging European economies (Czechia, Hungary, Poland, the Russian Federation and Türkiye); Latin American economies (Argentina, Brazil, Chile, Colombia, Mexico and Peru); and African and Middle Eastern economies (Egypt, Ghana, Israel, Kenya, Nigeria, Saudi Arabia, South Africa and the United Arab Emirates).

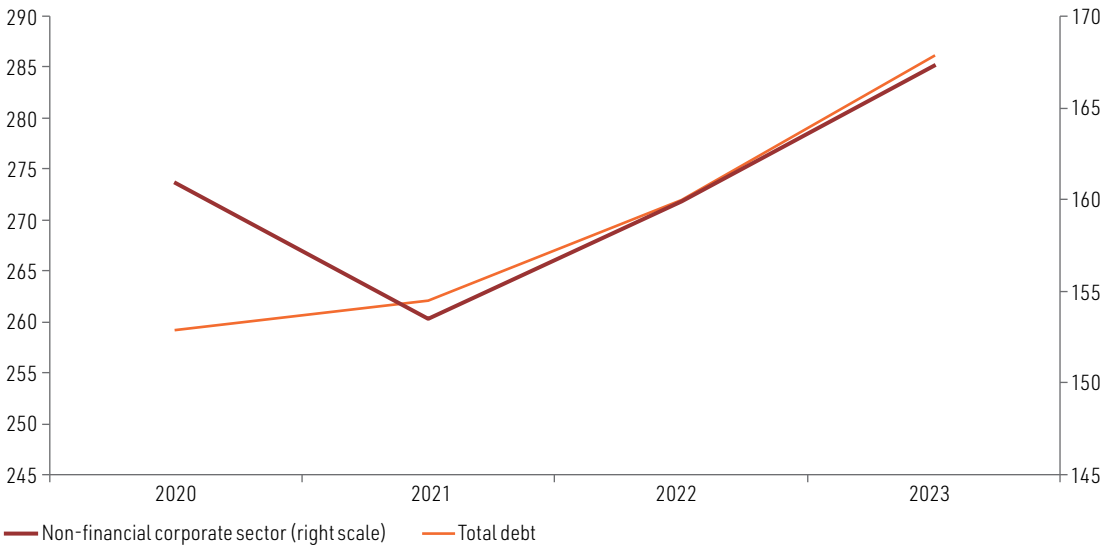
This increase is explained by the accumulation of debt in emerging and developing economies, growing to US$ 105.4 trillion (US$ 101.1 trillion in the first quarter of 2023 and US$ 104.6 trillion in the fourth quarter). The countries that contributed most to this were China and, to a lesser extent, India and Mexico. In contrast, the Republic of Korea, Thailand and Brazil recorded the sharpest reductions in the dollar value of their debt (IIF, 2024b).

Between the last quarter of 2023 and the first quarter of 2024, aggregate developed country debt grew by US$ 2 trillion, concentrated in the United States and Japan, followed by Ireland and Canada. In the United States, the corporate sector has a debt stock of US$ 13.7 trillion (Cox, 2024).

7. Financial conditions in China reveal vulnerabilities that could affect the performance of the global economy

China's debt has been trending up continuously since the global financial crisis. Between March 2009 and December 2019, the debt-to-GDP ratio increased from 173% to 245%; and between March 2020 and December 2023, it rose further from 259% to 286% of GDP (see figure I.13). This debt trend is explained largely by the non-financial corporate sector, which accounted on average for 60% of the total between March and December 2023. In particular, the real estate sector made a major contribution to this trend, having been in serious difficulties since the crisis of the real estate giant Evergrande in 2021. This firm was put into liquidation in January 2024, with debt totalling US$ 328 billion.

Figure I.13
China: total and non-financial corporate sector debt, 2020–2023
(Percentages of GDP)



Source: M. Cho, "China's debt-to-GDP ratio rises to fresh record of 286.1%", Bloomberg, 17 January 2024 [online] https://www.bloomberg.com/news/articles/2024-01-17/china-s-debt-to-gdp-ratio-rises-to-fresh-record-of-286-1.

The fiscal deficit of China's local governments is another cause of the country's elevated debt level. In the last decade, these government entities have accumulated liabilities equivalent to US$ 13 trillion, including those of off-balance sheet entities (investment companies engaged in infrastructure construction through local bond issuance) (Leng, 2024a and 2024b; Leng and Lin, 2024; Leahy, McMorrow and Leng, 2024; Bradsher, 2023).

Given the importance of the real estate sector for China's economy and its interrelationships with the other sectors, the government announced the establishment of a trust fund with a capital of US$ 42 billion (Hale and Leahy, 2024). The initial capital of this fund could leverage the equivalent of US$ 70 billion, to be channelled through banks to enable local government enterprises to purchase vacant housing (Leahy, Hale and Sandlund, 2024).

However, the financial scale of this trust fund is estimated to absorb only a fraction of the value of vacant properties in China.[6] Available data show that the stock of vacant properties peaked in February 2024 and that the annual growth rate of property sales in China stood at -44%. The government has complemented the announcement of the trust fund by reducing the deposit required to purchase a new home from 20% to 15%, and by eliminating the minimum interest rate on mortgages.

The government also decided to tackle the local debt problem with a countercyclical monetary policy consisting of issuing long-term bonds for the equivalent of US$ 140 billion. This issue, which will be made on a recurrent basis, is intended to finance investment projects in priority areas of the economy and thus stimulate local economic growth. Increased economic activity, coupled with greater centralization of public spending, is expected to help deleverage local governments.

8. Developing countries have gained better access to international capital markets, but financing costs have not decreased sufficiently to expand their fiscal space

More benign international financial conditions have afforded developing countries greater access to international capital markets. While lower financing costs have increased sovereign bond issuance, private investors have also sought higher yields outside the advanced-economy markets. Morgan Stanley estimated that sovereign debt issuance by emerging and developing economies amounted to US$ 165 billion (US$ 30 billion higher than in 2023) (Jones, 2024).

Lower borrowing costs have enabled several countries to escape from situations of debt distress, which occur when the interest rate on dollar-denominated debt is 10 percentage points higher than the yield on Treasury bonds. The countries that have been able to close this gap are: Angola, Egypt, El Salvador, Gabon, Iraq, Kenya, Mongolia, Mozambique, Nigeria and Tajikistan (Reiter, 2024).

However, external debt financing costs have not fallen by enough to expand the fiscal space among developing countries. High levels of debt service pose an obstacle to economic and social development. Recent estimates suggest that external debt repayments in middle-income countries will amount to US$ 410 billion, with 31% of this amount corresponding to interest payments (Merling and others, 2024).

The future financial conditions facing developing countries will depend, largely, on the degree to which developed countries coordinate their monetary policy. A scenario in which United States monetary policy converges towards that of the eurozone would expand developing countries' access to international capital markets while lowering borrowing costs.

In contrast, the Federal Reserve's decision to hold interest rates at their current level could produce the opposite result. The monetary policy interest rate spread between central banks is likely to strengthen the role of the dollar as the main international reserve currency. The most recent data show that 18% of a sample of 73 central banks, managing a total of US$ 5.5 trillion, plan to increase their exposure to the dollar. In 2023, only 6% of the sample adopted a similar strategy (McDougall, 2024).

The increased demand for dollars could exert funding pressures on the debt situation of developing countries, and this scenario could disproportionately affect those with deteriorating external positions (IIF, 2024b).

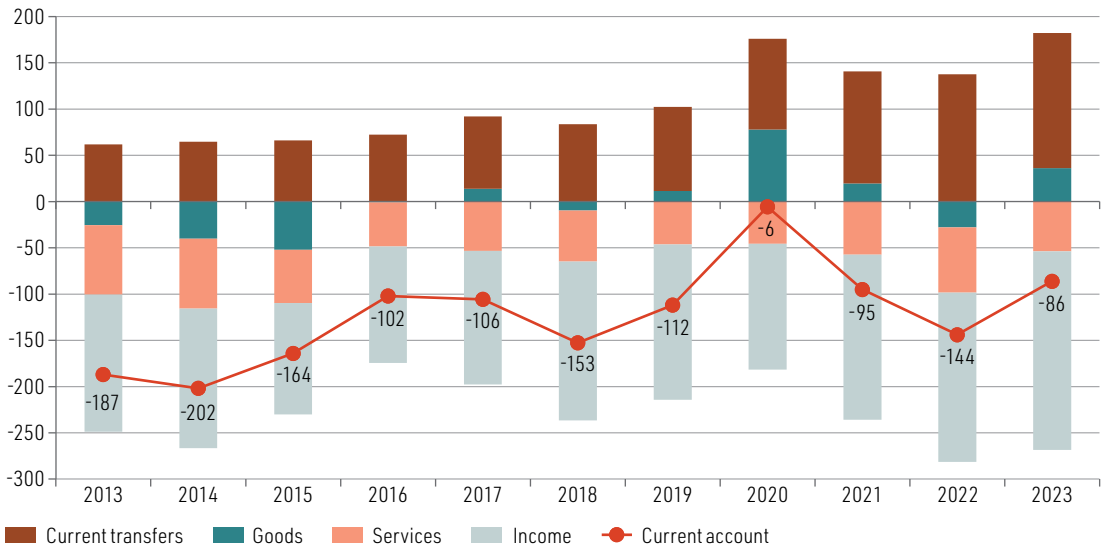
[6] Although there is no exact figure for the value of vacant property, a rough estimate puts it at several trillion yuan. See Hancock (2024).

C. The external sector

1. The regional current account deficit moderated in 2023, owing mainly to the performance of current transfers and a reduction in the goods and services deficit

The region-wide balance-of-payments current account deficit narrowed to US$ 86 billion in 2023 (1.3% of GDP), compared to the previous year's deficit of US$ 144 billion (2.5% of GDP), thus reversing the deteriorating trend seen since 2020 (see figure I.14). This improvement has been sustained by the performance of current transfers and a reduction in the goods and services deficit, resulting from a surplus in goods trade and a smaller deficit on the services account. In contrast, the income account deficit widened.

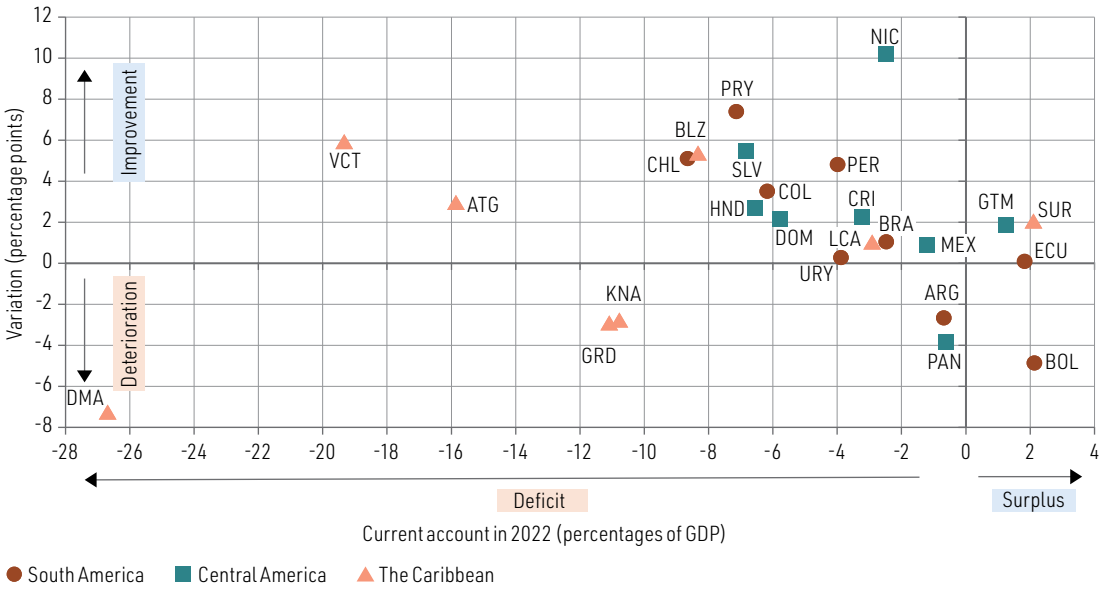
Figure I.14
Latin America and the Caribbean (25 countries): balance-of-payments current account, by component, 2013–2023
(Billions of dollars)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
Note: The group of countries was formed on the basis of information available as at 31 May 2024.

In most Latin American and Caribbean countries, the current account strengthened in 2023 relative to GDP (see figure I.15), with both smaller deficits and larger surpluses in 2023 relative to 2022, depending on the starting position of each country considered. By subregion, improvements in Central America averaged 2.2 percentage points of GDP, compared to 1.05 percentage points in South America and the Caribbean. As a result, several countries (Nicaragua, Paraguay and Peru) turned deficit into surplus between 2022 and 2023, joining the countries that consolidated their surplus position (Ecuador, Guatemala and Suriname). Nonetheless, during this period deficits widened in some of the region's economies that were particularly affected by deterioration in the goods and income accounts (Argentina and Panama), the goods account (Dominica), or the income and current transfers accounts (Grenada and Saint Kitts and Nevis).

Figure I.15
Latin America and the Caribbean (25 countries): annual variation in current account balance, by subregion, 2022–2023
(Percentage points and percentages of GDP)



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

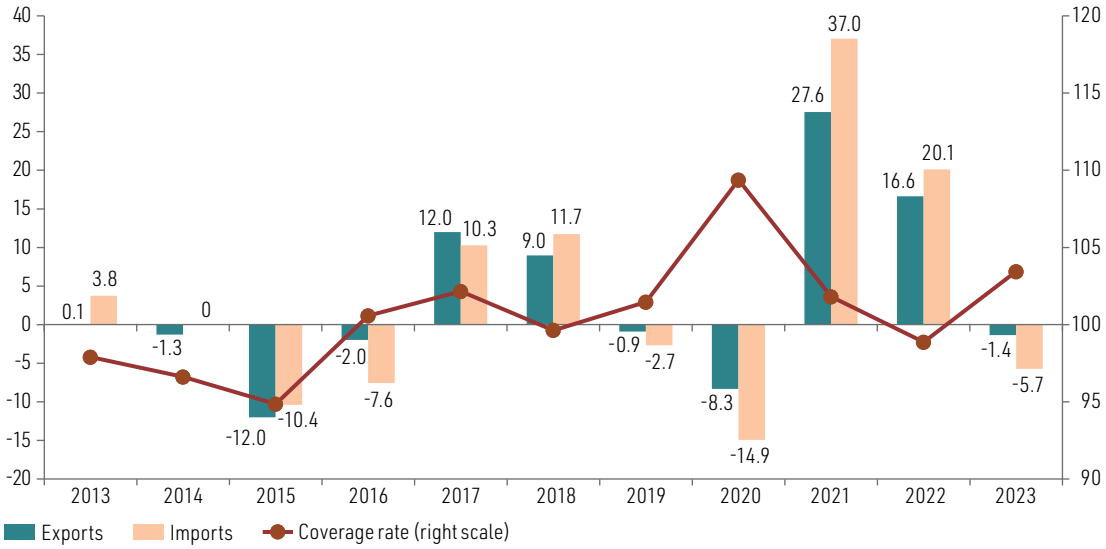
Among the economies reporting a current account surplus in 2022, only the Plurinational State of Bolivia experienced a reduction in 2023, as its goods trade deteriorated.

2. The goods surplus, combined with the smaller deficit in the services account, resulted in a significant improvement in the region's trade balance in 2023

The goods and services deficit came in at US$ 81 billion, thus narrowing from 1.7% of GDP in 2022 to 0.3% of GDP in 2023. In this context, goods trade recorded a surplus of US$ 38 billion (0.6% of GDP), with exports and imports both declining in value, by 1.4% and 5.7%, respectively, year-on-year (see figure I.16). This represents a clear turnaround following two consecutive years of strong growth, when, in 2022, the growth of imports (20.1%) outweighed that of exports (16.6%). Thus, having trended down since 2020, the coverage rate for the region recovered in 2023, signalling a greater capacity to finance imports through exports.[1] Nonetheless, this situation reflects the slacker external demand from the region's main trading partners, as well as weaker domestic demand in the countries themselves, in line with the observed slowdown in economic growth. Added to this is the price effect, owing to a more moderate inflationary process, a downward trend in international commodity prices (albeit remaining generally high and volatile) and a weaker influence of the global dollar cycle, which to some extent alleviates the pressures exerted on local currencies (exchange rate).

[1] The coverage rate is defined as the ratio of total exports to total imports, both expressed in value terms. It represents an alternative indicator of the goods trade balance that is better suited to comparison over time.

Figure I.16
Latin America and the Caribbean (25 countries): annual variation in value of exports and imports of goods, and export coverage rate, 2013–2023
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
Note: The group of countries was formed on the basis of information available as at 31 May 2024.

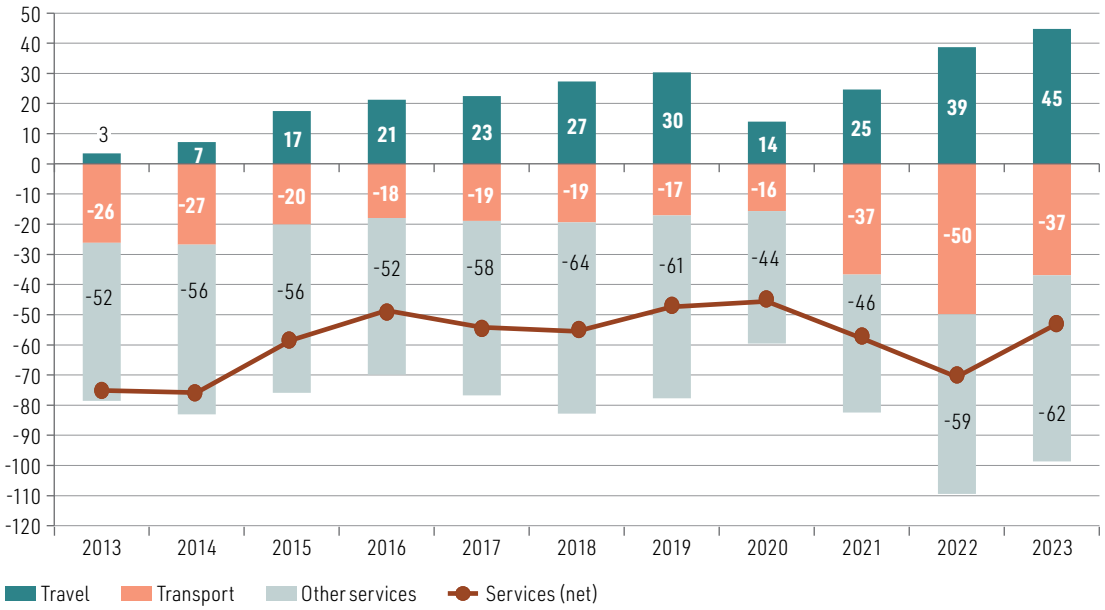
The latter point is illustrated by the behaviour of the foreign trade deflators, which reveal the path of the regional terms of trade. In 2023, the unit value indices of exports and imports fell simultaneously, with the result that the terms of trade index rose by 0.9% to 104.8 in 2023, following a 4.6% drop in 2022.[2] This is consistent with the easing of domestic price pressures, particularly in view of the variation in the region-wide consumer price index (CPI) (see section I.D).[3]

The services account posted a deficit of US$ 54 billion (0.8% of GDP) in 2023 —US$ 17 billion less than in 2022 (see figure I.17). This reflects an 11.7% increase in the value of services exports, while the corresponding imports grew by 2.5%. In contrast to goods trade, the unit price indices for service exports and imports continued to rise between 2022 and 2023, by 3.2% and 2.9%, respectively.[4] In terms of components, the travel item remains in surplus, stimulated, partly, by the positive trend of tourism to the region. In particular, income from travel-related exports increased by 38% year-on-year in South America, by 19% in the Caribbean and by 15% in Central America, which in 2023 accounted for more than 60% of the total received by the region.

In addition, net expenditure on transport services declined. However, freight costs continue to account for a large share of service imports, multiplying in value by 1.8 in Central America, 1.6 in South America and 0.9 in the Caribbean relative to their 2019 levels. Lastly, the deficit in other services widened in 2023, recording a year-on-year variation of -5.1%. Within this category, net expenditure on royalties for the use of intellectual property, insurance and pension services, and telecommunications, computer and information services, increased by 3.6%, 27.3% and 28.9%, respectively, between 2022 and 2023, owing to their significant share (see figure I.18).

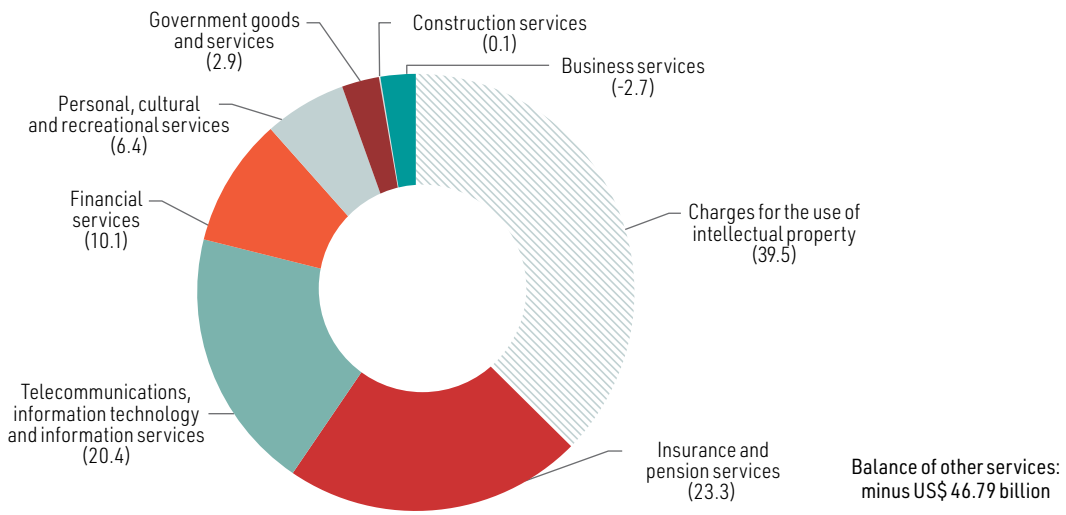
2 On the basis of available and complete information for the following 16 countries in the region: Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru and Uruguay.
3 The producer price index (PPI) varies across the region, because it depends on the production structure of the different economies.
4 On the basis of information available as at 31 May 2024.

Figure I.17
Latin America and the Caribbean (25 countries): variation in balance of trade in services, by component, 2013–2023
(Billions of dollars)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
Note: The group of countries was formed on the basis of information available as at 31 May 2024.

Figure I.18
Latin America and the Caribbean (25 countries): distribution of balance of other services, by component, 2023
(Percentages)



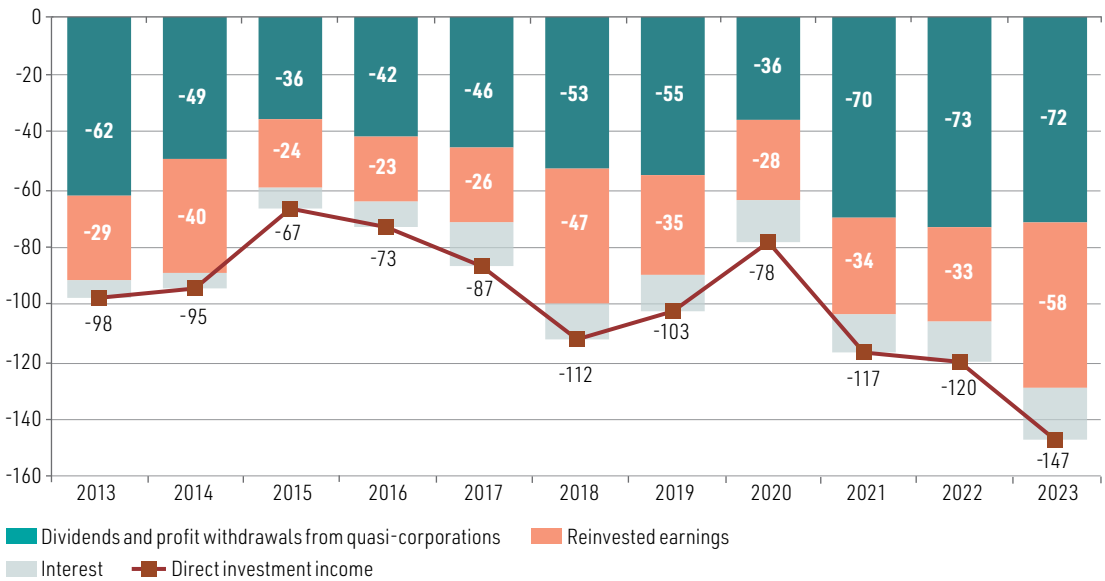
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

3. The income account deficit widened in 2023, owing largely to greater reinvestment of profits in the region, reflecting the trend of net foreign direct investment (FDI) inflows

In 2023, the income account deficit increased by almost US$ 32 billion relative to the previous year's figure, representing 3.4% of regional GDP (compared to 3.2% in 2022). Direct investment income, as the main component of this account, posted a larger deficit in 2023 than in 2022, amounting to US$ 147 billion (2.3% of GDP). In addition, the deficit in portfolio investment income (US$ 56 billion) was down slightly (1.7%), while the deficit in other investment income (US$ 34 billion) widened by 78% in 2023, relative to the previous year's level.[5]

In terms of income generated by direct investment, the balance of dividend distributions fell by 2.2% to total US$ 72 billion in 2023 (see figure I.19). In contrast, the balance of reinvested earnings (US$ 58 billion) rose by a substantial 75.3%. This indicates that a larger share of the profits earned in local subsidiaries remained in the region, given the momentum of inward FDI, as discussed below. In other words, the negative balance of reinvested earnings had an adverse effect on the current account balance (through the income account), but improved the financial account (as reinvested earnings).[6]

Figure I.19
Latin America and the Caribbean (25 countries): net direct investment income, by component, 2013–2023
(Billions of dollars)



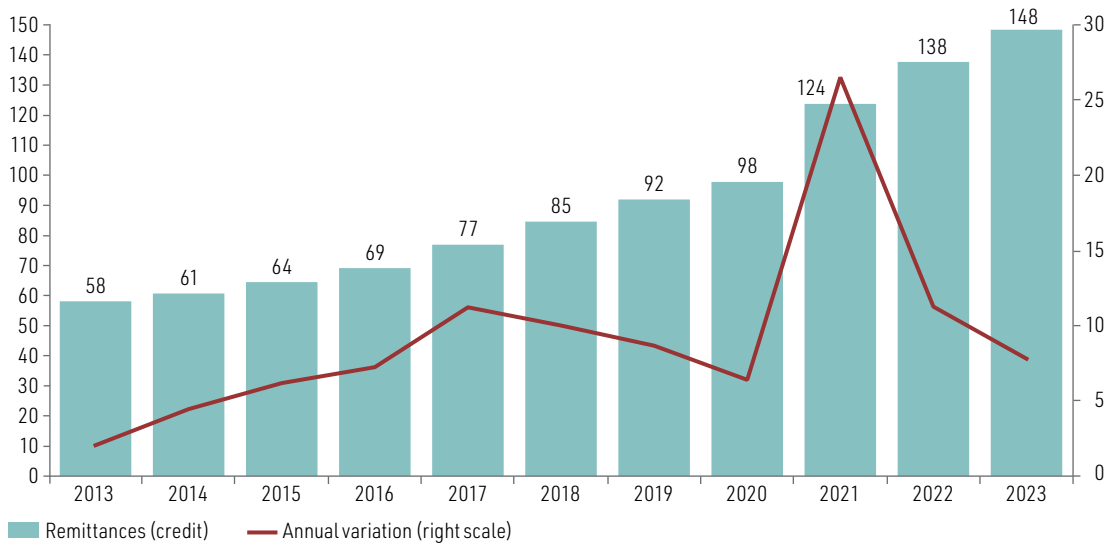
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
Note: The group of countries was formed on the basis of information available as at 31 May 2024.

[5] The components of the income account also include employee compensation, the balance of which increased by 37% to US$ 2.6 billion in 2023.
[6] This is explained by the double-entry accounting of the balance of payments.

4. The surplus on the current transfers account consolidated in 2023, and remittances represented a stable income source for the region, which continues to grow on a sustainable basis

The balance of current transfers remains positive, posting a surplus of US$ 146 billion (2.3% of GDP) in 2023. This was supported essentially by the trend of personal transfers in the form of remittances sent by workers abroad, boosted in particular by the labour market situation in the United States. As shown in figure I.20, remittances received by Latin America and the Caribbean continued to grow at an annual rate of 7.8% in 2023, to reach a total of US$ 148 billion.

Figure I.20
Latin America and the Caribbean (25 countries): remittance inflows, 2013–2023
(Billions of dollars and percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
Note: The group of countries was formed on the basis of information available as at 31 May 2024.
Remittance flows received by the region were approximated by the sum of personal transfers (credit) and compensation of employees (credit), as reported in the balance-of-payments presentation (International Monetary Fund (IMF), *Balance of Payments and International Investment Position Manual: Sixth Edition (BPM6)*, Washington, D.C., 2009).

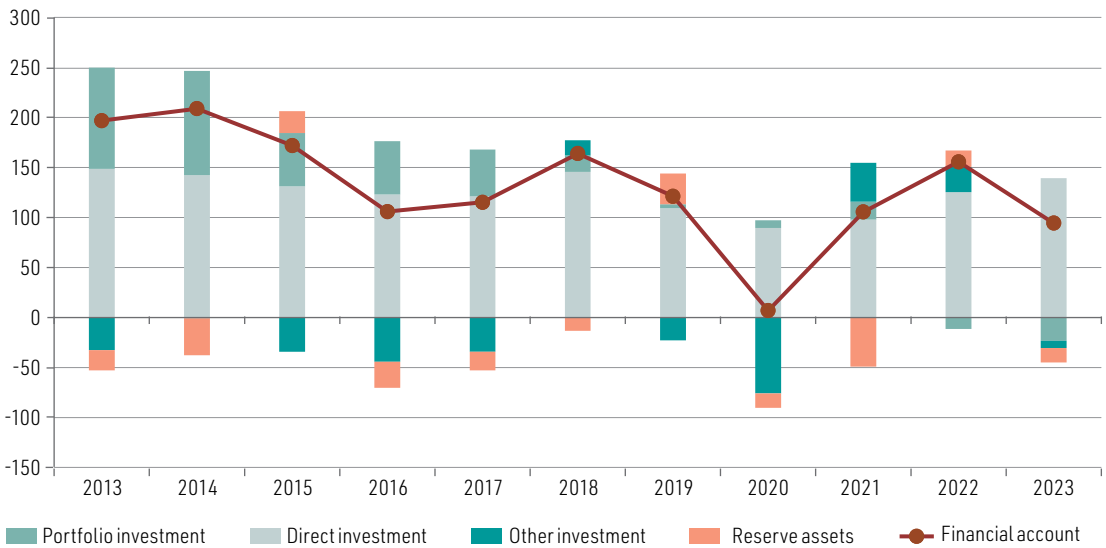
The expansion of remittances was driven by the amounts received by Central American countries (76.8%), especially Mexico, Guatemala, the Dominican Republic, Honduras and El Salvador, in that order. Countries in which remittances are a significant share of GDP include Honduras and Nicaragua (26% of the total), followed by El Salvador (24%) and Guatemala (19%), so this type of income flow is particularly important for financing the current and fiscal accounts.

In terms of the factors driving remittance flows into the region, the average cost of remittance, or transaction cost, has fallen gradually from around 7% of the amount sent in 2015 to 6% at present (base US$ 200) (World Bank, 2023). Nonetheless, it is still above the target of less than 3% established in the Sustainable Development Goals (SDGs).

5. In 2023, the financial account surplus declined in the region, despite the buoyancy of net direct investment income

The financial account of the balance of payments in Latin America and the Caribbean posted a surplus of US$ 94.4 billion (1.5% of GDP) in 2023, which was smaller than the 2.7% surplus registered in 2022. The reduction is explained mainly by a larger deficit in the "Other investment" category, which was not offset by the slight increase in net FDI flows into the region (see figure I.21). Nonetheless, the smaller financial inflows were sufficient to finance the current account deficit and accumulate international reserves.

Figure I.21
Latin America and the Caribbean (25 countries): balance-of-payments financial account, by component, net balances, 2013–2023
(Billions of dollars)

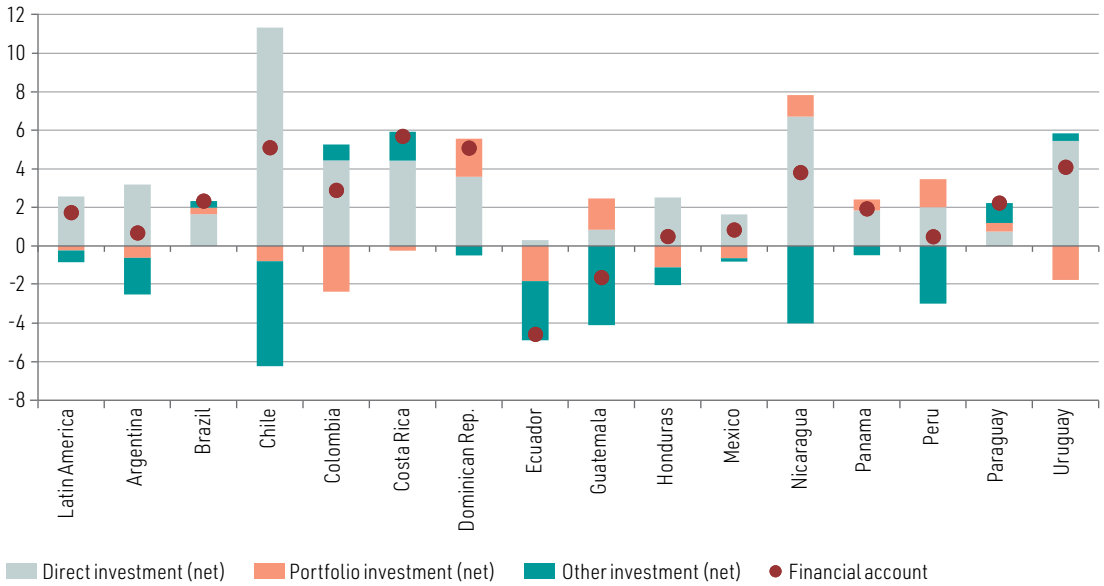


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
Note: The group of countries was formed on the basis of information available as at 31 May 2024. The balance of the other investment category also includes flows associated with derivatives.

The surplus of financial flows in 2023 is explained solely by net FDI inflows, which totalled US$ 139 billion (2.2% of GDP), while portfolio and other investment recorded net outflows of US$ 23.3 billion (0.4% of GDP) and US$ 7.2 billion (0.1% of GDP), respectively. On average, therefore, capital flowed out of the region to the rest of the world in these categories, although the pattern varies from country to country (see figure I.22).

In 2023, countries such as Argentina, Chile, Honduras and Mexico posted a financial account surplus owing entirely, as in the case of the regional aggregate, to the fact that net FDI inflows outweighed the net outflows in the other items. Other countries, such as Brazil and Paraguay, experienced a net inflow in all components of the financial account, while Ecuador and Guatemala recorded financial account deficits.

Figure I.22
Latin America (15 countries): financial account, by component and by country, 2023
(Percentages of GDP)



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

6. In a complex international context, FDI into the region made a positive contribution in 2023, albeit at a slower pace

The positive result of net direct investment is explained by FDI received by the countries of the region, which totalled 2.8% of GDP in 2023, while direct investment abroad by local firms represented a negative balance of just 0.6% of GDP. Despite being the only item in the financial account making a positive contribution in the year, the amount of FDI declined by US$ 23.4 billion relative to its 2022 level. This was due mainly to a reduction in direct investment received in Brazil, Mexico and Peru, and a sharp fall in Uruguay, owing to the cancellation of loans from local subsidiaries of direct investment companies headquartered abroad. FDI grew significantly in Argentina, owing to an increase in loans received by subsidiaries of foreign companies, and in Chile through capital increases. There were also smaller increases in Colombia, Costa Rica, the Dominican Republic and El Salvador, among other countries.

In contrast, outward FDI declined sharply relative to 2022. In general, direct investment from the region to the rest of the world has always been small compared to that received from abroad. However, as usual, Brazil and Mexico are the region's leading direct investors, followed by Chile and Colombia. The main cause of the reduction recorded in 2023 is the reduced level of investment by Mexican firms abroad, owing partly to a reduction in the debts of their cross-border subsidiaries, and decreased reinvestment of profits abroad by Brazilian firms.

In the case of portfolio investment, the deficit on this subaccount widened from US$ 11.4 billion in 2022 to US$ 23.3 billion in 2023. This implies a net outflow of resources from the region to the rest of the world, and is explained by the fact that the formation of assets abroad, such as the acquisition of shares or debt securities abroad, outweighed the acquisition of liabilities by the region. Thus, portfolio

investment assets represented 0.6% of GDP, owing largely to the results achieved in Colombia with investments made mainly by financial companies; and also in Chile, thanks to the investment of pension funds abroad, followed to a lesser extent by Mexico, Brazil, Panama and Uruguay.

Portfolio investment liabilities represented 0.2% of GDP, driven mainly by investment in debt securities in Brazil and Chile, countries that attracted greater interest from foreign investors, owing to their lower country risk. This resulted in a sharp increase in inflows in debt securities, especially government debt. Other countries with portfolio investment inflows from abroad are Costa Rica, the Dominican Republic, Guatemala and Panama. Several countries reduced their liabilities, particularly Argentina through partial payment of its commitments to the IMF.

Net flows recorded in the other investment category —which includes trade credits, cross-border loans and deposits, in addition to allocations of special drawing rights (SDRs), among other items— recorded a negative balance of US$ 7.2 billion in 2023. This is explained both by the formation of assets of this investment category abroad, amounting to 1.0% of GDP, and by the reduction of liabilities in the region, equivalent to 1.1% of GDP.

The formation of assets abroad by investors in the region largely reflects what happened in Argentina, through investments made by local financial and non-financial companies, and also by households. This was supported by the results obtained in Ecuador, Guatemala and Panama, owing to an increase in trade credits and foreign currency claims and deposits abroad. Assets declined in countries such as Brazil and Mexico, mainly owing to reduced investment in derivatives. The reduction in other investment liabilities is explained by divestments in Chile and Mexico, as well as smaller ones in Brazil and Guatemala. In Argentina, Colombia and Panama, however, liabilities increased through loans made to the public and private sectors. In Argentina, financing received from the IMF in the third quarter of 2023 was the predominant factor.

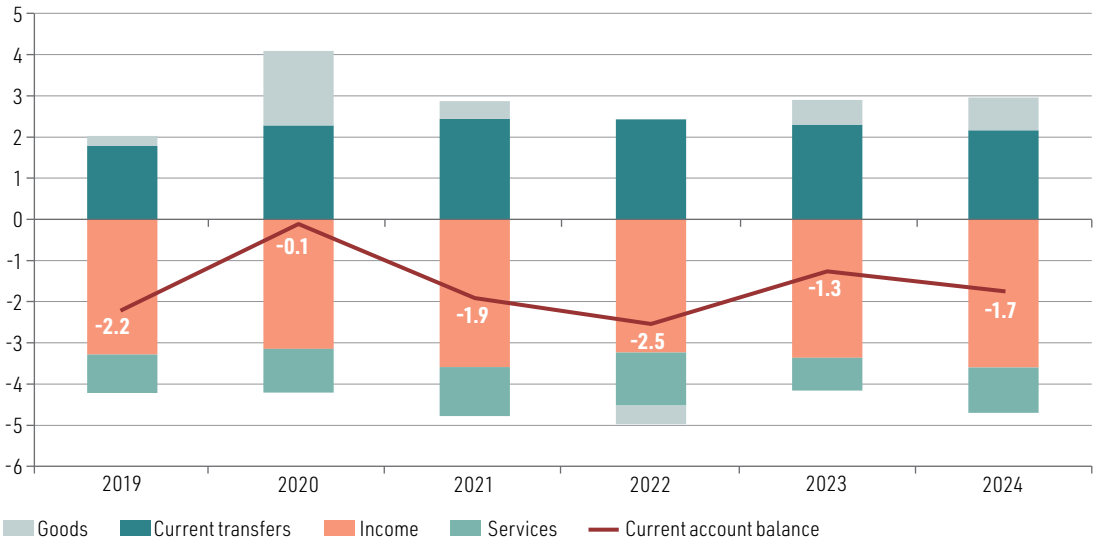
In short, the financial account balance, combined with the capital account surplus of US$ 1.75 billion, gives an overall surplus of US$ 96.1 billion, equivalent to 1.5% of GDP.

7. In 2024, the current account is expected to deteriorate slightly as a result of wider services and income balance deficits, offset by an increase in capital inflows

The outlook for the current account in the region points to a slight widening of the deficit relative to 2023, in an extremely uncertain international context (see figure I.23). In particular, the current account balance can be expected to converge towards its pre-pandemic level. Given the results achieved in the first few months of the year, the goods balance should continue to recover on the back of slightly stronger exports, particularly as from the second half of the year. In contrast, imports are likely to remain subdued in the face of a slowdown in economic activity and slackening domestic demand. However, there are still latent risks related to volatility in commodity prices, particularly foodstuffs, and in exchange rates (see section I.E). This will be compounded by the greater impact of climate change, which could impact agricultural production in the region. In the case of services, although inbound tourism continues to grow,[7] the other services component is likely to increase, while the trend of freight costs is conditioned by potential bottlenecks to global supply, owing, partly, to escalating geopolitical tensions.

[7] In the first quarter of 2024, international tourist arrivals in Central America were 19% higher than in the same period in 2023, while arrivals in South America were up by nearly 12% and those to the Caribbean by almost 9%. See UN Tourism (2024).

Figure I.23
Latin America and the Caribbean (selected countries): current account, by component, 2019–2024
(Percentages of GDP)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
Note: Projections based on a group of countries accounting for more than 90% of regional GDP to approximate the trend in 2024.

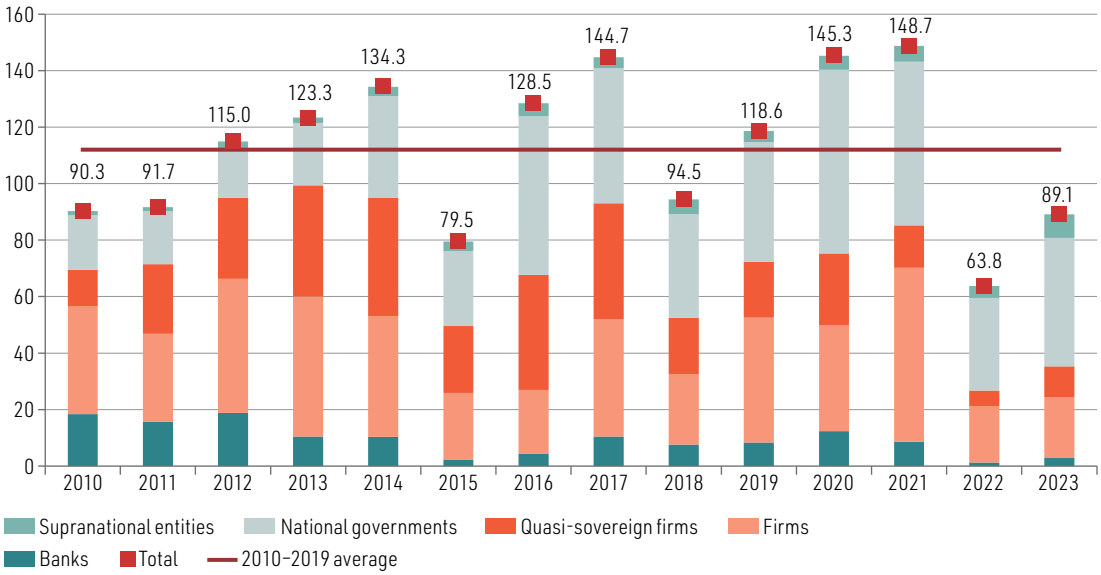
Turning to the income account, the deficit is expected to widen in accordance with the previous year's situation. As a result, the balance of transfers is expected to remain in surplus, albeit with a slowdown in the rate of growth of remittances received. This is due to the expected weakening of global economic activity and labour markets in several advanced countries.

According to the latest information available up to the first quarter of 2024 on Brazil, Chile, Mexico and Peru, the outlook for the financial account indicates a surplus of US$ 88.7 billion (cumulative over four quarters). This preliminary result is an improvement over previous quarters, consistent with the increase in capital flows to emerging regions that has been unfolding since late 2023 (see section I.A). Not only does net direct investment explain the result for the first quarter, but the portfolio investment account, which reflects movements in equity and debt securities, also records a net surplus, totalling US$ 15.5 billion, the largest since the first quarter of 2022. Although this is the first quarter, these initial figures suggest that capital inflows for the year as a whole will be larger than in 2023.

8. In 2023, debt issuance on international markets increased, while thematic bond issues gained in importance, a trend that is set to continue in 2024

Debt issuance on international markets totalled US$ 89.1 billion in 2023, 40% more than in the previous year. Although this is a significant increase, the level is well below the previous decade's average issuance of US$ 112 billion (see figure I.24). This occurred in a general scenario in which financing costs have remained high for emerging countries and are projected to remain so while long-term interest rates in developed economies remain elevated (see section I.A).

Figure I.24
Latin America and the Caribbean: bond issuance on international markets, by sector, 2010–2023
(Billions of dollars)



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

In this connection, the average coupon on dollar-denominated issues in international markets has continued to rise from the lows recorded in 2021, when it averaged 3.6%, to reach 6.6% in 2023 and 6.7% on issues registered during the first four months of 2024.

Brazil, Chile and Mexico account for the majority of debt issuance in the region, both private and public. In 2023, these three countries generated 85% of total issuance by private entities (banks and corporations) and 54% of combined issuance by national governments (sovereigns) and quasi-sovereign corporations.

As has been the case since the mid-2010s, sovereign bonds represent the largest share of total issuance by countries in the region (see table I.3). After growing by 39% per year in 2023, sovereign issues grew to 51% of the total, followed by issuance by private non-bank companies, which grew by 8% in the year to represent 24% of the total.

Table I.3
Latin America and the Caribbean: bond issuance on international markets, by sector, total for 2023 and for January–April 2024
(Millions of dollars and percentages)

	Private banks	Non-bank private companies	Quasi-sovereign issuance	Sovereign issuance	Issuance by supranational entities	Total
Total 2023	2 877	21 552	10 900	45 470	8 350	89 148
Year-on-year growth *(Percentages)*	131	8	96	39	97	40
Share of total *(Percentages)*	3	24	12	51	9	100
January–April 2024	3 660	14 097	6 401	22 275	6 852	53 285
Year-on-year growth[a] *(Percentages)*	262	199	4	35	48	61
Share of total *(Percentages)*	7	26	12	42	13	100

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Compared to the same period in 2023.

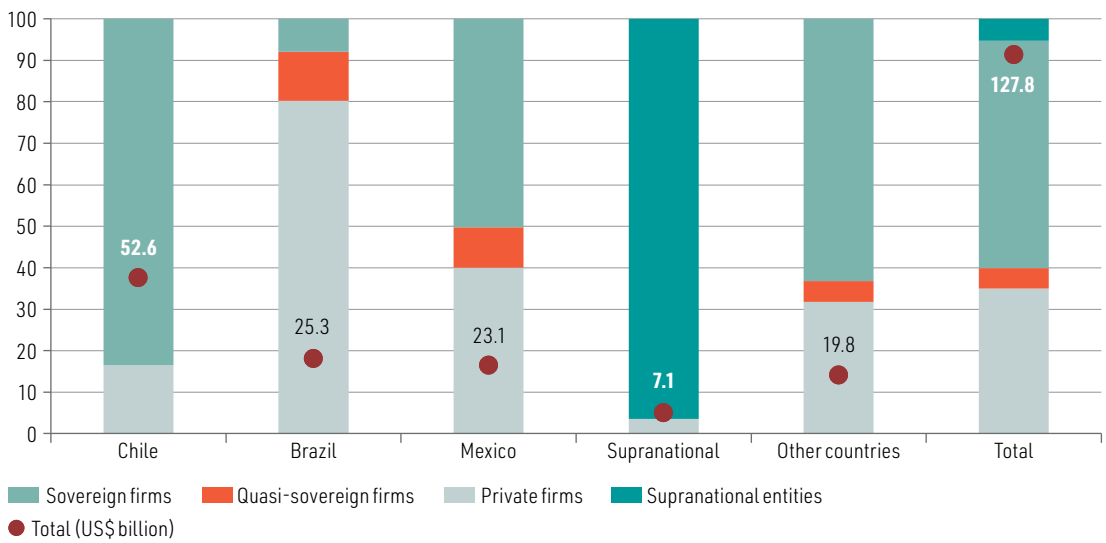
Private bank issuance more than doubled in the year and is the fastest growing segment, along with issuance by quasi-sovereign corporations, which doubled in 2023. Nonetheless, they jointly represent just 15% of total issues in the region.

According to information available on the first four months of 2024, debt issuance on international markets grew by 61% relative to the year-earlier period, with sovereign bonds taking the largest share. Issuance by banks and private companies grew significantly, but from a low base of comparison given the lacklustre growth recorded in recent years.

Sovereign issuance in the region amounted to some US$ 45.5 billion in 2023, and half of that amount (about US$ 22.3 billion) has already been issued in the first few months of 2024. Mexico is the leading player, issuing a total of US$ 18 billion sovereign bonds across five operations between early 2023 and April 2024. Chile has the next largest share, with US$ 12 billion issued in seven operations. Other countries that have had significant access to international sovereign debt markets include Brazil, Colombia, Costa Rica, the Dominican Republic and Panama, issuing sovereign debt totalling of US$ 27.1 billion.

Debt securities issued to finance projects linked to environmental conservation or to achieve social objectives have gained importance in recent years. These are thematic bonds, which correspond to social, green, blue, sustainable and sustainability-linked bonds (SLB). Since 2021, these have maintained a prominent share of the amount of debt issued by the region on international markets, averaging 32% between 2021 and 2023, compared to no more than 10% in earlier years. Between the first issue of this type in 2014 and the first four months of 2024, a total of US$ 128 billion in thematic bonds have been issued (see figure I.25). Of that total, 55% represent sovereign issues, while one third corresponds to operations carried out by private non-bank companies. Issues are also highly concentrated, with Chile accounting for 40% of the total, followed by Brazil and Mexico, with about one-fifth of issues each (the same proportion as the other countries that have issued thematic bonds).

Figure I.25
Latin America and the Caribbean: thematic bond issuance on international markets, shares of total, by country and sector, 2014–2023
(Billions of dollars and percentages)



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

This class of bonds has become increasingly important among sovereign issues in recent years, growing from just 6% of the total in 2019 to 35% in 2021 and 50% in 2023. This share is likely to be at least maintained in 2024, since in the first four months of the year sovereign thematic issues were up by 76% relative to the year-earlier period, while non-sovereign issues increased by 26%.

Of greater relevance, the difference in the cost of financing represented by thematic bonds is also significant. Since 2020, the average coupon on thematic sovereign issues in dollars has been lower than on other dollar-denominated sovereign issues (see table I.4), although the difference has narrowed in the current period of higher interest rates which, in general, has prevailed for developing countries.

Table I.4
Latin America and the Caribbean: difference between the average coupon of thematic and non-thematic sovereign issuance in dollars, 2020 to April 2024
(Percentage points and percentages)

	Difference *(Percentage points)*	Non-thematic bonds *(Percentages)*	Thematic bonds *(Percentages)*
2020	-1.0	4.1	3.1
2021	-0.7	3.7	3.1
2022	-0.8	5.2	4.4
2023	-0.2	6.6	6.5
2024	-0.3	6.7	6.4

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

Between early 2023 and April 2024, Chile has been the main issuer of thematic bonds, especially SLBs, some of which have been denominated in local currency (see table I.5). Mexico has also participated significantly, although oriented towards sustainable bonds, the last of which, denominated in euros and oriented towards the SDGs, was placed in January 2024. Colombia has participated with social bonds and the issuance of US$ 1.3 billion in April 2024 to obtain resources to help achieve the Goals.

Table I.5
Latin America and the Caribbean: thematic sovereign bond issuance on international markets, 2023 and January–April 2024

Date of issue	Country	Amount *(Millions of dollars)*	Interest rate *(Percentages)*	Type of thematic bond
April 2023	México	2 941	6.3	Sustainable
May 2023	Ecuador	656	5.6	Blue
	Chile[a]	2 230	6.0	Social
	Perú[a]	2 494	7.3	Sustainable
June 2023	Chile	821	4.1	Sustainability-linked
	Chile[b]	2 250	8.2	Sustainability-linked
July 2023	México[a]	1 373	8.0	Sustainable
	Chile[a]	2 153	5.3	Sustainability-linked
October 2023	Chile[a]	927	3.4	Sustainability-linked
	Chile[a]	1 878	5.8	Sustainability-linked

Date of issue	Country	Amount *(Millions of dollars)*	Interest rate *(Percentages)*	Type of thematic bond
November 2023	Uruguay	700	5.8	Sustainability-linked
	Colombia	1 250	8.0	Social
	Colombia	1 250	8.8	Social
	Brasil	2 000	6.3	Sustainable
Total 2023		**22 925**		
January 2024	Chile	1 700	4.9	Social
	México	2 174	4.5	Sustainable
April 2024	Colombia[b]	1 300	8.4	Social
Total 2024		**5 174**		

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Issuance in local currency.
[b] Issuance in several tranches.

Issues by non-bank private companies totalled US$ 21.6 billion in 2023 and, unlike sovereign issues, only a quarter of this amount corresponds to thematic bonds.

Brazil has by far the largest amount in this type of issuance, accounting for 57% of the regional total last year. The largest operations in Brazil correspond to bonds issued by the food company JBS, for US$ 2.5 billion, by the metallurgical and mining company Vale do Rio Doce, for US$ 1.5 billion, by the aeronautical company Gol, for close to US$ 1.4 billion, and by the petrochemical company Braskem, which issued a bond for US$ 1 billion.

Much further behind is Mexico's corporate sector, which issued US$ 3.7 billion in debt, mainly concentrated in the cement company Cemex and the telephone company América Móvil, both of which issued close to US$ 1 billion. These two issues correspond to a green bond and a sustainability-linked bond, respectively. In the cases of Colombia and Costa Rica, all corporate issues were related to thematic bonds, in particular, sustainability-linked, social and sustainable bonds.

9. Credit risk in the region decreased during 2023, especially in the last quarter, and this trend is set to continue in 2024, in line with the reduction of risk in the other emerging regions

The region's credit risk, as measured by the emerging market bond index (EMBI), closed 2023 at 366 basis points, down by 49 basis points, or half a percentage point, relative to its end-2022 level (see figure I.26). In the first few months of 2024, credit risk has continued to trend down, reaching 315 basis points in late April.

Figure I.26
Latin America: sovereign risk as measured by emerging market bond index (EMBI), January 2019–April 2024
(Basis points)

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

All countries except Ecuador, Panama and the Plurinational State of Bolivia experienced reductions in EMBI, especially towards the last quarter of 2023, in a situation coinciding with that prevailing in the other countries of emerging regions (see table I.6). The credit risk of the Plurinational State of Bolivia, which until recent years had trended slightly above the regional average, increased fourfold during 2023 and closed the year at 2,233 basis points. This was due mainly to the scarcity of international reserves and high levels of public spending, which makes the market perceive a lower probability of debt repayment.

Table I.6
Latin America (17 countries): sovereign risk as measured by the Emerging Markets Bond Index (EMBI), 2022 to April 2024
(Basis points)

	2022	March 2023	June 2023	September 2023	2023	April 2024
Latin America	**416**	**447**	**405**	**404**	**366**	**315**
Argentina	2 196	2 302	2 061	2 539	1 907	1 208
Bolivia (Plurinational State of)	563	1 561	1 112	1 463	2 233	1 868
Brazil	258	254	229	206	200	203
Chile	140	153	132	135	132	122
Colombia	369	382	370	335	272	294
Costa Rica	327	329	289	247	235	193
Dominican Republic	358	369	333	319	247	221
Ecuador	1 250	1 917	1 922	1 789	2 055	1 111
El Salvador	1 839	1 521	1 096	737	684	684
Guatemala	210	237	234	228	210	202
Honduras	529	585	495	355	362	359

	2022	March 2023	June 2023	September 2023	2023	April 2024
Mexico	386	393	376	378	340	306
Panama	215	243	216	221	282	270
Paraguay	200	238	216	212	186	171
Peru	194	209	174	174	160	158
Uruguay	91	119	99	98	85	78
Venezuela (Bolivarian Republic of)	44 840	34 229	42 210	38 912	21 422	18 751

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

In Ecuador, the increase in risk perception, owing to the governance problems that the country has suffered, compounded by difficulties in oil production, was accompanied by a downgrade in the credit rating granted by Fitch Ratings. Even though Panama has a risk level below the regional average, together with the increase in the EMBI, it also lost the investment grade category granted by that rating agency, although it maintains that grade according to Moody's and Standard & Poor's. Uruguay is the country with the lowest credit risk as measured by the EMBI, which closed 2023 at 85 basis points. During the first few months of 2024 it has continued on the same path, to reach 78 basis points in late April. This is followed by Chile, which after experiencing increases during 2022, like much of the region, has trended down to reach 122 basis points in late April 2024. According to the latest information, Peru, Paraguay, Costa Rica, Guatemala and Brazil are at levels around 150 and 200 basis points.

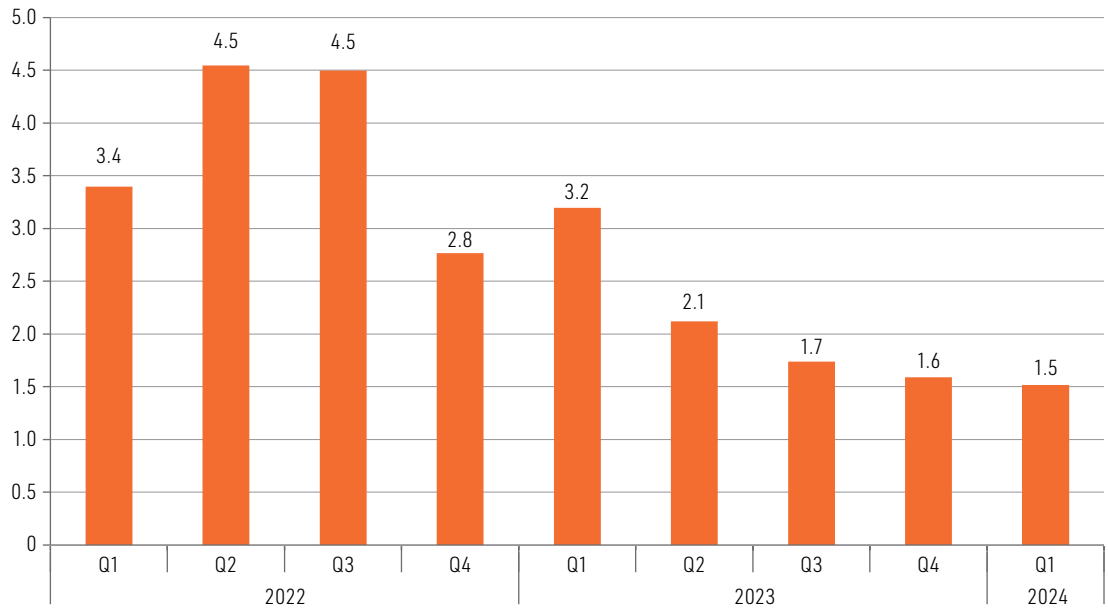
In contrast, the Bolivarian Republic of Venezuela has the highest credit risk, although the easing of some of the international sanctions imposed on the country, especially for oil sales and sovereign bond trading, allowed EMBI to fall to around 18,000 basis points in late April 2024. While this is a very high level, it is well below the nearly 45,000 basis points recorded in late 2022. Along with Ecuador and the Plurinational State of Bolivia, Argentina completes the group of countries with high levels of credit risk, with an EMBI of around 1,200 basis points in April 2024. In this case, although also a high level, it represents a reduction of around 1,000 basis points with respect to the end of 2022, owing mainly to the economic adjustment measures that have been implemented in the country since December 2023.

D. Domestic performance

1. Economic growth in Latin America is low and still declining

Economic activity in the Latin American economies continues to grow slowly, with a rate of expansion of 1.5% in the first quarter of 2024, down from 3.2% in the same period a year earlier. This was the third consecutive quarter in which the GDP of the Latin American economies grew by less than 2.0% and the sixth quarter in which output growth was lower than the 4.5% recorded in the third quarter of 2022 (see figure I.27).

Figure I.27
Latin America: annual variation in GDP, first quarter of 2022–first quarter of 2024
(Percentages, constant dollars at 2018 prices)



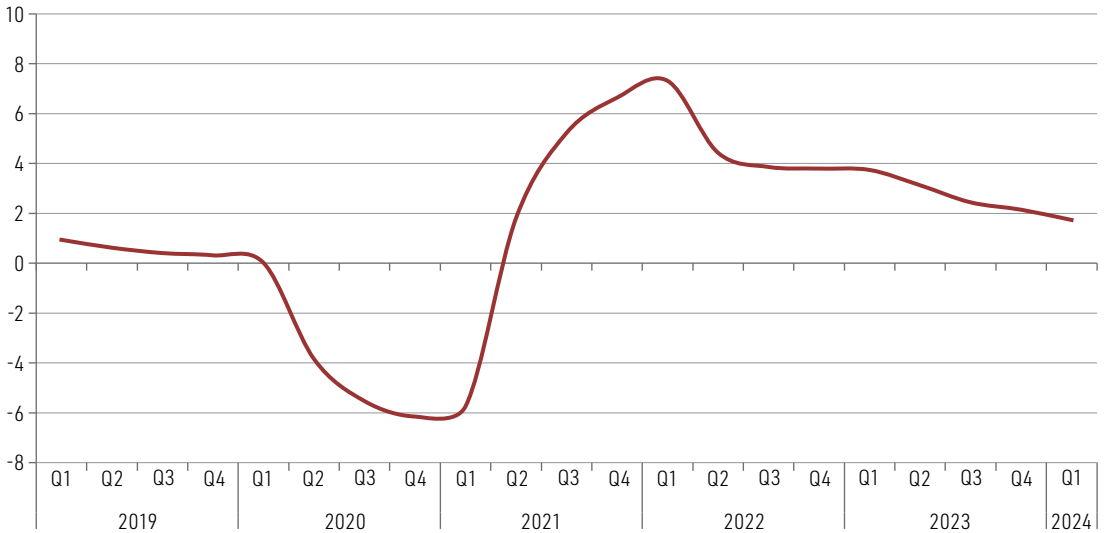
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

The trend is similar when cumulative growth over four quarters is analysed. This growth slowed by almost half a percentage point in the first quarter of 2024, from 2.1% to 1.7% (see figure I.28).

2. The slowdown in GDP growth has been uniform across the countries of Latin America

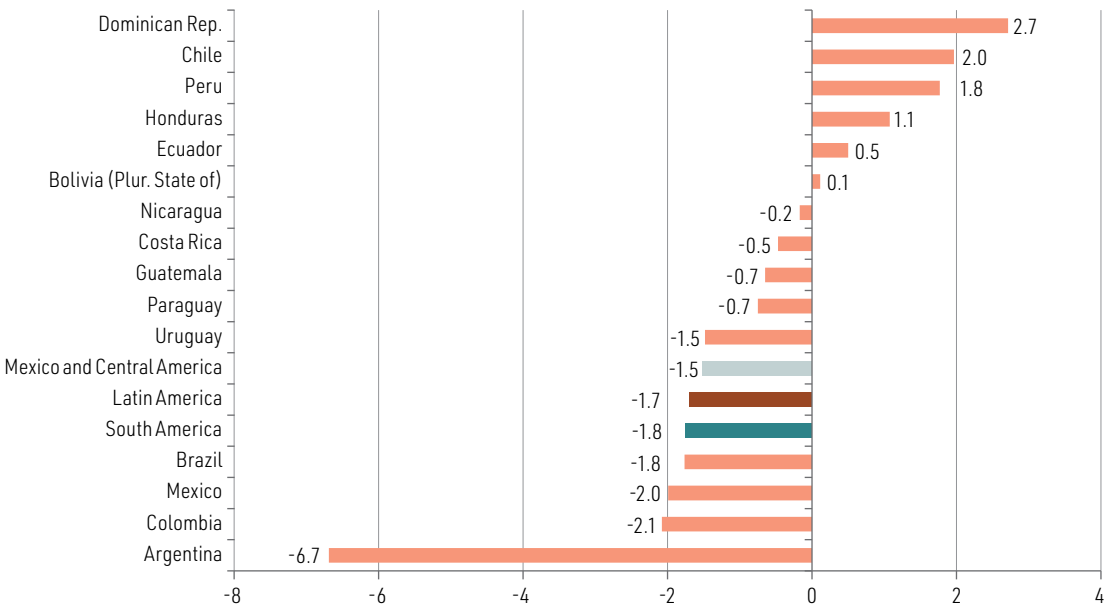
Monthly economic activity indicators show that the slowdown in the first quarter of 2024 was homogeneous across the region's economies. Thus, while the average growth rate in Latin America fell by 1.7 percentage points between the first quarter of 2023 and the same quarter of 2024, the decline was 1.8 percentage points in the economies of South America and 1.5 percentage points in those of Mexico and Central America (see figure I.29).

Figure I.28
Latin America: cumulative four-quarter variation in GDP, first quarter of 2019–first quarter of 2024
(Percentages)



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

Figure I.29
Latin America: rates of acceleration or deceleration in year-on-year growth of activity indicators, first quarter of 2024
(Percentages, constant dollars at 2018 prices)



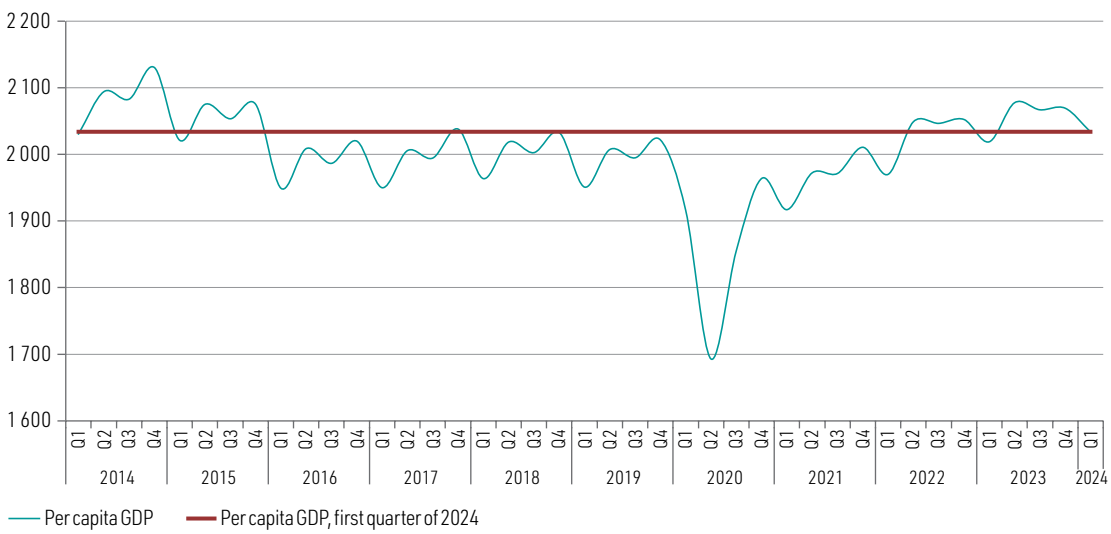
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

South America had outliers like Argentina, where the growth rate declined by 6.7 percentage points owing to the withdrawal of subsidies, affecting private consumption, and cuts in public spending, among other factors. In Colombia, slower growth in economic activity was a consequence of a sharp decline in the growth of investment, which expanded strongly in 2022 but then contracted in 2023, especially from the second quarter of the year, with this trend continuing in the first quarter of 2024. In Brazil, meanwhile, falling household consumption resulting from cuts to government transfers led to a drop of 1.8 percentage points in the growth rate. In the case of Panama, a decline in Panama Canal activity and in activities in the free trade zone help explain the 7.2% reduction in growth between the first quarter of 2023 and the same period of 2024. In Mexico, the drop of 2.0 percentage points in growth in the first quarter of 2024 reflected a decline in food production-related activities resulting from droughts and low water levels in reservoirs in a number of the country's agricultural areas, along with a drop in automotive industry output. Economic growth accelerated in only 4 of the 16 countries analysed. In the Dominican Republic, the momentum of tourism contributed to faster growth in the first quarter of 2024, while in the case of Chile, an improvement in the mining sector was the main contributor to higher growth. In Peru, the extra growth was attributable to the recovery of fishing activity, while in Honduras, an improved performance in the construction sector and in service-related activities drove greater momentum in the economy.

3. The low growth of economic activity in the region means that per capita GDP is at the same level as 10 years ago

Per capita GDP in the region has declined since 2016, and while it has recovered from the sharp economic contraction caused by the COVID-19 pandemic, in the first quarter of 2024 it was at the same level as 10 years before. In other words, the region's per capita GDP was unchanged from 41 quarters previously (see figure I.30).

Figure I.30
Latin America: per capita GDP, first quarter of 2014–first quarter of 2024
(Constant dollars at 2018 prices)



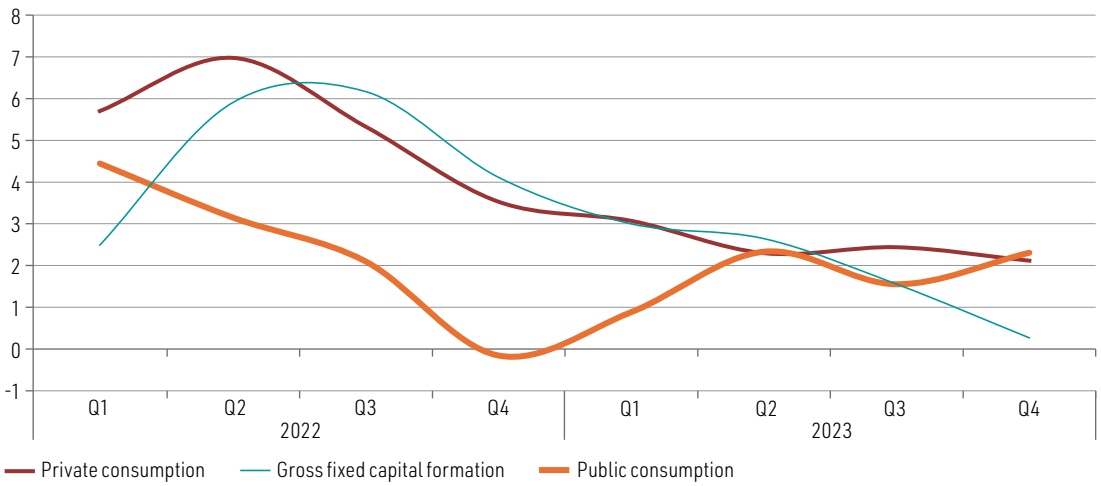
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

4. The slowdown in economic activity reflects a weakening of both consumption and gross fixed capital formation

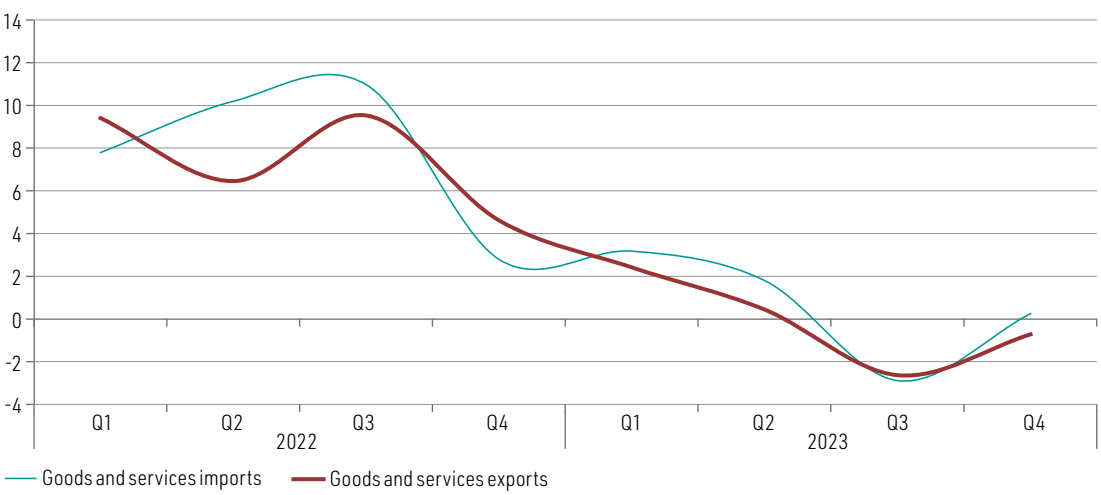
Private consumption growth continued to slow in the fourth quarter of 2023, although at a lower annual rate than in 2022, when it began declining in the second quarter (see figure I.31). Private consumption growth was actually negative in four countries during this period. This slowdown occurred in the context of a deterioration in the purchasing power of real wages, low job creation, declining consumer confidence and the depletion of savings built up by households in recent years. Similarly, limited fiscal space translated into a reduction in public spending, especially on transfers, which weakened consumption in some economies of the region.

Figure I.31
Latin America: variation in expenditure components, first quarter of 2022–fourth quarter of 2023
(Percentages)

A. Public and private consumption and gross fixed capital formation



B. Imports and exports of goods and services



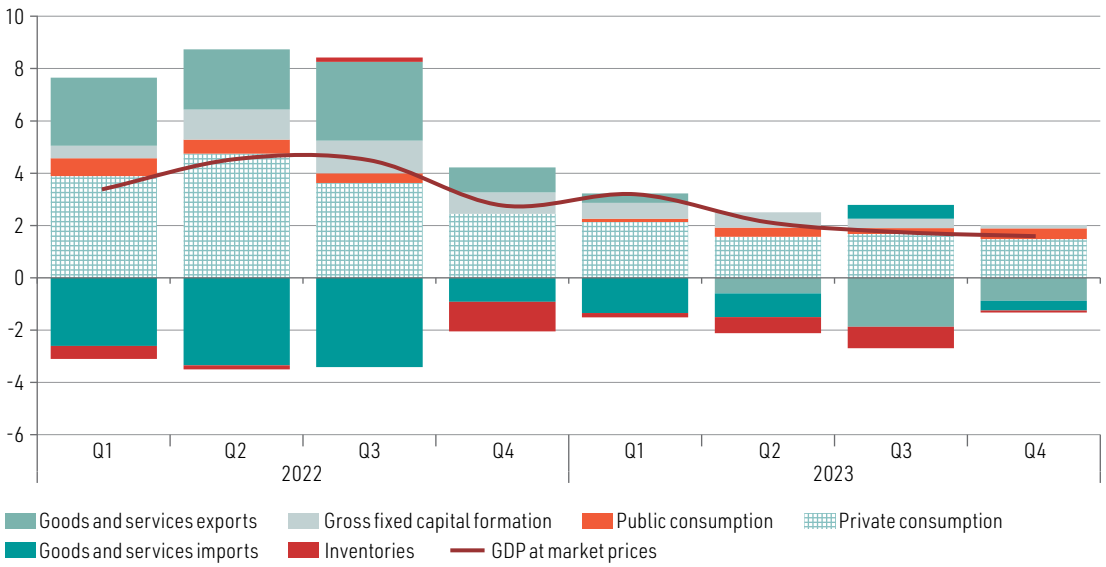
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

Gross fixed capital formation also exhibited a slowdown, with modest growth of 0.3 percentage points in the fourth quarter of 2023. This slackening was mainly due to the tight monetary policies applied to control inflation, which resulted in interest rates remaining high. Geopolitical tensions and sharp fluctuations in commodity prices on the world market also contributed to this low growth environment.

The trend in exports and imports moderated symmetrically, with a similar contribution from both. This equilibrium meant that net exports had barely any impact from the first quarter of 2022, a situation that started to change in the third quarter of 2023, when import growth turned positive again.

Although private consumption growth slowed, it remained a central plank of GDP growth compared with others (see figure I.32), contributing 1.48 percentage points to this in the fourth quarter of 2023. That, however, represented a drop of about 1percentage point from the same quarter of 2022.

Figure I.32
Latin America: variation in GDP and contribution of expenditure components to growth, first quarter of 2022–fourth quarter of 2023
(Percentages)



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

5. Investment is showing signs of stagnation and remains at levels similar to those seen before the pandemic

After a slight increase in 2022, investment as a percentage of GDP continued to decline in 2023, falling back to pre-pandemic levels in a situation of high global uncertainty and a deterioration in business confidence in many countries owing to the vagaries of the global economy, the effects of climate change and international conflicts (see figure I.33). Similarly, the caution shown by monetary authorities in their interest rate management has resulted in monetary policy remaining tight, with real interest rates higher than before the pandemic.

Figure I.33
Latin America: investment effort and amounts, 2018–2023
(Percentages of GDP and millions of constant dollars at 2018 prices)

A. Percentages of GDP

B. Millions of constant dollars at 2018 prices

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

6. Economic growth has moderated across all sectors, but especially in manufacturing

Value added growth has slowed in all branches of economic activity (see figure I.34). In the fourth quarter of 2023, economic expansion was led by the services sector. Specifically, financial and business services, community, social and personal services, and electricity, gas and water services

grew strongly. In contrast, the commerce and transport and communications sectors experienced a decline, affected by the reduced momentum of private consumption. Meanwhile, agriculture and mining, which had contributed a substantial 5% to value added in the first quarter of 2023, made a near-zero contribution in the fourth quarter of that year, much as they did in 2022.

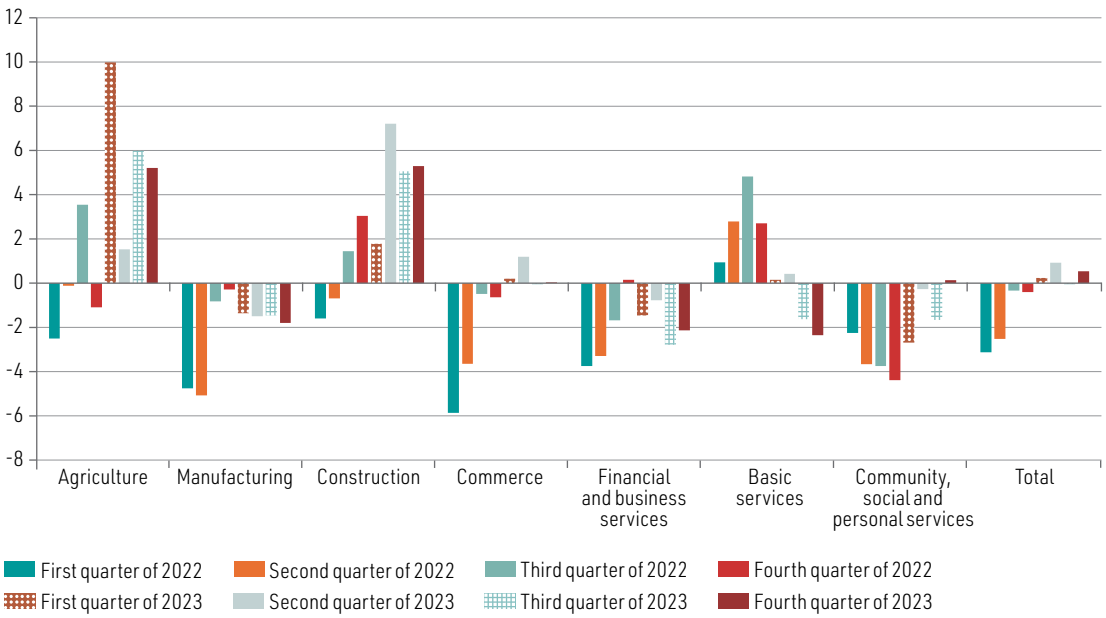
Figure I.34
Latin America: value added and contributions by sector of economic activity to value added growth, first quarter of 2022–fourth quarter of 2023
(Percentages)

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

7. Labour productivity in Latin America remains stagnant, with only two sectors registering growth

In the fourth quarter of 2023, only the agriculture and construction sectors recorded positive labour productivity growth rates. Agriculture had maintained positive rates since the first quarter of 2023, while construction, having had negative rates, managed to reverse them from the third quarter of 2022, meaning that the sector's productivity growth was positive (see figure I.35). Productivity in the construction sector increased against the backdrop of a decline in the number of people employed there in the first quarter of 2024 compared with the same period in 2023 (see the section on employment and wages in this chapter I). Although only two sectors experienced increases, overall productivity in the region rose by 0.5 percentage points in the fourth quarter of 2023.

Figure I.35
Latin America: annual variation in labour productivity, first quarter of 2022–fourth quarter of 2023
(Percentages, constant dollars at 2018 prices)



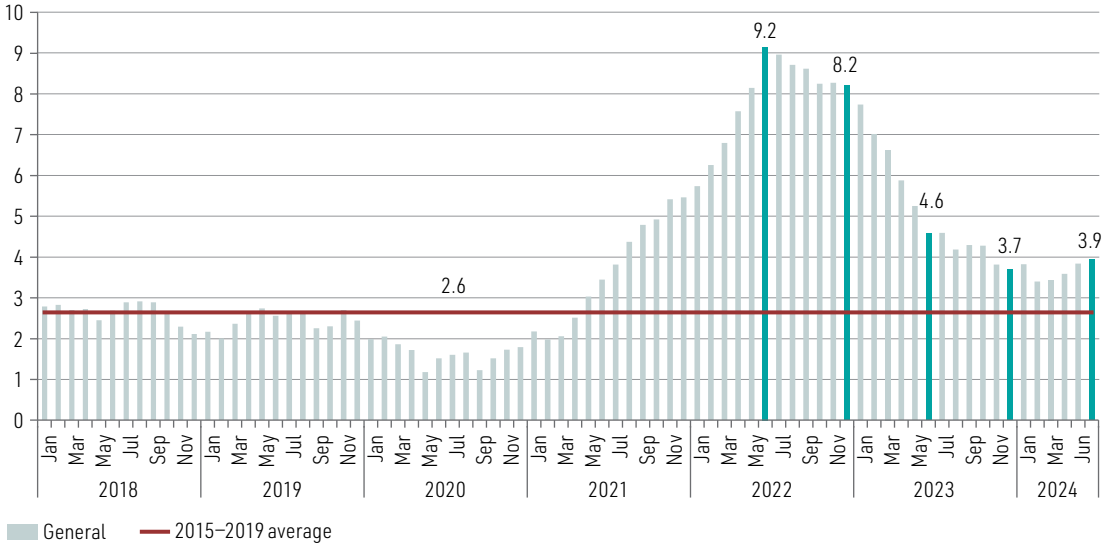
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

8. Inflation continues to fall in the region's economies

After peaking at 9.2% in June 2022, inflation in the economies of Latin America and the Caribbean has declined steadily: the region's median inflation rate at the end of December 2023 was 3.7% (see figure I.36). One point to note is that the median inflation rate in June 2024 (3.9%) is slightly higher than that observed at the close of 2023, which could indicate that the decline in the region's inflation rate this year is slowing down. A similar trend can be seen in the population-weighted average regional inflation rate,[1] which went from 4.6% in December 2023 to 4.5% in June 2024 (see table I.7).

[1] The regional average estimate excludes those countries with chronic inflation: Argentina, Bolivarian Republic of Venezuela, Haiti and Suriname.

Figure I.36
Latin America and the Caribbean: median annual variation in consumer price index, January 2018–June 2024
(Percentages)



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

Table I.7
Latin America and the Caribbean: 12-month variation in consumer price index, December 2022–June 2024
(Percentages)

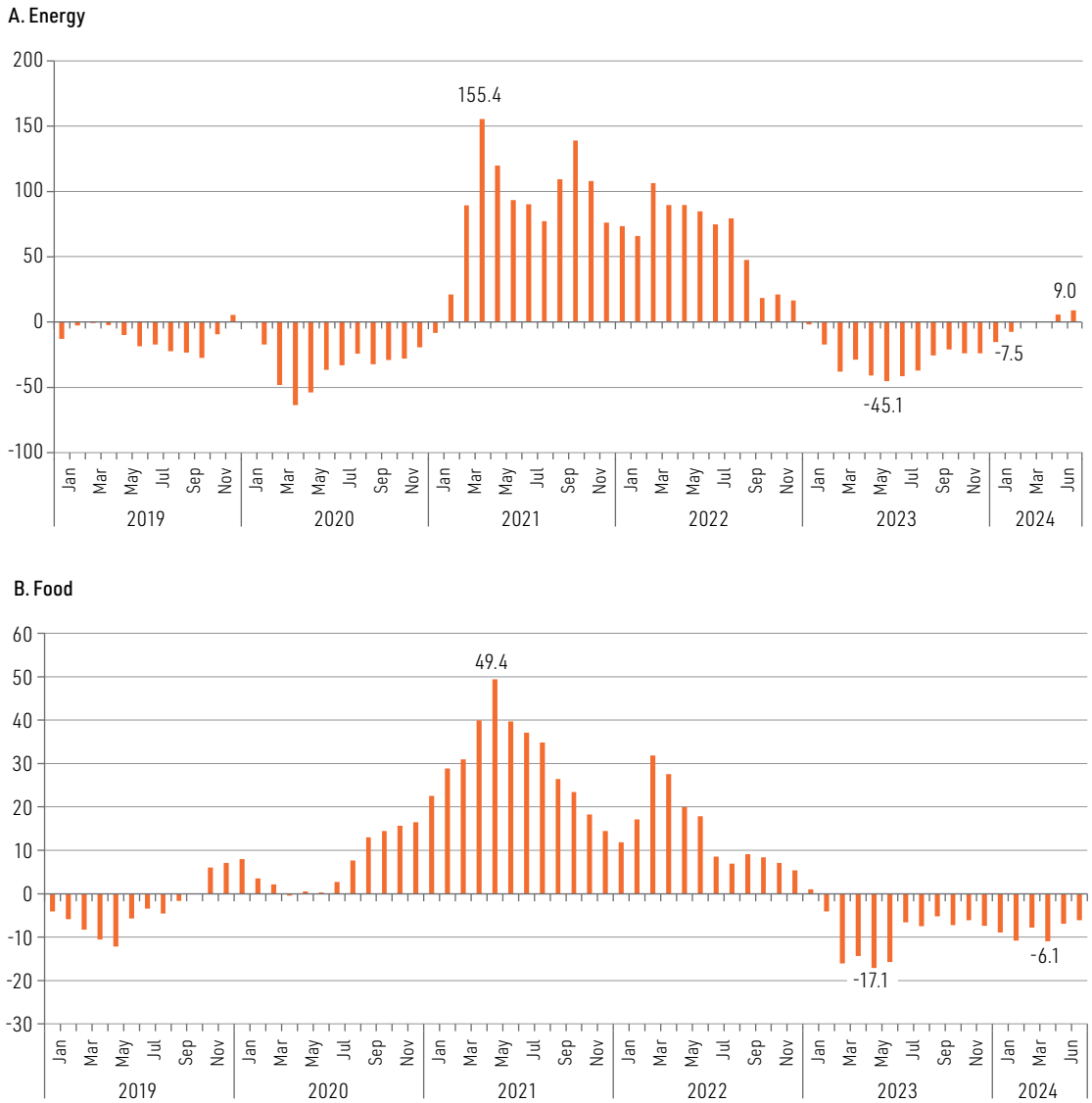
	In December 2022	In December 2023	In June 2023	In June 2024
Latin America and the Caribbean (excl. countries with chronic inflation)	**7.6**	**4.6**	**4.9**	**4.3**
South America (excl. countries with chronic inflation)	**7.3**	**4.9**	**5.0**	**4.3**
Bolivia (Plurinational State of)	3.1	2.1	2.7	3.8
Brazil	5.8	4.6	3.2	4.2
Chile	12.8	3.9	7.6	4.2
Colombia	13.1	9.3	12.1	7.2
Ecuador	3.7	1.3	1.7	1.2
Paraguay	8.1	3.7	4.2	4.3
Peru	8.5	3.2	6.5	2.3
Uruguay	8.3	5.1	6.0	5.0
Central America and Mexico (excl. countries with chronic inflation)	**8.0**	**4.3**	**4.8**	**4.0**
Central America (excl. countries with chronic inflation)	**8.5**	**3.9**	**4.4**	**3.2**
Costa Rica	7.9	-1.8	-1.0	0.0
Dominican Republic	7.8	3.6	4.0	3.5
El Salvador	7.3	1.2	3.8	1.5
Guatemala	9.2	4.2	4.9	3.6

	In December 2022	In December 2023	In June 2023	In June 2024
Honduras	9.8	5.2	5.6	4.9
Mexico	7.8	4.7	5.1	5.0
Nicaragua	11.3	5.6	9.2	4.8
Panama	2.1	1.9	-0.6	1.3
The Caribbean (excl. countries with chronic inflation)	**8.4**	**3.9**	**5.2**	**4.0**
Antigua and Barbuda	9.2	3.3	2.8	4.9[a]
Bahamas	5.5	1.9	3.1	1.7[a]
Barbados	12.5	4.2	10.6	3.5[b]
Belize	6.7	3.7	3.3	3.4[c]
Dominica	8.4	2.3	2.7	2.3[c]
Grenada	2.9	2.2	3.4	2.2[d]
Guyana	7.2	2.0	1.9	3.6[c]
Jamaica	9.3	6.9	6.3	5.5[c]
Saint Kitts and Nevis	3.9	1.6	3.0	1.6[d]
Saint Lucia	6.9	2.1	3.9	2.1[d]
Saint Vincent and the Grenadines	6.7	4.0	5.3	4.9[a]
Trinidad and Tobago	8.7	0.7	5.8	0.9
Argentina	95.2	210.1	117.0	271.5
Cuba	39.1	38.7	45.0	31.1[c]
Haiti	48.1	22.1	47.0	27.7[c]
Suriname	54.6	32.6	54.6	18.6
Venezuela (Bolivarian Republic of)	234.1	189.8	404.4	51.4

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
Note: Regional and subregional averages are weighted by population size, and do not include data from economies with chronic inflation (Argentina, the Bolivarian Republic of Venezuela, Cuba, Haiti and Suriname).
[a] Figures in April 2024.
[b] Figures in February 2024.
[c] Figures in May 2024.
[d] Figures in December 2023.

This drop in regional inflation has been driven by the sharp fall in international market prices for food and energy, by the restrictive monetary policies adopted in the region to curb rising prices since mid-2021 and by the slower depreciation of the region's currencies during the last quarter of 2023. International market prices for food have recorded year-on-year decreases since January 2023, including a 17% drop in March 2023. In the first quarter of 2024, the average year-on-year fall in international market food prices was 8.6%. International market energy prices have also reported year-on-year decreases since February 2023, a trend that continued through March 2024, with an average decline of 7.3% in the first quarter of 2024 (see figure I.37). Figure I.37 shows, however, that energy prices have tended to rise in the second half of 2024.

Figure I.37
International market prices for energy and food: year-on-year change, January 2019–June 2024
(Percentages)



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

9. Inflation has fallen across the region

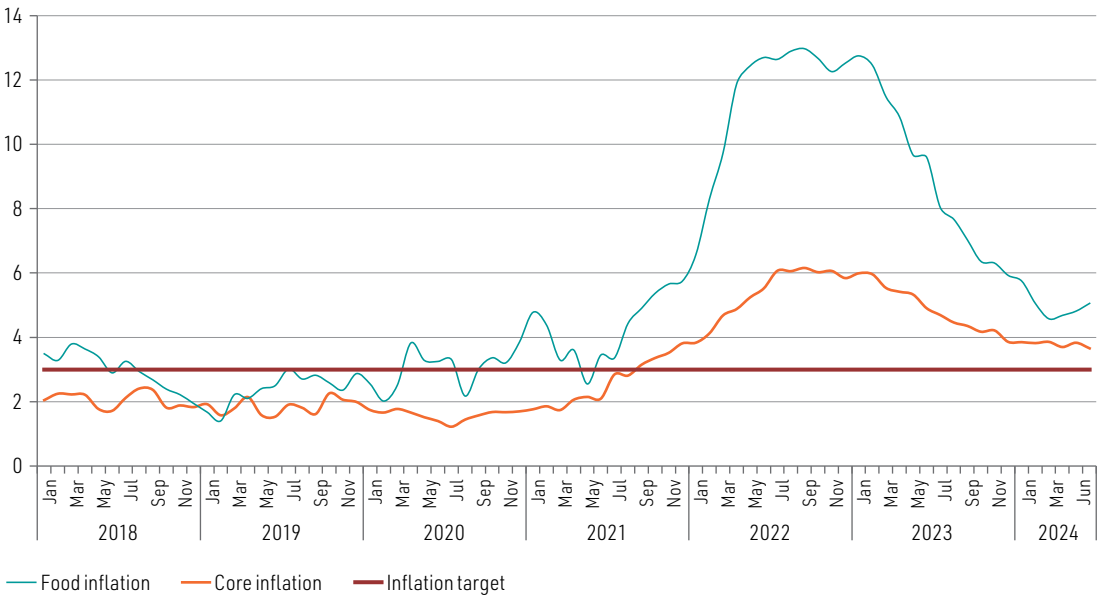
Inflation fell in every subregion, with decreases between June 2023 and June 2024 of 0.7 percentage points in South America and 0.4 percentage points in Central America and Mexico. In the region's English- and Dutch-speaking economies, the weighted average inflation rate fell by 1.2 percentage points between June 2023 and June 2024, but remained unchanged between December 2023 and April 2024.

At the country level, inflation fell in 22 of the region's 33 economies between April 2023 and April 2024. In the case of Argentina, however, the increase was more than 2 percentage points. The largest reductions in inflation, meanwhile, were recorded in Haiti, Suriname and the Bolivarian Republic of Venezuela, three of the region's economies with chronic inflation problems (see table I.7).

10. Core and food inflation are close to central bank target ranges

Both food and core inflation fell between June 2023 and June 2024, by 4.5 and 1.2 percentage points, respectively: food inflation was down from 9.6% to 5.1%, and core inflation from 4.9% to 3.7%. While the June 2024 results are still above those recorded between January 2015 and December 2019, they have moved closer to the target ranges set by the region's central banks, which are typically around 3% (with a range of one percentage point up or down). The reluctance of core inflation to return to its pre-pandemic rates and stay within the target ranges was one of the concerns raised by the region's monetary policymakers and was a factor behind the speed of interest rate cuts. This convergence could therefore increase opportunities for the adoption of less restrictive monetary policies (see figure I.38).

Figure I.38
Latin America and the Caribbean: median 12-month variation in food and core inflation components of consumer price index, January 2018–June 2024
(Percentages)

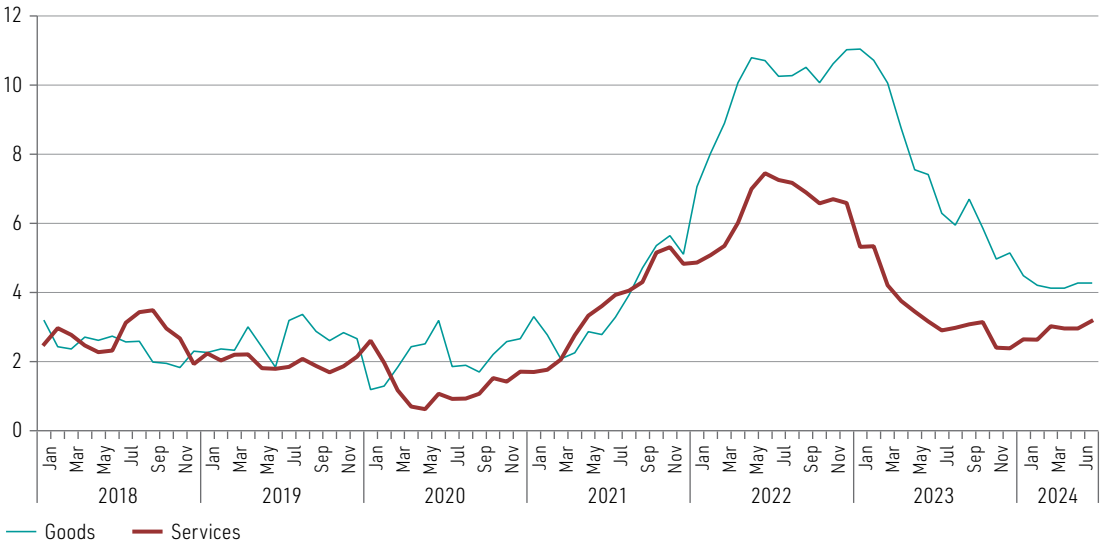


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

11. Goods inflation continues to decline; services inflation rose in the first half of 2024

Globally, inflation in the services component has been identified as one of the reasons why inflation has been more resilient than anticipated in the middle of last year. The situation in the region has been broadly the same: since the end of 2023, services inflation has risen by 0.9 percentage points, from 2.3% in December 2023 to 3.2% in June 2024. During the same period, inflation in the goods component fell by 0.8 percentage points, from 5.1% to 4.3% (see figure I.39).

Figure I.39
Latin America and the Caribbean: median 12-month variation in goods and services components of consumer price index, January 2018–June 2024
(Percentages)



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

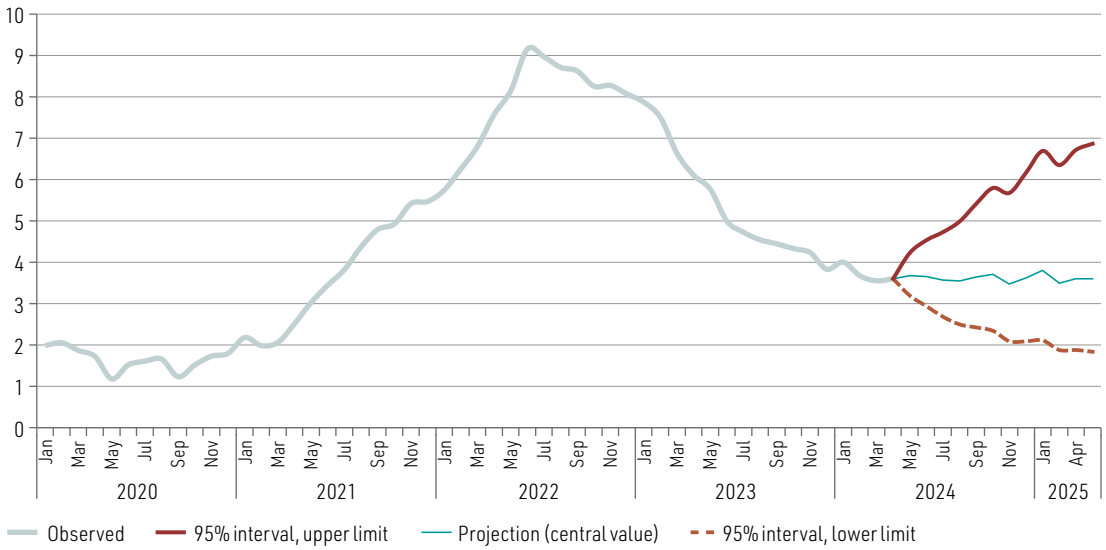
The normalization of international transport costs and weaker demand from China are among the reasons for the lower goods inflation. In the case of services, in contrast, it has been argued that supply restrictions and the normalization of prices for some services —such as public transport, electricity and gas, which were controlled to counteract the effects of inflation during 2022 and part of 2023— could be behind the recently observed spike in inflation.

12. The central value of the ECLAC projection for the region remains at around 3.6% for the end of 2024 and mid-2025

As stated in section D, surveys released by central banks indicate expectations that inflation will continue to fall in the vast majority of the region's countries. Nevertheless, the ECLAC forecast for median inflation in the region through mid-2025 remains fairly stable and close to the values recorded in the first four months of 2024. This means that the year's inflation would close at 3.6%, 0.1 percentage points below the 3.7% seen in December 2023 (see figure I.40).

Again, the effects of the expected lower international market prices for food, energy and manufactured goods would contribute to the decline in regional inflation in 2024 and 2025. Similarly, at the domestic level, restrictive monetary policies and lower exchange-rate volatility favour the inflation trends expected in the region. However, adjustments in basic service prices in several of the region's economies, increased tensions in the Middle East and Ukraine (which could mean higher energy prices) and the effects of climate change (which could lead to higher food prices) pose a threat of rising inflation in the future.

Figure I.40
Latin America and the Caribbean: median annual variation in consumer price index, January 2020 to April 2024[a]
(Percentages)

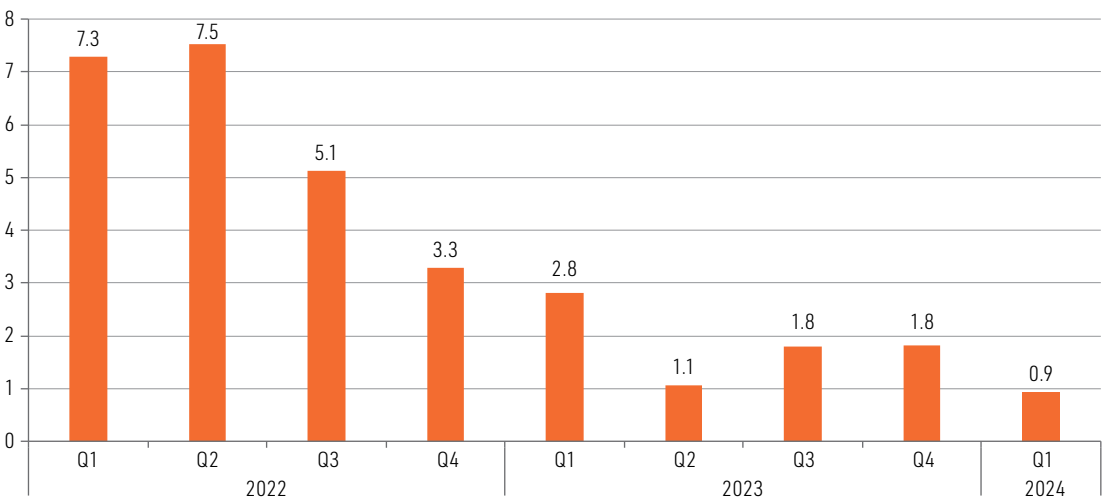


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Figures for May 2024 to April 2025 are projections.

13. Employment grew more slowly in the first quarter of 2024 than in the year-earlier period

In the first quarter of 2024, the number of persons employed in the economies of Latin America and the Caribbean grew by 0.9%, 1.9 percentage points less than in the same period of 2023 (2.8%). Thus, the slowdown in employment growth continues, and the rate in the first quarter of 2024 is the lowest since the same quarter in 2022 (see figure I.41).

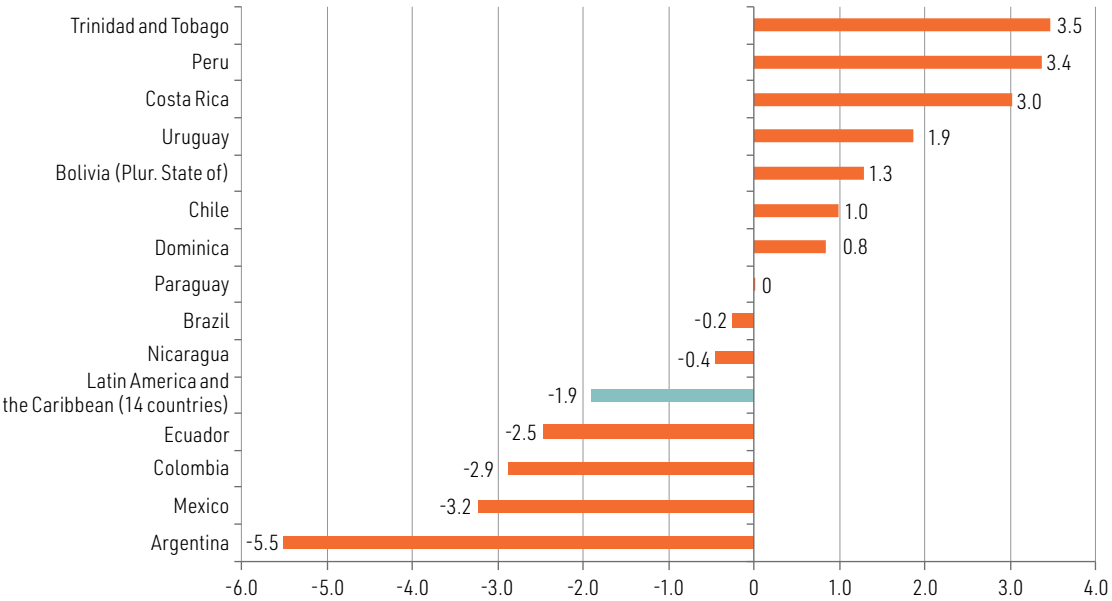
Figure I.41
Latin America and the Caribbean (14 countries):[a] year-on-year variation in number of employed persons, first quarter of 2022–first quarter of 2024
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Argentina, Chile, Colombia, Costa Rica, the Dominican Republic, Jamaica, Mexico, Nicaragua, Paraguay, Peru, the Plurinational State of Bolivia, Trinidad and Tobago, and Uruguay.

Employment growth slowed in 6 of the 14 economies for which information is available, with reductions of more than 2 percentage points in Argentina, Colombia, Ecuador and Mexico. In contrast, the rate accelerated in seven countries, with Costa Rica, Peru and Trinidad and Tobago posting increases of more than 3 percentage points (see figure I.42).

Figure I.42
Latin America and the Caribbean (14 countries): variation in year-on-year rate of growth in number of employed persons, first quarter of 2023 relative to first quarter of 2024
(Percentage points)



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

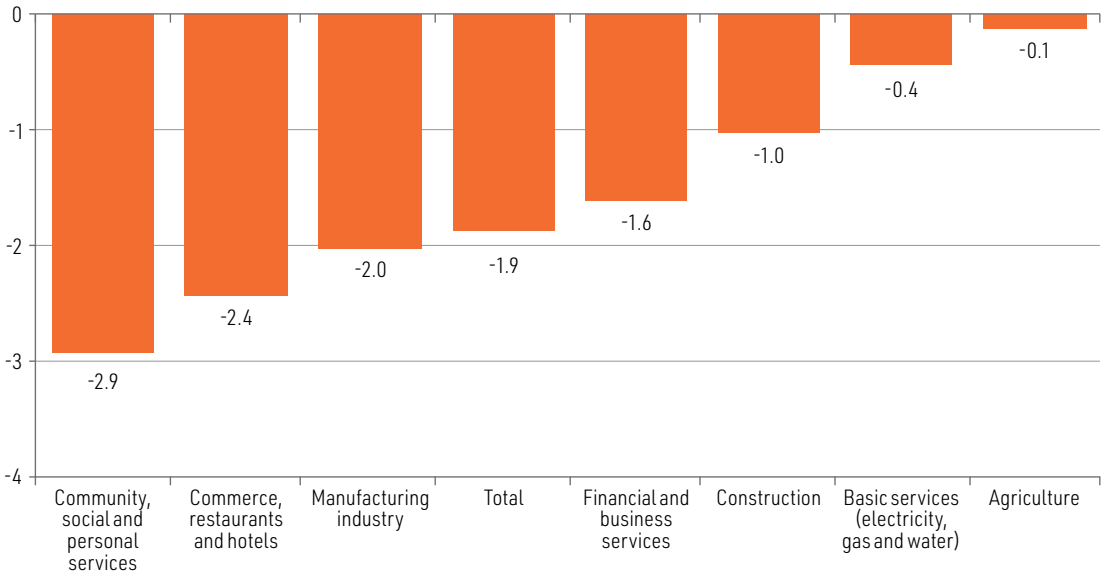
14. Weaker employment growth has been widespread across the different sectors of activity

Agriculture was the only sector to actually shed jobs in the first quarter of 2024 relative to the year-earlier period, with a 2.0% decrease representing the sixth consecutive quarter of shrinking employment in this sector. Although the manufacturing and services sectors saw employment grow by 1.1% and 1.4%, respectively, the rate of growth in the first quarter of 2024 was lower than in the first half of 2023 in both cases, by 1.3 and 2.5 percentage points, respectively.

Employment increased in the majority of sectors except agriculture and construction, although the pace of growth in the number of persons employed in the first quarter of 2024 slowed across all sectors of activity. In the cases of commerce, manufacturing, financial services, and community and personal services, employment growth rates declined by more than 1.4 percentage points (see figure I.43).

Employment growth in activities related to basic services and financial and business services also slowed, but remained above 4% in the first quarter of 2024.

Figure I.43
Latin America and the Caribbean (14 countries):[a] variation in year-on-year rate of growth in number of employed persons by activity sector, first quarter of 2023 relative to first quarter of 2024
(Percentage points)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Jamaica, Mexico, Nicaragua, Paraguay, Peru, the Plurinational State of Bolivia, Trinidad and Tobago, and Uruguay.

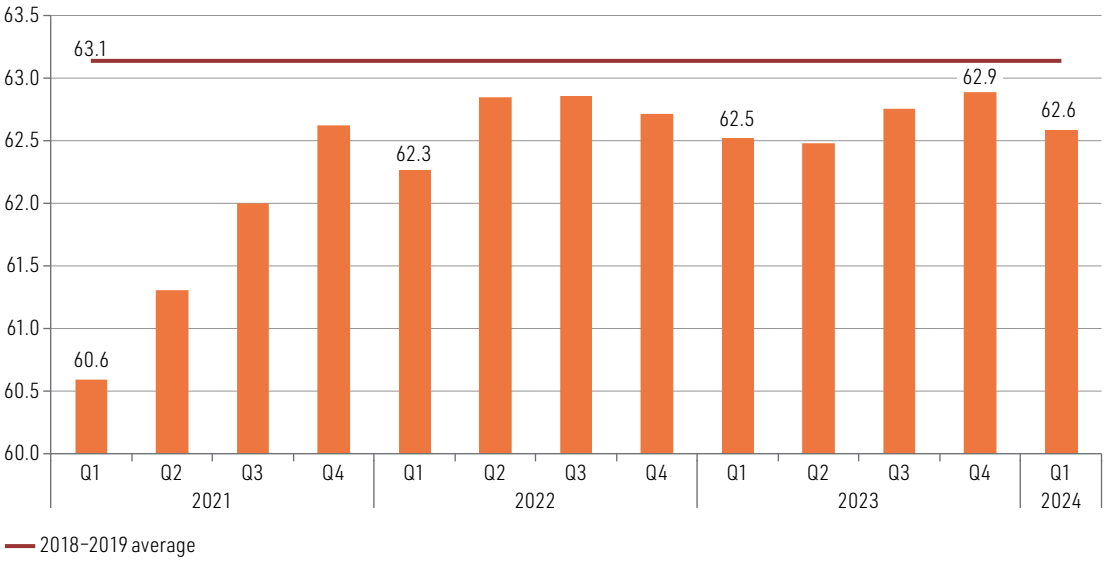
15. Labour participation staged a tentative recovery in first quarter of 2024

In the first quarter of 2024, the weighted average labour participation rate[2] for the region was 62.6%, up by 0.1 percentage points relative to the year-earlier period, and 0.3 points higher than in the first quarter of 2022. Despite this recovery, the regional participation rate is below the 63.1% average recorded between the first quarter of 2018 and the fourth quarter of 2019, reflecting the fact that many people who left the labour market during the coronavirus disease (COVID-19) pandemic have not yet returned and remain inactive (see figure I.44).

In the first quarter of 2024, seven of the economies for which information is available had regained a participation rate similar to that recorded in the first quarter of 2019, while the same number maintained rates below that level. Costa Rica experienced the strongest recovery in labour participation relative to the pre-pandemic level, while the Plurinational State of Bolivia has seen the weakest (see figure I.45). Despite the very different labour participation trends displayed by these countries, in both cases the rate of growth of the number of employed persons increased in the first quarter of 2024.

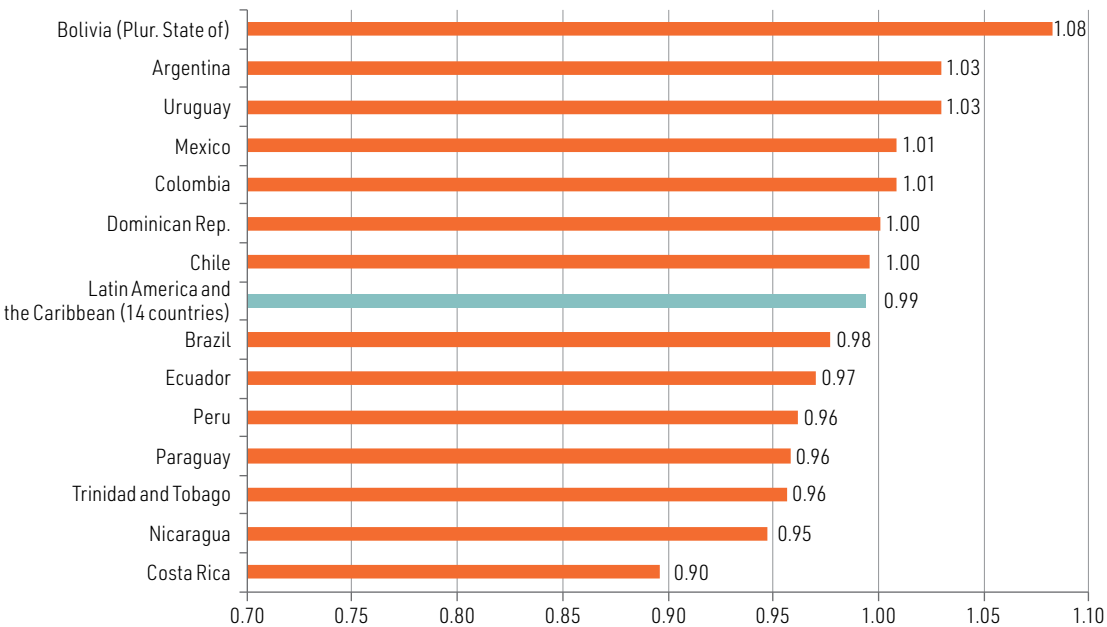
[2] The labour force participation rate is measured as the economically active population (employed plus unemployed) as a percentage of the population of working age.

Figure I.44
Latin America and the Caribbean (15 countries):[a] labour participation rate, first quarter of 2021–first quarter of 2024
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, Jamaica, Mexico, Nicaragua, Paraguay, Peru, the Plurinational State of Bolivia, Trinidad and Tobago, and Uruguay.

Figure I.45
Latin America and the Caribbean (14 countries): recovery of labour participation rate in first quarter of 2024 relative to first quarter of 2019
(Percentages)

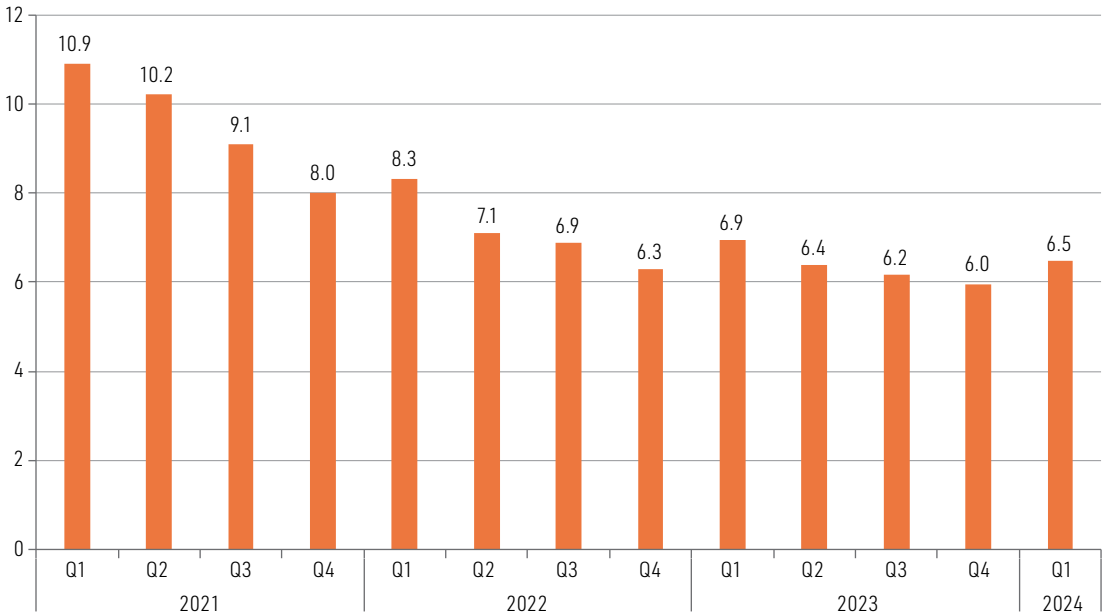


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

16. The unemployment rate recorded in the first quarter of 2024 is below that of a year earlier

The regional unemployment rate[3] continues the downward trend that began in the third quarter of 2020, falling from 11.6% in the second quarter of 2020 to 6.5% in the first quarter of 2024. In the latter period, the rate was 0.4 percentage points lower than a year earlier, but higher than in the second, third and fourth quarters of 2023 (see figure I.46).

Figure I.46
Latin America and the Caribbean (15 countries):[a] regional unemployment rate, first quarter of 2021–first quarter of 2024
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, Jamaica, Mexico, Nicaragua, Paraguay, Peru, the Plurinational State of Bolivia, Trinidad and Tobago, and Uruguay.

Eight of the 15 economies that maintain this quarterly indicator reported lower unemployment rates in the first quarter of 2024 relative to the year-earlier period, with Brazil, Costa Rica and Trinidad and Tobago posting reductions of more than 0.7 of a percentage point. In contrast, rates rose in seven economies, and by more than 0.5 of a percentage point in Argentina, Nicaragua and Peru (see figure I.47). In Costa Rica, where the unemployment rate fell by 2.5 percentage points, there was a simultaneous increase in the number of employed persons (2.8%) and a reduction in the labour participation rate (0.9 percentage points).

[3] Jobless population who are looking for work but unable to find it, as a percentage of the economically active population.

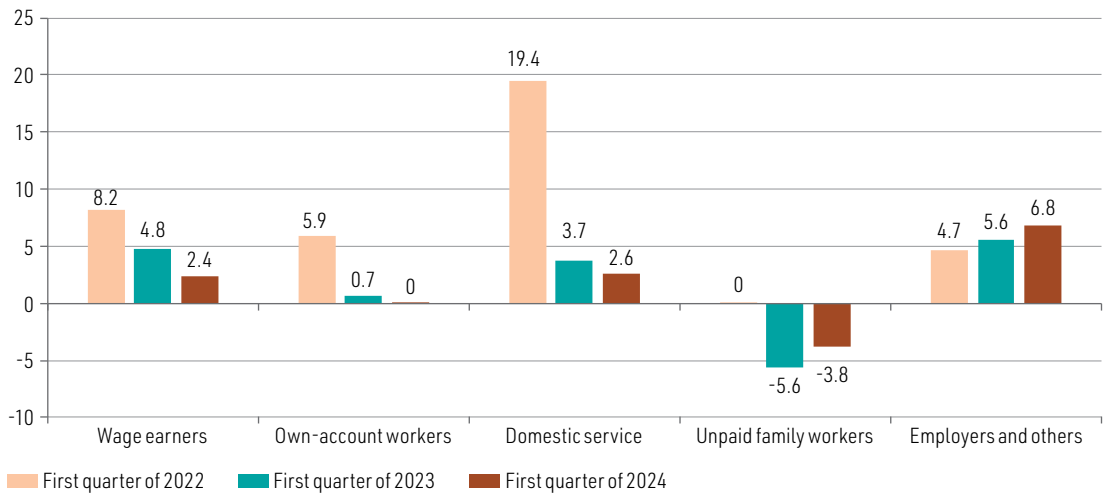
Figure I.47
Latin America and the Caribbean (15 countries): observed unemployment rate, first quarter of 2023 and first quarter of 2024
(Percentages)

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

17. Weaker employment growth affected the vast majority of occupational categories, with employers and others being the only exception

Figure I.48 shows the trend of employment according to the different occupational categories in the first quarters of 2022, 2023 and 2024. Wage earners, own-account workers and domestic service workers display slackening employment growth, while unpaid family workers record job losses. The only category reporting faster employment growth rate is employers and others, where employment was up by 6.8% in the first quarter of 2024, compared to 5.6% a year earlier.

Figure I.48
Latin America and the Caribbean (14 countries):[a] growth in number of employed persons by occupational category, first quarter of 2022, 2023 and 2024
(Percentages)



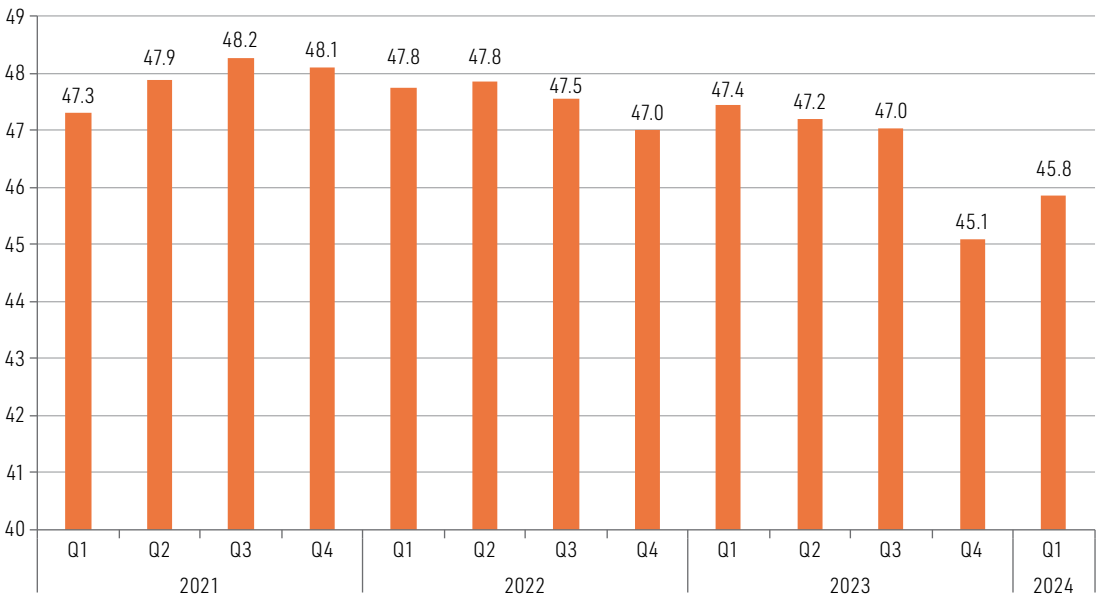
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, Mexico, Nicaragua, Paraguay, Peru, the Plurinational State of Bolivia, Trinidad and Tobago, and Uruguay.

Although the number of people employed in domestic service has been increasing since mobility restrictions were relaxed in 2021, the levels prevailing in the first quarter of 2019 have not yet been regained.

18. The average rate of informal employment declined in the first quarter of 2024

Figure I.49 shows that informal employment among the 11 economies that report this indicator on a quarterly basis accounted for an average of 45.8% of the total number of persons employed in the first quarter of 2024, compared to 47.4% in the year-earlier period. Nonetheless, the occupational informality rate was 0.7 percentage points higher than in the fourth quarter of 2023.

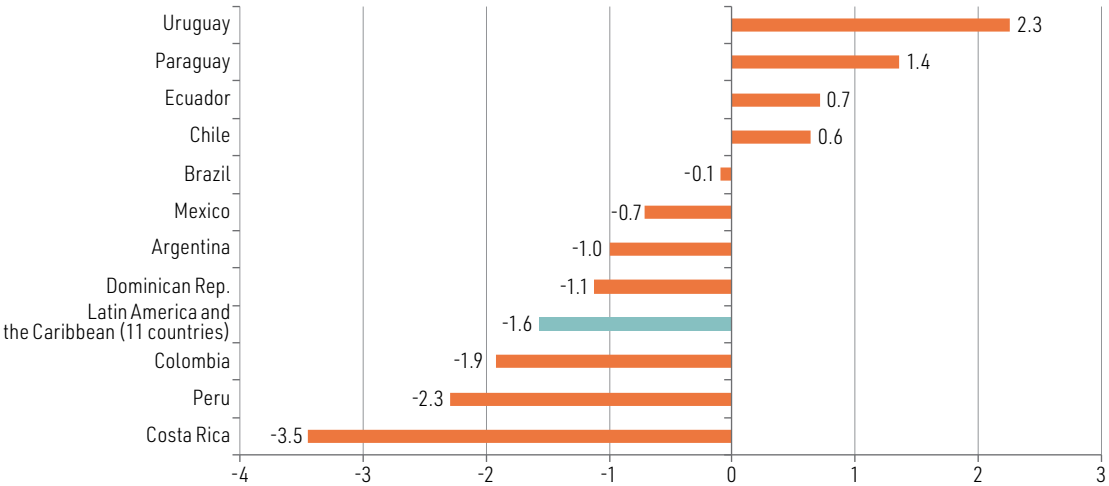
Figure I.49
Latin America and the Caribbean (11 countries):[a] informal employment rate, first quarter of 2021–first quarter of 2024
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, Mexico, Paraguay, Peru, Peru and Uruguay.

Figure I.50 shows that in seven of the economies considered, informal employment declined between the first quarter of 2023 and the same period in 2024, and by more than 1 percentage point in Colombia, Costa Rica, the Dominican Republic and Peru. During this period, informal employment increased in four countries —Chile, Ecuador, Paraguay and Uruguay— and by more than 1 percentage point in the latter two.

Figure I.50
Latin America and the Caribbean (11 countries): year-on-year variation in informal employment rate, first quarter of 2023 relative to first quarter of 2024
(Percentages)

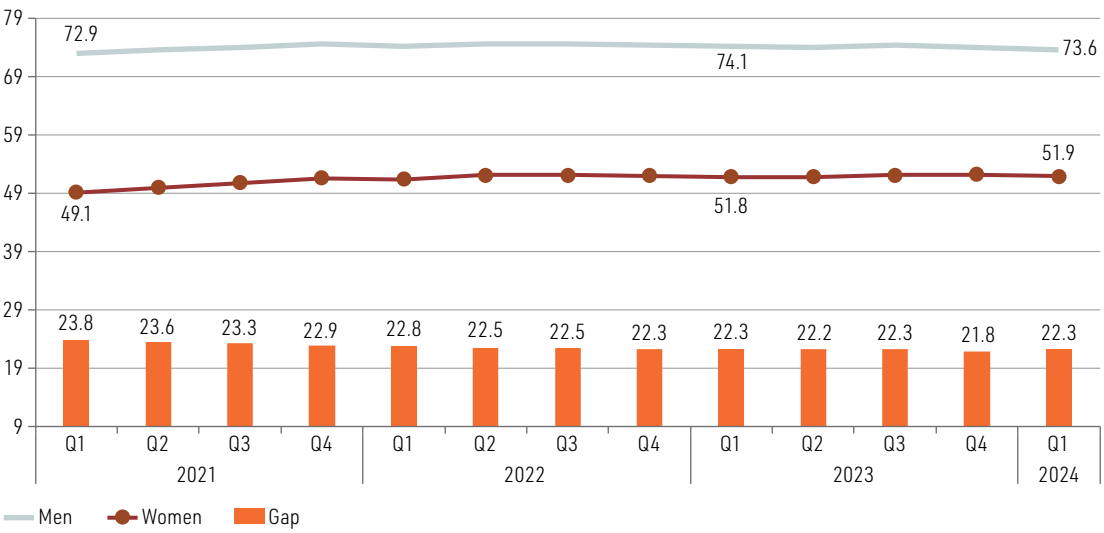


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

19. Wide gender gaps in labour markets persist

The disparities between men and women in the main labour market indicators have tended to narrow since 2021, and this trend continued in the first quarter of 2024. The difference in labour participation rates between men and women is 22.3 percentage points, similar to that recorded in the first quarter of 2023, but the gap is 0.5 and 1.5 percentage points smaller than in the first quarters of 2022 and 2021, respectively (see figure I.51). The female participation rate recovered in the first quarter of 2024, relative to the same year-earlier period, but both the male and the female rates remain below the levels recorded in the first quarter of 2019.

Figure I.51
Latin America and the Caribbean (15 countries):[a] male and female participation rates and gap, first quarter of 2021–first quarter of 2024
(Percentages)

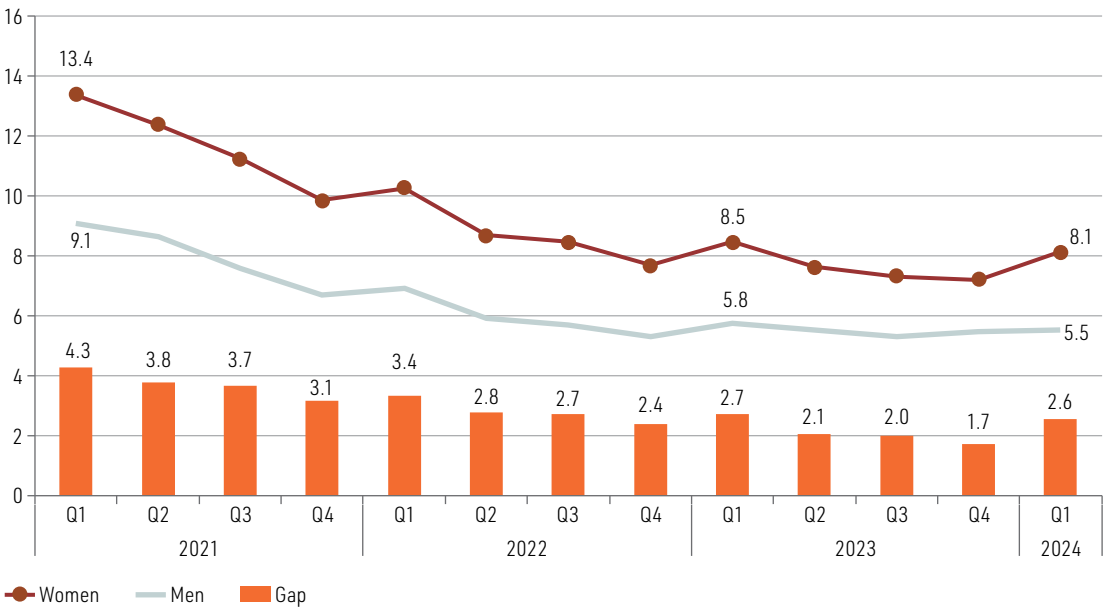


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, Jamaica, Mexico, Nicaragua, Paraguay, Peru, the Plurinational State of Bolivia, Trinidad and Tobago, and Uruguay.

The labour participation gaps exhibited by the region's economies are larger than those reported by the developed economies, which are typically around 14 percentage points (OECD, 2023).

Figure I.52 shows that the gap in the unemployment rate between men and women also narrowed by 0.1 percentage points from 2.7 percentage points in the first quarter of 2023 to 2.6 points in the first quarter of 2024. During this period, unemployment among women fell by 0.4 percentage points, compared to a 0.3-point drop in the rate for men. As in the case of labour participation, while regional gaps in the unemployment rate are close to 2.5 percentage points, in the developed economies they are less than 0.5 points (OECD, 2023).

Figure I.52
Latin America and the Caribbean (15 countries):[a] male and female unemployment rates and gap, first quarter of 2021–first quarter of 2024
(Percentages)

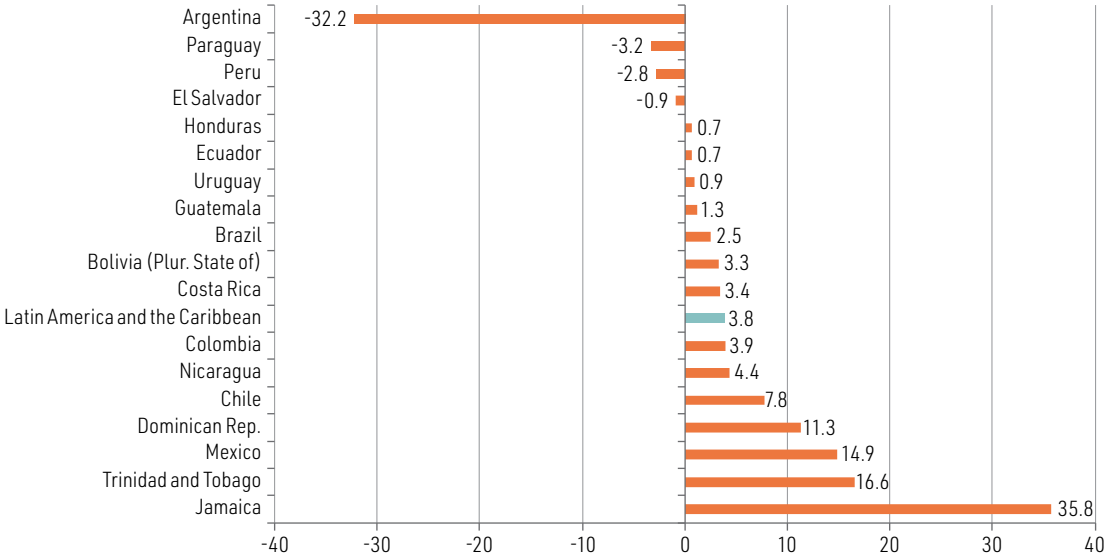


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, Jamaica, Mexico, Nicaragua, Paraguay, Peru, the Plurinational State of Bolivia, Trinidad and Tobago, and Uruguay.

20. Real wages are benefiting from lower inflation, although the purchasing power of wages continues to decline in several of the region's countries

The easing of inflation region-wide, in conjunction with nominal minimum wage hikes, has meant that real minimum wages in the first quarter of 2024 were above the year-earlier levels in 14 of the 18 economies for which information was available at the time of writing this report. Jamaica, Mexico, the Dominican Republic and Trinidad and Tobago saw real-wage growth of more than 10%, while Chile and Nicaragua recorded increases of above 4%. In contrast, in four of the region's economies, real minimum wages declined, and by more than 2% in Paraguay and Peru. In Argentina, the sharp rise in prices translated into a 32% contraction in real minimum wages in the first quarter of 2024. The simple regional average rose by 3.8% (see figure I.53).

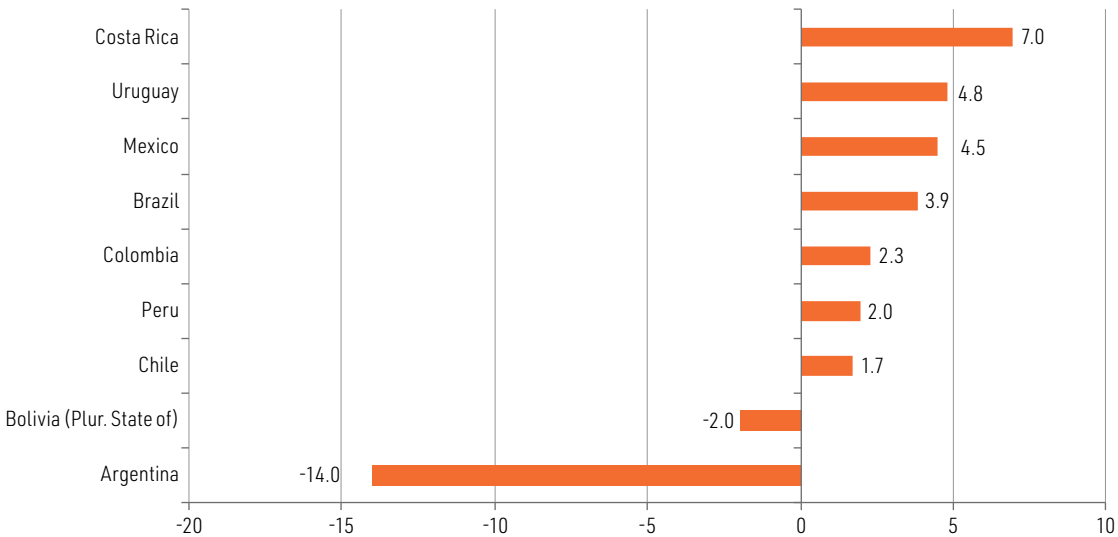
Figure I.53
Latin America and the Caribbean (18 countries):[a] year-on-year variation in average real minimum wage, first quarter of 2024 relative to first quarter of 2023
(Percentages)



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

In the first quarter of 2024, average real wages rose in seven of the nine economies in the region for which information is available, with increases of over 4% in Costa Rica, Mexico and Uruguay. In Argentina and the Plurinational State of Bolivia, however, average real wages fell by 14% and 2.0%, respectively (see figure I.54).

Figure I.54
Latin America and the Caribbean (8 countries): year-on-year variation in average real wages, first quarter of 2024 relative to first quarter of 2023
(Percentages)



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

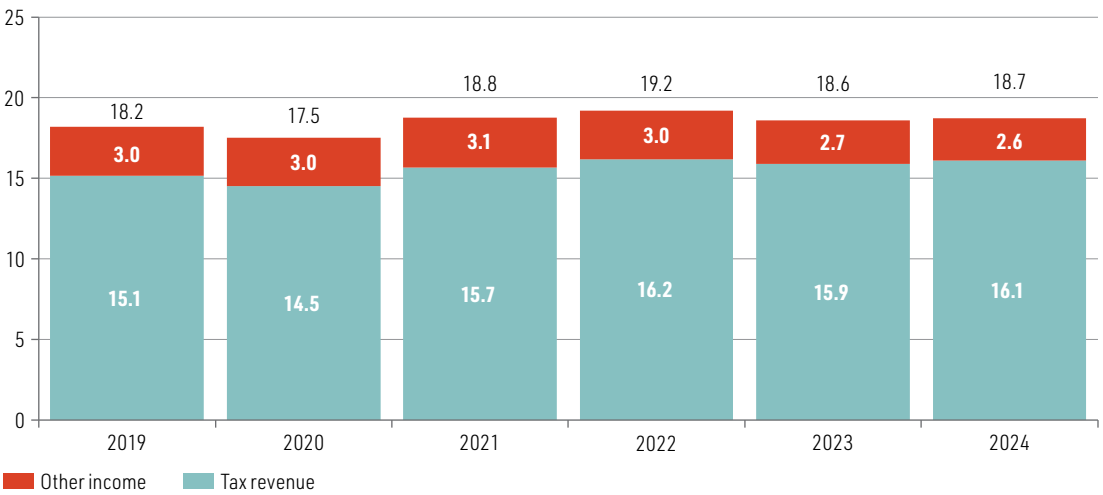
E. Macroeconomic policies

1. In 2024, government revenues are expected to stabilize in Latin America and to stage a recovery in the Caribbean

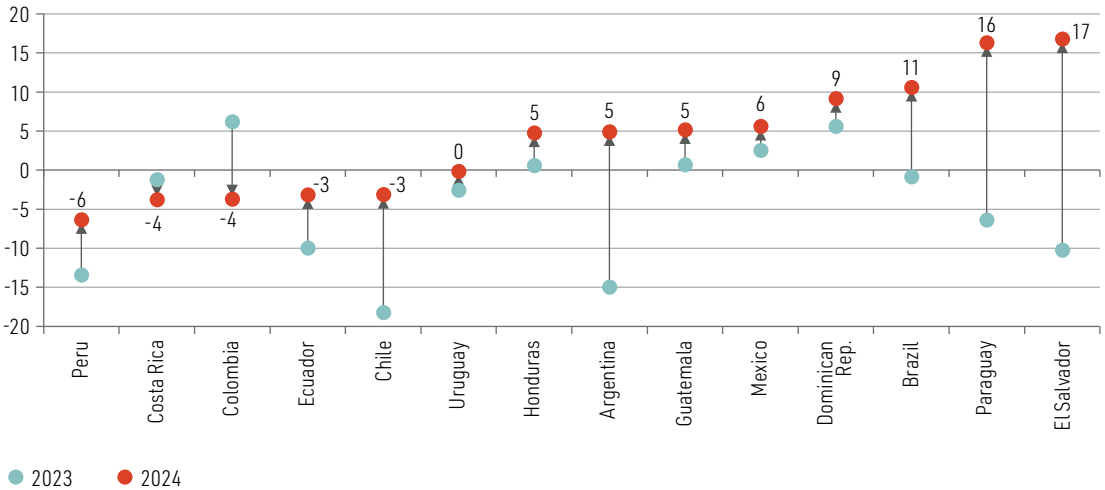
The latest projections presented by the Latin American countries envisage total central government income stabilizing in 2024, following the previous year's contraction. Tax revenues are projected to grow to the equivalent of 16.1% of GDP, compared to 15.9% in 2023 (see figure I.55). This projection is corroborated by the trend in tax revenues, excluding social contributions, in the first four months of the year, with tax revenues rebounding in several countries that had experienced contractions in the year-earlier period. Various factors explain this trend, including the revival of economic activity and the labour market in several countries, or the progressive fall in inflation, along with atypical factors, such as the expiry of anti-inflationary tax measures. The evaluation of tax expenditures, including those related to anti-inflationary measures, remains a pending task in the region (see box I.1).

Figure I.55
Latin America (16 countries): total central government income and tax revenue, 2019–2024
(Percentages of GDP and percentages)

A. Composition of total income, 2019–2024[ab]
(Percentages of GDP)



B. Year-on-year variation in tax revenue, excluding social contributions, January–April 2024 and January–April 2023[c]
(Percentages at constant prices)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru and Uruguay.
[b] Simple averages. The individual figures may not add up to the corresponding total because of rounding. The figures for 2024 refer to official estimates. In the cases of Argentina, Mexico and Peru, the figures refer to the national public administration, the federal public sector and general government, respectively.
[c] The figures for Colombia, Costa Rica, the Dominican Republic, Honduras and Panama refer to January–March.

Box I.1
Evaluation of tax expenditures in Latin America and the Caribbean

Tax expenditures are often used to advance public policies, but they seldom undergo regular and comprehensive evaluations. Improving transparency in the use of tax expenditures is crucial, because the revenue forgone as a result of their application can be significant. Thus, developing and implementing a framework for evaluating tax expenditures should be a priority for governments that wish to use this instrument rationally. Evaluations are a key component of the "tax expenditure policy cycle", which encompasses the establishment of tax expenditures, their implementation and management, the publication of reports, the development of periodic evaluations and, lastly, the introduction of reforms aimed at rationalizing their use.

In this policy cycle, evaluations are conducted in two distinct but interconnected stages. Ex ante evaluations are key in guiding the design and implementation of tax expenditures. Governments are sometimes required by law to prepare such evaluations in the budget planning process. In most cases, these are descriptive documents based on a set of leading questions as to the purpose, efficiency, appropriacy and feasibility of the expenditure under review. However, ex ante evaluations could also include more elaborate forecasts of budgetary impact and expected outcomes, based on microsimulation or other economic models.

Ex post evaluations (including those of tax expenditures that are currently in force) are necessary to improve the design and effectiveness of public policies and to align the use of tax expenditures with the long-term growth and development strategies deployed by governments. Ideally, the benefits should be expressed as a function of the costs, through a cost-benefit analysis. Sometimes ex post evaluations may be driven by specific policy concerns. Depending on the policy interest, and on the type and extent of tax expenditures under review, the design and data requirements of ex post evaluations can vary considerably.

Ex ante and ex post evaluations respond to different needs in the policy process and may be based on different methods and data sources. However, they have several points of contact, and governments are encouraged

to develop joint frameworks that cover both stages. Ideally, the ex ante assessment of a new, or modified, tax expenditure should generate relevant baseline data against which future impacts and outcomes can be assessed.

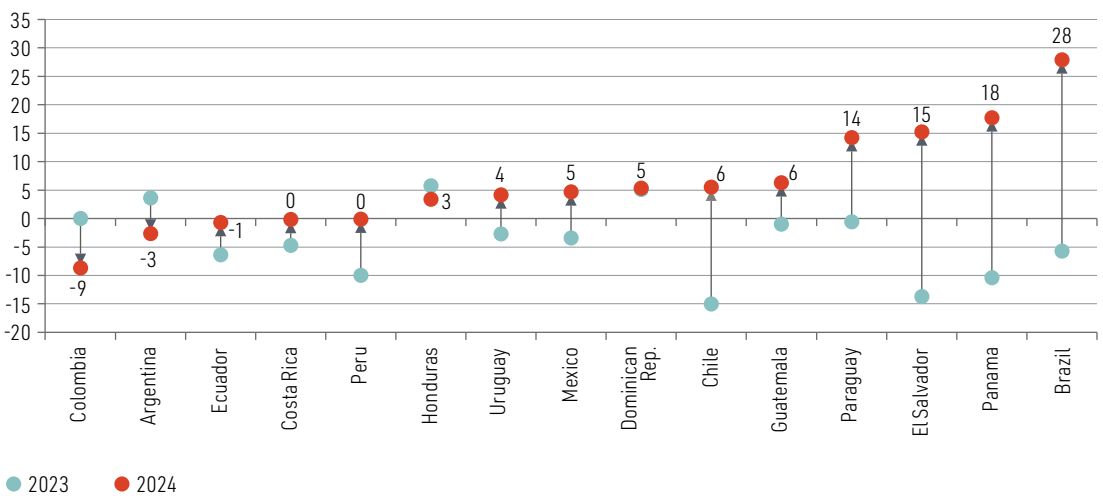
While an increasing number of countries now publish annual reports on their tax expenditures with at least some estimates of revenue forgone, very few have formulated comprehensive evaluation frameworks or have established regular evaluation schedules to generate a robust body of evidence. In Latin America and the Caribbean, where levels of tax expenditure reporting are high, regular and comprehensive evaluations are a necessary step in rationalizing their use.

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of A. Redonda, C. von Haldenwang and S. Berg, "Evaluation of tax expenditures: conceptual frameworks and international experiences", *Project Documents* (LC/TS.2023/129), Santiago, ECLAC, 2023.

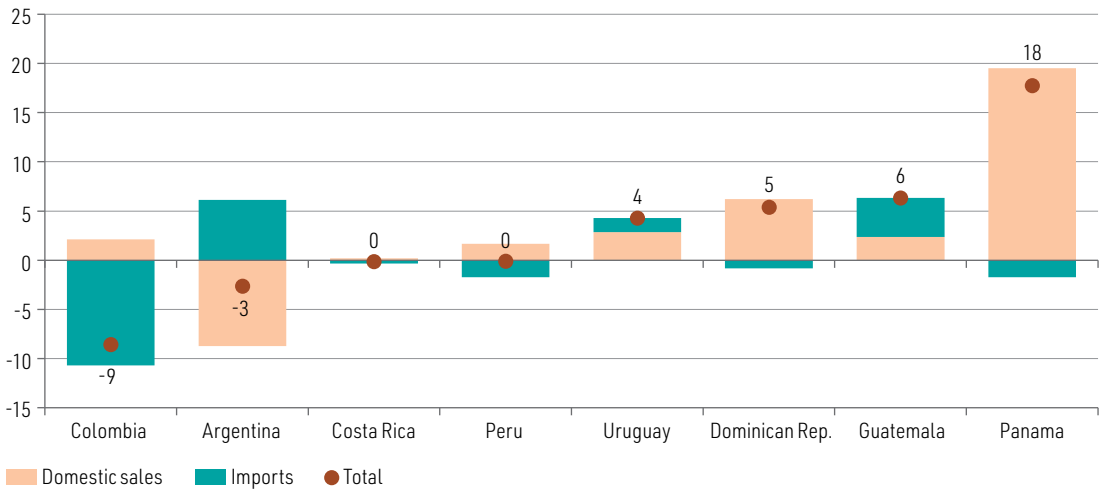
The recovery of tax revenues in the first four months of the year is explained largely by the performance of value added tax (VAT) (see figure I.56). VAT collected on domestic sales was a major factor in several countries, accompanying growth in the volume of trade and consumption (Ministry of Finance of El Salvador, 2024; Ministry of Finance of the Dominican Republic, 2024). Another important element was the expiry of several tax-relief measures that had been implemented in 2023 to counteract the rise in prices. In Brazil, revenue obtained from the contribution for the financing of social security and the tax levied through the Social Integration Programme both increased, as certain measures expired, such as temporary exemptions and changes in the calculation of tax bases, which had been implemented on fuel sales (National Treasury of Brazil, 2024). Significantly, VAT revenues from imports improved in several countries, reversing the decline in 2023, which had constrained the growth of overall VAT revenues that year (ECLAC, 2024a).

Figure I.56
Latin America (15 countries): VAT collection by central government, 2023 and 2024
(Percentages and percentage points)

A. Real year-on-year variation in VAT revenue, January–April 2024 and January–April 2023
(Percentages at constant prices)



B. Contribution of each component to year-on-year variation in VAT revenue, January–April 2024
(Percentages at constant prices and percentage points)



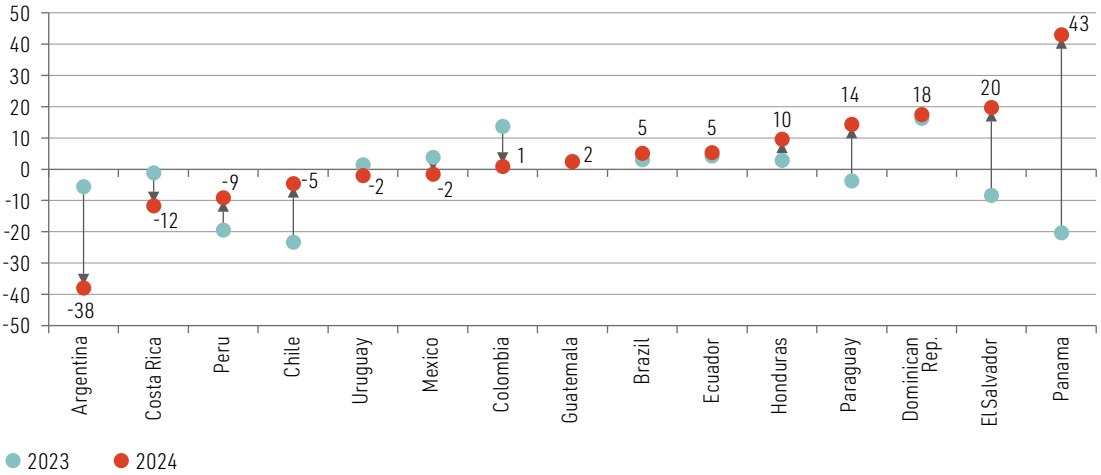
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
Note: The individual figures may not add up to the corresponding total because of rounding. In the cases of Argentina, Mexico and Peru, the figures refer to the national public administration, the federal public sector and general government, respectively. The figures for Colombia, Costa Rica, the Dominican Republic, Honduras and Panama refer to January–March.

Income tax revenue either stabilized or increased in several countries during the first four months of 2024 (see figure I.57). In Panama, revenue from personal income tax accompanied the increase in the number of employed and wage-earning workers (Ministry of Economic Affairs and Finance of Panama, 2024). In contrast, corporate income tax played a key role, in El Salvador —particularly payments associated with annual returns— and in the Dominican Republic (Ministry of Finance of El Salvador, 2024; Ministry of Finance of the Dominican Republic, 2024). Income tax revenue is recovering in Chile and Peru thanks to higher payments made through annual returns (DIPRES, 2024a; Ministry of Economic Affairs and Finance of Peru, 2024). In the Dominican Republic, the improvement occurred despite the change in the payment schedule of the Annual Income Tax Campaign for individuals and micro- and small enterprises, which, pursuant to Act No. 31940 was not conducted in 2024 from March to April, but instead from May to June. In keeping with current trends, new global initiatives have been proposed to strengthen income tax collection, particularly with respect to very-high-net-worth individuals (see box I.2).

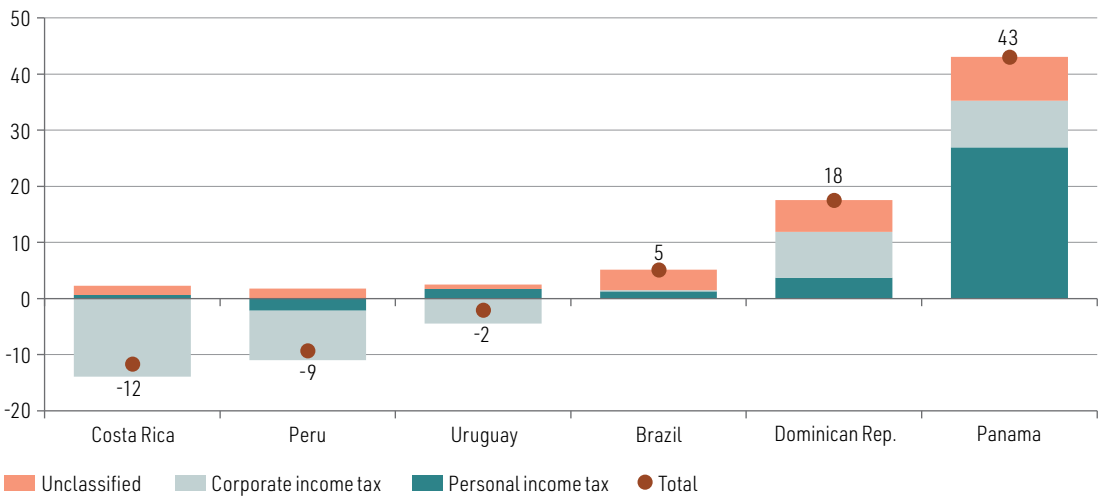
Income from other sources —including non-tax, capital and grant income— are expected to decline slightly in 2024. However, during the first four months of this year, opposing trends were observed in different countries. In Chile, property income decreased as a result of reduced revenues from lithium exploitation contracts, owing to the fall in the price of this mineral (DIPRES, 2024b). In contrast, in Ecuador, income from other sources increased, driven by profit transfers made to the Treasury by the central bank and public enterprises, which, in turn, offset diminished oil export revenues (Ministry of Economic Affairs and Finance of Ecuador, 2024). In the Dominican Republic, other income increased sharply as a result of an initial payment of US$ 300 million (equivalent to 0.2% of GDP) under the new contract with Aeropuertos Dominicanos (Aerodom) (Ministry of Finance of the Dominican Republic, 2024).

Figure I.57
Latin America (15 countries): income tax collection by central government, 2023–2024
(Percentages and percentage points)

A. Real year-on-year variation in income tax revenue, January–April 2024 and January–April 2023
(Percentages at constant prices)



B. Contribution of each component to year-on-year variation in income tax revenue, January–April 2024
(Percentages at constant prices and percentage points)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
Note: The individual figures may not add up to the corresponding total because of rounding. In the cases of Argentina, Mexico and Peru, the figures refer to the national public administration, the federal public sector and general government, respectively. The figures for Colombia, Costa Rica, the Dominican Republic, Honduras and Panama refer to January–March.

Box I.2
Proposal for creating a coordinated international standard to tax income of ultra-high-net-worth individuals effectively

On 25 June 2024, economist Gabriel Zucman published a report setting out a proposal for taxing the income of high-net-worth individuals more effectively, since the specific characteristics of their income and wealth mean that they are not taxed adequately by current tax systems. The report had been commissioned by the Brazilian Presidency of the Group of 20 (G20).

The report notes that progressiveness in tax systems has proven highly successful in terms of strengthening social cohesion and trust in governments to work for the common good. However, contemporary tax systems fail to tax the income of higher-income earners effectively. For example, in France, individuals in the bottom 99% of the income distribution are taxed at effective tax rates close to 52%, while billionaires[a] pay just 27% of their income in taxes. Considering personal income tax alone, the effective rate paid by billionaires falls to 1.7%. The situation is repeated in other countries with different levels and structures of taxation, and it represents a significant revenue loss for governments.

Zucman presents a proposal for internationally coordinated personal income taxation targeting high-net-worth individuals. It is based on defining a common minimum standard for taxing the income of these persons, while respecting the sovereignty of individual countries. Zucman starts from a scenario in which individuals with a net worth of more than US$ 1 billion, estimated at around 3,000 persons worldwide, would have to pay an amount equivalent to 2% of their net worth as income tax each year. Individuals who currently pay taxes on their income (personal income tax, wealth tax or economically equivalent taxes) in excess of 2% of their net worth would not be subject to this additional tax. This would generate revenue estimated at between US$ 200 billion and US$ 250 billion per year. If this tax were extended to individuals with wealth in excess of US$ 100 million, it would generate additional revenue of between US$ 100 billion and US$ 140 billion.

The report indicates that this tax could be implemented through national measures, such as a presumptive income tax, a tax on a broad notion of income, or a wealth tax. While there is considerable scope for individual countries to improve the taxation of high-net-worth individuals, there would also be benefits from implementing an internationally coordinated strategy. For example, it would reduce the possibility of "race to the bottom" competition between countries, and discourage avoidance of these measures by shifting tax domicile to lower-tax countries. Another advantage of international coordination would be the exchange of information between countries: since most of the wealth of high-net-worth individuals comes from shares in multinational companies. By including information on the beneficial owners of such shares in information exchanges it would be possible for the tax authorities to identify more of the wealth of these individuals, thus facilitating the enforcement of national legislation.

The report notes that some current international information exchange initiatives, such as the Foreign Account Tax Compliance Act and the Common Reporting Standard, have contributed to reducing tax evasion and improving the effective taxation of high-net-worth individuals. However, additional joint efforts are needed to strengthen these information exchanges. For example, the Common Reporting Standard could be expanded to include real estate and other non-financial assets, as well as new financial assets such as cryptocurrencies; or else measures could be implemented to identify the main beneficial owners of multinational companies.

Zucman argues that, while the ideal scenario would be for all countries to join a collaborative agreement, the global minimum tax initiative could be implemented successfully even if some countries chose not to participate. To achieve this, it would be possible to strengthen current exit taxes and implement "tax collector of last resort" mechanisms, similar to those used in the coordinated global minimum tax for multinational companies.

However, Zucman notes that, although this minimum tax proposal could reduce incentives to accumulate wealth, the overall economic impact would be limited, given the small number of individuals to whom this tax would apply, and the limited impact it would have on their return on assets following application of the tax.

Thus, a common minimum standard across countries for taxing the income of high-net-worth individuals would enable countries to address the regressive features of contemporary tax systems more effectively in the upper segment of the wealth distribution. It would also enhance transparency, reduce incentives for evasion and prevent downward competition between countries.

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of G. Zucman, *A blueprint for a coordinated minimum effective taxation standard for ultra-high-net-worth individuals*, Chair of the Group of 20 (G20), 2024 [online] https://gabriel-zucman.eu/files/report-g20.pdf.

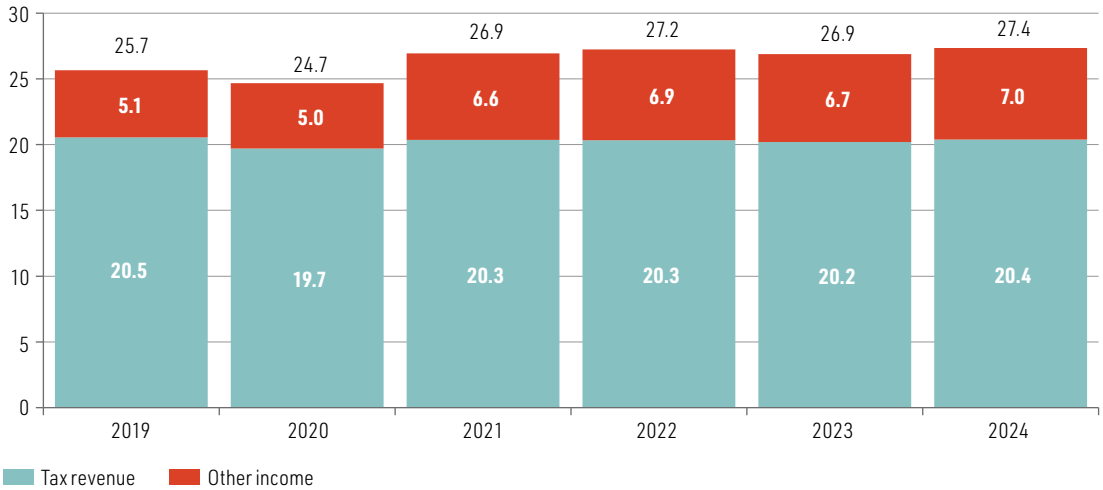
[a] Individuals whose net worth exceeds US$ 1 billion.

As in Latin America, public sector income in the Caribbean is expected to bounce back in 2024. Tax revenues are expected to increase slightly, driven by growth in revenue collected from taxes on the consumption of goods and services. However, as shown in figure I.58, tax collection slowed in the first four months of the year in most countries, except in Barbados and Suriname, where it grew. In Trinidad and Tobago and Saint Vincent and the Grenadines, tax revenue not only grew more slowly but shrank in absolute terms. In the case of Trinidad and Tobago, corporate income tax revenues declined owing to a downward adjustment of international natural gas prices. In contrast, in Barbados, corporate income tax and VAT revenue grew, thanks to the robust growth of tourism activity (Central Bank of Barbados, 2024).

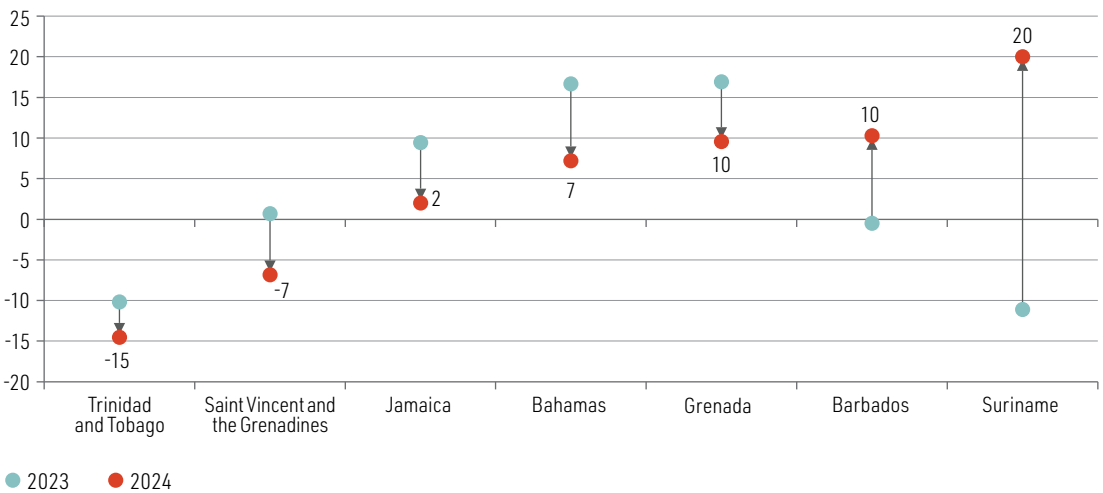
Figure I.58

The Caribbean (12 countries): central government total income and tax revenue, 2019–2024
(Percentages of GDP and percentages)

A. Composition of total income, 2019–2024[a b]
(Percentages of GDP)



B. Year-on-year variation in tax revenue, excluding social contributions, January–April 2024 and January–April 2023[c]
(Percentages at constant prices)



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

[a] Antigua and Barbuda, Bahamas, Barbados, Belize, Grenada, Guyana, Jamaica, Saint Kitts and Nevis, Saint Vincent and the Grenadines, Saint Lucia, Suriname, and Trinidad and Tobago.

[b] Simple averages. The individual figures may not add up to the corresponding total because of rounding. The figures for 2024 refer to official estimates. In the cases of Barbados and Saint Kitts and Nevis, the figures refer to the non-financial public sector and the federal government, respectively.

[c] The figures for the Bahamas, Barbados, Saint Vincent and the Grenadines, Suriname, and Trinidad and Tobago refer to January–March.

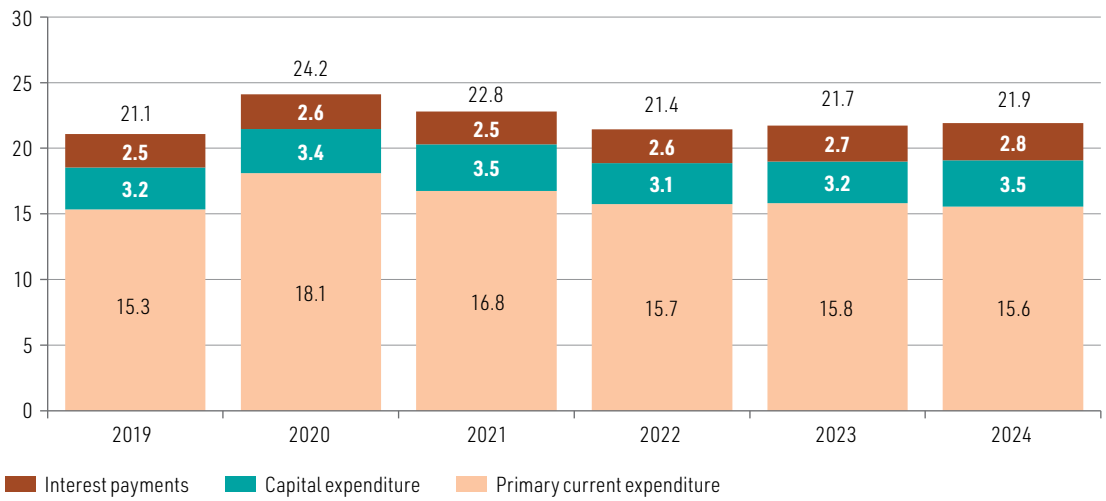
Income from other sources is expected to increase, particularly in the case of external grants for investment projects. However, receipt of this income is subject to the execution of public investment projects, so the value of external grants at the year-end could turn out lower than expected. Meanwhile, inflows from citizenship-by-investment programmes are expected to be mixed: the authorities project a sharp drop in Saint Kitts and Nevis, while Antigua and Barbuda is expected to see a significant increase (Ministry of Finance of Saint Kitts and Nevis, 2023; Browne, 2023).

2. Public spending is set to continue its upward trend in Latin America and the Caribbean

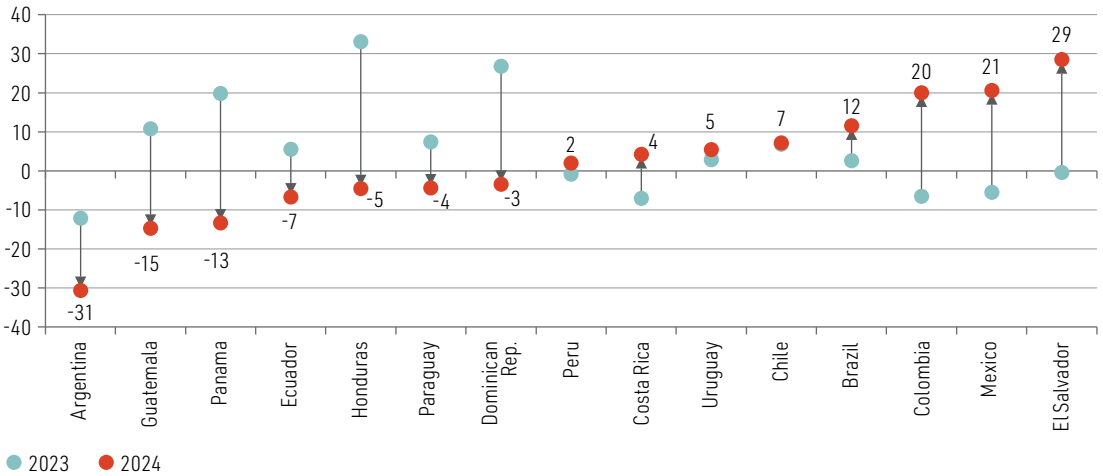
In Latin America, updated official projections see total central government expenditure growing in 2024, reflecting both public policy decisions and the need to fulfil public debt service obligations. Primary current expenditure is expected to decline, following its slight increase in 2023, owing to the withdrawal of anti-inflation measures in some countries. This could be offset partly by larger outlays in respect of social benefits, the payment of which is linked to the previous year's inflation rate. In contrast, capital spending is projected to increase, albeit owing mainly to the execution of projects expected in a handful of countries. These primary expenditure projections are reflected in the variations recorded in the first four months of the year, albeit with considerable variety between countries (see figure I.59). Interest payments are also expected to rise, driven by the high rates prevailing on international markets, which have made current public debt more expensive, particularly with international financial institutions, and have also increased the cost of new borrowing.

Figure I.59
Latin America (16 countries): total central government expenditure, by component, 2019–2024
(Percentages of GDP and percentages)

A. Composition of total expenditure, 2019–2024 [a b]
(Percentages of GDP)



B. Year-on-year variation in primary expenditure, January–April 2024 and January–April 2023[c]
(Percentages at constant prices)

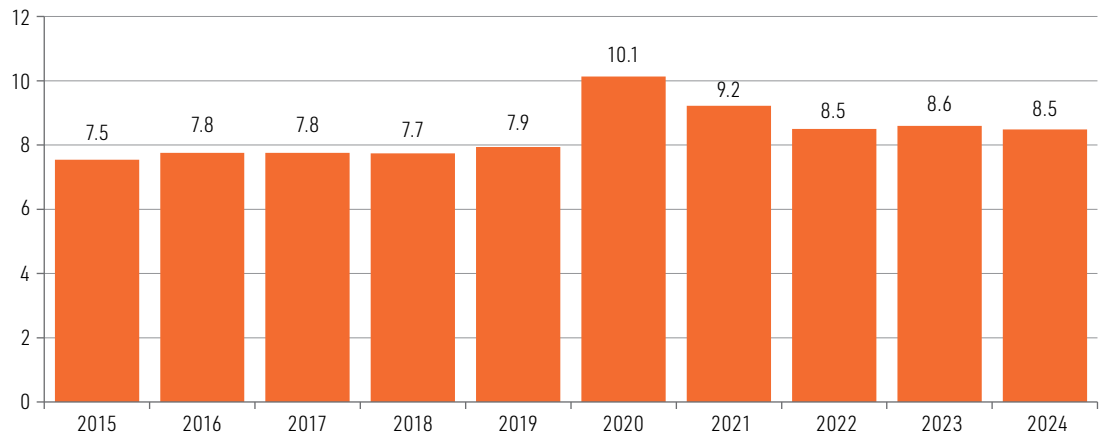


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru and Uruguay.
[b] Simple averages. The individual figures may not add up to the corresponding total because of rounding. The figures for 2024 refer to official estimates. In the cases of Argentina, Mexico and Peru, the figures refer to the national public administration, the federal public sector and general government, respectively.
[c] The figures for Colombia, Costa Rica, the Dominican Republic, Honduras and Panama refer to January–March.

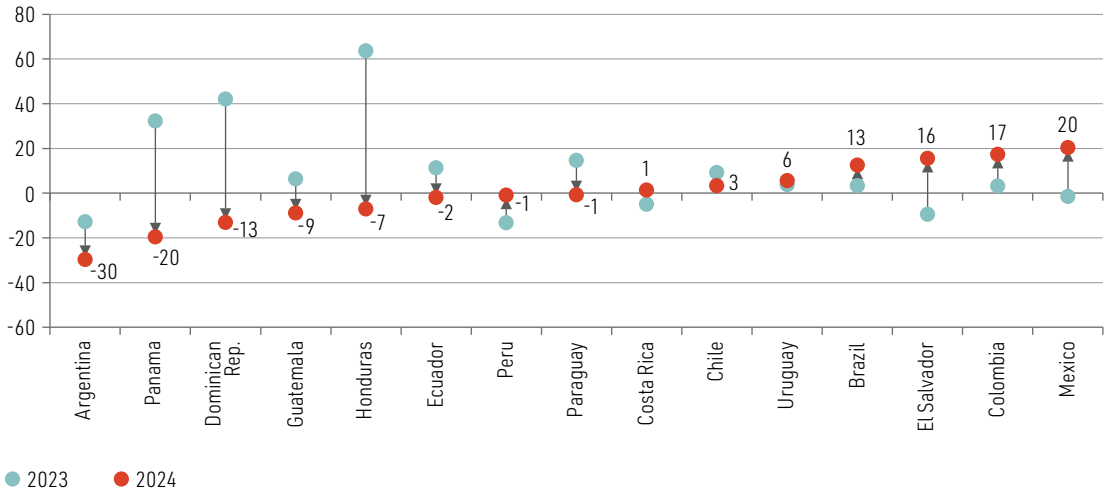
Primary current expenditure is projected to decline slightly in 2024, mainly reflecting the trend of subsidies and current transfers (see figure I.60). As was the case in 2022 and 2023, outlays related to this expenditure item in 2024 will continue to be influenced by the measures adopted to tackle inflation. Expenditures on pension payments and social assistance will grow in line with the increase in benefits to protect household purchasing power, compounded by the effect of minimum wage hikes. For example, in Brazil, higher outlays for pensions and the monthly life annuity programme are explained by the minimum wage hike and the increase in the number of beneficiaries (National Treasury of Brazil, 2024). However, these increases are offset in several countries by smaller outlays on the subsidies introduced to alleviate fuel and electricity prices, among other items. If the projections are validated, expenditure on subsidies and current transfers will likely remain at a historically high level, averaging 8.5% of GDP in 2022–2024, compared to the 7.7% of GDP recorded in 2015–2019.

Figure I.60
Latin America (16 countries): expenditure on central government subsidies and current transfers, 2015–2024
(Percentages of GDP and percentages)

A. Average expenditure, 2015–2024[a b]
(Percentages of GDP)



B. Year-on-year variation in expenditures, January–April 2024 and January–April 2023[c]
(Percentages at constant prices)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru and Uruguay.
[b] Simple averages. The figures for 2024 refer to official estimates. In the cases of Argentina, Mexico and Peru, the figures refer to the national public administration, the federal public sector and general government, respectively.
[c] The figures for Colombia, Costa Rica, the Dominican Republic, Honduras and Panama refer to January–March. In the case of Panama, the exceptional transfer made to the Social Security Fund in 2023 is excluded. If this transaction were included, the rate of growth for 2023 would be 133% and for 2024, -54% (Ministry of Economic Affairs and Finance of Panama, 2024).

The reduction in energy subsidies is a major factor behind the contraction recorded in several countries during the first four months of the year. For example, in Guatemala, the temporary social support provided to propane gas consumers was terminated, and transfers associated with electoral services were reduced, following the holding of general elections in 2023. In Panama, outlays decreased following the elimination of the fuel subsidy in January (Ministry of Economic Affairs and Finance of Panama, 2024). In the Dominican Republic, although expenditure related to the electricity subsidy remained stable, current transfers were down sharply, owing to the reduction of transfers made to the central bank (Ministry of Finance of the Dominican Republic, 2024). In Argentina, although energy subsidies were cut substantially, the decrease recorded is explained largely by lower levels of expenditure on retirement and other pensions in an inflationary environment (OPC, 2024).

The performance of subsidies and current transfers in the first four months of 2024 was also influenced by specific events occurring in that period. For example, in Mexico, payments associated with social programmes were brought forward as a result of the elections, pursuant to the provisions of the Institutions and Electoral Procedures General Act (SHCP, 2024). Similarly, in El Salvador, the increase is mainly explained by disbursements associated with the special budget for elections, although transfers for programmes supporting the protection of early childhood, children and adolescents, and the provision of school supplies, were also significant (Ministry of Finance of El Salvador, 2024).

Capital expenditures are expected to increase in 2024, bringing their value closer to that recorded in 2021, during the economic upturn that followed the most intense phase of the coronavirus disease (COVID-19) pandemic. Nonetheless, the current level of public investment remains insufficient to achieve a transformation of production in the region (see box I.3). According to current budgets and the latest official projections, a generalized upward trend is not expected in 2024, but instead specific increases in certain countries. In Chile, the 2024 budget envisages capital expenditures increasing from 3.5% of GDP in 2023 to 4.0% of GDP in 2024, with higher outlays for public works and projects associated with the *Buen Vivir* (Good living) programme (DIPRES, 2023 and 2024b). In

Nicaragua, the budget provides for an increase in infrastructure investment and additional transfers to the municipalities (Ministry of Finance and Public Credit of Nicaragua, 2024). Lastly, in Ecuador, outlays in respect of non-financial assets are expected to increase significantly, owing partly to the purchase of equipment for the police and military (Central Bank of Ecuador, 2024).

Box I.3

Public investment for productive transformation in Latin America and the Caribbean

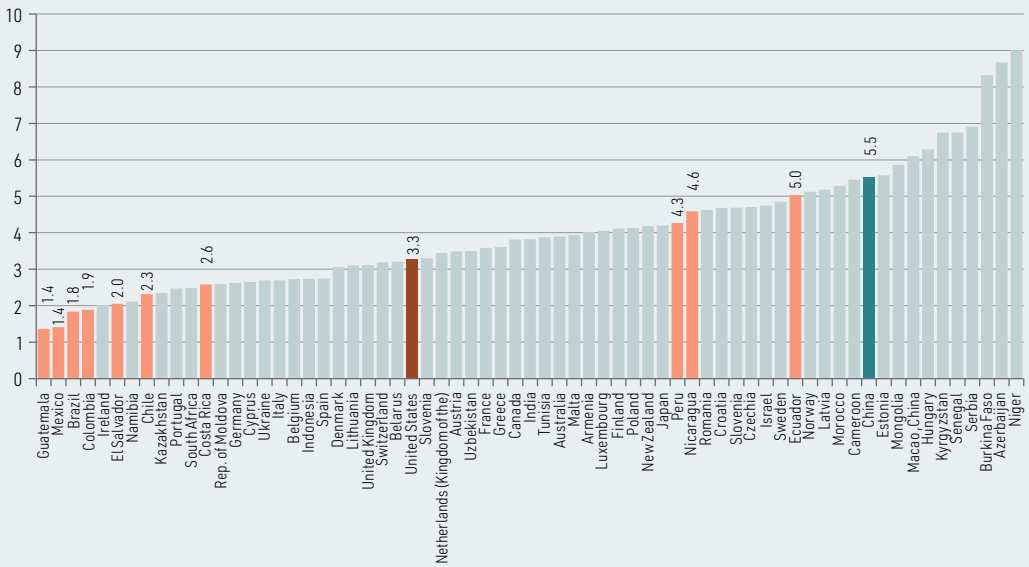
Fostering sustainable and inclusive growth entails encouraging major changes in the development model, to close the structural gaps that persist in the areas of productivity, productive heterogeneity, social protection and the environment (Salazar-Xirinachs, 2024). To this end, ECLAC has proposed a set of 15 growth-driving sectors, related to three areas: industry, services and a big push for sustainability (Salazar-Xirinachs and Llinás, 2024). A necessary condition for realizing these important transformations is to increase the level of investment in the region and enhance its quality.

In particular, it is essential to reverse the meagre public sector investment effort. In 2022, public investment in the region was at very low levels compared to those of other developed and developing countries (see figure 1). Gross fixed capital formation by general government —comprising central government, subnational governments and social security institutions— in Brazil (1.8% of GDP) and Mexico (1.4%) contrasts significantly with the levels seen in China (5.5% of GDP) and the United States (3.3% of GDP). However, public investment is more dynamic in some of the region's countries, such as Ecuador, Nicaragua and Peru.

Figure 1

Selected countries: general government gross fixed capital formation, 2022 or latest year available

(Percentages of GDP)



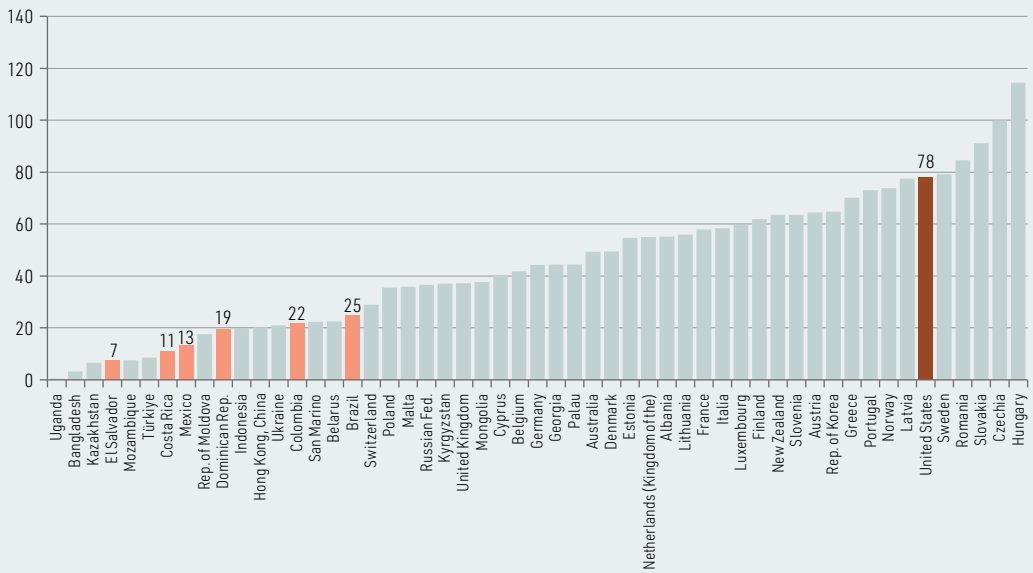
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of figures from United Nations, "National Accounts Statistics: Main Aggregates and Detailed Tables", Statistics Division [online] https://unstats.un.org/unsd/nationalaccount/madt.asp.

Note: The figures refer to the ratio of general government gross fixed capital formation to GDP at current prices.

In some cases, the low level of public investment is partly offset by investments made through public-private partnerships under various modalities. In 2022, new investment commitments for infrastructure projects with private participation represented the equivalent of 0.53% of GDP (World Bank, 2023). Half of the investment announced in 2023 involved brownfield projects, in which private entities manage, refurbish and expand existing public assets.

The legacy of meagre public investment in the region is a public capital stock that is insufficient to provide the economic services needed to drive productive transformation. The stock of general government fixed assets in most countries in the region was equivalent to around 25% of GDP or less in 2022. Among these countries, the public capital stock in Brazil (25% of GDP) and Mexico (8% of GDP) was far smaller than that of the United States, which was equivalent to 80% of GDP (see figure 2).

Figure 2
Selected countries: stock of general government fixed assets, 2022 or latest year available
(Percentage of GDP)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of data from International Monetary Fund (IMF), Government Finance Statistics (GFS) [online] https://data.imf.org/?sk=a0867067-d23c-4ebc-ad23-d3b015045405.
Note: The figures refer to the ratio of general government gross fixed capital formation to GDP at current prices.

In this context, the results of several recent studies indicate that a big push on public investment could generate high economic and social returns. Izquierdo and others (2019) conclude that public investment fiscal multipliers are higher (above 1) in countries with a smaller capital stock than in those with abundant capital. The same authors note that public investment is more likely than primary expenditure to attract private investment, given the positive spillovers that the former exerts on the marginal productivity of private capital. Meanwhile, Batini and others (2021) estimate that the investment multiplier (public and private) for renewable energy and biodiversity conservation projects is in the range of 1.1 to 1.5, while that for fossil fuel energy projects and land use activities is considerably lower at 0.5 to 0.6.

To leverage this opportunity and bring about the major transformations needed in the development model, it is necessary to strengthen the technical, operational, political and prospective (TOPP) capacities of the public sector (Salazar-Xirinachs, 2024). On the public expenditure side, a strategic approach will be required to prioritize public investment in sectors that boost growth, productivity and employment. Robust national public investment systems are needed to ensure the effectiveness and efficiency of public sector endeavours, and to encourage private sector participation (ECLAC, 2022). For example, in Peru, technical assistance and training has been provided to subnational governments on processes associated with the execution of public investment, which account for more than half of the public investment budget (Ministry of Economic Affairs and Finance of Peru, 2023).

Tax incentives can also serve as catalysts if they succeed in raising the level and quality of private investment. Recently, there has been greater use of tax expenditures linked to the energy transition, including new benefits for the purchase of electric and hybrid cars, along with incentives for investments in renewable energy (ECLAC, 2023; Podestá and others, 2022). Although these incentives have been used successfully in several developed countries, as is the case with others linked to strategic sectors, their effectiveness has not yet been demonstrated in the region. Accordingly, there is significant scope for strengthening the governance of tax incentives, in terms of both their design and their monitoring and evaluation processes (Redonda, Von Haldenwang and Berg, 2023; ECLAC/Oxfam International, 2019).

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of J. M. Salazar-Xirinachs, "Rethinking, reimagining and transforming: the 'whats' and the 'hows' for moving towards a more productive, inclusive and sustainable development model", *CEPAL Review*, No. 141 (LC/PUB.2023/29-P), Santiago, ECLAC, 2023; J. M. Salazar-Xirinachs and M. Llinás, "Towards transformation of the growth and development strategy for Latin America and the Caribbean: the role of productive development policies", *CEPAL Review*, No. 141 (LC/PUB.2023/29-P/-*), Santiago, ECLAC, 2023; World Bank, *Remittance Prices Worldwide Quarterly*, No. 48, December 2023; A. Izquierdo and others, "Is the public investment multiplier higher in developing countries? An empirical exploration", *IMF Working Paper*, No. WP/19/289, Washington, D.C., International Monetary Fund (IMF), 2019; N. Batini and others, "Building back better: how big are green spending multipliers?", *IMF Working Paper*, No. WP/21/87, Washington, D.C., IMF, 2021; ECLAC, *Economic Survey of Latin America and the Caribbean, 2022* (LC/PUB.2022/9-P/Rev.1), Santiago, 2022; Ministry of Economic Affairs and Finance of Peru, *Reporte fiscal trimestral: seguimiento de las reglas macrofiscales. Cuarto trimestre 2023*, 2023 [online] https://www.mef.gob.pe/es/?option=com_content&language=es-ES&Itemid=102386&lang=es-ES&view=article&id=3925; ECLAC, *Economic Survey of Latin America and the Caribbean, 2023* (LC/PUB.2023/11-P/Rev.1), Santiago, 2023; A. Podestá and others, "Políticas de atracción de inversiones para el financiamiento de la energía limpia en América Latina", *Project Documents* (LC/TS.2022/116), Santiago, ECLAC, 2022; A. Redonda, C. von Haldenwang and S. Berg, "Evaluation of tax expenditures: conceptual frameworks and international experiences", *Project Documents* (LC/TS.2023/129), Santiago, ECLAC, 2023; and ECLAC/Oxfam International, "Los incentivos fiscales a las empresas en América Latina y el Caribe", *Project Documents* (LC/TS.2019/50), Santiago, 2019.

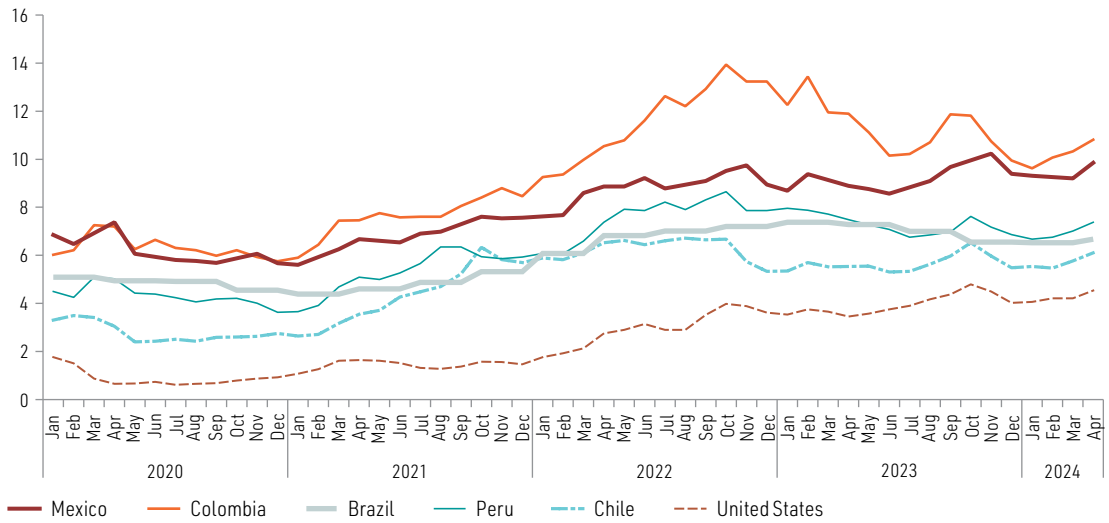
The pressures that interest payments exert on public expenditure are likely to intensify further in 2024. As noted in section I.A, although the rise in key international benchmark interest rates has eased, financial conditions are expected to remain tight. Interest rates on long-term bonds in the region have stabilized, but remain at high levels, following the trend set by the United States (see figure I.61). In this context, interest payments grew rapidly in several countries during the first four months of 2024 —in particular, external debt payments, both for bonds issued on international markets and loans contracted with international financial institutions. New debt issues, with high coupons, are also fuelling interest payments. Despite this situation, Colombia experienced a reduction in interest payments in the first few months of the year, mainly in respect of domestic debt securities indexed to inflation. However, interest payments are expected to increase as new global bonds are issued to meet amortizations scheduled for the year (Ministry of Finance and Public Credit of Colombia, 2024).

In the Caribbean, the latest projections see public expenditure growing significantly in 2024, returning to levels similar to those recorded in 2021 and 2022 (see figure I.62). These projections appear to be supported by the behaviour of primary expenditure in the first four months of the year, which grew rapidly in several countries. In 2024, the growth of total expenditure will be based mainly on the expected increase in capital spending. Public investment in Guyana is expected to rise from 11.9% of GDP in 2023 to an estimated 15.1% in 2024, as part of an investment programme aimed at fostering transformative development (Ministry of Finance of Guyana, 2024). Increased capital outlays are also expected in other countries, although in many cases the investments in question will depend on the availability of external grants. Primary current expenditure is also expected to

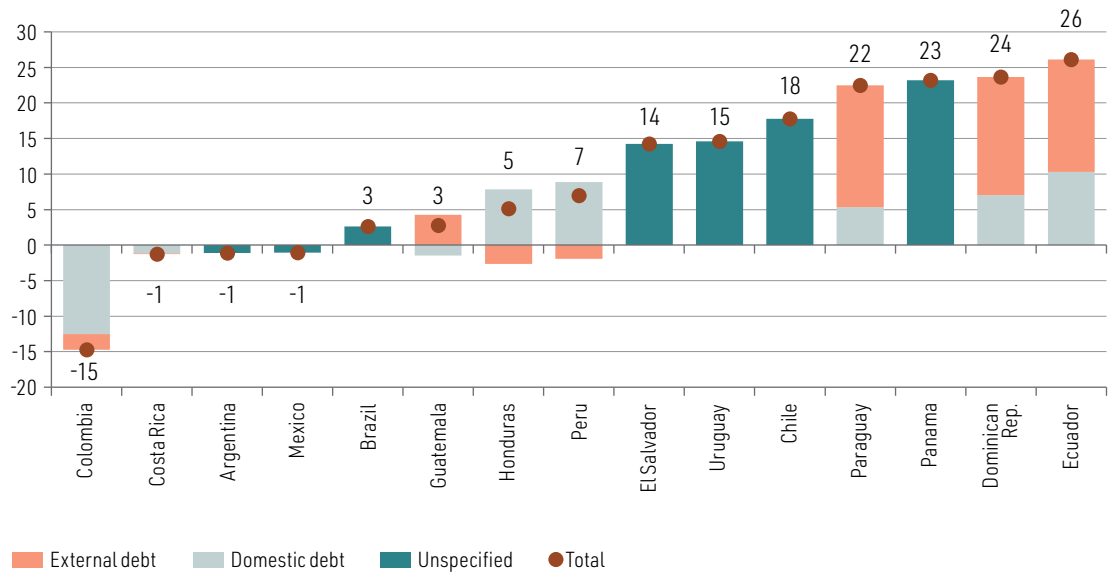
increase, driven by higher levels of spending on wages and salaries and purchases of goods and services, particularly for public investment. Subsidies and current transfers are expected to decline on average, reflecting the withdrawal of energy subsidies in several countries.

Figure I.61
Latin America (15 countries): 10-year bond interest rates and year-on-year variation in central government interest payments, 2020–2024
(Percentages and percentage points)

A. 10-year bond interest rates, January 2020–April 2024
(Percentages)



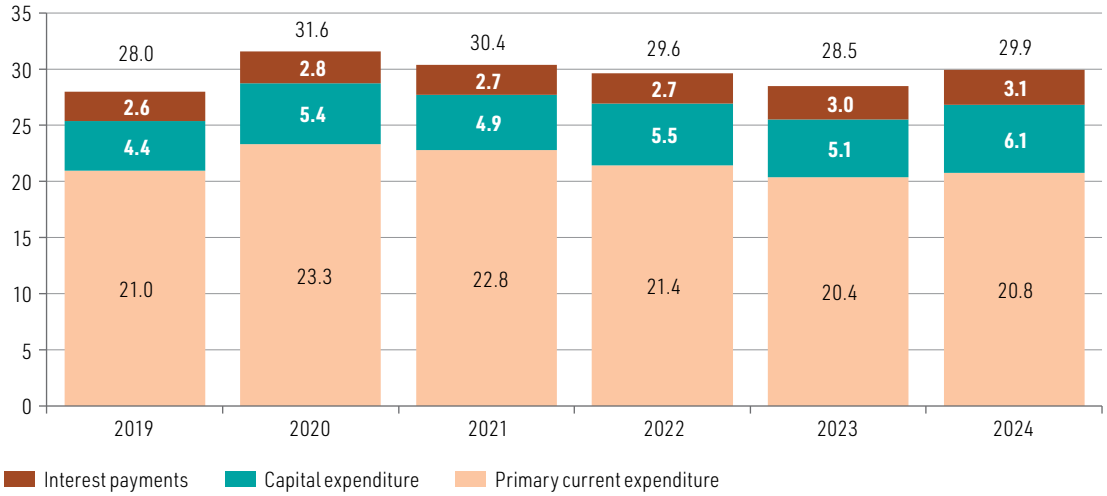
B. Contribution of each component to the year-on-year variation in central government interest payments, January–April 2024[a]
(Percentages at constant prices and percentage points)



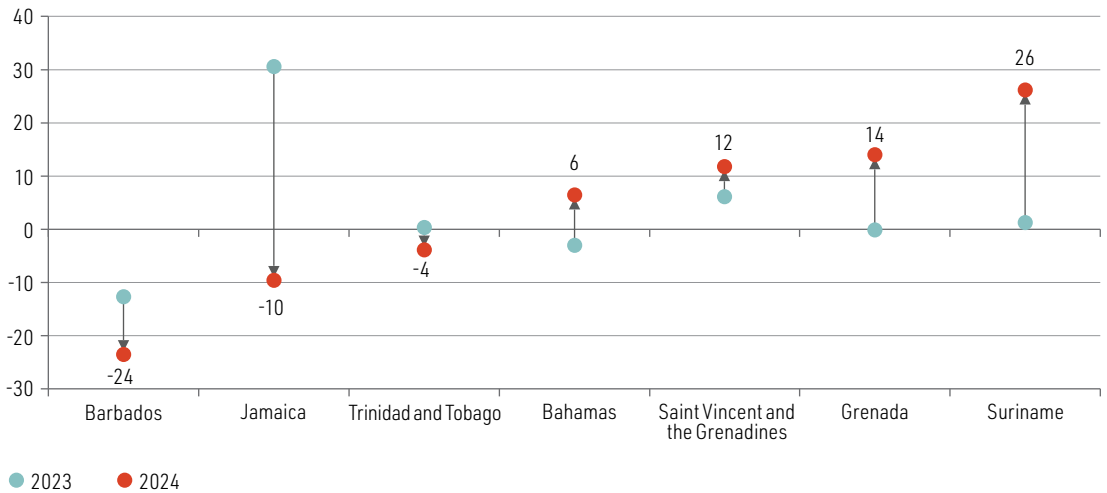
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures and Organisation for Economic Co-operation and Development (OECD), OECD stat.
Note: In the cases of Argentina, Mexico and Peru, the figures refer to the national public administration, federal public sector and general government, respectively.
[a] The figures for Colombia, Costa Rica, the Dominican Republic, Honduras and Panama refer to January–March.

Figure I.62
The Caribbean (12 countries): total central government expenditure by component, 2019–2024
(Percentages of GDP and percentages)

A. Composition of total expenditure, 2019–2024[ab]
(Percentages of GDP)



B. Year-on-year variation in primary expenditure, January–April 2024[c]
(Percentages at constant prices)



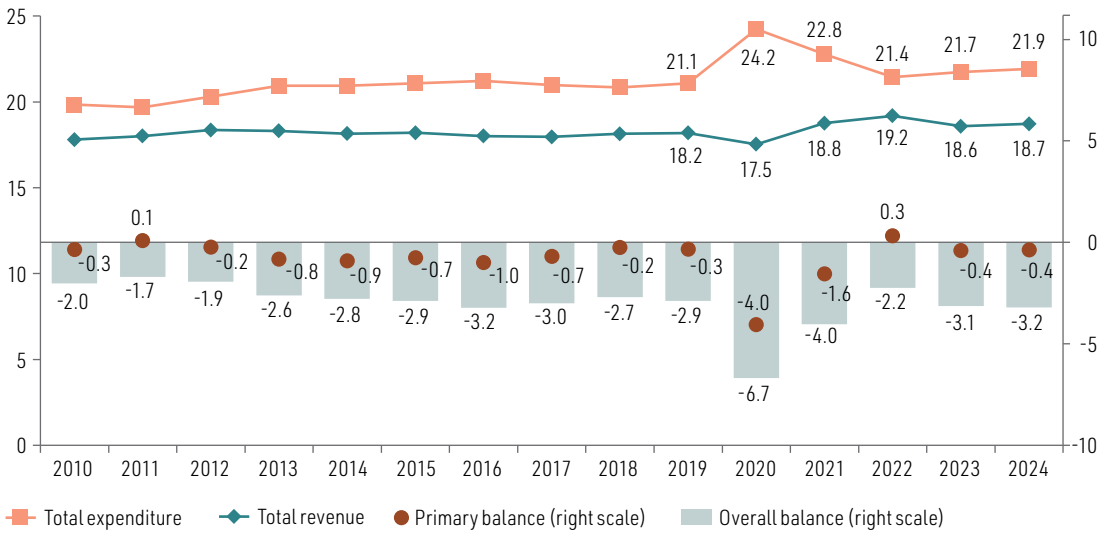
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Antigua and Barbuda, Bahamas, Barbados, Belize, Grenada, Guyana, Jamaica, Saint Kitts and Nevis, Saint Vincent and the Grenadines, Saint Lucia, Suriname, and Trinidad and Tobago.
[b] Simple averages. The individual figures may not add up to the corresponding total because of rounding. The figures for 2024 refer to official estimates. In the cases of Barbados and Saint Kitts and Nevis, the figures refer to the non-financial public sector and the federal government, respectively.
[c] The figures for Bahamas, Barbados, Saint Vincent and the Grenadines, Suriname, and Trinidad and Tobago refer to January–March.

3. The fiscal deficit is set to stabilize in Latin America, but to expand in the Caribbean

Updated official projections show that the fiscal position in Latin America is likely to remain stable in 2024, with a deficit similar to that recorded in 2023, but slightly larger than the average for 2015–2019 (see figure I.63). Expenditure is expected to rise relative to the previous year's

level, but total revenues will not increase by the same amount. Nonetheless, the path of public spending is likely to reflect public policy decisions and the increase in capital outlays budgeted for the year, together with needs arising from higher interest payments. These projections are subject to several variables that are hard to predict. They include the pace of execution of public investment, which tends to be concentrated in the last quarter of the year and can be used as an adjustment variable when the fiscal balances deviate from the targets set in the fiscal rules. The behaviour of tax revenues will be key in this regard. Although these are expected to grow in 2024, their performance towards the end of the year depends on the pace of the activity slowdown in the second half of the year and potential external shocks, particularly in terms of energy prices.

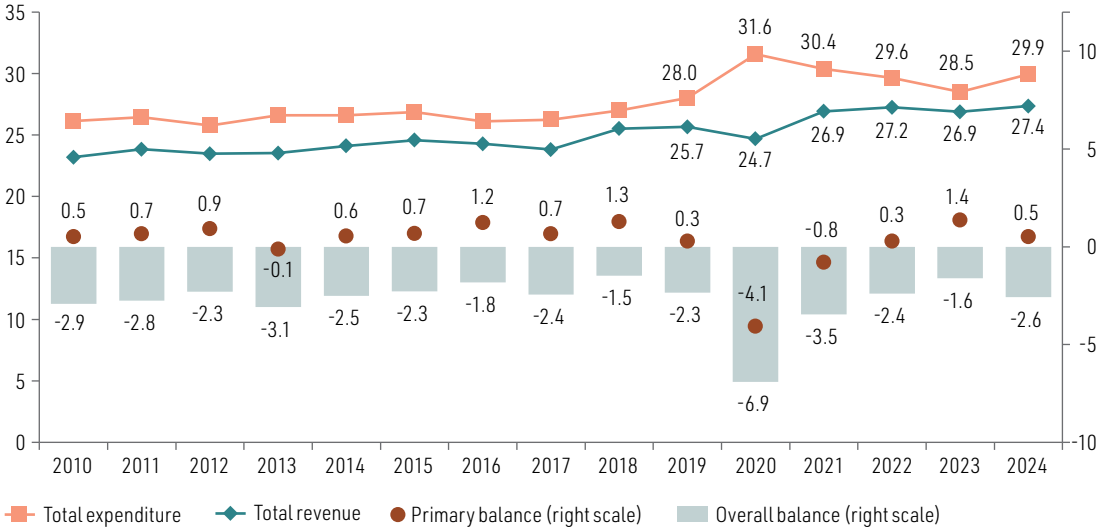
Figure I.63
Latin America (16 countries):[a] central government fiscal indicators, 2010–2024[b]
(Percentages of GDP)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
Note: Simple averages. The individual figures may not add up to the corresponding total because of rounding. In the cases of Argentina, Mexico and Peru, the figures refer to the national public administration, the federal public sector and general government, respectively.
[a] Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru and Uruguay.
[b] The figures for 2024 are official estimates.

Official projections for the Caribbean also foresee an increase in the global deficit and a smaller primary surplus (see figure I.64). The growth of total spending, which is expected to reach levels similar to those recorded in 2021 and 2022, is likely to have a major impact on this outcome. Specifically, the countries are allocating substantial resources to public investment, with a view to closing infrastructure gaps and fostering productive transformation. Total income is expected to recover, supported by tax revenue, but above all by increased income from other sources, such as external grants for investment. Thus, for the projections to be fulfilled, it is essential to achieve a high rate of execution of public investment projects. However, as has been noted in previous years, this vital component of public spending is often under-executed, as a result of adjustments made to close fiscal gaps, but also because of institutional constraints that prevent certain public investment projects from being implemented. Thus, the projected fiscal outturns could be altered during the year, depending on the need to safeguard primary surpluses or potential delays in the execution of capital expenditure.

Figure I.64
The Caribbean (12 countries):[a] central government fiscal indicators, 2010–2024[b]
(Percentages of GDP)



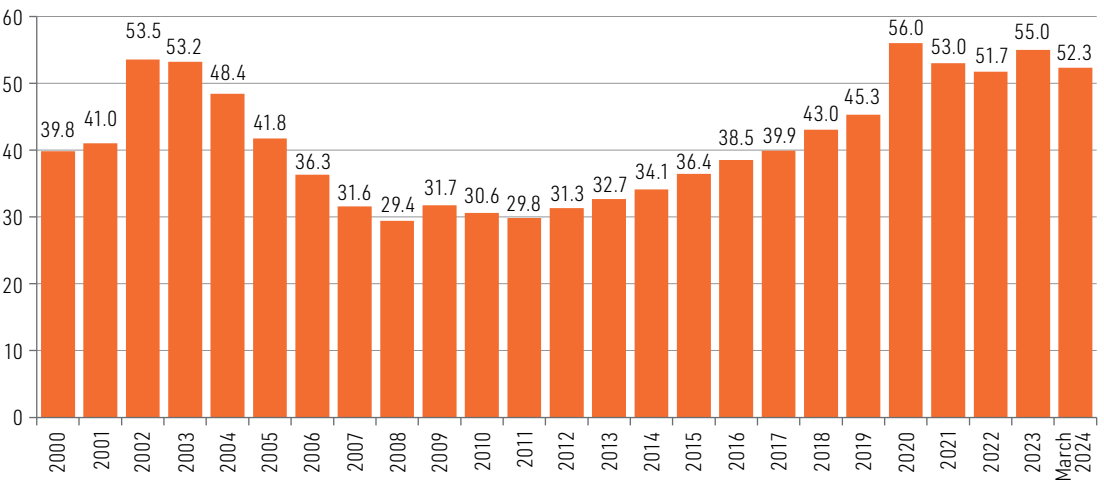
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
Note: Simple averages. The individual figures may not add up to the corresponding total because of rounding. In the cases of Barbados and Saint Kitts and Nevis, the figures refer to the non-financial public sector and the federal government, respectively.
[a] The countries included are: Antigua and Barbuda, Bahamas, Barbados, Belize, Grenada, Guyana, Jamaica, Saint Kitts and Nevis, Saint Vincent and the Grenadines, Saint Lucia, Suriname, and Trinidad and Tobago.
[b] The figures for 2024 are official estimates.

4. The public debt declined, but remains high

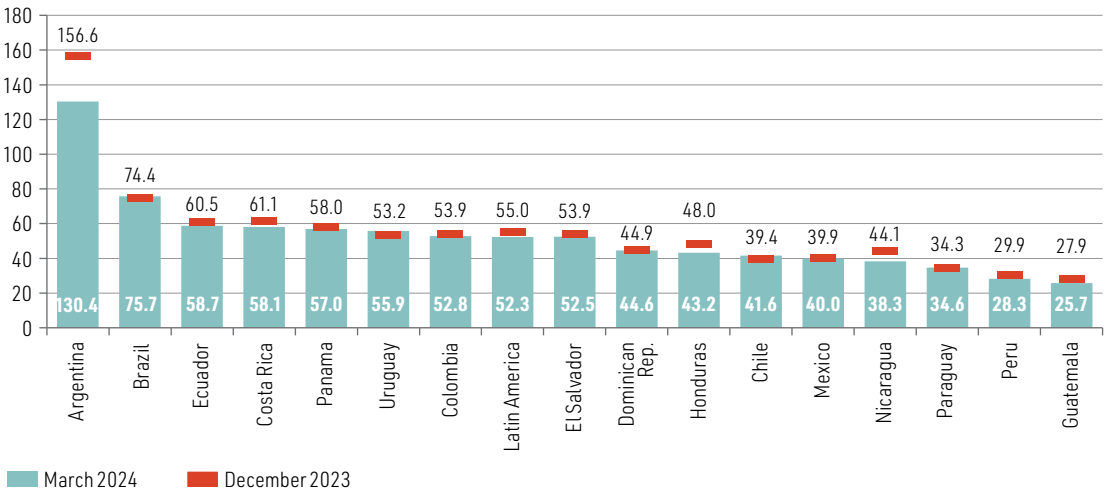
Following an uptick in 2023, central government gross public debt in Latin America declined in March 2024, to an average of 52.3% of GDP —2.7 percentage points lower than at the end of 2023. By subregion, public debt levels in South America and Central America stood at 59.7% and 44.9% of GDP, respectively, in March 2024. Debt levels fell in most Latin American countries between December 2023 and March 2024.

Figure I.65
Latin America (16 countries): central government gross public debt, 2000–March 2024
(Percentages of GDP)

A. Central government gross public debt, simple average, 2000–March 2024



B. Central government gross public debt, by country, December 2023 and March 2024

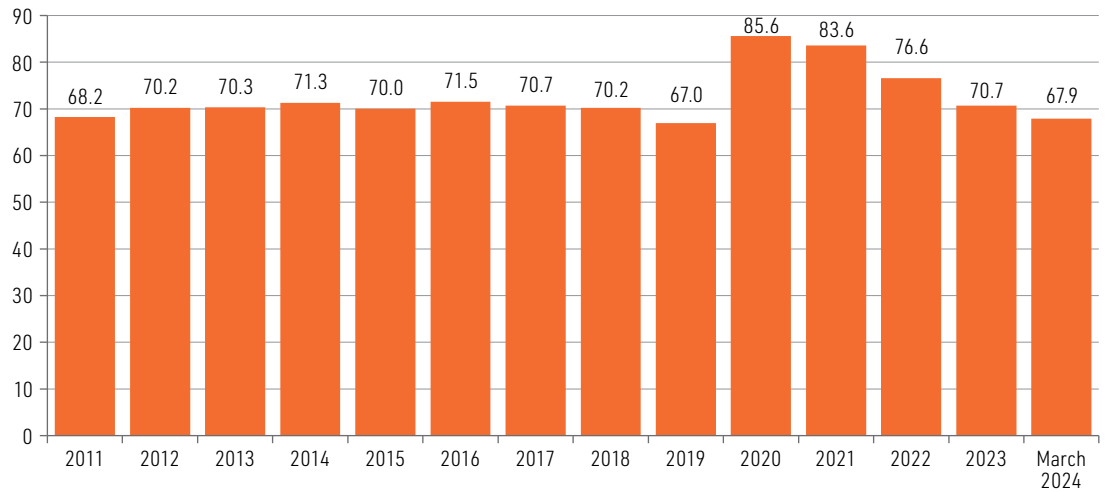


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
Note: The figures for Brazil refer to the general government.

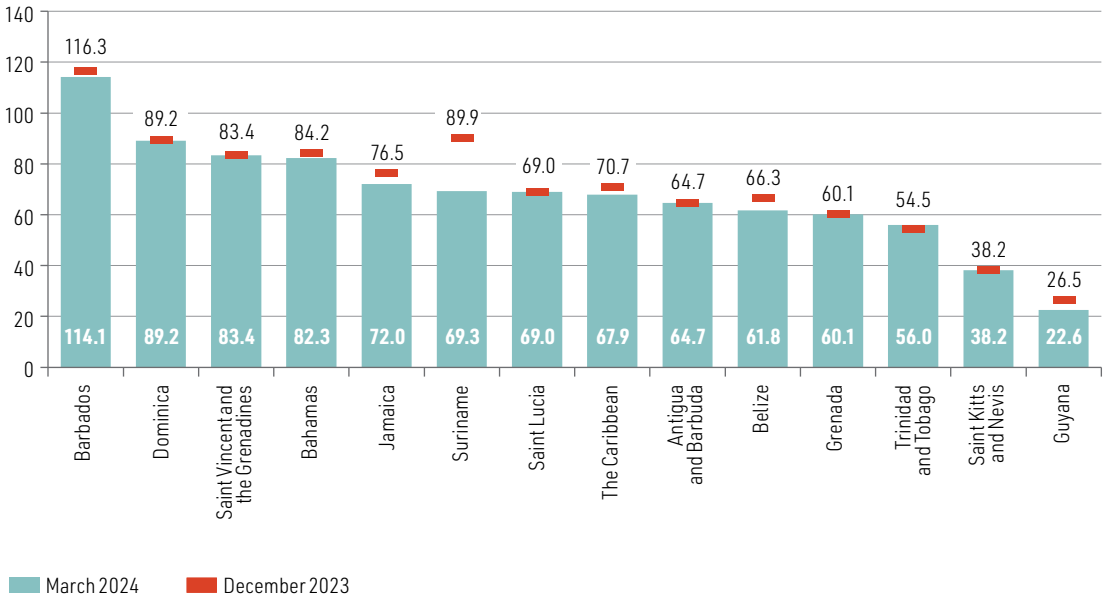
In the Caribbean, central government gross public debt accounted for 67.9% of GDP in March 2024, 2.8 points of GDP lower than at end-2023 (see figure I.66). The countries reporting the highest debt levels relative to GDP were Barbados (114.1%), Dominica (89.2%), Saint Vincent and the Grenadines (83.4%), and the Bahamas (82.3%). In this subregion, the recovery of nominal GDP exerted a strong denominator effect, since public debt levels remained relatively stable in absolute terms. The steepest reductions occurred in Belize (4.6%), Jamaica (4.4%), and Suriname (20.6%). In Guyana, the debt has been shrinking since 2022 owing to high GDP growth rates, close to 40% in real terms in 2023, as a result of the start of offshore oil production. Despite the relative decline in the subregional average, the level of debt in Caribbean countries remains very high.

Figure I.66
The Caribbean (13 countries): central government gross public debt, 2011–March 2024
(Percentages of GDP)

A. Central government gross public debt, simple average, 2011–March 2024



B. Central government gross public debt, by country, December 2023 and March 2024



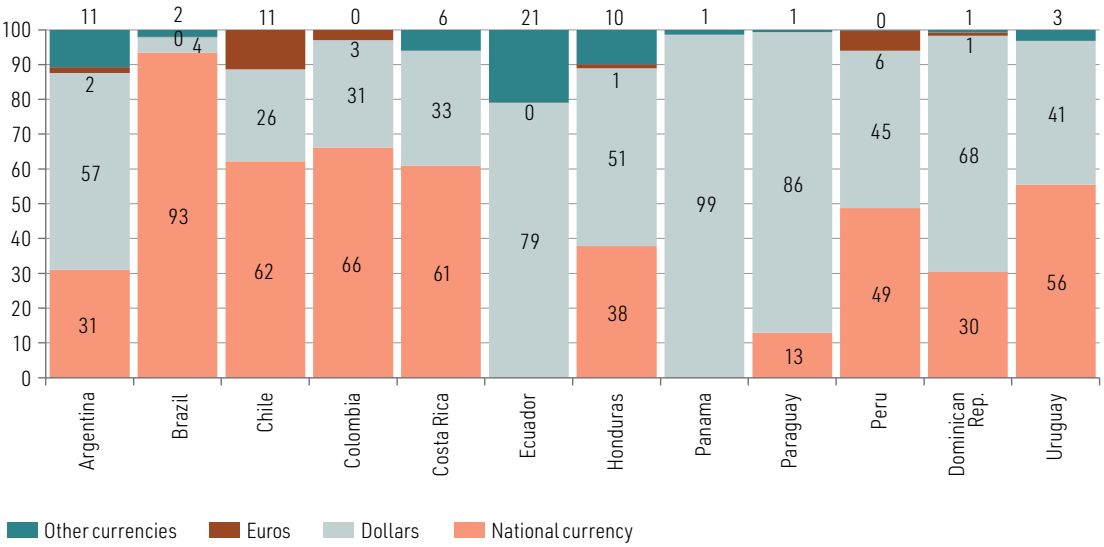
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
Note: The figures for Guyana refer to the public sector. The 2024 figures refer to June in the cases of Antigua and Barbuda and Saint Vincent and the Grenadines; September in the case of Saint Kitts and Nevis; and December in the cases of Dominica, Grenada and Saint Lucia.

Although central government public debt levels in the region have retreated relative to GDP, they remain high and are a source of vulnerability in the current macrofinancial environment.

The risks associated with the accumulation of public debt also affect the sustainability of public finances in the medium term, mainly because of the higher cost of debt service, which undermines the fiscal balances. Various factors, both domestic and external, have a major effect on the accumulation of public debt, including the primary fiscal deficit, the GDP growth rate, the implicit interest rate and the exchange rate. A highly relevant factor for the region is the deterioration of financing conditions on domestic and international financial markets, which has generated a progressive interest rate hike and poses the risk of credit rating downgrades, which make it difficult to manage public sector liabilities in the region. These factors will affect not only interest payments on existing debt —insofar as the countries have debt in foreign currency or with variable interest rates— but also those of future issues, given the more stringent financing conditions. The latter could pose challenges for the region in terms of rolling over existing public debt.

It is therefore important to analyse the composition of the debt by currency and country of residence of its creditors. As shown in figure I.67, the public debt stock of the region's countries is mostly denominated in dollars, exceptions being countries such as Brazil, Chile, Colombia and Costa Rica, whose debt is denominated mainly in local currency.

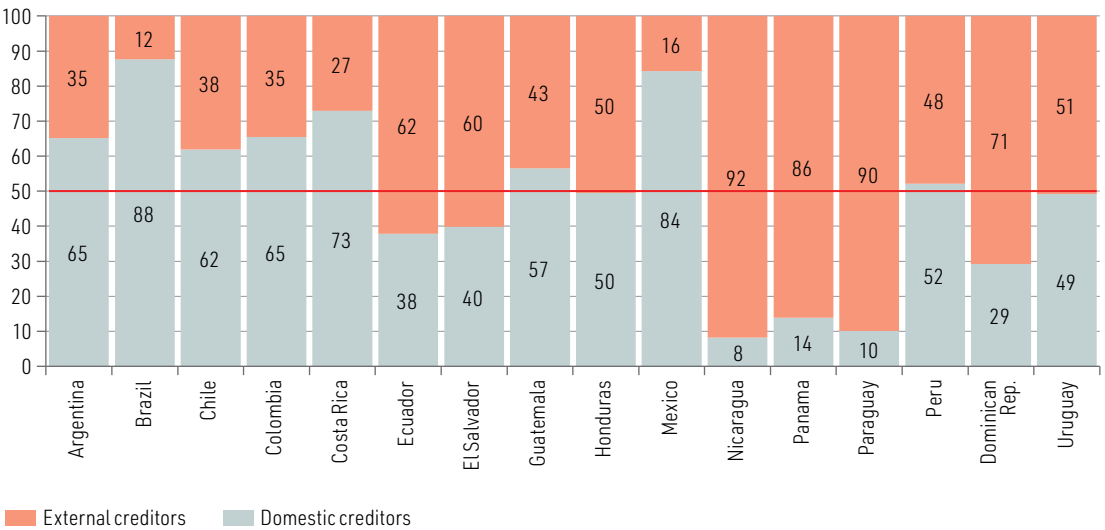
Figure I.67
Latin America (12 countries): central government gross public debt, by currency, March 2024
(Percentages of total)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
Note: The individual figures may not add up to the corresponding total because of rounding. The figures for public debt refer to central government in the cases of Argentina, Chile, Costa Rica, Honduras, Paraguay and Uruguay; to general government in the case of Brazil; to central national government in the case of Colombia; to the non-financial public sector in the case of the Dominican Republic and to the public sector in the cases of Ecuador, Panama and Peru.

Another relevant factor is the country of residence of the creditors. Although the region on average displays a balance between domestic and external creditors, the situation varies considerably between countries, as shown in figure I.68. Some countries, such as Brazil and Mexico, have a larger proportion of domestic creditors (over 80% of the total debt) and are therefore less exposed to external vulnerabilities.

Figure I.68
Latin America (16 countries): central government gross public debt, by creditor residency, March 2024
(Percentages of total)



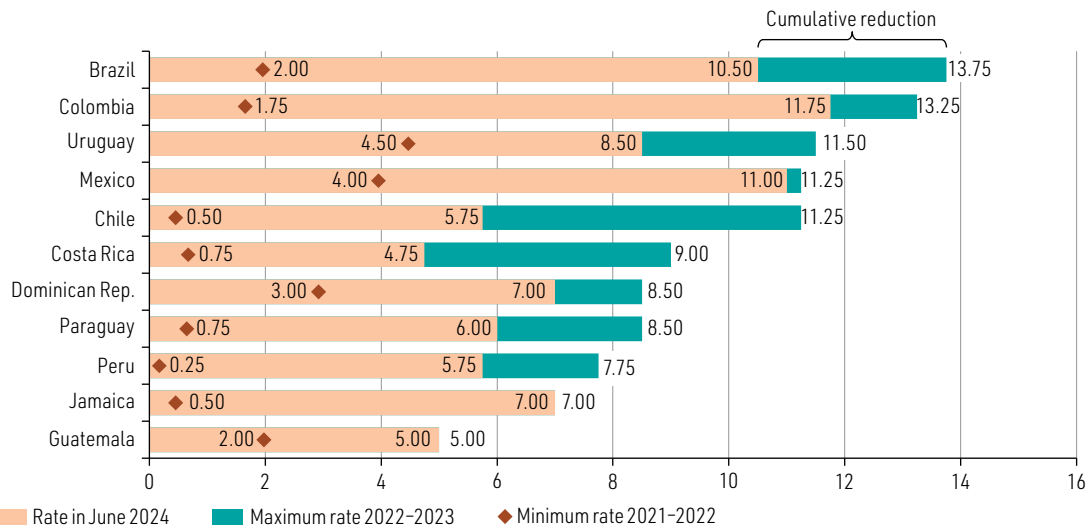
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
Note: The red line refers to the subregional average [UGE:referencia a color]. The individual figures may not add up to the corresponding total because of rounding. The public debt figures for Brazil refer to general government.

5. Following the decline in inflation, the region's monetary authorities have begun to ease their policy stance

The reduction in inflationary pressures seen since mid-2022 is on account of both the trend in international commodity prices and the effects on domestic demand of the restrictive monetary policy stance that the region's monetary authorities have maintained since 2021. This has enabled most of the region's countries with inflation-targeting regimes to embark on a cycle of reductions in their respective monetary policy rates since mid-2023. However, the persistence of inflation in some countries, as well as the prospect of smaller-than-anticipated rate cuts in the United States, have moderated the pace of policy rate adjustments in the first months of 2024.

The pace and intensity of the cuts in monetary policy rates have not been uniform (see figure I.69). Up to May 2024, the largest nominal reductions from the peak levels registered between 2022 and 2023 were seen in Chile and Costa Rica, which reduced their policy rates by 525 basis points and 425 basis points, respectively. In contrast, Mexico has reduced its rate by only 25 basis points, while Guatemala and Jamaica have kept their monetary policy rates unchanged. The other countries with inflation targets have reduced their monetary policy rates by between 150 basis points, in the case of Colombia and the Dominican Republic, and 325 basis points, in the case of Brazil.

Figure I.69
Latin America and the Caribbean (11 countries): monetary policy rates and cumulative reductions since beginning of most recent rate-tightening cycle, June 2024
(Percentages)



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

6. The pace of the rate cuts has been determined by the expectations regarding inflation and exchange rates over the monetary policy horizon

The relative caution in lowering monetary policy rates is the consequence, first, of considerations regarding the trend in core inflation, which —in the case of some countries such as Brazil and Mexico— has been more persistent than the general level of inflation, with a resulting impact on inflation expectations. Second, in view of the narrowing of spreads with respect to the rates in force in the United States, such caution on the part of some countries also reflects considerations about the effect of possible exchange-rate pressures on price stability (see box I.4).

Box I.4

Monetary conditions index

The transmission of monetary policy operates through different channels. In those countries that have adopted inflation-targeting regimes, where short-term interest rates are used as the operational target for conducting monetary policy, the main mechanism is the interest rate. Given a certain degree of price rigidity, unanticipated increases in the nominal interest rate translate into increases in the real interest rate, which restrains aggregate demand and reduces pressures on price levels.

In small open economies, such as those of Latin America and the Caribbean that have adopted inflation-targeting regimes, another important channel is the exchange rate. In principle, an increase in the nominal domestic rate tends to lead to an appreciation of the exchange rate, through greater net inflows of capital into the country. An appreciating exchange rate eases inflationary pressures by reducing the price of tradable goods, as well as aggregate demand through lower net exports. The capital flows that a country receives, however, depend both on the differential between the country's interest rate and those in force in countries deemed safe, and on the outlook for future fluctuations in inflation and the exchange rate.

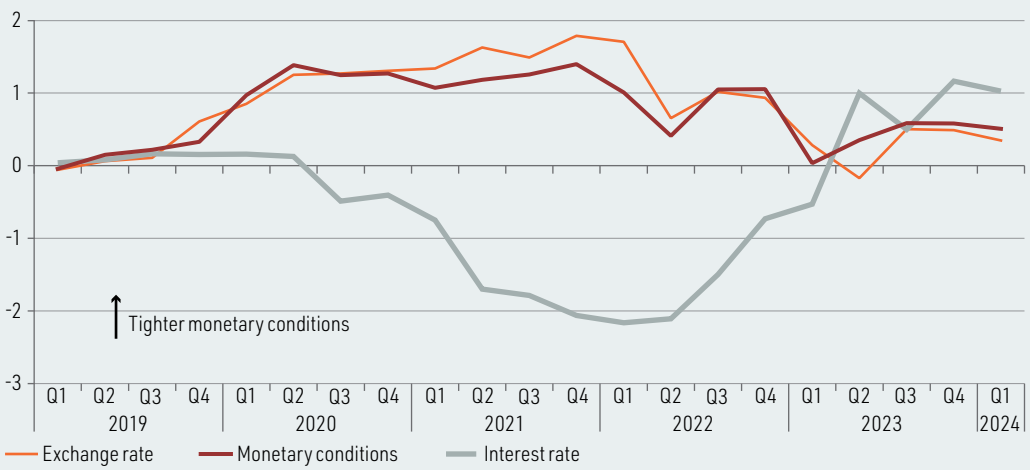
Thus, a country's monetary conditions depend on the interaction between the interest rate and the exchange rate, a relationship that is probably non-linear. To explore the recent trend in monetary conditions in selected countries in the region, an indicator was constructed that shows the joint trend in each country's real-term monetary policy rate and real effective exchange rate. The monetary conditions index (MCI) at time t is defined as the weighted sum of the changes in the real interest rate (r_t) and the real effective exchange rate (q_t) with respect to the values in a base year selected for each economy according to the national accounts:

$$MCI_t = \theta_r (r_t - r_0) + \theta_q (q_t - q_0)$$

The weights (θ_r and θ_q) indicate the relative effects on inflation of changes in the interest rate and in the exchange rate. The weights for Chile, Mexico and Peru are obtained from the coefficients of reaction functions that indicate the response of inflation to unanticipated changes in the interest rate, together with its interactions with changes in the exchange rate.[a] For Brazil and Colombia, the average of those three countries is used. Each country's MCI is normalized so that it is expressed in terms of standard deviations from the mean of observations since 2010.

The figure shows the trend in MCI and the interest-rate and exchange-rate components. As a reflection of the monetary policy stance, the real-interest-rate component was significantly reduced from mid-2020 onward to address the coronavirus disease (COVID-19) pandemic and, subsequently, on account of the rebound in inflationary pressures it increased from 2022 onward, with a contractionary trend being maintained until the first quarter of 2024. In turn, the exchange-rate component follows a depreciation trend until the end of 2021, and a subsequent appreciation trend until mid-2023, after which a new period of depreciation can be seen.

Latin America (5 countries):[a] monetary conditions index, first quarter of 2019–first quarter of 2024
(Median of normalized index values for each country)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Brazil, Chile, Colombia, Mexico and Peru.

On account of the relative importance of the exchange-rate channel in the monetary policy transmission mechanism, above and beyond the monetary policy stance reflected in the interest rate, it can be seen that monetary conditions in the region are strongly influenced by the trend in the exchange rate. Thus, despite the significant cuts in interest rates in response to the pandemic, the depreciation of the exchange rate maintained relatively tight monetary conditions from late 2019 to late 2021 and the appreciation of exchange rates since 2022 has mitigated the effect of the tightened monetary policy stance on monetary conditions.

This illustrates the challenges posed by the behaviour of the exchange rate in the implementation of monetary policy, highlighting the relatively tight policy space afforded by the use of a single instrument for conducting monetary policy. As repeatedly stated by ECLAC (2020 and 2023), the complementary use of instruments for exchange-rate and macroprudential objectives enables monetary policy to be less sensitive to external shocks and to focus on domestic stabilization objectives (IMF, 2020).

When foreign exchange markets are illiquid, interventions in such markets to prevent abrupt changes in the inflow or outflow of capital from the country enable the reduction of excessive exchange-rate volatility and interest rate differentials associated with country risk. In addition, the provision of liquidity in the foreign exchange market during depreciation episodes can relax external financing restrictions. By limiting pressure on the exchange rate and —by means of the pass-through effect— on inflation, foreign exchange market interventions enable monetary policy to focus more on stabilizing economic activity.

The use of macroprudential measures, such as countercyclical capital requirements or capital controls —through portfolio investment restrictions, for example— can prevent the accumulation of risky liability structures. When these measures are adjusted to fluctuations in the availability of financing over the cycle, they can limit the effect of exogenous shocks on aggregate national demand, thus allowing monetary policy to focus on endogenous inflationary pressures. In addition, restrictions on capital outflows can mitigate the effect of a looser monetary policy stance on the exchange rate while underpinning the stability of the financial system.

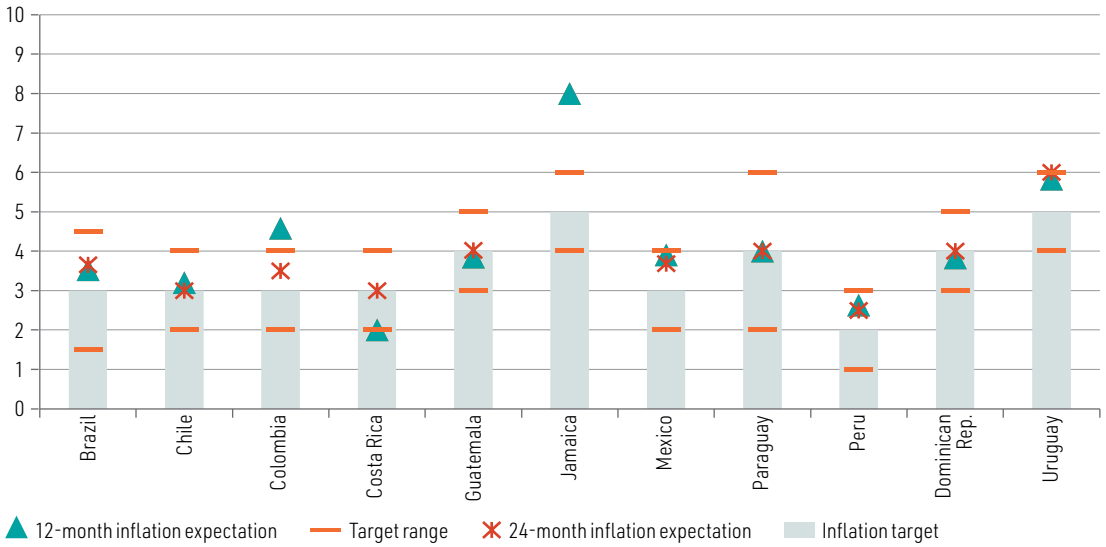
The correct policy mix depends on the type of shock faced and on country characteristics: for example, its integration into the international financial system, the level of development of the financial system, the depth of the foreign exchange market, debt levels and composition, and the stance and its coordination with fiscal policy.

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures; ECLAC, *Economic Survey of Latin America and the Caribbean, 2020* (LC/PUB.2020/12-P), Santiago, 2020; ECLAC, *Economic Survey of Latin America and the Caribbean, 2023* (LC/PUB.2023/11-P/Rev.1), Santiago, 2023; International Monetary Fund (IMF), "Toward an integrated policy framework", *IMF Policy Paper*, No. 2020/046, Washington, D.C., 2020; C. D. Romer and D. H. Romer, "A new measure of monetary shocks: derivation and implications", *American Economic Review*, vol. 94, No. 4, September 2004; O. Jordà, "Estimation and inference of impulse responses by local projections", *American Economic Review*, vol. 95, No. 1, March 2005; and L. Brandao-Marques and others, "Monetary policy transmission in emerging markets and developing economies", *IMF Working Paper*, No. WP/20/35, Washington, D.C., IMF, 2020.

[a] Following the methodology proposed by Romer and Romer (2004), monetary shocks were identified on the basis of specific Taylor rules for Chile, Mexico and Peru, including issues such as dollarization and international reserve management. Subsequently, using local projections (Jordà, 2005), impulse-response functions of inflation to monetary shocks were estimated, in which, as noted by Brandao-Marques and others (2020), monetary shocks interact with exchange-rate variations. The coefficients of the impulse-response functions obtained were accumulated for 24 months, thus approximating their medium-term effect on inflation.

Figure I.70 compares the most recent 12-month and 24-month inflation expectations with inflation targets. It shows that in Chile, Costa Rica, Guatemala and Paraguay, inflation expectations over the monetary policy horizon (24 months) are very close to the target. For Brazil, Mexico, Peru and Uruguay, although inflation expectations are within the tolerance ranges, they are still above the targets even at 24 months. Finally, in Colombia and Jamaica, the 12-month expectations are still above the tolerance ranges. In Colombia's case, the 24-month expectations are within the tolerance range but still above the 3% annual inflation target.

Figure I.70
Latin America and the Caribbean (11 countries): inflation targets and 12- and 24-month inflation expectations, May 2024
(Percentages)



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

7. Regardless of when the rate reduction cycle began, monetary policy stances remain restrictive

The trend in real-term monetary policy rates shows that, despite the recent reductions, the monetary policy stance in all the inflation-targeting countries remains restrictive, with real rates higher than those observed before the pandemic (see figure I.71).[1]

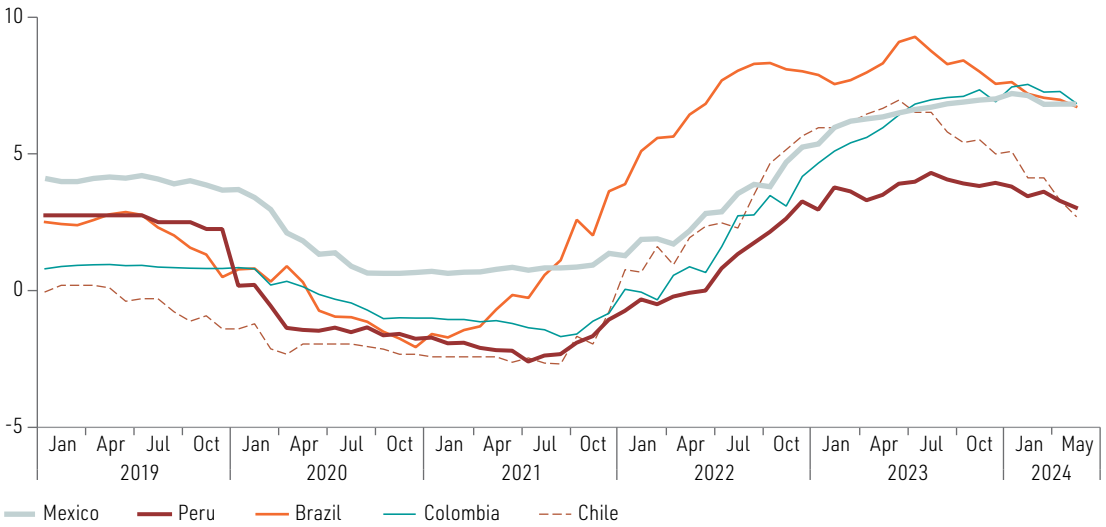
In the case of Chile, where the largest real-term decrease can be observed —from an accrued total of 4.26 percentage points between June 2023 and May 2024, to 2.71% in real terms— the current policy rate is still well above the central bank's estimated natural real-term interest rate of 1.1% (Central Bank of Chile, 2023). The available information indicates a similar situation in other countries with real-term policy rate reductions. In Colombia and Mexico, the recent reductions in nominal policy rates are on account of adjustments to maintain the stance in the face of declining inflation forecasts rather than a loosening of the policy stance.

In Guatemala, where the monetary policy rate has remained constant at a nominal 5% since April 2023, the decline in inflation expectations has led to a rebound in the rate in real terms since the beginning of 2023, and an upward trend was maintained until May 2024, when the real rate stood at around 1%.

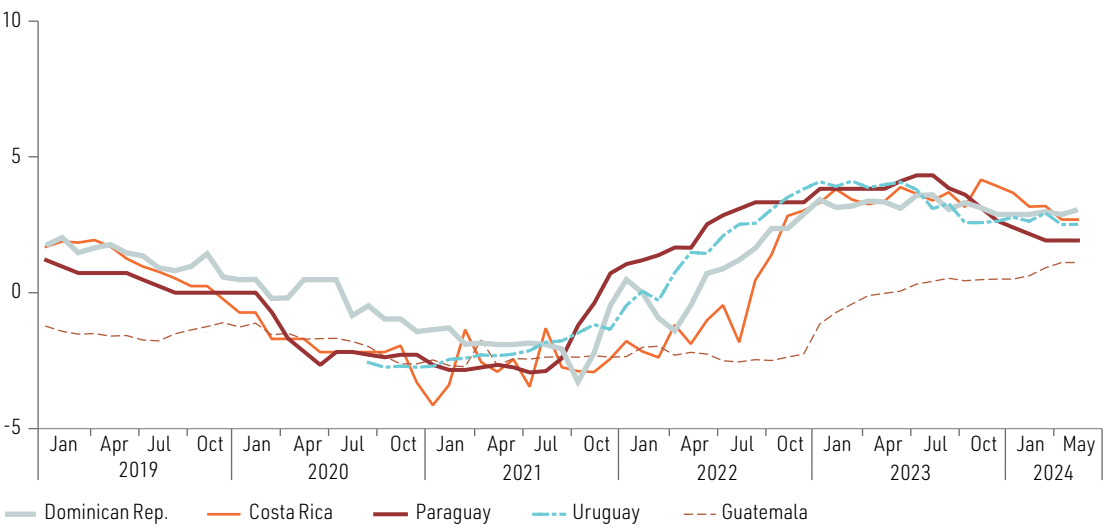
[1] Real rates are calculated by deflating nominal monetary policy rates by 12-month inflation expectations.

Figure I.71
Latin America and the Caribbean (10 countries): real-term monetary policy rates, January 2019–May 2024
(Percentages)

A. Countries with consolidated inflation-targeting regimes



B. Countries with recently adopted inflation-targeting regimes



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
Note: Real rates are calculated by deflating the nominal monetary policy rates by 12-month inflation expectations for each country.

Similar to the experiences of the inflation-targeting countries, at the regional level the median growth rate of the monetary base —which decelerated sharply throughout 2021 and 2022— has stabilized at a year-on-year figure of around 5% (see figure I.72). Between country groupings, however, the behaviour has not been uniform. While the median growth rate of the monetary base in countries with exchange-rate and monetary-aggregate targets has accelerated, reaching a year-on-year figure of close to 25% at the end of the first quarter of 2024, monetary base growth in countries with fixed exchange rates —which actually contracted in mid-2023— has stagnated since the last quarter of 2023.

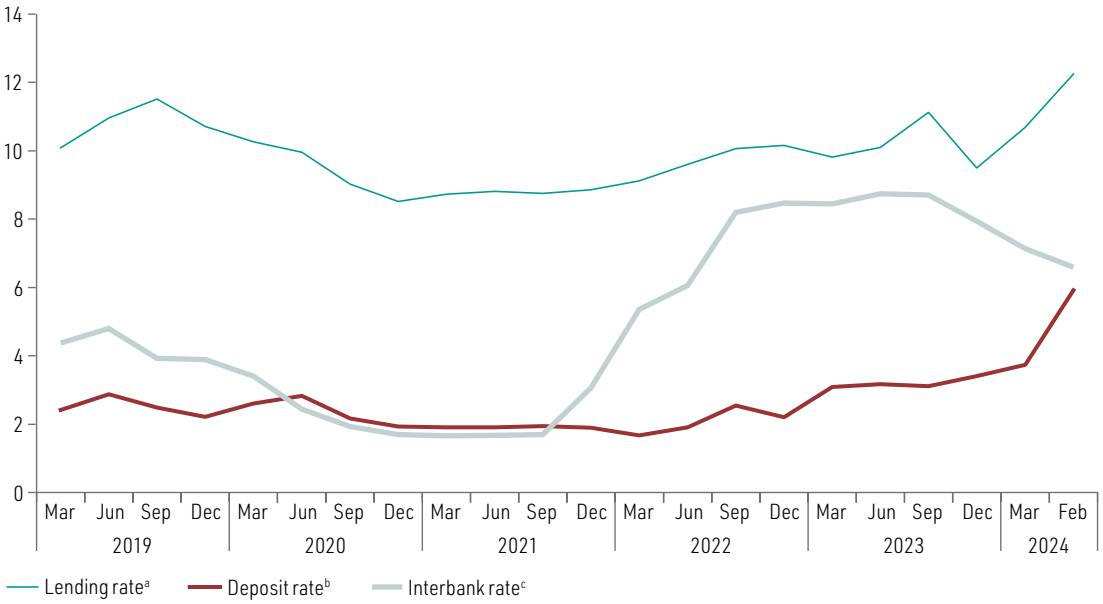
Figure I.72
Latin America and the Caribbean (23 countries): variations in monetary base, median by country grouping, January 2019–March 2024
(Percentages)

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] The Bahamas, Barbados, Belize, Ecuador, El Salvador and Panama.
[b] Guyana, Honduras, Nicaragua, the Plurinational State of Bolivia and Trinidad and Tobago.
[c] Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Guatemala, Jamaica, Mexico, Paraguay, Peru and Uruguay.

8. In this context, bank interest rates in the region remained on the rise

The median of the region's representative lending rates rose by 112 basis points between June 2023 (11.1%) and February 2024 (12.2%), driven by perceptions of higher credit risk in some countries. Over the same period, the median deposit rate rose by 281.5 basis points to 5.9% (see figure I.73). In contrast, during that period, the median nominal interbank rate fell from 8.7% to 6.6%. Two factors explain that performance: first, once the effects of the failure of regional banks in the United States and of Credit Suisse in Switzerland had dissipated, local banks faced less liquidity risk. Second, given that in many cases deposit rates were below interbank rates, raising funds from the public became a less onerous source of funding for financial institutions. Lastly, given that deposit rates were higher than lending rates, the intermediation margin fell, according to the available data, from 14.8% in September 2023 to 14.2% in December 2023; this, as discussed below, has had a negative impact on bank profitability.

Figure I.73
Latin America and the Caribbean (22 countries): representative bank interest rates, March 2019–February 2024
(Median of nominal rates in percentages)

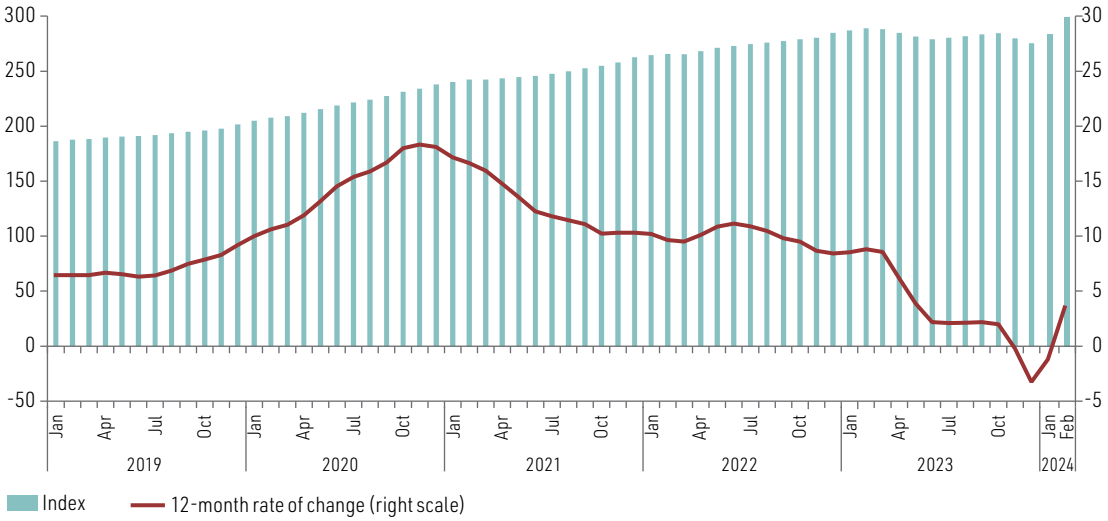


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Argentina, the Bahamas, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Honduras, Jamaica, Nicaragua, Panama, Paraguay, Peru, the Plurinational State of Bolivia, Suriname, Trinidad and Tobago and Uruguay.
[b] Argentina, the Bahamas, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, the Plurinational State of Bolivia, Suriname and Uruguay.
[c] Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, Guatemala, Honduras, Jamaica, Mexico, Paraguay, Peru, the Plurinational State of Bolivia, Suriname and Trinidad and Tobago.

9. In February 2024, public deposits in the financial system recovered after contracting in the second half of 2023

After contracting in the second half of 2023, deposits recovered over the first two months of 2024, encouraged by higher increases in deposit rates and greater-than-expected economic activity (see figure I.74). Thus, the 12-month moving average of the rate of change went from -3.3% in December 2023 to 3.5% in February 2024. Broken down by deposit types according to term, the sharpest increases in deposit interest rates at longer terms benefited fixed-term deposits in the first two months of 2024; foreign currency deposits followed in second place. The recomposition of savings by currency type was driven by the considerable nominal depreciations against the dollar that occurred in several of the region's economies.

Figure I.74
Latin America and the Caribbean (21 countries):[a] total deposits in financial system[b] and 12-month rates of change, January 2019–February 2024
(Index: 2010–2012 = 100 and percentages)



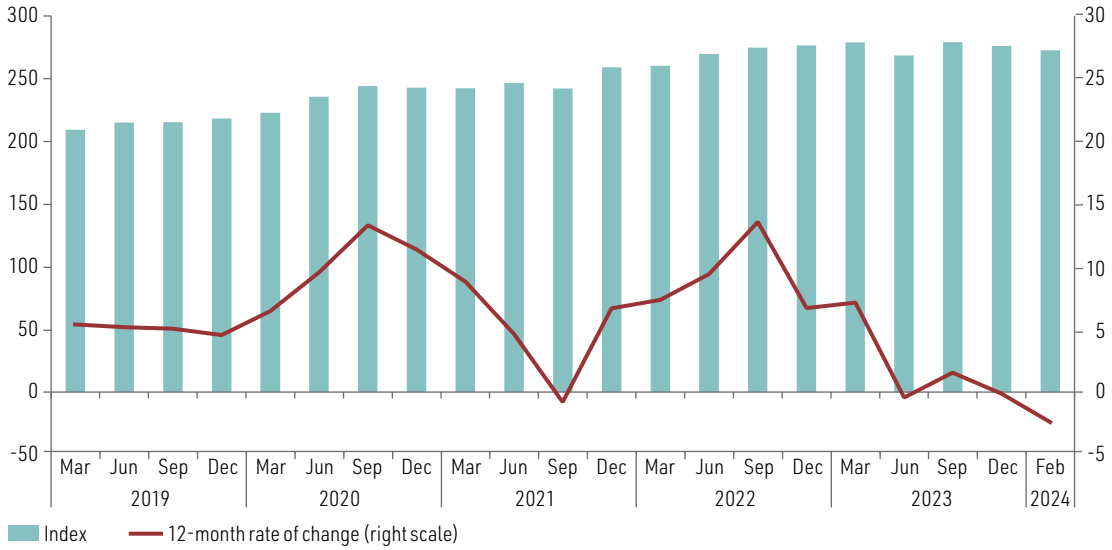
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Antigua and Barbuda, Argentina, Brazil, Chile, Colombia, Costa Rica, Dominica, Dominican Republic, Ecuador, El Salvador, Guatemala, Jamaica, Mexico, Paraguay, Peru, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname, Trinidad and Tobago and Uruguay.
[b] The aggregate index consists of the median of individual subindices for 21 of the region's countries, constructed from the 2010–2012 base financial cycle. For details on its construction, see ECLAC, *Preliminary Overview of the Economies of Latin America and the Caribbean, 2023* (LC/PUB.2023/22-P), Santiago, 2023, box VII.1.

10. At the same time, net domestic credit has been contracting since the fourth quarter of 2023

As shown in figure I.75, the region's net domestic credit index registered negative nominal year-on-year variations of 0.1% in December 2023 and 2.4% in February 2024. This contraction was due, in part, to the lagged effect of the restrictive monetary policy on the credit channel. At the same time, expectations in the second half of 2023 regarding a possible rate reduction by the United States Federal Reserve and a soft landing for the global economy translated into greater access to external financing and a reduction in risk premiums, which led to a partial substitution of domestic for external credit.

In February 2024, credit extended to the public sector recorded a year-on-year variation of -0.7%, the result of lower public investment and of greater access to external financing, as evidenced by the 41% increase in the volume of sovereign issues during 2023 (ECLAC, 2024b). Private sector credit growth slowed from 10.7% in July 2023 to 1.8% in February 2024 on account of higher interest rates, more stringent access conditions and the increase in corporate issues on international markets.

Figure I.75
Latin America and the Caribbean (18 countries):[a] net domestic credit[b] and 12-month rates of change, March 2019–February 2024
(Index: 2010–2012 = 100 and percentages)



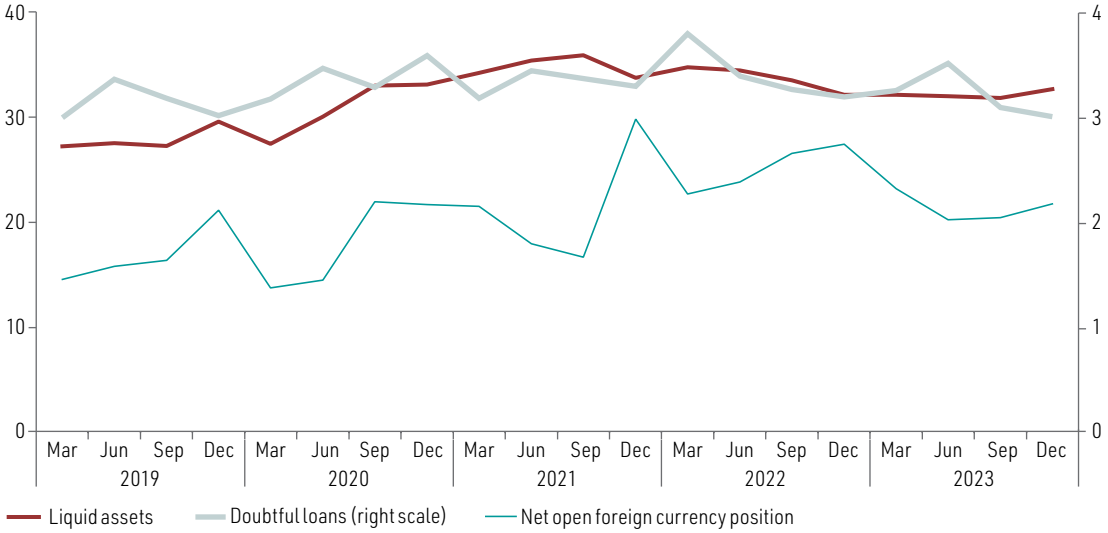
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Antigua and Barbuda, Argentina, Barbados, Belize, Brazil, Dominican Republic, El Salvador, Grenada, Guatemala, Guyana, Paraguay, Peru, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname, Trinidad and Tobago and Uruguay.
[b] The aggregate index consists of the median of individual subindices for 18 of the region's countries, constructed from the 2010–2012 base financial cycle. For details on its construction, see ECLAC, *Preliminary Overview of the Economies of Latin America and the Caribbean, 2023* (LC/PUB.2023/22-P), Santiago, 2023, box VII.1.

11. Credit risk is down, as is bank profitability, while exposure to foreign exchange risk has increased owing to local currency depreciations

During the third quarter of 2023, financial institutions saw their liquidity ratios[2] remain stable at around 31.9%, above the regulatory minimums (see figure I.76). The rise to 32.8% in the last quarter of 2023 was driven by the contraction in net domestic credit, which resulted in higher lendable funds. The ratio of non-performing loans as a proportion of the total portfolio, which peaked at 3.5% in June 2023, fell to 3.0% in December of that year. This was on account of credit rationing via interest rates, as well as the effect of higher requirements for access to financing and better monitoring and supervision practices, which likely reduced the probability of adverse selection. The net open position in foreign currency rose from 31.9% in September 2023 to 32.8% in December 2023, indicating that banks are dollarizing more than savers, thus increasing their mismatches and exposure to foreign exchange risk. This behaviour is mainly due to the depreciation of local currencies against the dollar, especially in the fourth quarter of 2023. Bank profitability reached its highest level since 2012 in September 2023, thanks to rising lending rates and the limited materialization of credit risk (see figure I.77). Although a slight downward correction was seen in the last quarter of 2023, reflecting the slowdown in the private sector portfolio and the higher prices for loanable funds, bank capitalization remained stable in the second half of that year.

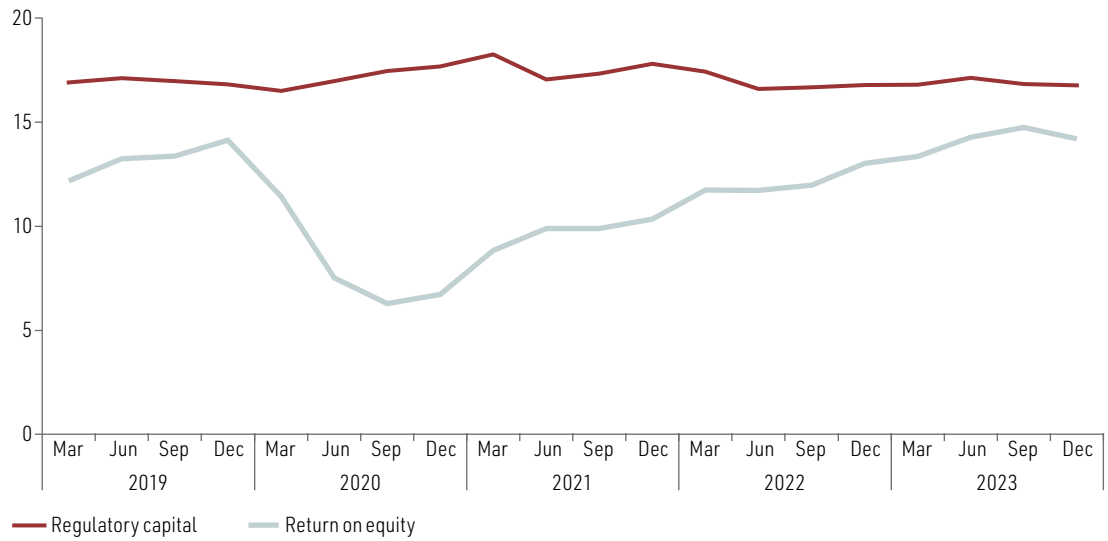
[2] Ratio of liquid assets to total assets.

Figure I.76
Latin America and the Caribbean (29 countries):[a] regional indicators of risks to banking sector stability, March 2019–December 2023
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Does not include the Bolivarian Republic of Venezuela, Cuba, Ecuador or Haiti because of lack of information.

Figure I.77
Latin America and the Caribbean (29 countries):[a] profitability and solvency of the region's banking systems, March 2019 to December 2023
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Does not include the Bolivarian Republic of Venezuela, Cuba, Ecuador or Haiti.

12. In order to improve risk management capacity, the monetary authorities of several of the region's countries increased their capital requirements

In November 2023, the Central Bank of Brazil modified the way it calculates the capital requirement for operational risk. The new methodology has two components: an indicator of potential losses for the industry as a whole, and an individual indicator intended to detect potential broad-spectrum and contagion effects. The changes also broaden the coverage of financial system entities in the capital analysis by including conglomerates in the prudential regulation. Lastly, the Financial Stability Committee decided to maintain its countercyclical capital buffer at 0, as it did not detect a higher-than-expected materialization of risks.

In turn, the Central Bank of Chile increased both the level and quality of required capital by giving greater weight to effective equity and restricting the use of subordinated bonds, in order to mitigate the consequences of increasingly frequent extreme shocks that translate into increased market and operational risks. Core capital levels rose from between 9% and 10% to 11.8% in February 2024. At the same time, in order to increase the profitability of pension and severance funds and to diversify their investment portfolios, in April 2024 the central bank raised the investment ceiling on alternative assets —such as private debt and real estate— to 3%.

In Colombia, the Bank of the Republic focused on the timely provision of liquidity. In light of the term funding pressures faced by the banking system in the second half of 2023, the monetary authority auctioned repurchase agreements (repos) with 90- and 180-day government debt in August and September, which was complemented with purchases of treasury securities throughout 2023.

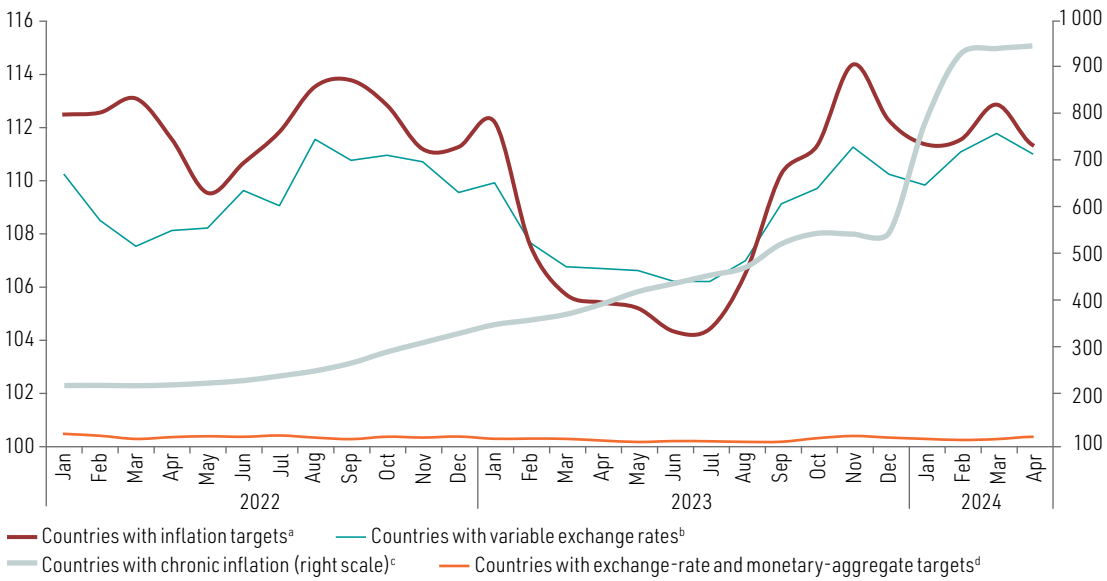
In mid-2023, Mexico's central bank expanded the range of counterparts with which financial institutions may conduct credit default and total return derivative transactions, in order to diversify credit risk among market participants. Requirements were also introduced for the constitution of better-quality capital in order to increase the financial sector's soundness in the face of market risks, restricting the type of assets receivable as collateral to those that can preserve their cash flows. Lastly, regulations were enacted for the holding of syndicated auctions of government securities framed by social, environmental and corporate governance criteria, to encourage the development of markets for sustainable financial instruments.

In September 2023, the Central Reserve Bank of Peru completed the portfolio rescheduling initiative that it started during the pandemic. Microenterprises and large companies had the highest repayments, while small and medium-sized companies benefited from additional grace periods. In this way, the credit risk that arose during the pandemic was mitigated and the computation of arrears was regularized. Peru also raised its regulatory capital requirements to reduce the effects of potential risks to financial stability. However, the deadline for complying with the measure was recently extended in order to avoid putting too much pressure on the banking system. The minimum requirement will rise from 9.5% in September 2024 to 10% in March 2025. In addition, in March 2024, the seventh early withdrawal of funds from pension fund administrators was approved, which may have a negative impact on the stability of banks' loanable funds.

13. Lower global financial uncertainty in 2023 than in 2022 translated into a slower pace of nominal exchange-rate depreciation and lower volatility in the region

In the first half of 2023, the nominal exchange rate of the region's countries reported smaller variations than those observed at the end of 2022, influenced by fluctuations in the dollar, which in general showed a global trend towards appreciation that was also evident in the region. That trend began to reverse in the second half of 2023, as a result of the reductions in monetary policy rates by the central banks of those countries with inflation targets, which translated into lower spreads with respect to United States interest rates, with the effect of depreciating those countries' currencies, which have flexible exchange rates (see figure I.78).

Figure I.78
Latin America and the Caribbean (20 countries): nominal exchange rate, median by country grouping, January 2022–April 2024
(Index: December 2019 = 100)

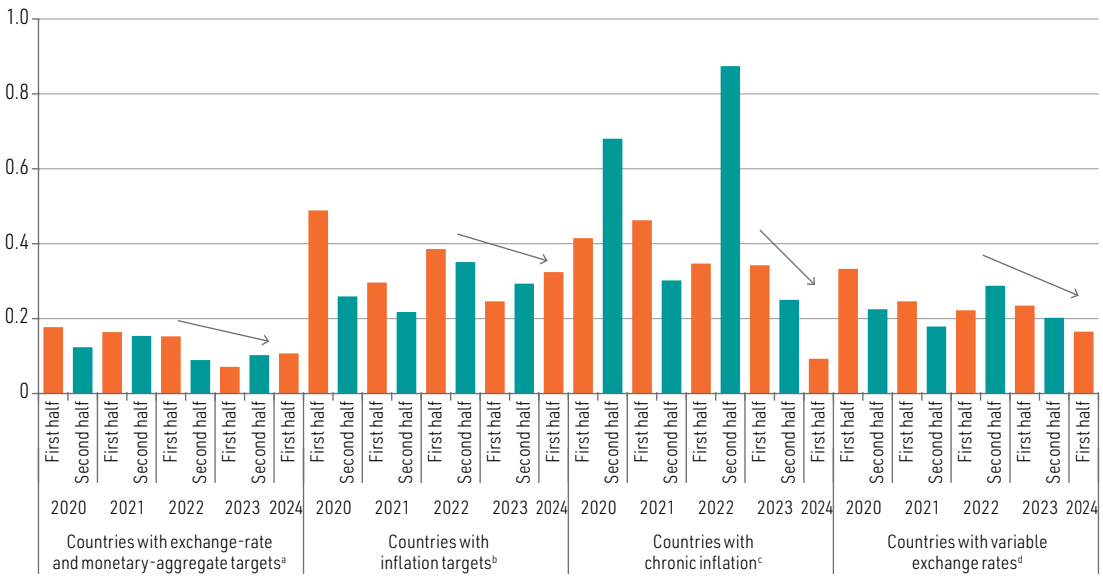


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Guatemala, Honduras, Jamaica, Mexico, Paraguay, Peru and Uruguay.
[b] The Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Guatemala, Guyana, Honduras, Jamaica, Mexico, Nicaragua, Paraguay, Peru, the Plurinational State of Bolivia, Suriname, Trinidad and Tobago and Uruguay.
[c] Argentina, the Bolivarian Republic of Venezuela, Haiti and Suriname.
[d] Guyana, Nicaragua, the Plurinational State of Bolivia and Trinidad and Tobago.

Once the uncertainty about the possible movements of the region's monetary authorities and the United States Federal Reserve was resolved, some stability was seen in the currencies of the inflation-targeting countries. The exception within the group is Costa Rica, where the nominal exchange rate has shown a persistent appreciation since the second half of 2023 because of the abundance of dollars from increased exports and tourism. Similar behaviour to that of the inflation-targeting countries was seen among the countries with exchange-rate and monetary-aggregate targets. Meanwhile, in those countries with chronic inflation, there were strong depreciations in the final quarter of 2024, as a result of the trend —driven by internal factors— in the exchange rate in Argentina and the Bolivarian Republic of Venezuela.

Lower uncertainty in the financial and money markets enabled exchange-rate volatility to decrease in 2023 compared to 2022, a pattern of behaviour that has generally been maintained in 2024 (see figure I.79). However, increases in volatility were observed over short periods in the fourth quarter of 2023 and the first quarter of 2024, mainly on account of the conflict in the Middle East.

Figure I.79
Latin America and the Caribbean (20 countries): nominal exchange-rate volatility, quarterly average of daily variations, median by country grouping, first half of 2020–first half of 2024
(Percentages)

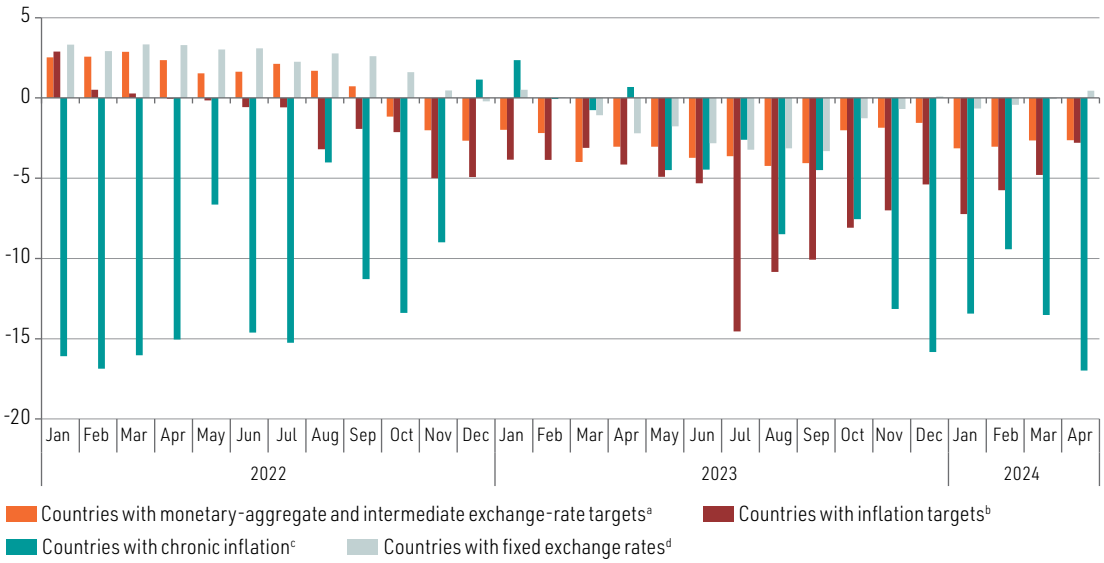


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Guyana, Honduras, Nicaragua, the Plurinational State of Bolivia and Trinidad and Tobago.
[b] Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Guatemala, Jamaica, Mexico, Paraguay, Peru and Uruguay.
[c] Argentina, the Bolivarian Republic of Venezuela, Haiti and Suriname.
[d] Antigua and Barbuda, the Bahamas, Barbados, Belize, Dominica, Ecuador, El Salvador, Grenada, Panama, Saint Kitts and Nevis, Saint Lucia and Saint Vincent and the Grenadines.

14. Despite the depreciation of the nominal exchange rate, the extraregional real effective exchange rate continues to appreciate in the region

In Latin America and the Caribbean, the appreciation of the extraregional real effective exchange rate seen since the second half of 2022 has continued. With the exception of those countries with chronic inflation, the depreciation in the nominal exchange rate observed since the second half of 2023 has only resulted in a reduction in the pace of the year-on-year appreciation (see figure I.80).

Figure I.80
Latin America and the Caribbean (32 countries): year-on-year variation in extraregional real effective exchange rate, median by country grouping, January 2022–April 2024
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Guyana, Honduras, Nicaragua, the Plurinational State of Bolivia and Trinidad and Tobago.
[b] Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Guatemala, Jamaica, Mexico, Paraguay, Peru and Uruguay.
[c] Argentina, the Bolivarian Republic of Venezuela, Haiti and Suriname.
[d] Antigua and Barbuda, the Bahamas, Barbados, Belize, Dominica, Ecuador, El Salvador, Grenada, Panama, Saint Kitts and Nevis, Saint Lucia and Saint Vincent and the Grenadines.

In the countries with chronic inflation, the effects of internal inflation remain more acute than those of external inflation, which has been consistently decreasing and reaching levels well below the peaks observed in 2022. In those countries with targets for inflation and for exchange rates and monetary aggregates, while inflation continued to fall, it remains higher than that of their trading partners, particularly the United States, Europe and China. The region's falling inflation suggests that real appreciation compared to its extraregional partners will decrease and could even turn into depreciation. This effect can already be seen in the region's countries with fixed exchange rates, since their inflation is generally lower than that of those trading partners.

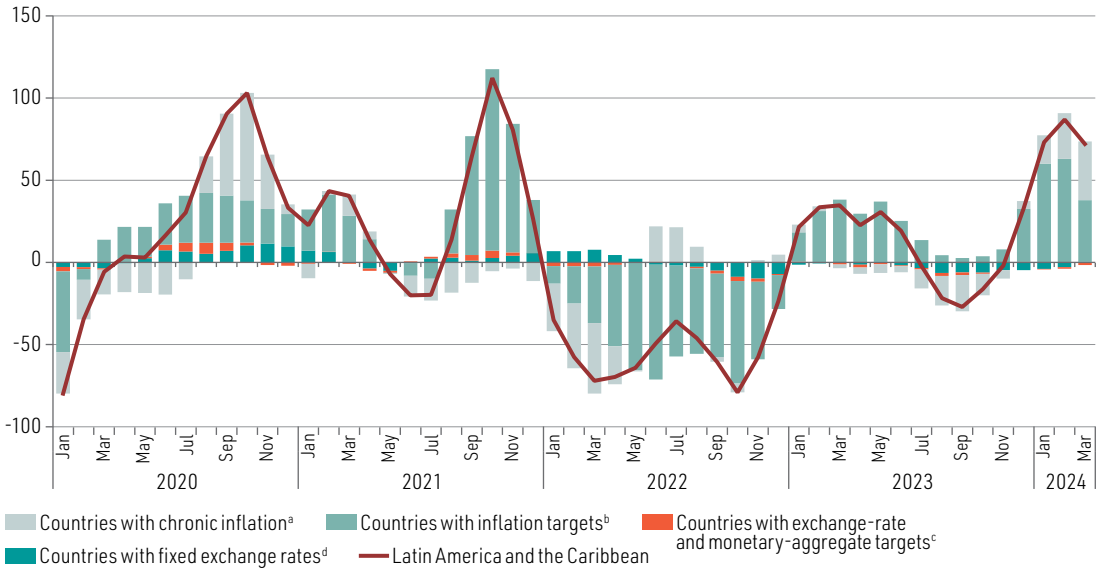
15. Net international reserve balances, after remaining relatively constant in 2023, rose in the first months of 2024

After falling from US$ 830 billion at the end of 2021 to US$ 774.1 billion at the end of 2022, the net international reserve stock remained relatively stable during 2023 and showed a slight rebound towards the end of the year; that trend continued, with a total of US$ 812.3 billion at the close of the first quarter of 2024.

However, behaviour patterns between different country groupings have not been uniform (see figure I.81). Although there have been fluctuations throughout the period, since the beginning of 2023 the inflation-targeting countries have continued to accumulate net international reserves, with the total rising from US$ 750 billion in December 2022 to US$ 790.3 billion in March 2024. In contrast, both the countries with fixed exchange rates and those with targets for the exchange rate and monetary aggregates have reported drops in their net international reserve holdings: from US$ 23.2 billion in

December 2022 to US$ 19.4 billion in March 2024 among the countries with fixed exchange rates, and from US$ 22.5 billion in December 2022 to US$ 20.5 billion in March 2024 among the countries that target the exchange rate and monetary aggregates. At the same time, in the countries of the chronic inflation group, whose behaviour largely mirrors developments in Argentina, the balance of net international reserves, after persistent reductions throughout 2023, has started to recover in 2024, rising from -US$ 29.5 billion in December 2023 to -US$ 17.8 billion in March 2024.

Figure I.81
Latin America and the Caribbean (32 countries): three-month average changes in net international reserves, January 2020–March 2024
(Billions of dollars)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Argentina, the Bolivarian Republic of Venezuela, Haiti and Suriname.
[b] Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Guatemala, Jamaica, Mexico, Paraguay, Peru and Uruguay.
[c] Guyana, Honduras, Nicaragua, the Plurinational State of Bolivia and Trinidad and Tobago.
[d] Antigua and Barbuda, the Bahamas, Barbados, Belize, Dominica, Ecuador, El Salvador, Grenada, Panama, Saint Kitts and Nevis, Saint Lucia and Saint Vincent and the Grenadines.

16. The future conduct of monetary policy will be shaped by external factors, including the policy stance of the United States, and domestic factors, including each country's cyclical position

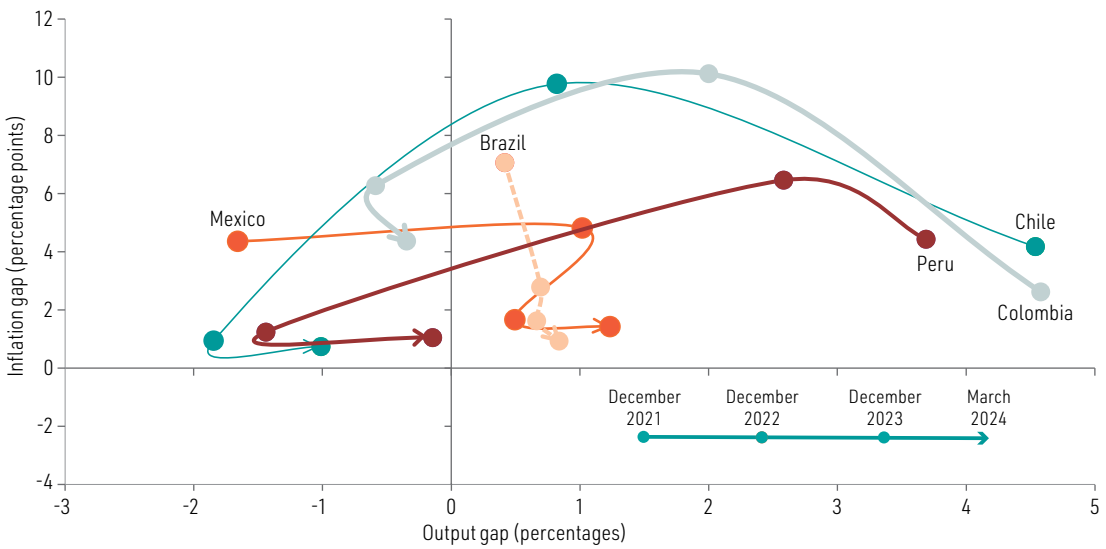
The convergence of inflation towards the targets and the relative strength of the anchoring of medium-term inflation expectations have allowed the region's monetary authorities to begin to relax their policy stances; they do, however, remain restrictive. Although the outlook for the rest of the year is for this trend to continue, several external and domestic factors will determine how monetary policy is conducted.

On the external front, some developed countries' central banks recently began to reduce their policy rates. According to the latest available information, however, the region's main benchmark, the United States Federal Reserve, is expected to reduce its rate only marginally on one occasion in the second half of 2024. This would limit the policy space available in the region, especially for those countries where the differential with respect to the United States rate has led to pressures on the exchange

rate. Likewise, given the current complex geopolitical situation and the prospect of an increase in the frequency of extreme weather events, the possibility of episodes of commodity price volatility that could translate into inflationary spikes cannot be ruled out.

At the national level, the conduct of monetary policy will depend on, among other factors, each country's cyclical position. Figure I.82 shows the combined trend in the output and inflation gaps of the region's five largest inflation-targeting economies. Over the course of 2023, inflation levels in Chile and Peru declined rapidly towards the targets, while the output gap closed at slightly below its long-term trend by the end of the first quarter of 2024. Given this situation, the two countries have, in principle, more room to relax their monetary policy stances over the coming months. In Brazil and Mexico, in contrast, although there is also some convergence towards the inflation targets —albeit more gradual in the case of Mexico— there is at the same time a trend towards a widening of the output gap; thus, an early loosening of the policy stance could generate a stimulus for economic activity that might rekindle inflationary pressures in the context of the observed persistence of core inflation in both countries. The situation in Colombia is more complex: although the data indicate that the output gap has closed and is slightly below the long-term trend, inflation is still more than 4 percentage points above its target.

Figure I.82
Latin America (selected countries): output and inflation gaps, December 2021–March 2024
(Percentages and percentage points)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
Note: The output gap is calculated as the percentage difference between the level of each country's monthly economic activity indicator and its long-term trend. The inflation gap is calculated as the percentage-point difference between actual inflation and each country's inflation target.

F. Economic outlook for Latin America and the Caribbean in 2024 and 2025

1. The Latin American and Caribbean region is expected to remain on a low-growth path in 2024 and 2025

Economic growth in Latin America and the Caribbean will remain low in 2024, at an average rate of 1.8%. In 2025, growth is expected to be 2.3% (see table I.8). This weak growth in 2024 will occur across all the subregions, at 1.5% in South America, 2.2% in Central America and Mexico, and also 2.6% in the Caribbean (not including Guyana). The upturn projected in 2025 will reflect, in particular, projected growth of 2.4% in South America, while economic activity will continue to slip in the other subregions, at projected rates of 1.9% in Central America and Mexico, and 2.3% in the Caribbean (not including Guyana).

Table I.8
Latin America and the Caribbean: GDP growth and projections, 2022–2025
(Percentages and percentage points)

	GDP growth rate *(Percentages)*				Yearly-on-year variation *(Percentage points)*	
	2022	2023	2024	2025	2023/2024	2024/2025
Latin America and the Caribbean	**4.0**	**2.2**	**1.8**	**2.3**	**-0.3**	**0.5**
Latin America	**3.9**	**2.1**	**1.7**	**2.3**	**-0.3**	**0.5**
South America	**3.9**	**1.6**	**1.5**	**2.4**	**-0.1**	**1.0**
Argentina	5.3	-1.6	-3.6	4.0	-2.0	7.6
Bolivia (Plurinational State of)	3.6	3.1	1.7	2.2	-1.4	0.5
Brazil	3.0	2.9	2.3	2.1	-0.6	-0.3
Chile	2.1	0.2	2.6	2.3	2.4	-0.3
Colombia	7.3	0.6	1.3	2.6	0.7	1.3
Ecuador	6.2	2.4	1.8	1.6	-0.6	-0.2
Paraguay	0.2	4.7	3.8	3.6	-0.9	-0.2
Peru	2.6	-0.6	2.6	2.5	3.2	-0.1
Uruguay	4.7	0.4	3.6	2.6	3.2	-1.0
Venezuela (Bolivarian Republic of)	12.0	3.0	5.0	3.0	2.0	-2.0
Central America	**4.6**	**3.1**	**3.1**	**3.1**	**0.0**	**0.0**
Central America and Mexico	**3.9**	**3.2**	**2.2**	**1.9**	**-0.9**	**-0.3**
Costa Rica	4.6	5.1	4.0	3.8	-1.1	-0.2
Cuba	1.8	-1.0	0.5	1.0	1.5	0.5
Dominican Republic	4.9	2.4	5.2	4.5	2.8	-0.7
El Salvador	2.8	3.5	3.5	3.1	0.0	-0.4
Guatemala	4.2	3.5	3.4	3.2	-0.1	-0.2
Haiti	-1.7	-1.9	-3.0	-0.5	-1.1	2.5
Honduras	4.1	3.6	3.8	3.6	0.2	-0.2
Mexico	3.7	3.2	1.9	1.4	-1.3	-0.5
Nicaragua	3.8	4.6	3.7	3.2	-0.9	-0.5
Panama	10.8	7.3	2.7	3.3	-4.6	0.6

	GDP growth rate *(Percentages)*				Yearly-on-year variation *(Percentage points)*	
	2022	2023	2024	2025	2023/2024	2024/2025
The Caribbean	**12.8**	**9.1**	**8.4**	**6.3**	**-0.7**	**-2.1**
The Caribbean (excl. Guyana)	**6.0**	**2.9**	**2.6**	**2.3**	**-0.3**	**-0.3**
Antigua and Barbuda	9.5	3.9	6.3	4.8	2.4	-1.5
Bahamas	10.8	2.6	2.3	1.8	-0.3	-0.5
Barbados	13.5	4.9	3.7	2.8	-1.2	-0.9
Belize	8.7	4.8	4.1	3.3	-0.7	-0.8
Dominica	5.6	4.7	4.6	4.3	-0.1	-0.3
Grenada	7.3	3.6	4.1	3.7	0.5	-0.4
Guyana	63.3	39.2	29.2	17.8	-10.0	-11.4
Jamaica	5.2	2.1	1.8	1.7	-0.3	-0.1
Saint Kitts and Nevis	10.5	2.3	3.0	2.7	0.7	-0.3
Saint Lucia	18.2	3.4	3.4	2.0	0.0	-1.4
Saint Vincent and the Grenadines	7.2	6.0	4.7	4.6	-1.3	-0.1
Suriname	2.4	2.0	2.4	2.7	0.4	0.3
Trinidad and Tobago	1.5	2.7	2.4	2.2	-0.3	-0.2

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
Note: The calculations refer to constant figures at 2018 prices. GDP growth rates for 2024 and 2025 are projections.

Given recent performance, the region's modest economic growth remains conditioned by an uncertain external scenario, with persistent inflation and high international interest rates precluding the moderation of inflation patterns, while the scale and speed of monetary policy easing in the main advanced countries is tending to undermine global growth and keep financial conditions tight. Weak external demand is exacerbated by escalating geopolitical and trade tensions amid intensifying extreme climatic conditions. On the domestic front, inflationary pressures, including in food prices, are eroding household purchasing power. The restrictive monetary policy stance is weighing on domestic demand and on already low investment in particular, and compounded by limited fiscal policy space constrained by more burdensome public debt service. The resulting low labour productivity and weak formal job creation, added to slacker external demand, are keeping the region in a low-growth trap.

2. The external environment remains challenging amid a slowing of external demand and of growth in the region's main trading partners

Table I.9 highlights the recent evolution and projections for 2024 and 2025 of a number of external indicators that have the greatest impact on the region's economic outlook over the next two years. The external context remains challenging as great uncertainty remains amid weakening external demand, global inflation patterns and the impact of a longer-than-expected period of high interest rates.

Uncertainty over the extent of the economic slowdown in the region's main trading partners may significantly impact the region's exports and economic activity. GDP growth in this group of countries is estimated at around 2.7% in 2024, similar to the rate for 2023, slowing to 2.4% in 2025 (see table I.9). In addition, growth projections for the United States, the region's main trading partner, point to a GDP

slowdown of around 1.9% in 2025, owing in part to the lagged investment effects of a historically high interest rate, along with an emerging decline in personal consumption expenditure. Growth prospects in China, the region's second-largest trading partner, point to GDP growth slowing to 4.5% in 2025, depending on the momentum created by the country's countercyclical macroeconomic policies, including the lowering of the preferential lending rate at end-2021, the manufacturing investment strategy and the adoption of specific fiscal and macroprudential measures. In the eurozone, the latest projections by the European Central Bank place annual GDP growth at 1.4% in 2025. Given the weaker drive from external demand by advanced economies, policymaking may seek to boost intraregional demand over the medium term, given that trade within the region is significant, representing 15.1% of exports and 15.6% of imports by value in 2023. This ties in with active employment policies that support investment and productivity to boost labour participation in strategic sectors with high value added, as will be discussed in the second part of this document.

Table I.9
Recent evolution of external context and projections, 2023–2025
(Percentages)

External conditions (selected indicators)	2023 Q4	2024 Q1	2023	2024[a]	2025[a]
GDP growth at constant prices					
Global growth	0.3	0.7	3.3	3.2	3.3
Advanced economies[b]	0.4	0.4	1.7	1.7	1.8
Region's main trading partners[c]	1.1	2.0	2.6	2.7	2.4
Foreign trade					
Global growth of goods exports	1.4	2.5	-4.6	2.8	3.3
Global growth of goods imports	-0.5	-0.3	-5.7	2.8	3.2
Inflation					
Global inflation	9.0	8.1	10.5	5.9	4.4
Advanced economies[b]	3.1	2.7	3.0	2.1	1.9
Region's main trading partners[c]	7.1	9.8	8.1	6.4	3.3
Benchmark interest rate					
Advanced economies		**2022[d]**	**2023**	**2024[a]**	**2025[a]**
United States		0.3	5.5	5.25	4.25
United Kingdom		0.10	4.25	4.75	3.75
Eurozone		0.0	4.5	3.75	2.5
Canada		0.3	5.0	4.0	3.0
Australia		0.1	4.4	4.1	3.1

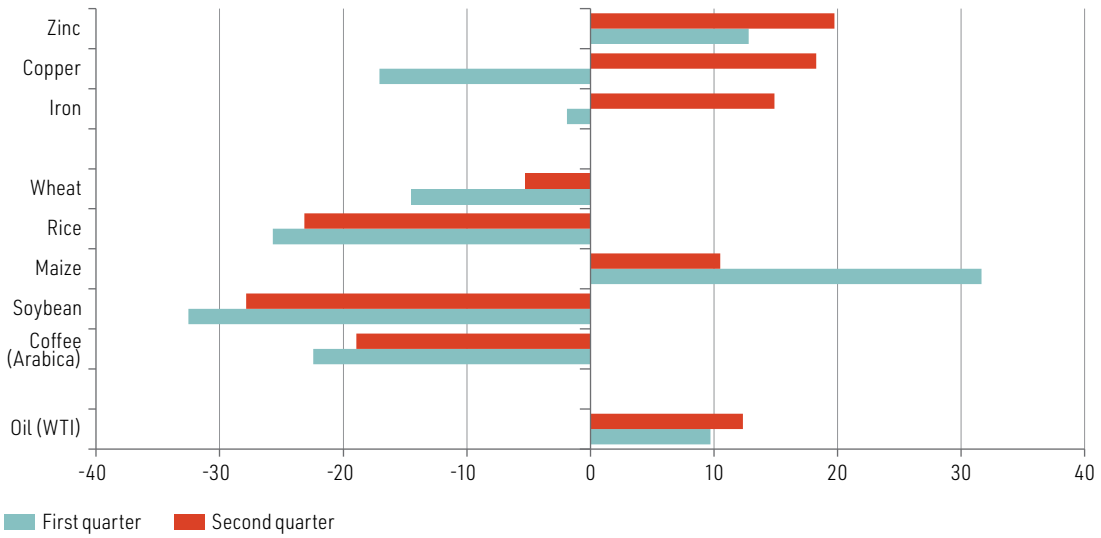
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of International Monetary Fund (IMF), "World Economic Outlook Databases" [online] https://www.imf.org/en/Publications/SPROLLs/world-economic-outlook-databases#sort=%40imfdate%20descending, UN Comtrade Database [online], and International Trade Centre (ITC) (for GDP growth); United Nations Conference on Trade and Development (UNCTAD), "Data centre" [online] https://unctadstat.unctad.org/datacentre/ and IMF, "World Economic Outlook Databases" (for foreign trade); IMF, "Consumer Price Index (CPI)" [online] https://data.imf.org/?sk=4ffb52b2-3653-409a-b471-d47b46d904b5&sid=1485878855236 (for inflation); and Trading Economics, "Interest rate" [online] https://tradingeconomics.com/country-list/interest-rate (for benchmark interest rate), and World Economic Outlook Update, July 2024 [online] https://www.imf.org/en/Publications/WEO/Issues/2024/07/16/world-economic-outlook-update-july-2024.

[a] Projections.
[b] Main advanced economies (Group of Seven (G7)).
[c] Weighted by the volume of international trade for the five-year period 2019–2023.
[d] Includes the period when monetary policy rates began to be raised.

3. An upward shift in commodity prices could produce a rebound in inflation

Concern over inflationary pressures could be revived by the recent increase in the price of certain food, metal and energy products such as oil (see figure I.83). Among the region's main imports and exports whose price projections suggest are being pressured upwards are crude oil and copper in particular, whose prices rose by 10% and 15%, respectively, between January and June 2024.

Figure I.83
Latin America and the Caribbean: year-on-year variation in international prices for main commodities, 2024
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of World Bank, "World Bank Commodities Price Data (The Pink Sheet)", 2 July 2024.

In this regard, the price of metals —particularly those critical to sustaining the energy transition— is expected to remain high over the coming years owing to increased demand and a concentration of supply and processing capacity in some countries. The largest price declines at the global level occurred in agricultural products. However, risks remain, mainly in relation to the increase in extreme weather conditions, which could result in a shortage in the global supply of agricultural goods. This would push prices up, as was seen in the unprecedented surge in the price of cacao in the first and second quarters of 2024: respectively, 158% and 168% year-on-year. Furthermore, conflicts in Ukraine and the Middle East, as well as trade tensions, including between the United States and China, still pose high risks to global supply chains, in addition to global shipping issues, which may impact freight costs.[1]

Although inflation has been declining lately, it is expected to remain high. The global inflation rate is projected to come to 5.9% in 2024 and 4.4% in 2025. In the case of the region's main trading partners, the projected data are for rates of 6.4% in 2024 and 3.3% in 2025. These projections are subject to risks linked to the rise in commodity prices, the impact of climate change and the geopolitical tensions mentioned earlier. Among the main concerns today are core inflation, which is tending to sit stubbornly above several central banks' inflation targets, and inflation in services, particularly in advanced countries; in emerging and developing economies, inflation is slower to decline, particularly for food and fuel products.

[1] According to Trading Economics (2024), the Containerized Freight Index –which covers current container shipping prices from major ports in China– has risen by 112% since 10 July 2024.

In this context, central banks remain cautious regarding the possible de-anchoring of inflation expectations and a high level of core inflation. In particular, much uncertainty remains in relation to generalized easing of monetary policy, as a result of the policy decisions of the Federal Reserve and the European Central Bank. Benchmark interest rates should thus remain high throughout the year and will likely be lowered in 2025. From this perspective, deferment of monetary policy easing will affect the behaviour of investment and productivity, while putting global growth at risk. Added to this are tight external financing conditions and rising debt service burdens.

4. With macroeconomic policy space limited, private consumption is expected to remain the principal driver of growth in the region

GDP growth will continue to be driven by private consumption in the region, while investment is being held down in a context of low growth, high inflation and high interest rates.

Low growth at the regional level limits tax collection capacity. This is in addition to the greater burden of debt service. As well as pressures on tax revenues, demand for investment spending continues to rise, particularly for climate change mitigation and adaptation and social protection.

Public debt service costs will continue to pose a major challenge in the years ahead, because they tend to divert much of the resources that are crucial to meet demand for education, health and sustainable infrastructure.

Responding to this challenge requires increasing tax revenues by making direct taxation more progressive and adopting wealth taxes, for example, while seeking efficiency gains in spending and budget allocation, and refraining from using public investment as the main adjustment variable.

On the monetary front, persistently high interest rates tend to adversely impact domestic demand and harm prospects for sustained growth. Added to this are concerns about financial stability, although the region's banking system appears resilient. High debt service costs reduce the financing capacity of households and businesses.

As advanced countries maintain a tight monetary policy stance, the interest rate spread is likely to trigger capital flight and push up exchange-rate volatility and currency depreciation. This would increase the cost of imports (especially of intermediate and capital goods) as well as the cost of external debt servicing. The balance-of-payments constraint may prevent central banks from embarking early on processes of interest rate cuts even if inflationary pressures are not as pressing as they were. Accordingly, a mix of policy tools will have to be found to respond to external disequilibria in such a way that keeps monetary policy focused on domestic price stability.

5. Job creation will tend to slow in 2024 and 2025, while gender gaps remain in the key labour market indicators

The Latin American and Caribbean economies have also seen their employment creation capacity decline, and it is estimated that by end-2024 the number of employed will be up by just 1.7%, 0.2 percentage points less than the employment growth produced in 2023 (1.9%). This weaker job creation will extend into 2025, when the number of employed is projected to grow again by 1.7%. Notably, in 2023, slow job creation was accompanied by an increase in the numbers of inactive people (1.8%) compared to the previous year, contrasting with year-on-year falls —of 5.9% and 1.5%, respectively— in this variable in 2021 and 2022. This rise in the number of those neither working nor actively seeking work translated into a drop in the regional participation rate, from 62.7% in 2022 to 62.5% in 2023. Although that rate is expected to improve in 2024 and 2025, to 62.6% and 62.8%,

respectively, these estimates remain below the 2018–2019 average of 63.1%. These employment and inactivity trends have contributed to the downward trend in the regional unemployment rate, which is estimated to decline from 6.4% in 2023 to 6.1% in 2024 and 6.0% in 2025.

Levels of informal employment in the region have remained close to 50% in 2024 and this is not expected to change significantly in 2025, especially if labour inactivity continues to rise. The performance of labour markets in the first half of 2024, as well as the estimates for the rest of 2024 and 2025, suggest that wide gender gaps will persist in indicators such as the unemployment rate and participation, although they have been narrowing. Accordingly, while the unemployment rate for men is estimated at 5.1% for 2024, the rate for women is estimated at 7.3%, a difference of 2.2 percentage points. The participation rates estimated in 2024 are 74.2% for men and 51.9% for women, a difference of 22.3 percentage points.

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PART

II

Low-growth trap, climate change and employment trends

Introduction

Latin America and the Caribbean is in a low-growth phase that has lasted several decades. After posting rates above 5% in the 1950s, 1960s and 1970s, GDP growth averaged 0.9% in 2015–2024. Concomitantly, the region's capacity to generate employment has diminished, and an increasing share of the jobs created are informal. Currently, over half of employed persons work in the informal sector, their number having tended to grow over the last decade. The region is also highly vulnerable to the effects of climate change: the frequency and intensity of natural disasters such as storms, hurricanes, droughts and floods, compounded by rising temperatures, have increased significantly in recent years, and this trend is expected to continue.

In view of the recent evolution of labour markets and the risks they face, this second part of *Economic Survey of Latin America and the Caribbean, 2024* analyses the macroeconomic and sectoral trends in employment in the region's countries.

Chapter II, titled "Employment growth and sectoral trends in Latin America", identifies how the recent low-growth trends have affected job creation in the Latin American economies. It also studies the sectoral composition of employment, identifying the sectors and branches of activity that generated the greatest demand for labour. It also analyses the trend in labour productivity and how this relates to job creation in the different sectors and branches of activity.

The main findings reported in this chapter reveal a close relationship between economic growth and job creation, at both the aggregate and the sectoral levels. The observed slowdown in the rate of economic growth has hindered employment growth over the last decade. Between 2014 and 2023, employment in the region grew by an average of 1.3% per year, significantly below the 3.9% recorded in the 1970s.

This diminished rate of job creation at the aggregate level is reflected across all sectors of the economy. The decade of 2010 recorded the lowest growth in employment and value added in all sectors of production, with growth averaging -0.1% in agriculture, 0.7% in manufacturing and 1.7% in services. This has changed the sectoral distribution of employment, with the services sector increasing its share of total employment by 36.2 percentage points, from 28.5% in 1950 to 64.7% in 2020. In contrast, the agriculture sector, which accounted for more than 50% of employment in 1950, now generates less than 15% of all jobs.

A worrying result is that job creation has occurred mostly in activities of lower productivity growth, including some related to the services sector and construction. This sectoral trend helps to explain the poor performance of labour productivity in the region, which in 2024 has been inferior to the rates seen in 1980.

In other words, one of the region's structural problems is not merely the need to generate more employment, but to create jobs in higher-productivity sectors. As ECLAC has emphasized, this requires a significant effort to improve labour force skills.

Chapter III, "Informal employment in Latin America from 2013 to 2022: developments and trends", analyses how informality has spread across different sectors and branches of production. A probit model is estimated to analyse the impacts of economic growth and socioeconomic variables on the probability of being informally employed.

The main findings reported in this chapter include the importance of informal employment in explaining overall employment growth. Between 2013 and 2022, total employment grew by 10%, with informal employment increasing by 18.6% and formal employment by 3.3%. Taking gender into account, informal employment grew by 22.8% among women and by 15.7% among men, thus confirming a gender bias in informality.

As in the sectoral breakdown of total employment, informal employment has also been concentrated in sectors of lower productivity growth, with 74% of the informally employed working in this sector.

The estimates of the model confirm the close relationship between the trend in informality and economic growth. During periods of economic contraction or slowdown, informal employment tends to increase, thus playing an important role in periods of sluggish growth. Having secondary, university or technical education is a key factor in reducing the probability of being employed informally. This underscores the need to increase the coverage and quality of technical and university training.

Being a woman and having dependants in the household increases the likelihood of being informally employed. Accordingly, policies that foster the care economy can not only boost job creation and increase productivity, but also facilitate women's access to the formal labour market. The study also shows how the probability of an employed woman being in an informal job decreases at higher educational levels.

Lastly, chapter IV, "Impact of climate change on job creation in Latin American economies", analyses how the climate impact could affect growth and job creation in the region. Latin America's high level of vulnerability to climate change, owing to its geographical location and reliance on vulnerable sectors such as agriculture, mining and tourism, poses a significant risk.

In the absence of adequate adaptation and mitigation policies, an intensification of the effects of climate change could have major adverse effects on economic growth and employment in the region. Estimated models show that, in a scenario without mitigation, GDP and employment could decline substantially by 2050. This highlights the urgent need for policies that foster sustainable and inclusive development in the region.

The results reported in these three chapters show that the low-growth trap in which the region's economies are mired has reduced the capacity to create jobs, particularly formal ones; and that groups such as young people, women, older persons, persons with low levels of education, migrants and rural dwellers are more likely to be informal workers. Moreover, if mitigation and adaptation policies are not adopted, an intensification of the effects of climate change will cause a significant reduction in the number of jobs generated in the medium term. To address these challenges and mitigate the effects on labour markets, the region must combine productive development, employment and macroeconomic policies, together with effective climate change adaptation and mitigation measures. This will require a significant increase in public and private investment, along with structural reforms to foster sustainable and equitable economic growth.

CHAPTER

II

Employment growth and sectoral trends in Latin America

Introduction[1]

Latin America and the Caribbean has been enduring low growth for several decades. After recording average annual growth rates of more than 5% in the 1950s, 1960s and 1970s, GDP expanded at an average annual rate of 0.9% between 2014 and 2023. At the same time, the region is facing problems in creating jobs. The growth rate in the number of employed persons has also been trending downward since the 1980s and, between 2014 and 2023, the average growth in the region's number of employed workers was 1.3%, one third of the 3.9% recorded in the 1970s.

Employment growth was affected by shocks of different kinds, origins, intensities and durations. This chapter analyses the trends in employment growth since 1950 and showcases its close relationship with growth in economic activity.

It also analyses employment trends by sector and identifies the sectors and activities with the largest numbers of workers and the strongest momentum in creating jobs. Particularly notable are the increase in growth in the services sector and the reduced momentum in agriculture. As stated above, the region's GDP growth rate fell sharply after the 1980s, and that pattern was repeated in the trends in employment and value added growth in the different productive sectors. The slowest growth in employment and value added across all productive sectors was recorded in the decade from 2010 to 2019.

The employment situation resulted in a change in the distribution of workers among sectors. The services sector's share increased by 36.2 percentage points, from 28.5% in 1950 to 64.7% in 2020. As in other regions, the process of structural change in employment led to a drop in the agricultural sector's share, down from more than 50% in 1950 to less than 15% in 2020. This reorganization of employment patterns in the region has been accentuated in recent decades, with increasing numbers of workers finding employment in the services sector.

As will be seen below, the analysis by type of economic activity shows that the share of activities such as wholesale and retail trade and hospitality, government, community and personal services, and financial, insurance and real estate services more than doubled between 1950 and 2020, with a consequent increase in the weight of the services sector in total employment. At the same time, although the relative importance of the industrial sector as a whole did not change much in terms of its employment share, internal changes can be seen in the relative weights of such activities as manufacturing and construction. While manufacturing's share of employment fell from 14.4% in 1950 to 12.3% in 2020, that of construction rose from 3.3% to 7.1% over the same period.

This chapter argues that the structural change in employment correlates with labour productivity and contributed to its significant decline since the 1980s. In fact, the region's poor labour productivity performance is related to the fact that the services sector (especially its lower-productivity areas) is the main source of jobs, most notably since 1990. This is consistent with the results of the analysis of productivity set out in this chapter. The methodology proposed by McMillan and Rodrik (2011) reveals that the productivity gains were found to be on account of changes in employment within sectors and not to changes in sector weights. In other words, the sectors with the lowest productivity are those that have generated the most employment and, therefore, changes in the sectoral structure of employment have helped to maintain the region's low levels of productivity.

The data presented in this chapter clearly indicate that not only has the region experienced falling job creation, but that the jobs created have been in sectors that have contributed to the region's declining labour productivity. To reverse this situation, the region not only has to grow, it has to

[1] This chapter was prepared with input from elements of the analysis in R. Pineda and others, "Setenta y cinco años de evolución del empleo en América Latina: un mal cambio", unpublished, 2024.

grow better. It needs productive development strategies that encourage increased investment at the regional level but, above all, in the sectors that the Economic Commission for Latin America and the Caribbean (ECLAC) has identified as drivers of growth, employment and productivity.

Thus, and by way of example, sectors related to the transformation of the energy matrix and to the creation of a care society can contribute significantly to rising growth, employment and labour productivity in the region. Boosting those sectors would have a direct impact on regional growth: the first on account of the increased demand for resources such as lithium, copper and steel, which are necessary for the energy transition, and the second, by increasing women's economic autonomy. In addition to these first-order effects, they both offer the possibility of overcoming coordination problems that could be restricting investment and productivity in the region.

In addition to this introduction, the chapter is divided into five sections. The first section shows that the acceleration and deceleration phases in GDP growth over the last seven decades coincide with those of employment, underscoring the close relationship between the two variables. The second section offers a sectoral analysis of employment, which shows that the observed relationship between employment and output at the aggregate level has a correlation at the sectoral level, and it notes that changes in the structure of sectoral employment are related to some differences in sectoral growth trends. The third section conducts an analysis by subsector of activity, highlighting the growth of activities such as construction, commerce, and government, community and personal services in the distribution of employment in the region. The fourth section connects the region's employment trends with its labour productivity trends, while the fifth and final section offers a series of concluding observations.

A. GDP and employment growth are highly correlated

In recent decades, GDP growth in the region's economies has slowed. After rising by more than 5% per year, on average, between 1950 and 1980, over the past ten years (2014–2023) the average rate has been 0.9%, which means a decline in per capita GDP of 0.5% over the same period.

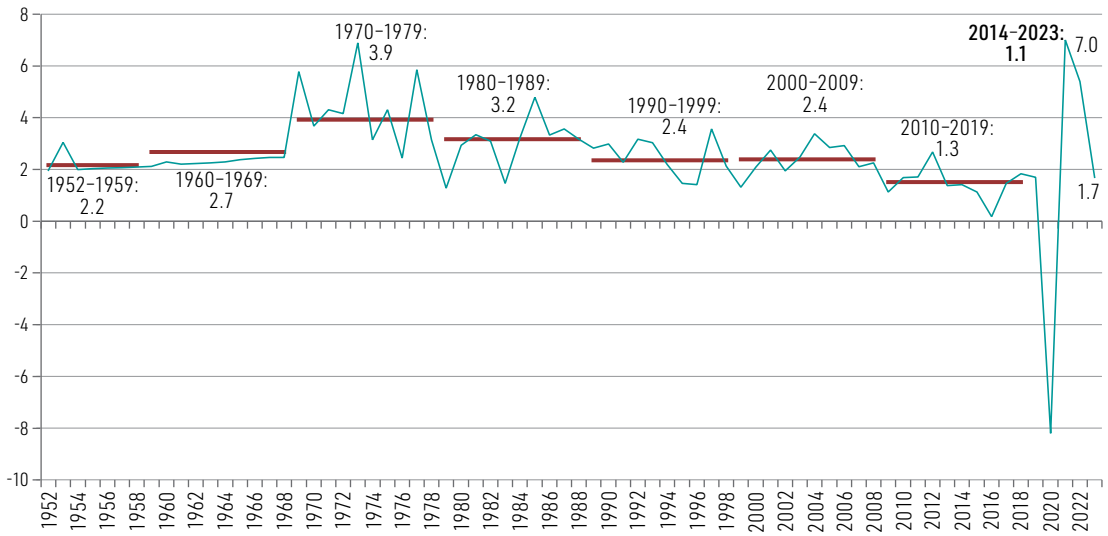
In addition to this low-growth trap, the region also faces job creation problems. The employment growth rate has slowed significantly, from an average of 3.9% in the 1970s to 1.1% between 2014 and 2023 (see figure II.1).

This performance suggests strong synchronization between GDP and employment growth. The correlation between employment and GDP can be clearly seen by comparing the two variables. Figure II.2 shows the trend in GDP and employment in 17 Latin American economies.[2] Figure II.2A shows the trend in both variables, while figure II.2B shows the year-on-year growth rate of the trend. A high level of synchronization can be seen in the changes in both variables, with the growth rate in both GDP and employment slowing from 1980 and after 2010.[3]

[2] To estimate these trends, the Hodrick-Prescott filter was applied to isolate the cyclical and seasonal components in each of the analysed variables.

[3] The correlation between employment and GDP was estimated using the least squares method. The R^2 of the equation through which this correlation was estimated was greater than 97%, and the mean square error was 0.091. In addition, tests for cointegration between these variables were conducted (Johansen, 1988), and evidence was found for the existence of at least one cointegrating vector between GDP and total employment in the economy.

Figure II.1
Latin America (17 countries):[a] growth in number of employed persons, averages by year and by decade, 1952–2023
(Percentages)

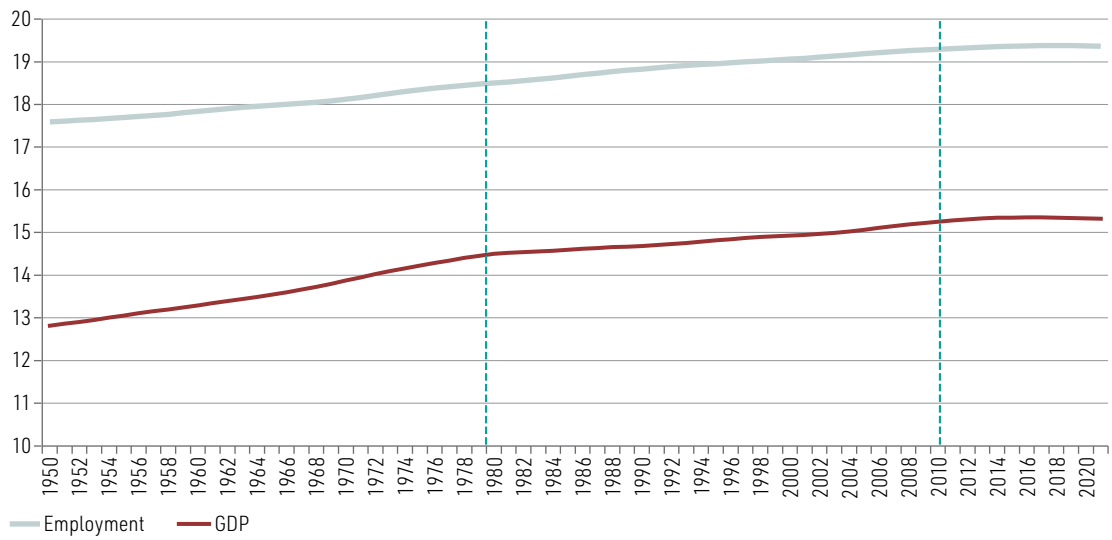


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures and R. C. Feenstra, R. Inklaar and M. P. Timmer, "The next generation of the Penn World Table", *American Economic Review*, vol. 105, No. 10, 2015 [online] https://www.rug.nl/ggdc/productivity/pwt/.

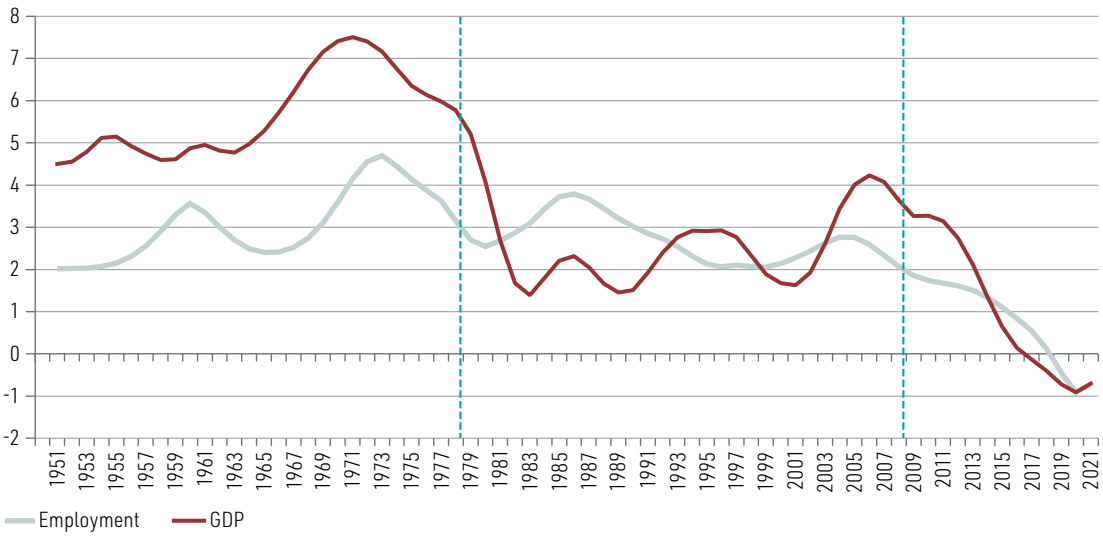
[a] Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay.

Figure II.2
Latin America (17 countries):[a] GDP and employment, 1950–2021
(Logarithms of number of employed persons and millions of dollars at 2018 prices)

A. GDP and employment trends



B. Year-on-year growth rate



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures, R. C. Feenstra, R. Inklaar and M. P. Timmer, "The next generation of the Penn World Table", *American Economic Review*, vol. 105, No. 10, 2015 [online] https://www.rug.nl/ggdc/productivity/pwt/ and International Labour Organization (ILO).

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As with other Latin American economic variables, the 1980s marked a watershed in job creation and GDP growth. Table II.1 shows that the "acceleration phase" in the growth rate of the number of employed persons that occurred between the 1950s and the 1970s coincided with a period of accelerating GDP growth. During that period, the average growth rate of the number of employed persons rose from 2.2% to 3.5%. As GDP growth slowed in the 1980s, so did growth in the number of employed persons, and while GDP grew by 2.3% on average, employment grew by 2.9%, 1.6 percentage points down from the previous decade. The trend of decelerating growth in both variables continued into the 1990s and 2000s but, as shown in figure II.2 and table II.1, it became more pronounced after 2010.

Table II.1

Latin America (17 countries):[a] growth rate of employment and GDP, annual average by decade, 1951–2023

	GDP	Employment
1951-1959	4.9	2.2
1960-1969	5.7	2.4
1970-1979	6.1	3.5
1980-1989	2.3	2.9
1990-1999	2.9	2.1
2000-2009	3.0	2.2
2010-2019	1.9	1.3
2014-2023	0.9	1.1
1951-2023	**3.7**	**2.6**

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures, R. C. Feenstra, R. Inklaar and M. P. Timmer, "The next generation of the Penn World Table", *American Economic Review*, vol. 105, No. 10, 2015 [online] https://www.rug.nl/ggdc/productivity/pwt/ and International Labour Organization (ILO).

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Between 2010 and 2019, employment grew by an average of 1.3%, 1.1 percentage points down from the previous decade and 2.6 percentage points down from the 1970s. Over the same period, GDP grew at an average of 1.9%, a drop of 1.1 percentage points compared to the 2000s and of 4.2 percentage points compared to the 1970s.

The weaker momentum of aggregate employment creation has a correlation at the sectoral level. The next section will analyse the trend in employment in the productive, agricultural, industrial and services sectors, as well as in the different subsectors of economic activity in each sector. The aim is to identify how the slowdown in job creation manifests itself at the sectoral level, including the most dynamic job-creating sectors and possible changes in the structure of regional employment.

B. The close relationship between economic activity and general employment has a correlation at the sectoral level

The first notable factor in studying the sectoral trends in the region's employment is that although between 1950 and 2021 employment grew in all productive sectors, the highest growth was recorded in the services sector: an average rate of 3.7% per year, compared to 0.7% in agriculture and 2.6% in industry (see table II.2).[4]

Table II.2
Latin America (17 countries):[a] growth in number of employed persons, annual average by decade and productive sector, 1950–2021
(Percentages)

	Agriculture	Industry	Services
1950-1959	1.0	2.4	3.1
1960-1969	0.5	3.6	3.6
1970-1979	1.0	4.0	5.9
1980-1989	0.6	2.9	4.8
1990-1999	0.9	1.2	2.9
2000-2009	0.3	2.1	2.8
2010-2019	-0.1	0.7	1.7
2010-2021	-0.2	0.4	1.2
1950-2021	**0.7**	**2.6**	**3.7**

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures, R. C. Feenstra, R. Inklaar and M. P. Timmer, "The next generation of the Penn World Table", *American Economic Review*, vol. 105, No. 10, 2015 [online] https://www.rug.nl/ggdc/productivity/pwt/ and International Labour Organization (ILO).

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A second factor is that although the slower growth of employment in general since the 1980s indicated the end of the period of employment acceleration in all productive sectors, the most pronounced change was seen in industry. During the expansionary phase of employment (1950s and 1970s), the average annual growth rate in the industrial sector rose from 2.4% in 1950–1959 to 4.0% between 1970 and 1979. The average annual growth rate then declined from 2.9% in the 1980s to 0.7% in the 2010s. In other words, the rate of industrial employment growth between 2010 and 2019 amounted to 17% of what was recorded in the 1970s.

[4] Because of the lack of updated information, which hinders sectoral analyses of employment and economic activity, the last year of the sample for the analysis by productive sector and subsector is 2021.

In the services sector, the average annual growth rate in the number of employed persons rose from 3.1% in 1950–1959 to 5.9% in 1970–1979. Once the slowdown began, the average annual growth rate fell to 4.8% in the 1980s, 2.9% in the 1990s and 1.7% in the 2010s. In other words, the growth rate of employment in this sector between 2010 and 2019 was equal to 29% of the figure recorded in the 1970s.

The situation in the agricultural sector is slightly different. First, growth in this sector was always weaker than in the other sectors, as the average rate never exceeded 1% per year and, between the 1950s and 1990s, it varied between 0.5% and 1%. Second, the shift in employment growth in the agricultural sector took place from the 2000s, when it grew by an annual average of 0.3%, but —as in the other sectors— slowed in the 2010s, when it fell by 0.1% per year.

Extending the last subperiod to 2021, the growth rates drop further because of the effects of reduced employment during the COVID-19 pandemic and the incomplete recovery in employment seen up to that year.

1. The services sector's share of employment rises while the share of agriculture decreases

As a result of the trends described above, the agricultural sector's share of employment fell by more than 36 percentage points: from 51.4% of the total number of employed persons in 1950 —which made the sector the leading employer— to 14.6% in 2020. While this process —which has been referred to in the literature as "structural change" (Kuznets, 1956; Baumol, 1967) and has been considered a natural step in countries' development and urbanization processes— has been continuous, it was between the 1970s and 1990s that Latin American economies saw the most drastic change in their employment structures. During that period, the agricultural sector's participation rate fell by 8 percentage points every decade (see table II.3).

Table II.3
Latin America (17 countries):[a] share of agriculture, industry and services in total employment, by decade, 1950–2020
(Percentages)

	Agriculture	Industry	Services
1950	51.4	20.1	28.5
1960	46.7	21.0	32.3
1970	38.5	24.2	37.2
1980	30.0	24.9	45.0
1990	22.3	24.0	53.7
2000	19.2	22.3	58.5
2010	15.7	22.0	62.3
2020	14.6	20.8	64.7

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures, R. C. Feenstra, R. Inklaar and M. P. Timmer, "The next generation of the Penn World Table", *American Economic Review*, vol. 105, No. 10, 2015 [online] https://www.rug.nl/ggdc/productivity/pwt/ and International Labour Organization (ILO).

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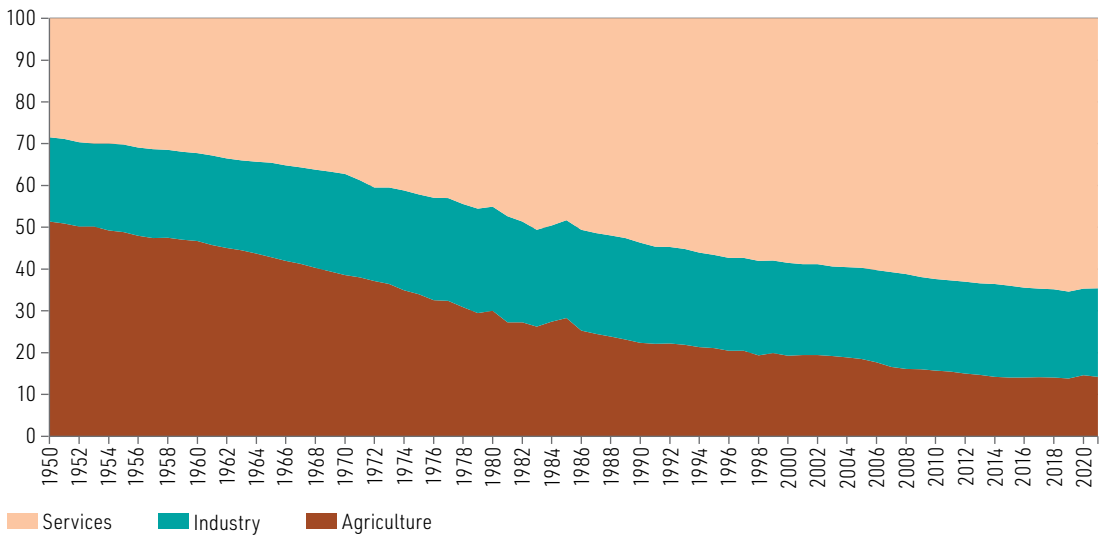
While the agricultural sector's share of total employment declined, that of the services sector rose. In the 1970s, services accounted for almost the same proportion of workers as agriculture; subsequently, the sector became the region's main employer. Between the 1950s and the 2010s, the

services sector's share of employment rose by more than 3.8 percentage points per decade, with a peak increase of 8.6 percentage points in the 1990s. Thus, while the services sector accounted for 28.5% of total employment in 1950, its share increased to 45% in 1980 and to 65% in 2020. In other words, in Latin America, almost 7 out of every 10 employed persons work in the services sector.

Figure II.3 shows how the region's employment structure has evolved since 1950. One element to be noted is that the downward trend in agricultural jobs as a proportion of total employment, together with the increase in services sector employment, remained constant throughout the study period. Thus, while agriculture's share of employment dwindled, employment in services gained weight. A second element is that in the mid-1970s, the services sector became the leading sector in terms of the region's jobs. A third element worthy of note is that the concentration of employment in the services sector in 2021 (64.6%) is 13.2 percentage points higher than the share of employment agriculture commanded in 1950.

Figure II.3
Latin America (17 countries):[a] share of agriculture, industry and services in total employment, 1950–2021
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures, R. C. Feenstra, R. Inklaar and M. P. Timmer, "The next generation of the Penn World Table", *American Economic Review*, vol. 105, No. 10, 2015 [online] https://www.rug.nl/ggdc/productivity/pwt/ and International Labour Organization (ILO).

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A fourth element that can be seen in figure II.3 is that the industrial sector's share did not undergo major changes during the region's process of structural change in employment. In 2021, the industrial sector accounted for 20.8% of total employment, 0.7 percentage points more than in 1950. The analysis by decade shows that the industrial sector's share of employment only increased significantly in the 1960s, rising by 3.2 percentage points from 21.0% of total employment in 1960 to 24.2% in 1970. Industry's highest participation rate was recorded in 1980, when it accounted for 24.9% of total employment. Since then, the industrial sector's share of total employment has declined and, between 1980 and 2020, the cumulative loss was 4.1 percentage points. In fact, since 1980, the services sector's share of employment has risen to the detriment of the agricultural and industrial sectors.

2. Employment trends at the sectoral level are also linked to economic activity

An analysis of how each sector's economic activity has evolved, measured by its real-term value added, shows that the highest growth between 1950 and 2021 was recorded in the services sector, with an annual average of 3.9%, followed by industry (3.3%) and agriculture (2.7%).

As with employment, the 1980–1989 period marked a change in the sectoral trend in output since, after a phase of accelerated growth in the 1950s, 1960s and 1970s, the growth of value added in all three sectors slowed in the 1980s. After growing at rates of 4.2% in the 1950s, 5.3% in the 1960s and 6.6% in the 1970s, the services sector grew by 1.7% in the 1980s. The slowdown was even more pronounced in the industrial sector, where the respective growth rates were 4.2%, 5.7%, 6.2% and 0.8%. As with employment, although the agricultural sector's value added growth rates are the lowest, it was also the sector in which the slowdown was the least intense. After growing at rates ranging from 2.7% to 3.0% between the 1950s and 1970s, value added grew by an average of 1.9% in the 1980s.

After the 1980s, the growth of value added in the three productive sectors trended downward. In the 2010s, agriculture and industry had the lowest average per-decade growth rates (1.8% and a 0.3% reduction, respectively), while the services sector had its second worst average per-decade growth rate (1.8%), slightly higher than the 1.7% recorded in the 1980s (see table II.4).

Table II.4
Latin America (17 countries):[a] growth in value added, annual average by decade and productive sector, 1950–2021
(Percentages)

	Agriculture	Industry	Services
1950-1959	3.0	4.2	4.2
1960-1969	2.7	5.7	5.3
1970-1979	2.7	6.2	6.6
1980-1989	1.9	0.8	1.7
1990-1999	2.5	2.3	2.5
2000-2009	2.4	1.7	2.9
2010-2019	1.8	-0.3	1.8
2010-2021	2.1	-0.5	1.5
1950-2021	**2.7**	**3.3**	**3.9**

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures, R. C. Feenstra, R. Inklaar and M. P. Timmer, "The next generation of the Penn World Table", *American Economic Review*, vol. 105, No. 10, 2015 [online] https://www.rug.nl/ggdc/productivity/pwt/ and International Labour Organization (ILO).

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Thus, the sectoral trends in value added from production resemble those of job creation, since the sector with the lowest growth in value added —the agricultural sector— is also the sector with the lowest growth in employment, and the sector with the highest growth in value added —the services sector— is the sector with the highest employment growth.

The differences in the rate of growth of value added at the sector level generate differences in the participation of each sector in the creation of value added from production. In 1950, agriculture's contribution to regional GDP was 10.4%, while industry contributed 34.1% and the services sector

contributed 55.5%. In 2020, those contributions to value added stood at 5.8%, 26.8% and 67.3%, respectively. In other words, while the contribution of agriculture to GDP fell by 4.5 percentage points and that of industry by 7.3 percentage points, the services sector's contribution increased by 11.8 percentage points (see table II.5).

Table II.5
Latin America (17 countries):[a] share of agriculture, industry and services in value added, by decade, 1950–2020
(Percentages)

	Agriculture	Industry	Services
1950	10.4	34.1	55.5
1960	8.9	34.5	56.5
1970	6.8	36.4	56.8
1980	4.7	37.1	58.2
1990	5.1	34.5	60.4
2000	5.0	34.0	61.0
2010	5.1	31.6	63.3
2020	5.8	26.8	67.3

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures, R. C. Feenstra, R. Inklaar and M. P. Timmer, "The next generation of the Penn World Table", *American Economic Review*, vol. 105, No. 10, 2015 [online] https://www.rug.nl/ggdc/productivity/pwt/ and International Labour Organization (ILO).
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C. The employment share of activities such as construction, commerce and other services doubled between 1950 and 2021

While the analysis by sector provides a broader perspective and shows that employment growth has both slowed and favoured the services sector, the study of each sector's internal performance, at the subsector level, provides a more accurate reading of the activities that have bolstered employment growth in the region, in each sector and in the economy as a whole.

1. The highest employment growth was recorded in service-related activities and construction

As occurred with the three broad sectors, employment grew in all subsectors of economic activity over the 70 years analysed. In the industrial sector, this translated into increases of 2.2% in mining and manufacturing, 2.3% in electricity, gas and water and 3.7% in construction. Over the same period, employment in the service subsectors —namely, wholesale and retail trade and hospitality (commerce); transport, storage and communications; finance, insurance and real estate; and other services (government, community and personal services)— grew at rates of 3.9%, 3.1%, 4.9% and 3.5%, respectively (see table II.6).

Table II.6
Latin America (17 countries):[a] growth in number of employed persons, annual average by decade and productive sector, 1950–2021
(Percentages)

	Agriculture	Mining	Manufacturing	Electricity, gas and water	Construction
1950-1959	1.0	0.4	2.3	2.9	3.1
1960-1969	0.5	1.0	3.0	4.9	5.5
1970-1979	1.0	1.8	3.6	5.0	5.3
1980-1989	0.6	2.4	3.7	2.0	1.2
1990-1999	0.9	0.3	1.0	-0.8	2.1
2000-2009	0.3	5.6	1.2	3.3	3.5
2010-2019	-0.1	-0.4	0.4	1.7	1.2
2010-2021	-0.2	-1.1	0.0	2.1	1.2
1950-2021	**0.7**	**2.2**	**2.2**	**2.3**	**3.7**

	Commerce	Transport, storage and communications	Finance, insurance and real estate	Other services
1950-1959	2.6	3.3	3.9	3.3
1960-1969	4.3	1.9	5.4	3.2
1970-1979	5.5	3.2	7.7	6.5
1980-1989	5.8	2.9	4.1	4.5
1990-1999	3.0	2.9	3.9	2.5
2000-2009	2.6	3.2	5.1	2.3
2010-2019	1.6	1.7	2.7	1.5
2010-2021	1.0	1.4	2.7	0.9
1950-2021	**3.9**	**3.1**	**4.9**	**3.5**

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures, R. C. Feenstra, R. Inklaar and M. P. Timmer, "The next generation of the Penn World Table", *American Economic Review*, vol. 105, No. 10, 2015 [online] https://www.rug.nl/ggdc/productivity/pwt/ and International Labour Organization (ILO).

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Between the 1950s and 1970s, during the phase of accelerating growth in employment and GDP, all subsectors reported increases in the rate of employment growth. In the case of electricity, gas and water; finance, insurance and real estate; and other services, the highest growth was recorded in the 1970s, with average annual rates of 5.0%, 7.7% and 6.5%, respectively. In manufacturing and commerce, the highest average annual employment growth occurred in the 1980s (3.7% and 5.8%, respectively). At the same time, the highest average annual growth rates in employment in construction (5.5%), transport, storage and communications (3.3%) and mining (5.6%) were recorded, respectively, in the 1960s, 1950s and 2000s.

Another notable observation from table II.6 is that, both at the sector level and in terms of aggregate GDP, all activities recorded their lowest employment growth during the 2010s. Agriculture and mining registered drops of 0.1% and 0.4%, respectively. Employment growth was 0.4% in manufacturing, 1.2% in construction, 1.5% in other services, 1.6% in commerce, 1.7% in transport, storage and communications, and in electricity, gas and water, and 2.7% in finance, insurance and real estate.

2. The employment share of construction, commerce, and government, municipal and personal services doubled between 1950 and 2021

In line with the highly varied trends in the growth of the employment numbers in each subsector of activity, the employment structure changed dramatically in the region over the study period. The employment shares of activities such as transport, storage and communications; construction; financial, insurance and real estate services; government, municipal and personal services (other services); and wholesale and retail trade and hospitality (commerce) increased. Particularly notable are the increases in commerce and other services: 15 percentage points and 13.3 percentage points, respectively (see table II.7). Over the same period, the total employment shares of activities such as mining, manufacturing and electricity, gas and water decreased.

Table II.7
Latin America (17 countries):[a] subsector employment share, by decade, 1950–2020
(Percentages)

	Agriculture	Mining	Manufacturing	Electricity, gas and water	Construction
1950	49.1	0.7	14.4	0.9	3.3
1960	45.0	0.7	14.9	1.0	3.7
1970	37.5	0.6	16.3	1.3	5.5
1980	29.4	0.6	15.6	1.0	7.2
1990	22.3	0.6	16.4	0.9	6.1
2000	19.2	0.5	14.9	0.6	6.3
2010	15.7	0.7	13.3	0.7	7.3
2020	14.6	0.6	12.3	0.8	7.1

	Commerce	Transport, storage and communications	Finance, insurance and real estate	Other services
1950	9.7	4.2	1.6	11.8
1960	10.7	4.8	2.0	13.6
1970	13.4	4.7	2.8	15.3
1980	15.6	4.7	4.0	19.9
1990	21.1	5.2	4.3	23.0
2000	23.6	5.5	5.1	24.3
2010	24.9	6.3	7.0	24.2
2020	24.7	6.6	8.3	25.0

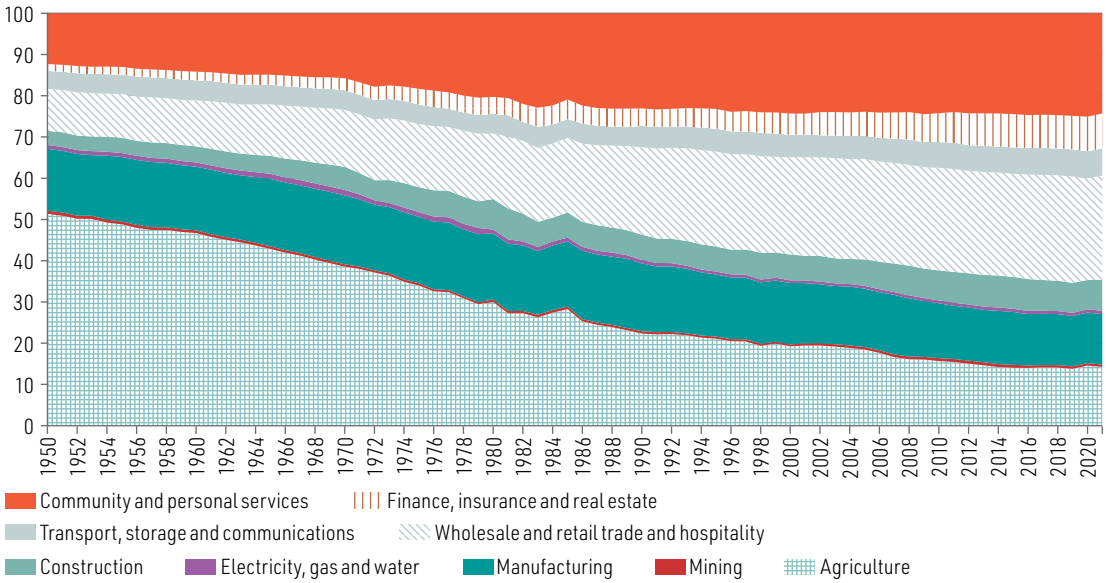
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures, R. C. Feenstra, R. Inklaar and M. P. Timmer, "The next generation of the Penn World Table", *American Economic Review*, vol. 105, No. 10, 2015 [online] https://www.rug.nl/ggdc/productivity/pwt/ and International Labour Organization (ILO).

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

This change in the employment structure meant that while the shares of activities such as commerce and other services in total employment rose from around 20% in 1950 to 50% in 2020, manufacturing's share fell by 2.1 percentage points. The combined share of transport, storage and communications activities and financial, insurance and real estate services also increased: from 5.8% of total employment in 1950 to 14.9% in 2020.

Among the changes observed at the subsector level, while industry's share of total employment did not undergo major changes, there were variations within the sector: the share of construction rose while that of manufacturing fell. While the employment shares of all services sector activities increased, the largest changes in absolute terms were in commerce and other services, which accounted for nearly 50% of the region's employment in 2020 (see figure II.4).

Figure II.4
Latin America (17 countries):[a] subsector share of total employment, 1950–2021
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures, R. C. Feenstra, R. Inklaar and M. P. Timmer, "The next generation of the Penn World Table", *American Economic Review*, vol. 105, No. 10, 2015 [online] https://www.rug.nl/ggdc/productivity/pwt/ and International Labour Organization (ILO).
[a] Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay.

3. The growth of value added in most productive activities slowed sharply between 2010 and 2021

Studying how economic activity evolved between 1950 and 2021 reveals that the three subsectors with the highest growth in value added were financial, insurance and real estate services (4.7%), transport, storage and communications (4.8%) and electricity, gas and water (5.0%) (see table II.8). In contrast, those with the lowest growth over the same period were construction (3.1%), mining and manufacturing (which rose by 3.2% each), wholesale and retail trade, hospitality, and government, community and personal services (3.5%).

In general, all subsectors posted growth in value added between the 1950s and 1970s, which reached its highest level in all cases in the 1970s. However, value added growth began to slow from the 1980s onward, a pattern that became more pronounced in the 2010s.

Table II.8
Latin America (17 countries):[a] growth in value added, annual average by decade and subsector, 1950–2021
(Percentages)

	Agriculture	Mining	Manufacturing	Electricity, gas and water	Construction
1950–1959	3.0	3.0	4.5	5.9	3.8
1960–1969	2.7	4.6	5.7	4.2	6.4
1970–1979	2.7	5.5	5.8	8.5	7.3
1980–1989	1.9	3.0	0.6	5.1	-0.8
1990–1999	2.5	3.4	1.9	3.8	1.9
2000–2009	2.4	0.8	1.3	2.7	3.1
2010–2019	1.8	-0.9	-0.1	2.2	-1.2
2010–2021	2.1	-1.0	-0.1	2.8	-2.1
1950–2021	**2.7**	**3.2**	**3.2**	**5.0**	**3.1**

	Commerce	Transport, storage and communications	Finance, insurance and real estate	Other services
1950–1959	4.3	4.7	5.3	3.6
1960–1969	4.8	4.8	7.0	4.9
1970–1979	5.4	8.3	8.9	5.7
1980–1989	0.4	2.2	2.8	1.9
1990–1999	2.8	4.5	1.8	2.4
2000–2009	2.3	3.9	3.7	2.3
2010–2019	1.3	2.7	2.1	1.5
2010–2021	1.1	2.2	1.8	1.4
1950–2021	**3.5**	**4.8**	**4.7**	**3.5**

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures, R. C. Feenstra, R. Inklaar and M. P. Timmer, "The next generation of the Penn World Table", *American Economic Review*, vol. 105, No. 10, 2015 [online] https://www.rug.nl/ggdc/productivity/pwt/ and International Labour Organization (ILO).
[a] Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay.

Between 2010 and 2019, the value added from most industrial subsectors declined. Value added fell by 1.0% in mining, by 0.1% in manufacturing and by 2.1% in construction. Electricity, gas and water was the only industrial subsector that experienced an increase in value added in that decade, growing by 2.8%. Although all subsectors in the services sector recorded increases in the 2010s, that period saw the lowest growth in value added in community services, and the second-lowest growth in commerce, in transport, storage and communication activities and in finance, insurance and real estate services.

The trend in the employment growth rate by activity was associated with significant changes in the sectoral structure of value added. In the industrial sector, the contribution to GDP of mining, manufacturing and construction fell by 1.1 percentage points, 5.2 percentage points, and 2.6 percentage points, respectively, while that of electricity, gas and water rose by 1.7 percentage points between 1950 and 2021. In the services sector, the contribution to GDP of commerce and other services fell by 2.5 percentage points and 1.5 percentage points, while that of transport, storage and communications and finance, insurance and real estate rose by 4.5 percentage points and 11.3 percentage points, respectively (see table II.9).

Table II.9
Latin America (17 countries):[a] subsector shares in value added, by decade, 1950–2020
(Percentages)

	Agriculture	Mining	Manufacturing	Electricity, gas and water	Construction
1950	10.4	5.5	19.3	1.1	8.2
1960	8.9	5.0	20.2	1.3	8.0
1970	6.8	4.7	21.5	1.1	9.1
1980	4.7	4.7	20.4	1.4	10.5
1990	5.1	5.7	18.4	2.1	8.2
2000	5.0	6.3	17.8	2.4	7.5
2010	5.1	5.3	16.2	2.4	7.8
2020	5.8	4.4	14.1	2.8	5.5

	Commerce	Transport, storage and communications	Finance, insurance and real estate	Other services
1950	19.2	3.5	9.4	23.4
1960	19.7	3.7	10.6	22.6
1970	18.9	3.6	12.5	21.8
1980	17.7	4.5	15.3	20.9
1990	16.0	4.8	17.3	22.3
2000	16.8	6.0	16.2	21.9
2010	17.1	7.1	18.3	20.9
2020	16.7	8.0	20.7	21.9

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures, R. C. Feenstra, R. Inklaar and M. P. Timmer, "The next generation of the Penn World Table", *American Economic Review*, vol. 105, No. 10, 2015 [online] https://www.rug.nl/ggdc/productivity/pwt/ and International Labour Organization (ILO).
[a] Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay.

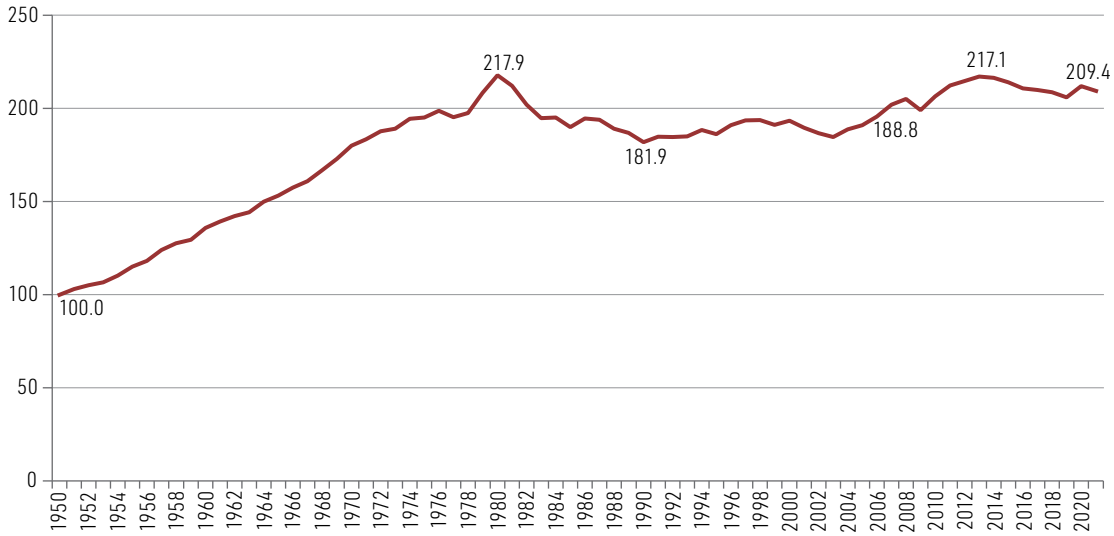
While employment has been concentrated in activities such as commerce, other services and construction, economic activity in those sectors shows less momentum. This trend in employment and economic activity has its counterpart in the trend in labour productivity which —as will be seen below— reflects how the allocation of labour has not allowed an increase in this variable since 1980, when it recorded its historical maximum.

D. Labour productivity in Latin America has stagnated since 1980 and the gap compared to other economies has widened considerably

One first feature of how the region's labour productivity evolved between 1950 and 2021 is the stagnation seen since 1980. Between 1950 and 1979 —the phase of accelerating employment growth— labour productivity grew by an average of 2.6% per year, higher than the average growth

rate recorded in the United States during that period (2.0%). Since 1980, however, there has been a trend towards stagnation: between 1980 and 2021, labour productivity fell at an average year-on-year rate of 0.1% (see figure II.5).

Figure II.5
Latin America (18 countries):[a] labour productivity, 1950–2021
(Index: 1950 = 100)



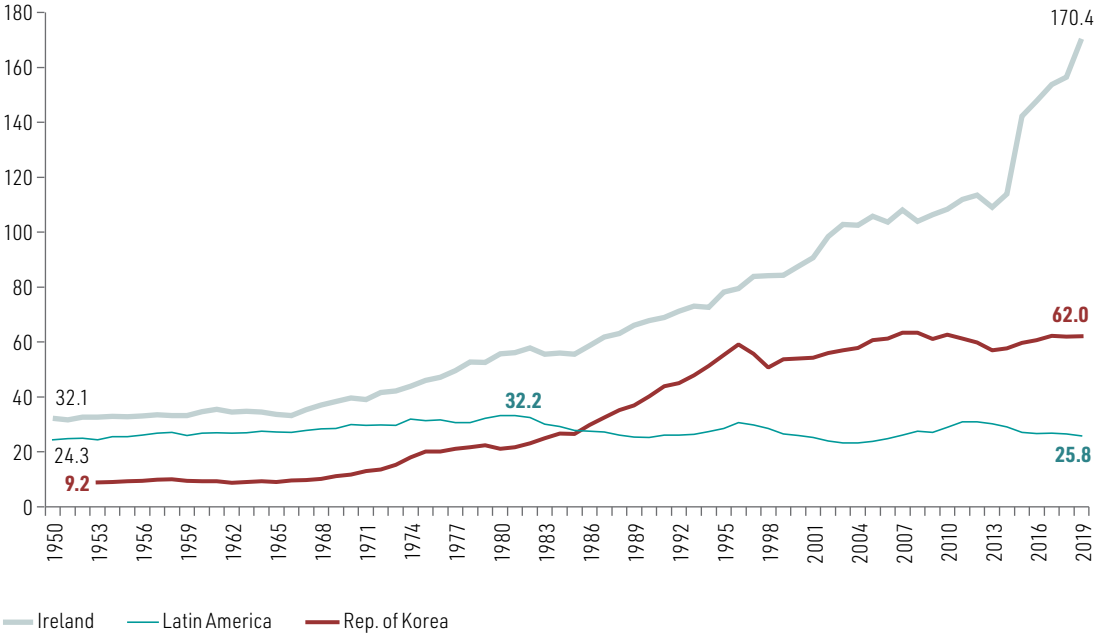
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures, R. C. Feenstra, R. Inklaar and M. P. Timmer, "The next generation of the Penn World Table", *American Economic Review*, vol. 105, No. 10, 2015 [online] https://www.rug.nl/ggdc/productivity/pwt/ and International Labour Organization (ILO).

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

As shown in figure II.5, in 2021, 41 years after the debt crisis, the region has not recovered the labour productivity levels seen in 1980. Labour productivity fell until 1990, with a cumulative drop of 36 percentage points from the 1980 value; it then rose after 1991. Thanks to the good performance between 2004 and 2013, it came very close to the 1980 level, but the end of the commodity boom curtailed that trend and, from 2014 onward, the region's labour productivity has been trending downward.

This behaviour in the region's labour productivity differs from that observed in economies in other regions. Figure II.6 shows the trend in the region's labour productivity and compares it with that of other selected economies. In figure II.6, each country's labour productivity is expressed in terms of that of the United States. One element to note is that at the beginning of the study period, the labour productivity of the Irish economy was similar to that of the region, while that of the Republic of Korea was lower. Second, comparing the region's labour productivity to that of the United States reveals that after reaching a maximum value of 32.5% in 1980 and declining during the 1990s, it remained at around 25%. That reality contrasts with the other economies shown in figure II.6: while the Republic of Korea's productivity gap with respect to the United States has narrowed, Ireland has closed its gap and even outperformed the United States.

Figure II.6
Latin America (18 countries)[a] and selected countries: labour productivity compared to United States, 1950–2019
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures and R. C. Feenstra, R. Inklaar and M. P. Timmer, "The next generation of the Penn World Table", *American Economic Review*, vol. 105, No. 10, 2015 [online] https://www.rug.nl/ggdc/productivity/pwt/.

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

1. The region's few increases in labour productivity are on account of intrasectoral improvements

The change in economies' employment structure during their development and urbanization processes has been a focus of interest for authors studying productivity.[5] One of the patterns of structural change best documented in the literature is the shift in the ratio of employment to capital as economies move from the production of primary goods to manufacturing and then to services. In the region, the shift was basically from agriculture to the services sector, since the change in the industrial sector's share was negligible.

In principle, structural changes in employment could bring about an increase in economies' productivity, as there would be a reallocation of resources from sectors with low levels of productivity to intermediate- and high-productivity sectors. Such resource reallocation processes would generate, first, an increase in aggregate productivity (productivity improvements on account of structural changes) and, second, a reduction in productivity gaps between sectors.

[5] In Latin America and the Caribbean, this process has been a topic of study since the pioneering work of Prebisch, Fajnzylber and Lewis, whose ideas have been examined from various perspectives. In general, the Latin American and Caribbean structuralist school argues that the economic structure plays a crucial role in economic growth and that changes in variables such as employment and output are fundamental in explaining that growth. These theories argue that in order to close productivity gaps with the leading economies, strategies and policies that foster innovation and structural transformation are needed. Recently, a significant number of authors have analysed the role of structural change in the growth of productivity in Latin America: for example, Weller (2001), Pagés (2010), Duarte and Restuccia (2006 and 2010), McMillan and Rodrik (2011), Restuccia and Rogerson (2017), McMillan, Rodrik and Sepúlveda (2016) and ECLAC/ILO (2022).

McMillan and Rodrik (2011) propose a methodology to break down the changes in labour productivity arising from resource reallocation processes. With this methodology, changes in labour productivity can be expressed as the result of the reallocation of labour within sectors (intrasectoral change), changes in labour between sectors (structural change) and a third component that reflects effects over time in the reallocation of labour (see equation 1).

$$\frac{VA_t}{L_t} - \frac{VA_0}{L_0} = \underbrace{\sum_j \theta_{j0}\left(\frac{VA_{jt}}{L_{jt}} - \frac{VA_{j0}}{L_{j0}}\right)}_{\text{Intrasectoral component}} + \underbrace{\sum_j \left(\theta_{jt} - \theta_{j0}\right)\frac{VA_{j0}}{L_{j0}}}_{\text{Intersectoral component–structural change}} + \underbrace{\sum_j \left(\theta_{jt} - \theta_{j0}\right)\left(\frac{VA_{jt}}{L_{jt}} - \frac{VA_{j0}}{L_{j0}}\right)}_{\text{Dynamic component}} \quad (1)$$

where θ_{jt} is the weight of sector j employment in total employment in year t, and the subscript 0 indicates the initial sampling year. In line with McMillan and Rodrik (2011), this chapter focuses on the intrasectoral or internal components and on the structural change or intersectoral change component.[6] If the changes in the distribution of employment across sectors correlate positively with productivity levels, the structural change will have a positive value: the reallocation of labour across sectors will have driven an increase in labour productivity for the economy as a whole. In addition, when changes in the allocation of labour within each sector lead to increased labour productivity, the intrasectoral effect is positive. Table II.10 shows the results of breaking down labour productivity in this way for 18 countries in the region between 1991 and 2021: a period when, as seen above, labour productivity began a process of recovery after the sharp decline recorded between 1980 and 1989.

Table II.10
Latin America (18 countries): shift-share decomposition of labour productivity, 1991–2021
(Simple average in percentages)

	Latin America		South America		Mexico and Central America	
Intrasectoral effect	0.83		0.52		1.21	
Structural change effect	0.05		0.06		0.04	
Total effect	0.88		0.59		1.25	
	Argentina	**Bolivia (Plurinational State of)**	**Brazil**	**Chile**	**Colombia**	**Costa Rica**
Intrasectoral effect	1.72	1.56	0.02	1.72	1.64	2.01
Structural change effect	-0.73	-0.23	0.44	0.62	0.46	0.04
Total effect	0.98	1.32	0.47	2.34	2.09	2.04

[6] The expression's final term does not have a direct economic interpretation because its positive or negative value depends on the simultaneous combination of the structural change component with the variations of the intrasectoral component. Each of these effects can be positive or negative, so the positivity or negativity of the dynamic term is in principle indeterminate. Therefore, in order to analyse the impact of structural change on productivity, the standard practice is to directly discard the dynamic component term in the interpretation of the results. However, in order to explain the full variation in labour productivity, after eliminating the dynamic component, the total labour productivity variation is fully broken down between the intrasectoral component and the structural change component, weighted by each component's relative weight.

	Dominican Republic	Ecuador	El Salvador	Guatemala	Honduras	Mexico
Intrasectoral effect	2.47	0.14	-0.16	0.82	0.50	1.29
Structural change effect	0.14	0.07	0.46	0.18	0.35	-1.55
Total effect	2.61	0.22	0.31	0.99	0.85	-0.26
	Nicaragua	**Panama**	**Paraguay**	**Peru**	**Uruguay**	**Venezuela (Bolivarian Republic of)**
Intrasectoral effect	0.49	2.25	0.91	1.02	0.98	-4.47
Structural change effect	0.25	0.50	-0.31	0.50	0.06	-0.24
Total effect	0.74	2.75	0.59	1.52	1.04	-4.71

Source: Economic Commission for Latin America and the Caribbean/International Labour Organization (ECLAC/ILO), "Labour productivity in Latin America", *Employment Situation in Latin America and the Caribbean*, No. 27 (LC/TS.2022/213), Santiago, 2022.

One first finding from table II.10 is that the increase in labour productivity that the region experienced over the study period was mainly on account of changes in how jobs were allocated within each productive sector, which contributed 0.83 of the total change of 0.88 in productivity during that period. Likewise, only 0.05 of the 0.88 is related to the effects of the reallocation of labour among different productive sectors. A second noteworthy finding in table II.10 is that this pattern is repeated both in the economies of South America and in the Central America and Mexico subregion. At the country level, table II.10 shows that the contribution of structural change was greater than that of the intrasectoral effect in only two countries: Brazil and El Salvador. It also shows that structural change made a negative contribution in five countries: Argentina, the Bolivarian Republic of Venezuela, Mexico, Paraguay and the Plurinational State of Bolivia.

2. Labour concentration has increased in low-productivity activities

An analysis of the different subsectors between 1950 and 2021 shows an increase in labour productivity in activities such as agriculture (2%), mining (1.1%), manufacturing (0.9%), electricity, gas and water (2.6%) and transport, storage and communications (1.7%), and a decrease in construction (0.6%), commerce (0.4%), and financial, insurance and real estate services (0.2%). The productivity of other services remained unchanged between 1950 and 2021.

The study of how productivity has evolved by sector and by decade shows that although between the 1950s and 1970s —the period of acceleration in GDP and employment— labour productivity increased in most subsectors (the exceptions being trade and other services in the 1970s), in the 1980s there was a significant change in trend and it began to decline. Between 1980 and 1989, labour productivity fell in six of the nine subsectors. In the 1990s, labour productivity increased in activities related to the industrial sector, except for construction, where it decreased. The picture is different in the services sector, as labour productivity declined in all branches except transport, storage and communications. That situation was maintained into the 2000s and 2010s, and labour productivity declined in the five industrial subsectors, with notable drops in three of them (see table II.11).

Table II.11
Latin America (17 countries):[a] growth in labour productivity and share of employment, annual average by period and subsector, 1950–2021
(Percentages)

	Agriculture	Mining	Manufacturing	Electricity, gas and water	Construction	Wholesale and retail trade and hospitality	Transport, storage and communications	Finance, insurance and real estate	Government, community and personal services
Labour productivity growth rate									
1950–1959	1.9	2.6	2.2	2.9	0.6	1.6	1.4	1.4	0.3
1960–1969	2.2	3.5	2.6	-0.6	0.9	0.4	2.9	1.5	1.7
1970–1979	1.7	3.7	2.1	3.3	2.0	-0.1	4.9	1.1	-0.7
1980–1989	1.4	0.6	-3.0	3.1	-1.9	-5.1	-0.7	-1.3	-2.5
1990–1999	1.6	3.1	0.9	4.7	-0.2	-0.2	1.5	-2.0	-0.1
2000–2009	2.1	-4.5	0.1	-0.6	-0.4	-0.3	0.6	-1.3	0.0
2010–2019	1.9	-0.5	-0.5	0.5	-2.3	-0.2	1.0	-0.6	0.1
2010–2021	2.2	0.1	-0.1	0.7	-3.2	0.1	0.8	-0.9	0.5
1950–2021	**2.0**	**1.1**	**0.9**	**2.6**	**-0.6**	**-0.4**	**1.7**	**-0.2**	**0.0**
Share of employment									
1950	49.1	0.7	14.4	0.9	3.3	9.7	4.2	1.6	11.8
1960	45.0	0.7	14.9	1.0	3.7	10.7	4.8	2.0	13.6
1970	37.5	0.6	16.3	1.3	5.5	13.4	4.7	2.8	15.3
1980	29.4	0.6	15.6	1.0	7.2	15.6	4.7	4.0	19.9
1990	22.3	0.6	16.4	0.9	6.1	21.1	5.2	4.3	23.0
2000	19.2	0.5	14.9	0.6	6.3	23.6	5.5	5.1	24.3
2010	15.7	0.7	13.3	0.7	7.3	24.9	6.3	7.0	24.2
2020	14.6	0.6	12.3	0.8	7.1	24.7	6.6	8.3	25.0

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures, R. C. Feenstra, R. Inklaar and M. P. Timmer, "The next generation of the Penn World Table", *American Economic Review*, vol. 105, No. 10, 2015 [online] https://www.rug.nl/ggdc/productivity/pwt/ and International Labour Organization (ILO).
[a] Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay.

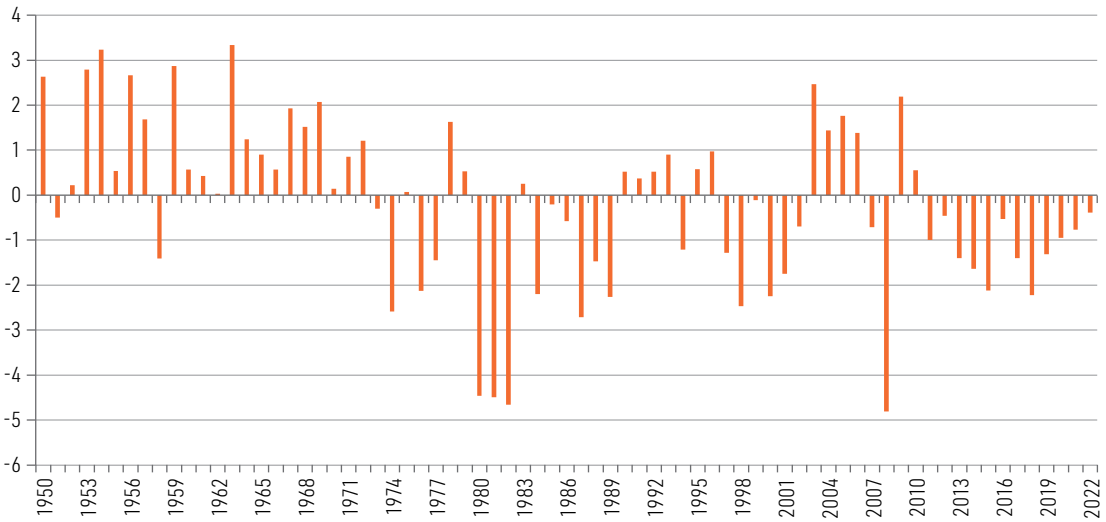
Within this discouraging panorama, three cases are particularly notable: agriculture, where labour productivity has increased consistently since 1950, and construction and commerce, where labour productivity has declined since the 1980s and 1970s, respectively. As a corollary, table II.11 again shows the changes in the employment structure by subsector and reveals that those that account for the largest numbers of workers are those with the worst performance in terms of productivity.

3. Total factor productivity has also declined since 1980, especially since 2012

The trend in employment growth at the sectoral level and the consequent change in the employment structure that Latin American economies have experienced since 1950 are among the reasons for the region's low labour productivity. The literature has documented that GDP growth in the region is mainly on account of factor accumulation, since total factor productivity —the way in which all factors are combined in the production process— has contributed negatively to the generation of output (Duarte and Restuccia, 2010; Rodrik, 2010; Restuccia and Rogerson, 2017; ECLAC/ILO, 2022).

An analysis of the trend in this variable in the region shows that after 1980 and the end of the acceleration phase in employment and economic activity, total factor productivity began to trend downward. Between 1951 and 1979, the total factor productivity of Latin American economies grew by an annual average of 0.9% and dropped on six occasions. The largest contraction, recorded in 1975, was 2.6%. Between 1980 and 2021, average regional total factor productivity fell by 0.9% per year, with declines in 24 years. The largest reduction, 4.8%, occurred in 2009. Total factor productivity has declined steadily since 2012, with an average drop of 1.3% over that period.

Figure II.7
Latin America (17 countries):[a] year-on-year variation in total factor productivity, 1950–2022
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures and The Conference Board.
[a] Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay.

The literature states that the causes for the region's poor total factor productivity performance include the low levels of investment that characterize Latin American and Caribbean economies. The lack of appropriate infrastructure (ports, roads, electricity, water and communication systems)

makes the production of goods and services with the same amount of inputs more difficult for a company in the region than for a company in a country such as the Republic of Korea, where such limitations are fewer.

Low levels of investment in research and development and technological innovation could also reduce total factor productivity in the region's economies. Low levels of human capital accumulation, particularly in health and education, could cause the region's total factor productivity to diverge from that of other economies. The presence of institutional obstacles, which increase the cost of operating in the region, could be responsible for the productivity trends observed. In addition, the lack of equal access to opportunities, sources of financing and, in general, to the development of economic and educational activities may explain the constraints on the region's productive potential, especially in light of the high levels of informality that characterize its economies.

E. Conclusions

Employment growth, like that of output, has been affected by shocks of different natures, origins and intensities. This study examined how employment has evolved since 1950 and identified a close relationship between rising employment and rising GDP. Employment expansion phases coincide with periods of GDP growth, and both variables behave similarly in deceleration phases. The statistical analyses performed reveal that the two variables are cointegrated, with a high degree of co-movement and a correlation of over 70%.

Between 1950 and 2021, of all the productive sectors, the greatest increase in value added and employment was recorded in the services sector, while the agricultural sector showed the least momentum by both metrics.

While the share of the services sector in total employment increased considerably —from 28% in 1950 to 65% in 2021— that of agriculture fell from more than 50% of all jobs to 15% over the same period. While the industrial sector's share rose from 20% to 25% between 1950 and 1980, it declined after 1990 to reach 21% of total employment in 2021.

Within the different subsectors that make up the productive sectors, an increase in the share of the services sector was observed in financial, insurance and real estate services (4.9%), wholesale and retail trade and hospitality (3.9%), and government, community and personal services (3.5%). In the industrial sector, the subsector with the highest employment growth was construction, with 3.7%. Although these growth rates in participation cover the entire study period, two facts were highlighted in the chapter. First, the decade with the highest growth was the 1970s and, since the 1980s, the rate of employment growth has declined across all subsectors. Second, the slowdown in employment growth has remained ongoing since 1990 and the 2010–2019 period has seen the slowest growth since 1950.

As a result of the variations in growth rates, the structure of employment in the region's subsectors has changed. While the employment shares of construction, wholesale and retail trade and hospitality, financial, insurance and real estate services, and government, community and personal services more than doubled, that of agriculture fell by 70%.

These employment trends within productive sectors and subsectors and the consequent shifting structures had important consequences for the region's labour productivity, which has remained stagnant over the last four decades. Between 1980 and 2021, there was an average reduction of 0.1%.

Productivity trends in 1980–2021 were not uniform. Since 1991, regional labour productivity has increased and, thanks to the good performance achieved between 2004 and 2013, it came very close to its 1980 level. However, the end of the commodity price boom brought an end to that trend and, from 2014 onward, labour productivity in the region has been trending downward.

The information presented in this chapter suggests that the behaviour of productivity was associated with sectoral employment trends. The subsectors with the lowest productivity (construction, wholesale and retail trade, and government, community and personal services) have generated the most employment and their share increased considerably. In fact, labour productivity in those subsectors —which in 2021 accounted for 56% of the region's total employment— has declined since 1990, which has contributed to the persistently low levels of labour productivity at the aggregate level.

This is consistent with the fact that the productivity gains recorded since 1991 were not the result of the redistribution of employment between sectors, but of its redistribution within sectors. It also confirms that the structural change of employment has contributed negatively to labour productivity growth.

While higher GDP growth is a necessary condition for creating jobs, it is not sufficient to boost job creation. It must be accompanied by an increase in labour productivity.

This requires productive development policies that encourage increased investment and orient it towards sectors that bolster growth in GDP, employment and labour productivity. ECLAC has proposed a list of sectors that can serve as catalysts for growth and investment and would allow resources to be channelled towards higher-productivity sectors.

Climate change is a major challenge and, at the same time, a source of opportunities. The economies of Latin America and the Caribbean have large reserves of the resources that are essential for the transition to cleaner energy. This would benefit not only those countries that produce metals such as copper and steel, but also those with abundant reserves of lithium and cobalt, which are essential for emerging technologies.

The energy transition also offers the region's countries an opportunity, in that it can help to overcome the coordination problems that may be caused by the low levels of public and private investment that characterize the region (ECLAC, 2022). Addressing the effects of climate change requires a significant allocation of resources to improve the region's infrastructure for energy and production. The mobilization of resources by the public sector and their clear orientation by means of productive development policies could mark a turning point in overcoming the historical pattern of low investment in the region, which would boost investment and productivity in such activities as electromobility and the development of clean energy sources.

The development of a care society also offers a great opportunity. Reducing the barriers that currently limit women's labour participation would have a significant effect on regional economic growth. Beyond that benefit, however, the establishment of a care society would offer the possibility of retraining many current services sector employees, thereby boosting overall productivity. Building a care society requires providing the skills and infrastructure necessary for those working in that field to perform effectively, which would in turn increase both their productivity and their incomes.

Achieving a path of high and sustained economic growth that creates good-quality jobs and bolsters productivity in the countries of Latin America and the Caribbean does not only depend on productive development policies. It is also crucial for the region to address the significant deficits in the provision of public goods, such as health and education, which undermine human capital and limit the ability of companies to increase their productivity. Deficiencies in infrastructure, energy distribution and financial systems also hinder the efficient allocation of productive factors and risk management, thereby constraining improvements in productivity, rising economic activity and job creation.

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CHAPTER

III

Informal employment in Latin America from 2013 to 2022: developments and trends

Introduction[1]

In the economies of Latin America, more than half of all those in employment work informally, and the proportion has tended to increase over the past decade. This chapter uses household surveys to examine informal employment between 2013 and 2022 in 14 countries of Latin America that together account for 87.5% of the region's working-age population. It also explores how the likelihood of employment being informal varies with socioeconomic characteristics such as age, gender and educational attainment.

The definition of informal employment taken is that proposed by the twenty-first International Conference of Labour Statisticians (ICLS), whereby wage earners or apprentices are informally employed if they do not have a contract, and employers and own-account workers are informally employed if the establishment they work in is not registered with the tax authorities. On the basis of this definition and those of the International Labour Organization (ILO) and ECLAC, the rate of informality in the region is found to be between 49% and 52% of the total working population.

Examining the working-age population shows that the employed population increased by 10.0% between 2013 and 2022, and that the rise was mainly explained by the increase in informal employment, since this grew by 18.6% while formal employment grew by only 3.3%. When the evolution of informal employment is analysed by sex, it is observed that the larger increase was among women (22.8%), while among men the increase was 15.7%.

A close relationship is found between the evolution of the informal employment rate and the business cycle: in phases where the GDP growth rate increases, informality decreases; in periods of slowdown, informality increases. This chapter also shows that informality rates are highest in activities such as community and personal services, commerce, restaurants and hotels, agriculture and construction, which have been accounting for increasing shares of employment in the region (see chapter II).

Besides the impact of economic growth on informality, this chapter examines how different socioeconomic variables affect the likelihood of employment being informal. To this end, we estimate a probit model whose explanatory variables are age, gender, human capital, geographical area, migration status and the presence in the household of people requiring care (children and older persons). The coefficients calculated for these variables are statistically significant, and the parameters estimated indicate that there is a statistical relationship between the likelihood of someone's employment being informal and the variables in question.

A first conclusion that emerges from the model is that education significantly affects the likelihood of employment being informal: the higher people's educational level, the less likely they are to be informally employed. For the region as a whole, for example, an employed person who has gone through secondary education is 12% less likely to be informal than one who has not, but having a technical or university diploma reduces the probability by 27% and 34%, respectively. This result once again shows how important it is to increase the educational level of the region's workforce and highlights the desirability of expanding the supply of technical and university courses so that the education on offer better matches demand from production sectors.

A second result to be highlighted is that the likelihood of someone being informally employed is higher if that person is a woman and greater still if there are dependants in the household: the probability of employment being informal is 2.6% higher than for men in the first case and 3.4% higher in the second. These results highlight the need to alter cultural patterns that impose a very heavy burden of unpaid activities on women and to advance with the construction of a care society.

A third result relates to geographical location: an employed person living in an urban area is 14.6% less likely to be informal than one living in a rural area. This result essentially reflects the lack of opportunities to obtain formal employment in rural areas and the prevalence of agricultural activities there, since the agricultural jobs available tend to be temporary and have a low level of formalization.

[1] This chapter was prepared with input from elements of the analysis in R. Pineda and others, "Empleo informal en América Latina: perfiles más propensos", unpublished, 2024.

This situation underlines the importance of implementing territorial production development policies to level the playing field and foster the creation of formal employment in these areas.

A fourth finding is that employed people who are migrants are 6.9% more likely to be working informally than nationals. Problems obtaining the necessary documentation and accrediting studies and work experience make it difficult for many migrants to gain access to formal jobs.

The model also shows that the likelihood of employment being informal increased by 5.5% between 2013 and 2022, which could be associated with the slowdown in economic activity in that period.

The data presented in this chapter show that informal employment is a phenomenon with multiple causes, such as growth trends and the socioeconomic characteristics of individuals; thus, formality can only be increased by implementing a number of complementary policies which address the wide range of conditioning factors.

A first condition for reducing occupational informality is the creation of more formal jobs. As this chapter will show, phases of accelerating GDP growth coincide with phases of declining informal employment, but while high and sustained growth is a necessary condition, it is not sufficient. Efforts to increase the formalization of workers must be embedded in a production development strategy that gives clear signals of policymakers' efforts to stimulate growth in sectors and industries which can boost formal job creation and foster worker productivity. This means implementing policies that help reduce the gaps between the supply of and demand for skills in the region. Similarly, there is a need to integrate employment and production policies that facilitate the incorporation of youth into the labour market and the reintegration of older workers into the market for formal employment. ECLAC has identified a number of sectors associated with industry, services and the big push for sustainability that could contribute significantly to the creation of formal jobs in an environment of higher GDP growth and labour productivity.

The rest of the chapter is structured as follows. Section A summarizes the evolution of the concept of informality. Section B describes the context for the phenomenon of informal working, showing how high and persistent informality rates have been in the region and how they behave when GDP growth is in an accelerating or decelerating phase. Section C deals with the working-age population and section D with those of formal and informal employment and the demographic characteristics of the latter. Section E presents the probit model estimated and describes the socioeconomic characteristics that affect informal employment. Section F presents the results from the probit model, and section G offers some final considerations.

A. A historical perspective on the concept of informality

The concept of informality in relation to employment has evolved over time to adapt to continuous changes in the economic structure and employment relationships. This evolution reflects the diversity of work situations that are considered informal, e.g. own-account workers and employers whose enterprises are unregistered, wage employees without a contract, and unpaid family workers. The term has also been used to describe those working in establishments with low productivity and employed persons who are not covered by social security systems.

In the 1980s, the concept of informality began to be applied specifically to the employment sphere, focusing on the substandard working conditions, lack of social protection and absence of labour rights affecting workers in the informal sector. Some international organizations, such as ILO, defined informal employment as a form of unregulated, unprotected work.

In 1991, ILO used the concept of the informal sector in its report *The dilemma of the informal sector*. The report provided a broad definition of informal employment and examined its characteristics and the challenges associated with it, laying the groundwork for the measurement and analysis of such employment internationally. In 1993, ILO adopted a broad definition of informal employment encompassing own-account workers, wage earners in unregistered or unregulated enterprises and unpaid domestic workers (ILO, 1993). The basis of the definition is lack of access to social security, absence of labour protection and insecurity of earnings.

ICLS has played an important role in developing the concept of informal employment by providing a framework for measuring and comparing this internationally. For several decades, ICLS has been working to standardize definitions and measurement methods for informal employment, allowing this to be better understood and compared across different countries and regions. Recently, the twenty-first ICLS, held in October 2023, adopted a resolution updating and improving the standards applied to the measurement of the informal economy, not only to ensure that these reflected the latest developments in the world of work and provided a better picture of the situation of individuals, but also to bring them into line with the latest standards on the measurement of all forms of work (not only employment) and industrial relations, adopted at the nineteenth and twentieth ICLS.

The resolution of the twenty-first ICLS is intended to set standards for statistics on the informal economy and thereby guide countries in their efforts to update, harmonize and further develop their statistical programmes in this field. It defines the statistical concepts of informal productive activities, the informal economy, the informal market economy and informal work for reference purposes and provides operational concepts, definitions and guidelines for the statistical measurement of their components. For the purposes of this report, we shall concentrate on the concepts of formal work and informal work (formal employment and informal employment) proposed by ICLS.

In the resolution referred to, "formal employment is defined as any activity of persons to produce goods or provide services for pay or profit in relation to a formal job, where the activities are effectively covered by formal arrangements. Formal employment comprises productive activities carried out in relation to formal jobs held by: (a) independent workers in employment who operate and own or co-own a formal economic unit; (b) dependent contractors who have a formal status in relation to the legal administrative framework of the country and whose activities are associated with effective access to formal arrangements; (c) employees, if their employment relationship is, in practice, formally recognized by the employer in relation to the legal administrative framework of the country and associated with effective access to formal arrangements; and (d) contributing family workers carrying out work for a formal economic unit and whose work relationships are formally recognized in relation to the legal administrative framework of the country and associated with effective access to formal arrangements" (ILO, 2023).

For the purposes of this chapter, and in line with the definition of the twenty-first ICLS, the criterion applied is that wage employees and family workers are formal if there is an employment contract. In the case of independent workers who own an economic unit (employers) and independent contractors or own-account workers, formality means that the unit is registered with the tax authority. Operationally, therefore, this report treats formality as being based on the existence of an employment contract or registration with the tax authority. Any occupation that does not meet these requirements is deemed informal.

Using this operational definition and information from the multipurpose household surveys of the region's countries compiled in the ECLAC Household Survey Data Bank (BADEHOG),[2] we identified the numbers of formally and informally employed people in 14 countries of Latin America in 2013, 2016, 2019 and 2022.

The 14 countries included in this study were those with surveys for 2013 and 2022 (the starting and ending years chosen),[3] namely Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Mexico, Panama, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay.

B. Informality rates in the region are persistently high

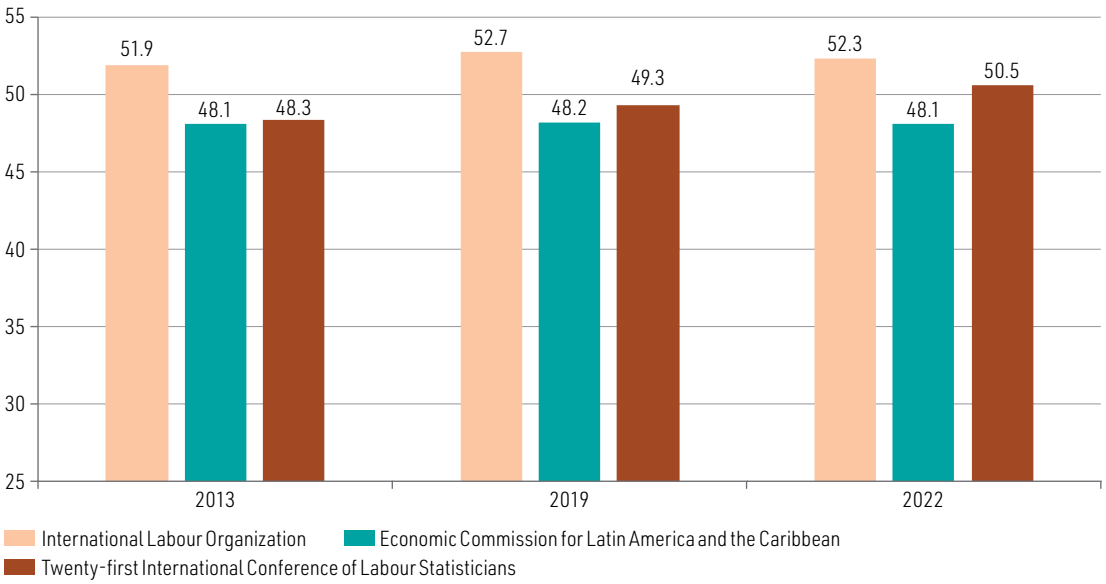
To put the implications of the definition used for this study into context, we present measures of occupational informality from three sources that apply different criteria to define it. The first source are the estimates produced by ILO in accordance with that organization's definition of the informally

2 See annex III.A1 for a detailed list of the surveys used for each country.
3 See annex III.A2 for detailed information on the years covered by each survey in these 14 countries.

employed, which includes all paid workers who are not registered, regulated or protected by legal or regulatory frameworks and those engaged in unpaid work in income-generating enterprises. The second source are ECLAC estimates based on official data provided by each country. In this case, each country uses its own definition of informal employment. The third source are estimates that apply the criterion of the twenty-first ICLS, whereby wage earners without a contract and employers or own-account workers not registered with the tax authority are deemed to be informal.

Measurements from the three sources mentioned indicate a high level of informal employment in the region, amounting to about 50% in the period analysed (see figure III.1). These results reflect the fact that, despite the different criteria used, all measurements employ similar concepts and use variables that are highly correlated. The informality rate calculated using the approach proposed by the twenty-first ICLS lies between the value reported by ILO and that reported by ECLAC. The differences between the estimates are mainly due to the number of countries included in the analysis. This difference in coverage can lead to variations in reported informality rates, especially if countries with high levels of informality are included in the sample, as in the case of ILO.[4] For the present study, we sought to construct an estimate of informality that would be consistent across all 14 countries considered and over the entire period analysed. To this end, the definition of the working-age population was standardized as people aged 15 and over. This standardization may mean that estimates differ from those produced by other sources, since the universe covered by them is different: there are countries in which working age is considered to begin before the age of 15.[5]

Figure III.1
Latin America: informal employment as a share of total employment, by source, 2013, 2019 and 2022
(Percentages)



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

According to ILO data, the global average informality rate was 57.8% in 2022, above the 50.5% we have estimated for the region. The latter's informality rate is higher than that observed in high-income economies, where the average rate is reported to be only 13.2%, but lower than in low-income countries, where a rate of 88.8% has been recorded. According to these results, the Latin American and Caribbean economies have a long way to go before their level of informality converges with that of high-income countries.

[4] The ILO estimates include countries such as Guatemala and Haiti, for example, which are outside our sample owing to the lack of surveys there for the years covered by this study.

[5] This is the case in Peru, where working age is considered to begin at 14, and the Plurinational State of Bolivia, where working age is considered to begin at 10.

1. Informality and economic growth

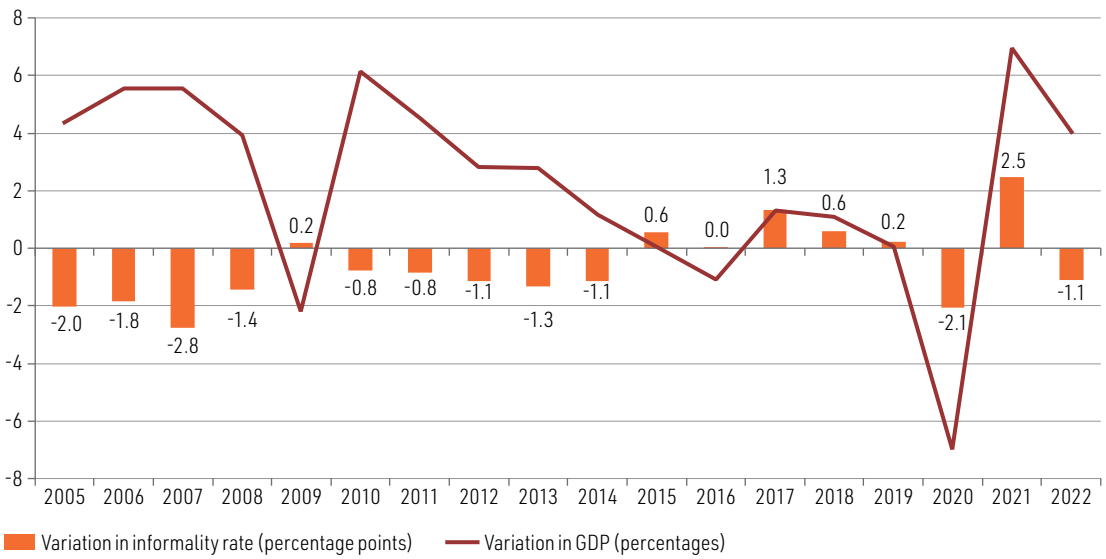
The informal employment rate is closely related to the business cycle, as it usually declines during phases of strong GDP expansion but tends to increase in periods of slowing growth. Table III.1 and figure III.2 show that the informal employment rate in the region's economies declined by an average of 2.0 percentage points between 2005 and 2008, when regional GDP was growing by an average of 4.9%. When regional GDP contracted in 2009 in the context of the global financial crisis, informality increased by 0.2 percentage points. Then, with the return of economic growth, informality tended to decline again: between 2010 and 2014, when GDP grew by an average of 3.5%, the informality rate decreased by 1 percentage point. However, in the period 2015–2022, when GDP growth averaged 0.7%, informality increased by an average of 0.3 percentage points per year.[6]

Table III.1
Latin America: average variation in GDP and informal employment rates, by subperiod, 2005–2022
(Percentages and percentage points)

	Variation in GDP *(Percentages)*	Variation in informality *(Percentage points)*
2005-2008	4.9	-2.0
2009	-2.2	0.2
2010-2014	3.5	-1.0
2015-2022	0.7	0.3

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

Figure III.2
Latin America: variation in GDP and informal employment rates,[a] 2005–2022
(Percentages and percentage points)



Source: Economic Commission for Latin America and the Caribbean (ECLAC) and International Labour Organization (ILO), on the basis of official figures.
[a] To have a long enough time series, we used the informal employment rate provided by ILO.

[6] Informality fell in 2020 because of mobility restrictions imposed to deal with the health emergency caused by the pandemic.

The above data are consistent with the results presented by Cruces and others (2016) in a study looking at 16 countries of the region in the period 2000–2012. This study shows that, in a period of relatively high economic growth and low unemployment, labour income increased and the share of own-account workers and unpaid family workers in total employment declined in the great majority of the region's countries. A study of 93 countries by Loayza and Rigolini (2006) found that informality, defined as self-employment, was countercyclical, in other words it increased during stages when GDP was contracting and decreased during expansionary phases.[7] This negative correlation between the informal employment rate and GDP growth appears to reinforce the idea that in periods of low growth, workers seek refuge in informality because they are expelled from formal jobs, and that when growth is high, many choose to enter the formal sector in search of higher-quality employment.[8]

C. The working-age population

To contextualize the characterization of the region's informally employed, it is useful to examine the trends and characteristics of the working-age population in Latin America, a variable that we have standardized across all the countries and years included in this study. For the purposes of our analysis, the working-age population consists of everyone aged 15 and over who is legally entitled to work. To examine the trends and characteristics of this population, we used microdata from the 2013, 2016, 2019 and 2022 household surveys for the 14 countries of the region considered.[9]

According to estimates by the Latin American and Caribbean Demographic Centre (CELADE)-Population Division of ECLAC, the group of countries considered in this study accounted for 87.5% of the region's entire working-age population in 2022. Given the representativeness of the sample, analysing informal employment in relation to this group of countries should provide a reliable picture of what is happening in the region as a whole.

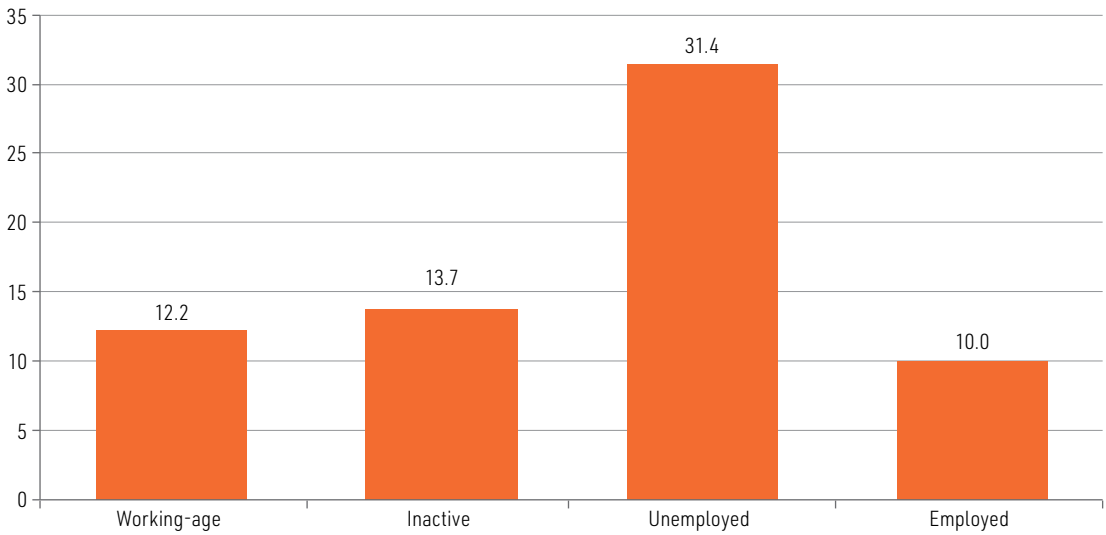
Standardized microdata from household surveys in the different countries can be used to disaggregate information by age group, gender and socioeconomic status and to accurately analyse various aspects of the labour market, such as employment, unemployment, labour force participation and informal employment rates, as well as other aspects related to employment quality.[10] Harmonizing definitions allows consistency to be maintained both when comparing data across countries and when analysing the evolution of data over time. In addition, microdata allow us to delve deeper into other characteristics of the working-age population, such as educational attainment, migration status and other socioeconomic variables that have been identified in the literature as crucial for understanding the labour market. This allows a detailed approach to be taking to the analysis of informal employment and its implications in a variety of contexts.

This section will analyse some of the main employment indicators and identify trends and changes observed in the period under study. The analysis will serve as a foundation for a deeper understanding of the characteristics and problems of the informally employed in Latin America, and will provide essential context for the following sections of the study. According to our estimates, the working-age population in the sample countries increased by 12.2% between 2013 and 2022, from 373.2 million to 418.8 million people (see figure III.3). This increase breaks down as follows: the number of inactive people, i.e. those who were neither employed nor actively seeking work at the time of the survey,

7 Palafox-Silva (2024) obtained similar results for Mexico.
8 ECLAC (2021) analyses the impact of the coronavirus disease (COVID-19) pandemic on the labour market and shows that restrictions on mobility prevented the informal sector from acting as a buffer against the shock that affected economic activity.
9 We used the surveys from the fourth quarter of each year selected. The household surveys used were those in BADEHOG, while for employment surveys we used the original data provided by the national agency concerned. In some cases where surveys for the selected years were not available, we used those of the closest year (see annex III.A2).
10 See Apablaza and others (2024).

rose by 13.7%, from 130.3 million in 2013 to about 148.1 million in 2022; the number of unemployed rose by 31.4%, from about 15.2 million to 20 million in the same period;[11] and the number of people in employment rose by 10.0%, from 227.7 million to 250.5 million.

Figure III.3
Latin America (14 countries):[a] cumulative variation in working-age, inactive, unemployed and employed populations, 2013–2022
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
Note: Calculations are based on numbers of people, so the figures are weighted averages for the 14 Latin American countries.
[a] Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Mexico, Panama, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay.

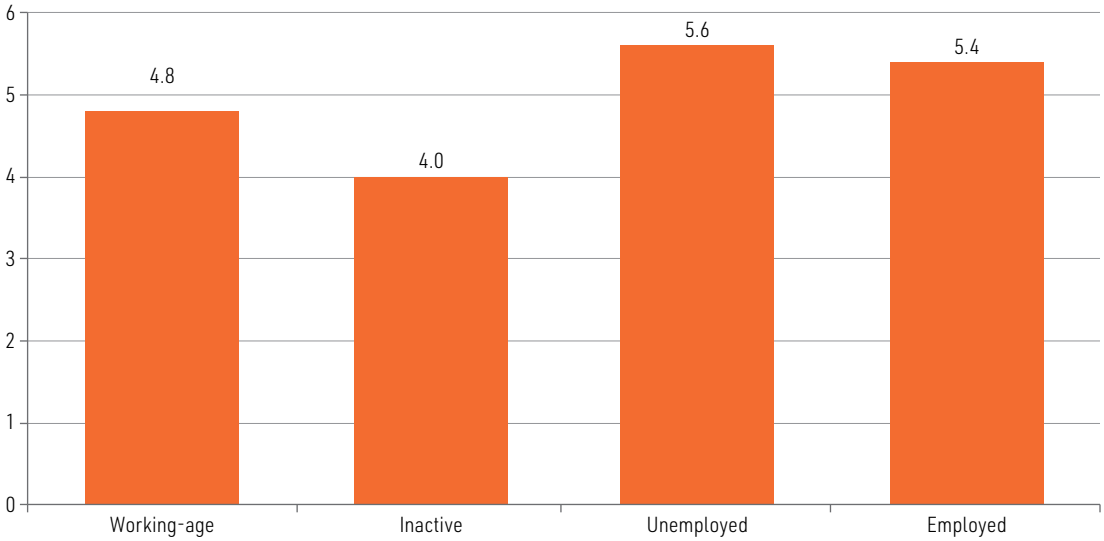
A number of demographic factors have influenced changes in the structure of the working-age population. ECLAC (2024) has documented the ageing of the region's population in recent decades. The age of the working-age population increased by an average of 2.3 years between 2013 and 2022: the age of the inactive population changed the most (3.3 years), followed by the age of the unemployed and employed, which increased by 1.6 years.[12]

At the same time, the increase in the proportion of inactive and unemployed people and the decrease in the proportion of employed people in the region's working-age population indicate that the labour market has not had sufficient capacity to absorb the additional workers who have joined the labour force, the result being a larger number of people outside the labour market or unsuccessfully seeking employment.

The educational level of the working-age population has also increased.[13] In 2013, 17.5% of this population had at least a complete secondary education, whereas by 2022 the proportion had increased to 22.3%. Within the working-age population, the largest relative change was in the economically active population subgroup, which includes the employed and the unemployed: the proportion of these who had at least a complete secondary education increased by about 5 percentage points over the period (see figure III.4). This suggests that the number of people in employment or actively seeking employment with a higher level of education increased over the years.

[11] People who were without employment and actively seeking work in the week of the survey were considered to be unemployed.
[12] The rise in the number of inactive people in the region also reflects the increasing longevity of the population and poses major challenges in respect of the dependency ratio.
[13] Trucco (2023) documents the increase in school coverage in the region, especially at the primary level, noting that while there have been improvements in secondary education, there is still a long way to go where completion is concerned. The author also notes that even less progress has been made in tertiary education.

Figure III.4
Latin America (14 countries):[a] variation in proportion of people with complete secondary education or more, 2013–2022
(Percentage points)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
Note: Calculations are based on numbers of people, so the figures are weighted averages for the 14 Latin American countries.
[a] Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Mexico, Panama, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay.

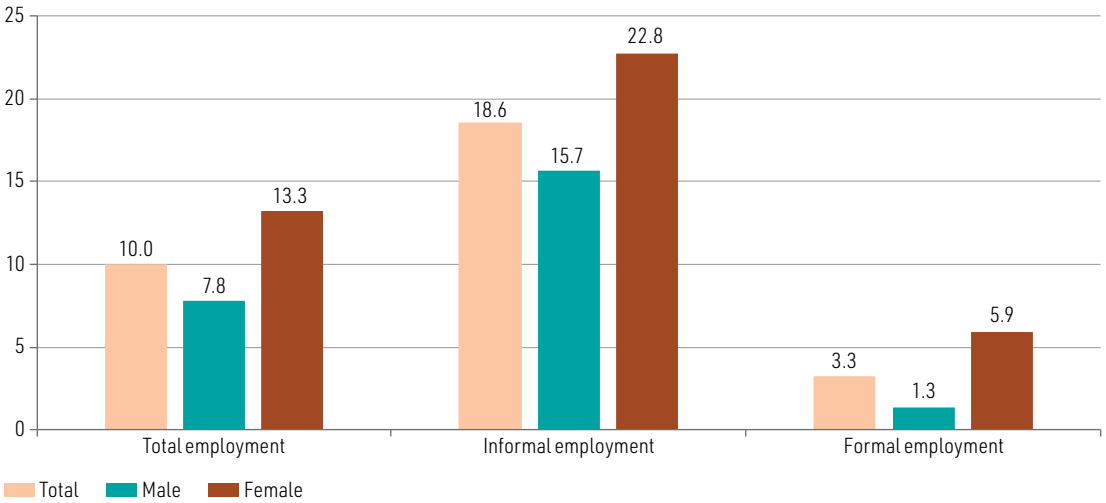
D. Characterization of the informally employed

This section examines formal and informal employment in Latin America between 2013 and 2022, then uses household surveys from the 14 countries considered in the study to produce a demographic characterization of their trajectories.

1. Formal and informal employment grew at different rates

Between 2013 and 2022, the employed population of Latin America increased by 10.0%: informal employment rose by 18.6%, from about 101.2 million people in 2013 to 120 million people in 2022, and formal employment rose by 3.3%, from 126.4 million people to 130.4 million people, over the same period (see figure III.5). Disaggregating the growth of the employed population by sex shows that employment increased more among women than among men (13.3% and 7.8%, respectively), partly reflecting the fact that women's participation rate increased by more than men's over the period. Women accounted for 41.0% of all employed persons in 2013 and 43.0% in 2022 (ECLAC, 2021). One striking aspect is the amount by which female employment in the informal sector grew: from approximately 41.2 million people in 2013 to 50.5 million in 2022, an increase of 22.8%.

Figure III.5
Latin America (14 countries):[a] cumulative variation in total, formal and informal employment, 2013–2022
(Percentages)

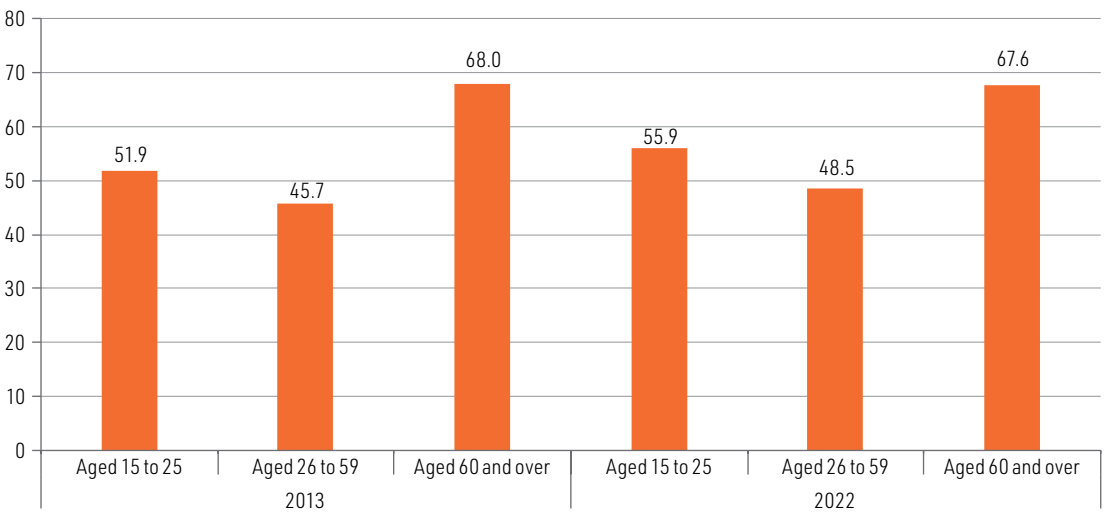


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Mexico, Panama, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay.

2. Informal employment was highest among youth and older persons and increased most among the former between 2013 and 2022

Analysing the informality rate by age group in 2022 shows that it was highest among employed persons aged 60 and over (67.6%), followed by those aged 15 to 25 (55.9%) and those aged 26 to 59 (48.5%) (see figure III.6). With regard to the evolution of this rate between 2013 and 2022, the finding is that informality increased in the whole of the population considered, with the largest increase in the youngest age group (4 percentage points).

Figure III.6
Latin America (14 countries):[a] informality rates by age group, 2013 and 2022
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Mexico, Panama, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay.

The values shown in figure III.6 reflect the occupational vulnerability of youth and older persons and underline the importance of applying specific policies to improve working conditions in general, but especially for these population groups.

E. Socioeconomic characteristics that affect the likelihood of employment being informal

The results presented bring out the close links between informal employment and characteristics such as age and gender. In particular, women, youth and older persons are increasingly represented in the informal working population. We shall explore this relationship in more detail below, while also considering other personal attributes such as human capital, the presence of people requiring care in households and other socioeconomic characteristics that undoubtedly influence the likelihood of a person being informally employed.

1. The probit model

This section will describe the probit model that we estimated to ascertain the correlations between some of the variables that have been identified in the literature as determinants of informality. This type of model is able to deal with the binary and qualitative nature of the dependent variable *Y*, which takes the value 1 when the person considered is informally employed, and can be used to estimate the correlation of this variable with the explanatory variables *Xs*:

$$P(Y = 1 \mid X) = \varphi(\beta_1 X_1 + \beta_2 X_2 + \cdots + \beta_K X_K) \quad (1)$$

Probit models allow efficient estimates to be made because they effectively deal with the presence of unobserved heterogeneity and specific individual effects that might influence the probability of someone's employment being informal. To improve estimation efficiency, enhance the statistical power of the estimators and capture time trends, data for the four years considered (2013, 2016, 2019 and 2022) were consolidated when the model was estimated. The values of the estimated β coefficients indicate the correlation of each explanatory variable with the probability of someone's employment being informal.

We shall now briefly describe the variables included in the model and indicate what sign we expected each coefficient to have. These variables were constructed in such a way that the definition used was as homogeneous as possible across countries and over time in each country. Among the variables taken were human capital, sex and the presence of people requiring care in the household, together with variables indicating whether the person lives in an urban or rural area, is a migrant or not, and is in a union with someone else or unattached. An effort was also made to estimate whether there were changes in the probability of someone's employment being informal over the four years covered by the sample. Equation 2 incorporates the variables mentioned.

$$\begin{aligned} P(\,informally\ employed = 1 \mid xi) = \phi(&\beta 0 + \beta 1\ age + \beta 2\ age\_sq + \beta 3\ female + \\ &\beta 4\ c\_secondary\_edu + \beta 5\ c\_technical\_edu + \beta 6\ i\_technical\_edu + \\ &\beta 7\ c\_university\_edu + \beta 8\ i\_university\_edu + \beta 9\ migrant + \\ &\beta 10\ dependants + \beta 11\ female\_dep + \beta 12\ urban + \beta 13\ in\_union + \\ &\beta 14\ year\_2016 + \beta 15\ year\_2019 + \beta 16\ year\_2022 + \varepsilon i \end{aligned} \quad (2)$$

2. Variables reflecting human capital

Our estimation uses two variables to measure a person's human capital: educational attainment and work experience. It has been established that both variables are crucial determinants of labour force participation, wages and, in our case, whether or not someone's employment is informal.

Thus, equation 2 above uses educational attainment to approximate education-related human capital. In particular, it includes a number of dichotomous variables that take the value 1 if someone has the following: complete secondary education (coefficient $\beta 4$); complete technical education (coefficient $\beta 5$); incomplete technical education (coefficient $\beta 6$); complete university education (coefficient $\beta 7$); or incomplete university education (coefficient $\beta 8$). The category of complete university education also covers people with postgraduate education. The sign of all these coefficients is expected to be negative, in other words the higher the level of school, university or technical education, the lower the probability of people's employment being informal compared to the baseline scenario in which they do not have complete secondary education (see Pagés and Stampini, 2009; Levy and Székely, 2016). Conversely, it is expected that the higher the level of education attained by someone in employment, the greater the effect in reducing the likelihood of that employment being informal. For example, an employed person with a technical education is expected to be less likely to be informal than one with a complete secondary education.

The second component that measures people's human capital is their work experience. Since this variable is not observable and is not reported in surveys, we use the age of the individual as a proxy. In principle, it is expected that the more work experience people have, the less likely their employment is to be informal. However, this relationship is usually non-linear, decreasing over time. To incorporate the non-linearity of the relationship between greater experience and age, on the one hand, and the probability of employment being informal, on the other, a quadratic term is included. The coefficients associated with these variables are expected to be negative in the case of age ($\beta 1$) and positive in the case of the quadratic term ($\beta 2$).

3. Sex and the care economy

The care economy and gender inequalities in the labour market are two issues that have been widely documented.[14] Accordingly, the following variables are included in this model: the person's sex; the presence of dependants, i.e. people requiring care in the household (children under the age of 5 and people over 70 who are inactive); and a third variable designed to capture possible differences between women and men in the way the presence of dependants in the household affects the likelihood of employment being informal.

In the case of the *female* variable, which takes a value of 1 if the person is female, the sign of the coefficient ($\beta 3$) is expected to be positive, reflecting the statistical fact that women are more likely to be informally employed than men, the latter being taken as the control. As for the *dependants* variable, which takes the value 1 if there are dependants in the household, its coefficient ($\beta 10$) is expected to be positive, in other words people in work whose households contain young children or inactive older persons are more likely to be informally employed than those whose households do not contain dependants. Lastly, the coefficient ($\beta 11$) for the interaction term *female_dep*, which takes the value 1 if the person is female and there are dependants in the household, is expected to be positive, i.e. the presence of dependants is expected to increase the probability of being informally employed to a greater extent for women than for men.

[14] Goldin (1995, 2004), for example, argues that lack of flexibility in working hours reduces incentives for women to participate in the labour market and increases the likelihood of their being informally employed because of the greater burden of household care work on them.

Given the above, the *β3* coefficient needs to be examined if we wish to determine whether there are gender-related differences in the likelihood of individuals living in households with no dependants being informally employed. If the aim is to identify the differences between women and men living in households where there are dependants, however, it is the *β11* coefficient that has to be examined.

4. Marital status, migration status and location of dwelling

The purpose of this third block of variables is to determine whether there are correlations between the probability of people's employment being informal and their socioeconomic characteristics. The *in_union* variable is thus included and takes the value 1 if people state in answer to the question about their marital status that they are married or in a union. Marriage or cohabitation tends to be associated with a greater predisposition to look for a job that provides more medium- and long-term employment and financial stability, potentially motivating people to seek formal employment. On this hypothesis, being in a union is expected to reduce the probability of people being informally employed, i.e. the coefficient of this variable (*β13*) is expected to have a negative sign. In this case, unattached people are the control group.

The model also includes the dichotomous variable *migrant*, which takes the value 1 if the employed person is a migrant. Migrants often face difficulties in having their qualifications and work experience recognized in the destination country and so tend to be more likely to take informal jobs than nationals.[15] Accordingly, the coefficient of this variable (*β9*) is expected to be positive.

The model also includes the *urban* variable, which takes the value 1 if people live in an urban area and 0 if they live in a rural area. Since rural areas tend to provide fewer opportunities for formal employment, and agricultural activities usually predominate, it is expected that the sign of the coefficient (*β12*) will be negative, i.e. that someone living in an urban centre is less likely to be informally employed than someone living in a rural area.

5. Changes in the informality trend

Lastly, there are three dichotomous variables in the model that take the value 1 if the data used are for 2016, 2019 or 2022. This allows each of these years to be distinguished from the control year, 2013. The coefficients that go with these variables (*β14*, *β15* and *β16*, respectively) are used to establish whether the probability of someone's employment being informal presents changes relative to the control year that are not associated with changes in the other explanatory variables. For example, if the *β14* coefficient for 2016 is positive, then any employed person is more likely on average to be informal in 2016 than in 2013; if the sign is negative, however, the probability is lower in 2016 than in 2013. A priori, these coefficients can be of either sign, but given the trend observed in the informality rate and GDP growth, the sign is generally expected to be positive.

F. Main results from the model estimations

Fourteen models were estimated, one for each country in the study, and the first result to be noted is that in the great majority of cases the coefficients of the explanatory variables were significant at 1%, in other words the estimated parameters indicated that there was a statistically significant relationship between the probability of someone's employment being informal and the variable

[15] Migrants sometimes have difficulty attaining legal status in the receiving country, which significantly limits their chances of securing formal employment (see Cecchini and Martínez Pizarro, 2023).

concerned. The table in annex III.A3 shows the value of the estimated coefficients and the standard errors associated with the estimation of each parameter;[16] all coefficients that were significant in each case are in bold. Also included is information allowing the overall quality of each estimated model to be assessed. A second result worth mentioning is that, in the great majority of cases, the signs of the coefficients were as expected, i.e. matched those predicted in the description of each variable.

1. The higher people's level of education, the less likely their employment is to be informal

As can be seen from the tables in annexes III.A3 and III.A4, the coefficients $\beta 4$, $\beta 5$, $\beta 6$, $\beta 7$ and $\beta 8$ are negative and statistically significant at 1% in all 14 countries. Table III.2 summarizes the marginal effects, in other words the partial contribution in probabilistic terms, of each of the five variables that capture the effect of a higher level of education.

Table III.2
Latin America (14 countries): marginal effects associated with human capital for probability of employment being informal, by education level, 2013–2022
(Percentages)

Country	Complete secondary education	Incomplete technical education	Complete technical education	Incomplete university education	Complete university education
Argentina	-14.43	-19.06	-35.77	-21.71	-28.99
Bolivia (Plurinational State of)	-0.93	-15.74	-48.57	-5.13	-23.15
Brazil	-11.12	-	-	-13.61	-18.56
Chile	-6.08	-7.11	-15.18	-12.87	-22.95
Colombia	-12.24	-	-20.47	-3.11	-19.83
Costa Rica	-12.43	-15.83	-19.15	-26.84	-40.89
Dominican Republic	-13.33	-17.40	-22.72	-32.48	-63.58
Ecuador	-17.43	-29.71	-33.92	-35.60	-50.81
El Salvador	-14.54	-12.66	-31.95	-16.93	-35.43
Mexico	-16.14	-16.83	-22.85	-28.22	-30.38
Panama	-19.04	-21.54	-28.18	-33.30	-48.59
Paraguay	-12.53	-35.03	-35.43	-31.44	-48.10
Peru	-6.54	-13.45	-31.59	-23.53	-53.26
Uruguay	-17.20	-2.99	-7.65	-2.66	7.18
Average of 14 countries	**-12.43**	**-17.28**	**-27.19**	**-20.53**	**-33.88**

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

The first column of table III.2 shows the marginal effects of having a complete secondary education in the 14 countries included in the study, plus a regional average constructed from the results for the individual countries. The coefficients in this column indicate that the marginal effects are negative and that the probability of employment being informal decreases by an amount ranging from 0.93% in the Plurinational State of Bolivia to 19.04% in Panama. The probability falls by more than 10% in 11 countries, and the average for the region is a reduction of 12.43%. In other words, the average working person with complete secondary education in the region is 12.43% less likely to be in the informal sector than one who has not completed secondary education.

[16] Robust estimation of standard errors was performed using the Huber-White method. See Huber (1967) and White (1980).

Where complete technical education is concerned, the marginal effects indicate that people in work who have it are less likely to be informally employed than those who have not completed secondary education. Indeed, the decrease in probability ranges from 7.65% in Uruguay to 48.57% in the Plurinational State of Bolivia. The regional average of these marginal effects is 27.19%. It should be noted that the Brazilian survey does not provide the information necessary to determine whether someone has undertaken technical studies. It should also be pointed out that the average marginal effects calculated indicate that a complete technical education reduces the probability of someone's employment being informal by more than an incomplete university education (27.19% and 20.53%, respectively), again relative to the probability for employed people without a complete secondary education.

Regarding work experience, which is the second component of human capital, the estimates yield significant coefficients in the great majority of cases, and the signs are as expected: the linear term (*age*) has a negative coefficient $\beta 4$, while the quadratic term (*age_sq)* has a positive coefficient $\beta 5$. This means that the probability of someone's employment being informal decreases as they accumulate more experience, but that after a certain age the probability starts to increase (see the tables in annexes III.A3 and III.A4). It is worth mentioning that the coefficient $\beta 4$ is positive in the case of Peru. The values of $\beta 4$ and $\beta 5$ show why informal employment is higher among youth, who have little experience, and among older persons.

Table III.3 shows the marginal effects of the age-related variables for the 14 countries included in the study, together with the regional average of these effects, and reveals that the probability of someone's employment being informal decreases as experience (determined by age) increases. In fact, the marginal effects for each year that passes indicate that the probability of someone's employment being informal decreases by an amount ranging from 0.40% in the Dominican Republic to 2.82% in Argentina, with an average reduction of 1.45% for the region. The marginal effects of the quadratic term, meanwhile, range from 0.01% in Chile, Colombia and the Dominican Republic to 0.03% in Argentina, Brazil, Panama and Uruguay, with a regional average of 0.02%.

Table III.3
Latin America (14 countries): marginal effects associated with human capital for probability of employment being informal, by level of experience as determined by age, 2013–2022
(Percentages)

Country	Age	Age squared
Argentina	-2.82	0.03
Bolivia (Plurinational State of)	-1.32	0.02
Brazil	-2.18	0.03
Chile	-0.88	0.01
Colombia	-0.79	0.01
Costa Rica	-1.39	0.02
Dominican Republic	-0.40	0.01
Ecuador	-1.72	0.02
El Salvador	-1.64	0.02
Mexico	-1.81	0.02
Panama	-2.49	0.03
Paraguay	-0.89	0.02
Peru	0.20	0.00
Uruguay	-2.23	0.03
Average of 14 countries	**-1.45**	**0.02**

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

2. Women are more likely to be informally employed than men, especially when there are people requiring care in the household

The results for sex and the care economy, the second category into which we have grouped the variables, are presented below. The first result to note is that the coefficient *β3*, which expresses the relationship between being female and the probability of being informally employed, is positive and statistically significant in the great majority of countries, although it is negative in the Dominican Republic, Panama, Peru and Uruguay (see the tables in annexes III.A3 and III.A4). That is, other things being equal, a woman is more likely to be informally employed than a man in most countries of the region. Where the sign is as expected, the values of the marginal effects range from 0.18% in Chile to 17.16% in Paraguay (see table III.4). The regional average is 2.62%, which means that, on average for the region, a woman is in principle 2.62% more likely to be informally employed than a man.

Table III.4
Latin America (14 countries): marginal effects associated with sex and presence of people requiring care in household for probability of employment being informal, 2013–2022
(Percentages)

Country	Female	Dependants	Female with dependants
Argentina	4.58	1.53	0.35
Bolivia (Plurinational State of)	2.31	-2.12	1.81
Brazil	3.94	2.63	0.27
Chile	0.18	0.31	0.25
Colombia	2.45	2.81	0.46
Costa Rica	10.98	0.18	0.98
Dominican Republic	-5.76	-1.15	0.26
Ecuador	3.67	0.83	0.75
El Salvador	5.99	0.25	-1.37
Mexico	0.66	0.65	4.02
Panama	-3.92	0.61	-2.88
Paraguay	17.16	-2.95	4.85
Peru	-5.39	2.62	0.62
Uruguay	-0.19	1.51	0.93
Average of 14 countries	**2.62**	**0.55**	**0.81**

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

The second variable in this category is the one relating to dependants. This variable captures the effect that the presence of people requiring care in the household has on the probability of employment being informal. Those requiring care are considered to be children under 5 years of age and people over 70 who are inactive. The estimates show that the coefficient (*β10*) is significant and that its sign is as expected in the great majority of cases. The Dominican Republic, Paraguay and the Plurinational State of Bolivia are the only exceptions, with a negative coefficient.[17] As table III.4 shows, the marginal effects of this variable range from 0.18% in Costa Rica to 2.81% in Colombia, and the regional average is 0.55%. This average is affected by the cases of the Dominican Republic, Paraguay and the Plurinational State of Bolivia, already referred to, where the effects are negative and exceed 2.0% on average. In the region, the presence of dependants, i.e. people requiring care in the household, increases the probability of a person's employment being informal by 0.55%. It should be noted that the control group are men, so the most accurate interpretation of the result would be that, in the region, a man who has dependants in his household is 0.55% more likely to be informally employed than one whose household contains no dependants.

[17] A negative sign for this coefficient may possibly indicate that the older persons included in the variable are acting as carers (see Berkman and others, 2012).

A *female_dep* interaction term was included in the model, making it possible, as mentioned, to differentiate the impact that the presence of dependants in the household has in the case of women and in that of men. This variable takes the value 1 in the first case and 0 in the second. According to the results, the variable is significant in all cases, and its coefficient, $\beta 11$, is positive in the great majority of countries, which is in line with expectations. El Salvador and Panama are the only cases where $\beta 11$ is negative. As shown in table III.4, the marginal effects range from 0.25% in Chile to 4.85% in Paraguay, and the regional average is 0.81%. This means that, in the region, a woman living in a household with dependants is, by that fact alone, 0.81% more likely to be informally employed than a man living in a household without dependants. However, this interpretation overlooks the fact that being a woman already entails a higher likelihood of being informally employed. If that is taken into account and the total effect of the difference between being a woman in a household with dependants and a man in a household without dependants is calculated, the regional average value is 3.43%. This means that a woman living in a household with dependants is 3.43% more likely to be informally employed than a man living in a household without dependants. Lastly, if we want to calculate the difference between men and women living in households where there are dependants, we must subtract the marginal effects associated with $\beta 11$ and $\beta 10$. This yields a value of 0.26% for the regional average, which is the difference between 1.18% (women) and 0.11% (men). This figure means that a woman in the region living in a household with dependants has a 0.26% higher probability of being informally employed than a man in the same situation.[18]

3. Marital status, migration status and location of dwelling

The estimates associated with the third group of variables representing the socioeconomic characteristics of individuals, consisting of marital status, migration status and whether the dwelling is located in an urban area or not, also yielded statistically significant coefficients. Specifically, the coefficients were negative for urban area and marital status, and positive for migration status (see the tables in annexes III.A3 and III.A4).

With regard to marital status, the model results indicate that being married or in a union reduces the probability of being informally employed by an amount ranging from 0.1% in Paraguay to 5.75% in Peru (see table III.5). Brazil, Colombia and the Plurinational State of Bolivia are exceptions, as the correlation there is positive, meaning that being in a union increases the probability of being informally employed. Taking the regional average, someone in the region who is in a union is 1.27% less likely to be informally employed than someone who is not.

Table III.5
Latin America (14 countries): marginal effects associated with marital status, migration status and dwelling location for probability of employment being informal, 2013–2022
(Percentages)

Country	Migrant	Urban	In union
Argentina	14.37	-	-3.59
Bolivia (Plurinational State of)	-1.27	-17.22	1.97
Brazil	6.93	-22.89	6.20
Chile	3.16	-7.29	-2.44
Colombia	-	-14.36	0.26
Costa Rica	5.79	-10.81	-3.18
Dominican Republic	18.85	-8.03	-1.90
Ecuador	0.12	-23.25	-1.90
El Salvador	-	-14.38	-2.45

[18] Güezmes, Bidegain Ponte and Scuro (2023) mention different indicators that describe gender inequalities in the region's labour markets and the differences between men and women in the time spent on unpaid and care-related activities.

Country	Migrant	Urban	In union
Mexico	-	-11.17	-1.90
Panama	22.71	-25.00	-0.88
Paraguay	-6.56	-20.25	-0.10
Peru	-	-1.28	-5.75
Uruguay	5.22	-13.40	-2.14
Average of 14 countries	**6.93**	**-14.56**	**-1.27**

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

As regards migration status, the fact of being a migrant increases the probability of someone's employment being informal in the great majority of countries, by an amount ranging from 0.12% in Ecuador to 22.71% in Panama. The regional average is 6.93%, which means that, in the region, a migrant is 6.93% more likely to be informally employed than a national. Paraguay and the Plurinational State of Bolivia are exceptions, as in these cases the correlation has the opposite sign to that expected. It should be noted that many of the surveys used did not allow individuals' migration status to be determined. However, given the growing importance that the issue has acquired in the region, the countries' statistical institutes have been redoubling their efforts to remedy this shortcoming.

As regards dwelling location, the estimates show that living in an urban area reduces the probability of a person's employment being informal: the coefficients are significantly different from 0, and the sign is as expected (see tables in annexes III.A3 and III.A4). For this variable, the marginal effects indicate that the probability decreases by an amount ranging from 1.28% in Peru to 25% in Panama, with a regional average of 14.56%, which means that living in an urban rather than a rural area significantly reduces the probability of being informally employed.

4. The probability of employment being informal has been increasing on average in the region

The last group of variables whose results we shall present are the dichotomous variables associated with the years 2016, 2019 and 2022, which allow us to determine changes in the probability of someone being informally employed that do not depend on the explanatory variables incorporated into the model, but rather affect the intercept, i.e. represent changes in probability that affect all employed persons. In this case, the results show that the probability of being informally employed in 2016, 2019 and 2022 differed from the probability in 2013, the control year. The tables in annexes III.A3 and III.A4 show that the coefficients of these variables are statistically significant; moreover, since the trend of informality in the region is broadly upward, the sign of the coefficient, and thus of its marginal effect, is expected to be positive. However, this sign may be negative if the probability of someone being informally employed in a particular country decreases for all employed persons. This could occur, for example, when macroeconomic conditions in the country improve, and especially when there is higher GDP growth, since, as noted in earlier sections of this chapter, that reduces the informality rate.

The marginal effects show that the signs and magnitude of the changes captured by these variables vary greatly by country and year (see table III.6). In Panama, for example, the probability of employment being informal increased by 14.73% from 2013 to 2016 for all employed persons, while in the Dominican Republic the opposite movement occurred, with the probability decreasing by 17.26%. The regional average suggests that, when considering all the countries included, the probability of being informal was higher in 2016 than in 2013. The regional average of the marginal effects for 2019 and 2022 also suggests that the probability of being informal was higher in those years: the largest difference is observed in 2022, when the probability for all employed persons was more than 5% higher than in 2013.[19]

[19] It is possible that the large change in 2022 was due to the lingering effects of the pandemic: the severe mobility restrictions put in place in the region as part of the health strategy led to a sharp decrease in the regional informality rate in 2020, and when the economies of the region reopened, informality rates increased.

Table III.6
Latin America (14 countries): variation in probability of employment being informal relative to 2013 independently of changes in explanatory variables of model, 2016, 2019 and 2022
(Percentages)

Country	2016	2019	2022
Argentina	0.43	5.64	5.01
Bolivia (Plurinational State of)	7.01	3.59	5.98
Brazil	5.68	7.80	13.45
Chile	2.66	-0.76	4.30
Colombia	-0.52	-1.04	1.25
Costa Rica	1.09	1.93	-0.82
Dominican Republic	-17.26	-17.87	-1.42
Ecuador	3.32	4.89	7.38
El Salvador	-5.51	-7.56	-8.24
Mexico	-3.24	-1.22	-1.97
Panama	14.73	15.80	38.17
Paraguay	8.78	9.43	9.09
Peru	-0.59	1.33	4.92
Uruguay	0.54	0.96	0.84
Average of 14 countries	**1.22**	**1.64**	**5.57**

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

In general, the coefficients estimated for these dichotomous variables are positive and significant, indicating that the probability of employment being informal steadily increased in the region in the period under study, even when the other variables included in the model are controlled for. Undoubtedly, this result may reflect the slower economic growth in the region during the period, among other factors.

To conclude this results section, it should be emphasized that, whatever the magnitudes indicated by the marginal effects of each of the variables in the probit model, all contribute significantly to explaining why a person with a specific characteristic is more likely to be informally employed. Even if the effects are measured individually, their combined significance tells us that, both individually and collectively, all the factors considered affect the probability of employment being informal.

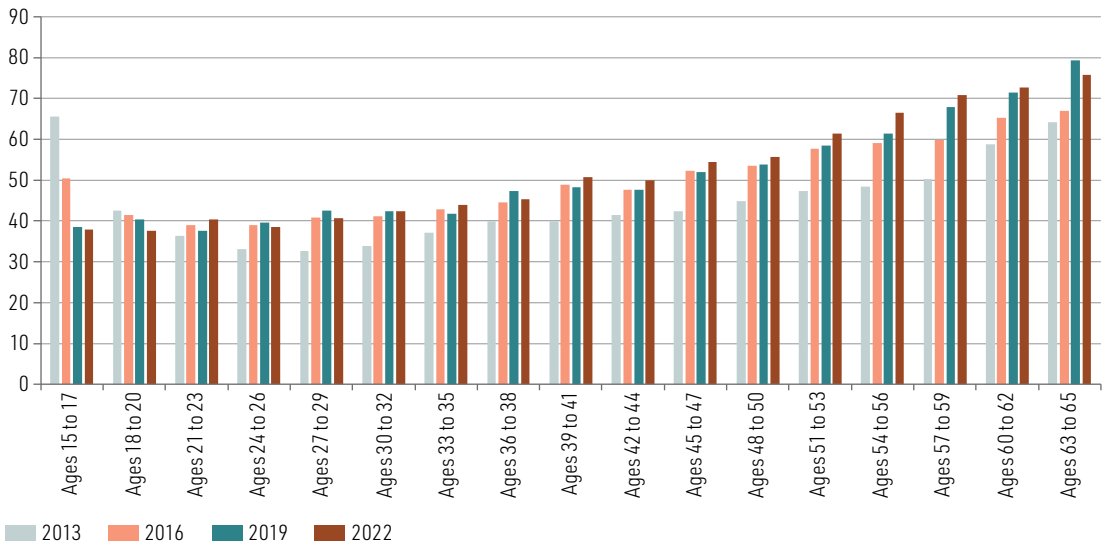
5. The likelihood of people's employment being informal changes over their working lives

The probit model suggests, since the age coefficient is negative, that having more experience reduces the likelihood of people in certain age brackets being informal. However, the fact that the coefficient of the quadratic term is positive means that this effect is diluted over time. In other words, the probability of being informally employed is U-shaped as a person ages. In this section, we shall undertake an alternative analysis of the changes that may occur in the informality status of individuals over their working lives. We shall track a number of generational cohorts and show the trends in each cohort's informality rate over the course of the 10-year period covered by this study (2013–2022).

We shall form the cohorts by grouping together everyone falling within a certain age range at the time of the 2013 survey. Although the analysis was carried out country by country, average results for the region are presented, so that we shall consider these results to reflect the behaviour of the cohort

on a regional scale. Figure III.7 shows the evolution of the informal employment rate for each age group constituted according to people's age in 2013. This analysis shows the informal employment rate for each group in 2013, 2016, 2019 and 2022, providing a temporal perspective on changes in informal employment over the entire period analysed. The results match those of other years, only they cover a shorter time horizon.

Figure III.7
Latin America (14 countries):[a] informal employment rates by age group, 2013, 2016, 2019 and 2022
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Mexico, Panama, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay.

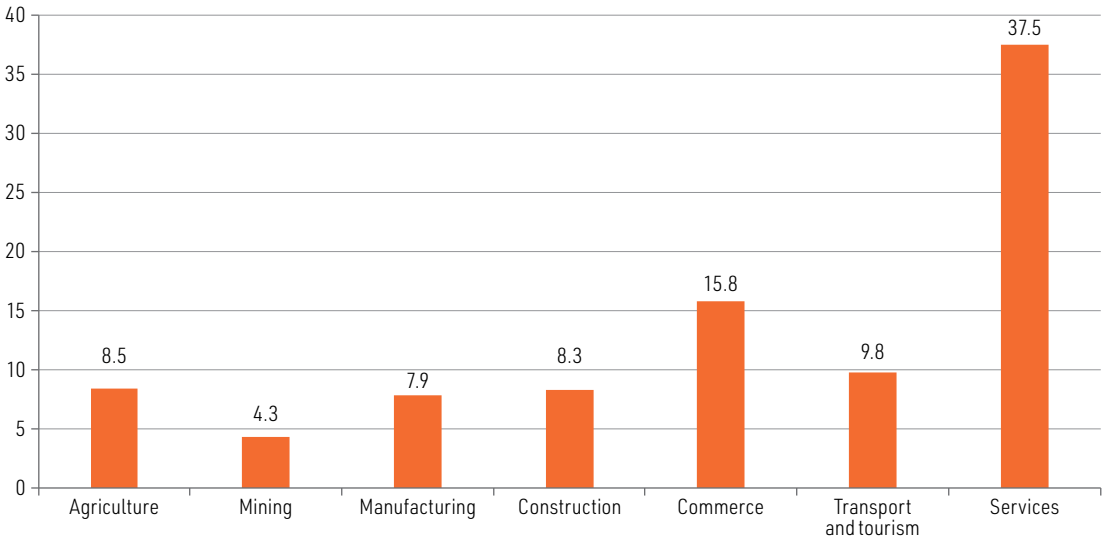
Figure III.7 shows how, in the case of the cohort comprising those aged between 15 and 17 in 2013, informality declined steadily between 2013 and 2022 as this group accumulated human capital, experience and education. Indeed, the informality rate in this group fell from 65% in 2013 to 37.9% in 2022, when its members had reached the age of 24 to 26. This situation is repeated for the group aged between 18 and 20 in 2013, but the relationship appears to change when the cohorts which were older that year are considered. For these groups, informality rates tend to increase over time, i.e. the quadratic term used in the probit model begins to dominate. For the cohort aged between 51 and 53 in 2013, for example, the informality rate increases over time, from around 50% in 2013 to more than 60% in 2022.[20]

6. Informality varies by production sector

A final point emerging from the analysis of the microdata that should be highlighted is that the informality rates of the different production sectors and branches of activity making up the region's economy are very heterogeneous. Figures III.8 and III.9 reveal that, in the period from 2013 to 2022, informal employment was concentrated mainly in branches such as community and personal services, commerce, tourism, agriculture and construction. In branches such as mining and manufacturing, by contrast, there is less informality.

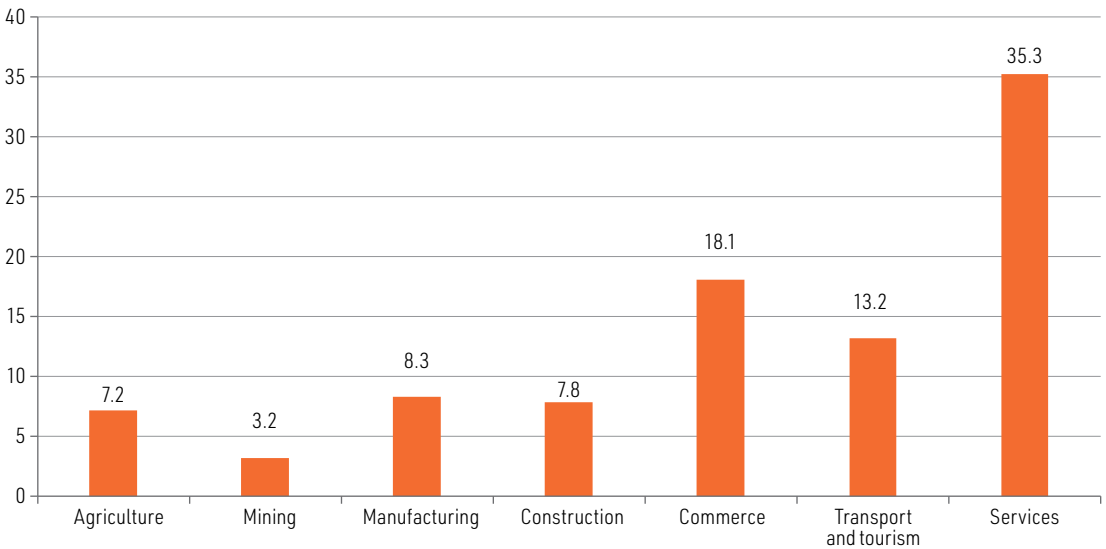
[20] According to Maloney (2003), the accumulation of physical and human capital means that, as people grow older, they become more likely to engage in initiatives that provide them with independence and thus undertake entrepreneurial work, which tends to be informal in the region.

Figure III.8
Latin America (14 countries):[a] informal employment rates, by production sector, 2013
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Mexico, Panama, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay.

Figure III.9
Latin America (14 countries):[a] informal employment rates, by production sector, 2022
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Mexico, Panama, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay.

A comparison of the values in figures III.8 and III.9 shows a change in the distribution of informal employment over time. In sectors such as agriculture and mining, for example, the proportion of informal workers declines. In activities such as manufacturing, commerce, transport and tourism, meanwhile, there is an increase in the relative share of informal employment. This change in the

distribution of informality across sectors may be due to a shift in the demand for employment at the sectoral level, possibly resulting in turn, as seen in chapter II, from the reduced momentum of investment and GDP and from changes in the structure of the latter.

G. Final considerations

Latin America and the Caribbean is a region where informal employment is high. In 2022, more than 50% of employment was informal. The concept of informality has changed over time, reflecting the complex structure of relationships in labour markets, especially in emerging economies, and the continuing efforts of organizations such as ILO, and especially ICLS, to improve the quality of the statistics used to monitor them.

Ongoing revisions of the definition of informality, and of informal employment in particular, have been crucial in orienting the efforts of the responsible institutions in each country to obtain statistical information on labour markets. Guided by the recommendations that came out of the twenty-first ICLS, held in October 2023, we have measured informal employment in the region on the basis that wage workers and apprentices are formal if they have a contract clearly stating their employment relationship, and that employers and own-account workers are formal if they are registered with the tax authority. Accordingly, we have considered employees and apprentices to be informal if they do not have a contract, and employers and own-account workers to be informal if the establishment they work in is not registered with the tax authority. These criteria have been used to measure informality in many countries of the region, but not all. However, following the suggestions of the twenty-first ICLS, it is very likely that they will tend to be applied more widely in future.

In this chapter, we have tried to use a standardized definition as above to measure informal employment in 14 countries of the region in four years, 2013, 2016, 2019 and 2022, which cover a 10-year span. On the basis of this definition, we have estimated that the informal employment rate in the region was 50.5% in 2022. In other words, more than half the approximately 120 million people in employment had no contract or were not registered with the tax authority, as the case may be. It should be noted that these estimates are similar to those reported by ILO and ECLAC, and that, depending on the source consulted, the informality rate in the region is between 49% and 52% of the entire working population. The similarity of the estimates is due to the fact that some countries of the region were already applying the above-mentioned criteria to measure occupational informality, and that these criteria are highly correlated with others in common use, an example being the definition of informal workers as those employed in enterprises with fewer than five employees. Differences in estimates of informality rates may be due to the fact that they do not cover the same number of countries. The ILO data, for example, include countries where informality is high and which are not included in other samples, such as Guatemala and Haiti. Again, since we have standardized the working-age population in this study to cover people aged 15 and over, there may be differences in the number of people in employment, as there are countries where working age is considered to begin before 15.

This chapter shows that informal employment grew by 18.6% between 2013 and 2022, while formal employment grew by 3.3%. The growth in informal employment was much higher among women (22.8%) than among men (15.7%). Again, it has been noted that formal employment among the latter grew by only 1.3% between 2013 and 2022, i.e. in 10 years it basically did not grow at all.

One point that stands out is the close link between the evolution of the informal employment rate and the business cycle: informality decreases in periods of strong GDP growth and increases during slowdowns. While growth is a necessary condition for a significant reduction in informality, however, other factors affect the probability of employment being informal, and this chapter has examined how various socioeconomic variables affect this probability. To that end, a probit model was estimated

in which age, gender, human capital, the presence of people requiring care in households (young children and older persons), geographical area and migration status were used as explanatory variables. The coefficients estimated for these variables are statistically significant, in other words there is a non-spurious relationship between them and the probability of a person's employment being informal.

A first conclusion that emerges from the model results is that education significantly affects the probability of employment being informal: the higher people's educational level, the less likely their employment is to be informal. Regionally, for example, people in work who have gone through secondary education are 13% less likely to be informally employed than those who have not.

One aspect which we would like to highlight and which has been widely debated in relation to the returns to education and the incorporation of youth into the labour market is the outcome associated with a technical education. The marginal effect of this variable indicates that it reduces the probability of employment being informal by 27.2%, an effect double that of complete secondary education and higher than that of incomplete university education (20.5%). These results once again show the importance of raising the educational level of the region's workforce by expanding access and improving the quality of the courses on offer, and underline the fact that increasing the supply of technical and university courses that are aligned with the demand from production sectors can help to reduce informality in the region.

The model also shows that the relationship between age or experience and a person's probability of being informally employed is U-shaped. In the case of young people, the probability of being informally employed drops as their age and experience increase, but as time passes the quadratic term begins to operate and the relationship reverses. This is consistent with the results obtained in the analysis of age cohorts and explains why informality is so high among youth and older persons.

A third result to be noted is that the probability of being informally employed is higher for women and greater still if there are dependants in the household. On average for the region, women are 2.6% more likely to be informally employed than men, but the difference is even greater if the woman lives in a household where there are dependants, i.e. people requiring care, defined here as children under 5 years of age and people over 70 who are inactive. Employment is 3.4% more likely to be informal for a woman in this situation than in the base case, which is a man living in a household with no dependants. If the comparison is with a man living in a household with dependants, the probability increases by 0.6%. The data presented can be interpreted as the result of the strong persistence of traditional gender roles, which assign women the primary responsibility for the care of children and other family members, together with a lack of policies to help reconcile paid work and family responsibilities. The absence of appropriate policies helps to perpetuate this situation and significantly reduces a woman's chances of entering formal employment. The lack of an adequate care system and of accessible, high-quality preschool and early childhood education options limits women's opportunities to enter the labour market in a formal and stable way. These results highlight the importance of having a care system and implementing policies that increase women's economic autonomy in order to eliminate some of the chronic inequalities in the region's labour markets, as ECLAC has argued.

A fourth result we wish to highlight is that living in a rural area makes people's employment more likely to be informal, given the limitations of services and job opportunities. In the region, the average marginal effect of the *urban* variable is 14.6%, which means that the employment of people in urban areas is 14.6% less likely to be informal than in rural areas. This result underlines the need to apply development policies that take a territorial approach, improve conditions in rural areas and encourage the creation of formal sources of employment in these areas, which would also help to decongest the region's large urban centres.

A fifth result to highlight is that being a migrant significantly increases (by 6.9%) a person's probability of being informally employed compared to nationals: the increase is more than 20% in countries

such as the Dominican Republic and Panama. This issue is of fundamental importance given the patterns of increasing migration that have been seen in the region. Such patterns will undoubtedly put additional pressure on the labour markets of receiving countries, potentially causing this marginal effect to increase in the future. Difficulties in obtaining proper documentation and accrediting education and work experience make it difficult for many migrants to access formal jobs. Policies that make it quicker and easier to obtain identification and validate qualifications are therefore needed to facilitate migrants' integration into the labour markets of destination countries.

The model also shows that, irrespective of socioeconomic characteristics, the probability of employment being informal increased by 5.6% between 2013 and 2022, which could be associated with the slowdown in economic activity during this period.

The data presented in this chapter show that informal employment depends on multiple factors, such as growth and socioeconomic variables; therefore, formality can only be increased by adopting a set of policies that complement each other and address this range of issues.

This chapter shows that more formal jobs need to be created to reduce occupational informality, and that phases of accelerating GDP growth coincide with phases of declining informal employment. Vigorous and sustained growth in economic activity requires higher investment and a stable macroeconomic environment, since, as has been seen in the past, stable environments foster the creation of formal jobs.

While strong and sustained growth is a necessary condition for reducing informality, however, it is not sufficient. Efforts to increase the formalization of workers must centre on a production development strategy that sends clear signals about the efforts being made to stimulate growth in the sectors and industries which can drive formal job creation and boost worker productivity. However, the strategy must also send signals to youth and to educational and vocational training institutions about the skills and knowledge that will be in demand in the future and that will contribute to the region's production development. This strategy would undoubtedly help to reduce the gaps between the demand for and supply of skills in the region.

Integrating employment and production policies would facilitate the incorporation of youth into the labour market and the reintegration of older workers into the market for formal employment. These groups of people tend to work informally and without contracts, and thus in jobs that often fail to guarantee the exercise of the basic labour rights established in each country's labour codes (unemployment insurance and accident protection). ECLAC has proposed an effort to stimulate the development of a portfolio of 15 sectors related to industry, services and the big push for sustainability (Salazar-Xirinachs and Llinás, 2023). Revitalizing these production sectors could contribute significantly to the creation of formal jobs in an environment of higher GDP growth and labour productivity.

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Annex III.A1

Table III.A1.1
Latin America (14 countries): surveys used in each country

Country	Source
Argentina	Permanent Household Survey (Urban)
Bolivia (Plurinational State of)	Continuous Household Survey
Brazil	National Household Survey
Chile	National Socioeconomic Survey (CASEN)
Colombia	Large Integrated Household Survey
Costa Rica	National Household Survey
Dominican Republic	National Multipurpose Household Survey
Ecuador	National Survey on Employment, Unemployment and Underemployment
El Salvador	Multipurpose Household Survey
Mexico	National Household Income and Expenditure Survey
Panama	Multipurpose Survey
Paraguay	Permanent Household Survey
Peru	National Household Survey on Living Conditions and Poverty
Uruguay	Continuous Household Survey

Source: Prepared by the authors.

Annex III.A2

Table III.A2.1
Latin America (14 countries): years covered by each survey

Country	Years			
Argentina	2013	2016	2019	2022
Bolivia (Plurinational State of)	2013	2016	2019	2021
Brazil	2013	2016	2019	2022
Chile	2013	2015	2017	2022
Colombia	2013	2016	2019	2021
Costa Rica	2013	2016	2019	2022
Dominican Republic	2013	2016	2019	2022
Ecuador	2013	2016	2019	2022
El Salvador	2013	2016	2019	2022
Mexico	2012	2016	2018	2022
Panama	2013	2016	2019	2022
Paraguay	2013	2016	2019	2022
Peru	2013	2016	2019	2022
Uruguay	2013	2016	2019	2022

Source: Prepared by the authors.

Annex III.A3

Table III.A3.1
Latin America (14 countries): results of probit model estimated to determine impact of different socioeconomic variables on probability of employment being informal, 2013–2022

Variable	Argentina			Bolivia (Plurinational State of)			Brazil			Chile			Colombia		
	Coefficient	Standar Error	P>|z|	Coefficient	Standar Error	P>|z|	Coefficient	Standar Error	P>|z|	Coefficient	Standar Error	P>|z|	Coefficient	Standar Error	P>|z|
age	**-0.0770**	0.0001	0	**-0.0494**	0.0001	0	**-0.0589**	0.0000	0	**-0.0260**	0.0001	0	**-0.0214**	0.0001	0
age_sq	**0.0009**	0.0000	0	**0.0007**	0.0000	0	**0.0008**	0.0000	0	**0.0004**	0.0000	0	**0.0004**	0.0000	0
female	**0.1248**	0.0005	0	**0.0869**	0.0008	0	**0.1064**	0.0002	0	**0.0053**	0.0006	0	**0.0662**	0.0003	0
year_2016	**0.0119**	0.0005	0	**0.2632**	0.0009	0	**0.1535**	0.0002	0	**0.0787**	0.0007	0	**-0.0140**	0.0004	0
year_2019	**0.1537**	0.0005	0	**0.1347**	0.0009	0	**0.2107**	0.0002	0	**-0.0224**	0.0007	0	**-0.0281**	0.0004	0
year_2022	**0.1365**	0.0005	0	**0.2244**	0.0009	0	**0.3633**	0.0002	0	**0.1270**	0.0007	0	**0.0338**	0.0004	0
migrant	**0.3918**	0.0008	0	**-0.0475**	0.0062	0	**0.1871**	0.0023	0	**0.0933**	0.0010	0	**-**	-	-
dependants	**0.0417**	0.0006	0	**-0.0795**	0.0009	0	**0.0712**	0.0002	0	**0.0091**	0.0007	0	**0.0759**	0.0004	0
female_dep	**0.0095**	0.0008	0	**0.0678**	0.0014	0	**0.0074**	0.0003	0	**0.0075**	0.0010	0	**0.0125**	0.0006	0
urban	**-**	-	-	**-0.6465**	0.0008	0	**-0.6184**	0.0002	0	**-0.2150**	0.0007	-	**-0.3877**	0.0004	-
in_union	**-0.0978**	0.0004	0	**0.0741**	0.0008	0	**0.1674**	0.0007	0	**-0.0720**	0.0005	0	**0.0070**	0.0003	0
c_secondary_edu	**-0.3933**	0.0005	0	**-0.0351**	0.0009	0	**-0.3003**	0.0003	0	**-0.1796**	0.0006	0	**-0.3305**	0.0006	0
i_technical_edu	**-0.5195**	0.0010	0	**-0.5908**	0.0015	0	**0.0000**	-	-	**-0.2100**	0.0013	0	**-**	-	-
c_technical_edu	**-0.9752**	0.0007	0	**-1.8236**	0.0023	0	**0.0000**	-	-	**-0.4479**	0.0009	0	**-0.5529**	0.0005	0
c_university_edu	**-0.7902**	0.0006	0	**-0.8692**	0.0010	0	**-0.5014**	0.0003	0	**-0.6773**	0.0029	0	**-0.5354**	0.0006	0
i_university_edu	**-0.5917**	0.0007	0	**-0.1926**	0.0016	0	**-0.3677**	0.0004	0	**-0.3799**	0.0009	0	**-0.0840**	0.0006	0
_cons	**1.6460**	0.0019	0	**1.9230**	0.0027	0	**1.1090**	0.0006	0	**0.0752**	0.0024	0	**0.5896**	0.0013	0

Variable	Costa Rica			Dominican Republic			Ecuador			El Salvador			Mexico		
	Coefficient	Standar Error	P>|z|	Coefficient	Standar Error	P>|z|	Coefficient	Standar Error	P>|z|	Coefficient	Standar Error	P>|z|	Coefficient	Standar Error	P>|z|
age	**-0.0397**	0.0002	0	**-0.0114**	0.0001	0	**-0.0531**	0.0001	0	**-0.0593**	0.0002	0	**-0.0492**	0.0000	0
age_sq	**0.0006**	0.0000	0	**0.0002**	0.0000	0	**0.0007**	0.0000	0	**0.0008**	0.0000	0	**0.0005**	0.0000	0
female	**0.3144**	0.0011	0	**-0.1643**	0.0008	0	**0.1135**	0.0006	0	**0.2161**	0.0011	0	**-0.1064**	0.0002	0
year_2016	**0.0311**	0.0013	0	**-0.4928**	0.0009	0	**0.1027**	0.0007	0	**-0.1987**	0.0013	0	**-0.0878**	0.0003	0
year_2019	**0.0554**	0.0013	0	**-0.5103**	0.0009	0	**0.1512**	0.0007	0	**-0.2727**	0.0013	0	**-0.0331**	0.0003	0
year_2022	**-0.0233**	0.0013	0	**-0.0405**	0.0009	0	**0.2284**	0.0007	0	**-0.2970**	0.0013	0	**-0.0533**	0.0003	0
migrant	**0.1657**	0.0014	0	**0.5382**	0.0016	0	**0.0038**	0.0020	0.061	**-**	-	-	**-**	-	-
dependants	**0.0051**	0.0014	0	**-0.0329**	0.0009	0	**0.0258**	0.0007	0	**0.0091**	0.0012	0	**0.0165**	0.0002	0
female_dep	**0.0281**	0.0021	0	**0.0074**	0.0014	0	**0.0232**	0.0011	0	**-0.0494**	0.0019	0	**-0.0781**	0.0004	0
urban	**-0.3095**	0.0009	-	**-0.2293**	0.0008	0	**-0.7193**	0.0005	0	**-0.5186**	0.0010	-	**-0.3029**	0.0002	-
in_union	**-0.0912**	0.0010	0	**-0.0541**	0.0007	0	**-0.0588**	0.0006	0	**-0.0882**	0.0009	0	**-0.0515**	0.0002	0
c_secondary_edu	**-0.3559**	0.0013	0	**-0.3806**	0.0008	0	**-0.5392**	0.0006	0	**-0.5240**	0.0010	0	**-0.4378**	0.0003	0
i_technical_edu	**-0.4532**	0.0076	0	**-0.4968**	0.0081	0	**-0.9192**	0.0030	0	**-0.4565**	0.0124	0	**-0.4566**	0.0005	0
c_technical_edu	**-0.5481**	0.0072	0	**-0.6486**	0.0069	0	**-1.0491**	0.0024	0	**-1.1517**	0.0028	0	**-0.6198**	0.0008	0
c_university_edu	**-1.1705**	0.0031	0	**-1.8151**	0.0090	0	**-1.5717**	0.0092	0	**-1.2774**	0.0028	0	**-0.8241**	0.0005	0
i_university_edu	**-0.7683**	0.0013	0	**-0.9273**	0.0009	0	**-1.1013**	0.0008	0	**-0.6104**	0.0024	0	**-0.7656**	0.0003	0
_cons	**0.5095**	0.0043	0	**0.8516**	0.0026	0	**1.6016**	0.0020	0	**2.3491**	0.0037	0	**1.6934**	0.0007	0

Variable	Panama			Paraguay			Peru			Uruguay		
	Coefficient	Standar Error	P>|z|	Coefficient	Standar Error	P>|z|	Coefficient	Standar Error	P>|z|	Coefficient	Standar Error	P>|z|
age	**-0.0743**	0.0002	0	**-0.0288**	0.0002	0	**0.0057**	0.0001	0	**-0.0647**	0.0002	0
age_sq	**0.0010**	0.0000	0	**0.0005**	0.0000	0	**0.0000**	0.0000	0	**0.0009**	0.0000	0
female	**0.0196**	0.0013	0	**0.5563**	0.0010	0	**-0.1556**	0.0004	0	**-0.0055**	0.0012	0
year_2016	**0.4396**	0.0034	0	**0.2849**	0.0011	0	**-0.0171**	0.0005	0	**0.0158**	0.0015	0
year_2019	**0.4714**	0.0032	0	**0.3057**	0.0011	0	**0.0385**	0.0005	0	**0.0280**	0.0015	0
year_2022	**1.1388**	0.0031	0	**0.2947**	0.0011	0	**0.1421**	0.0005	0	**0.0243**	0.0015	0
migrant	**0.6775**	0.0029	0	**-0.2127**	0.0025	0	**-**	-	-	**0.1515**	0.0033	0
dependants	**0.0194**	0.0014	0	**-0.0956**	0.0011	0	**0.0755**	0.0005	0	**0.0438**	0.0016	0
female_dep	**0.1198**	0.0021	0	**0.1572**	0.0016	0	**0.0178**	0.0007	0	**0.0270**	0.0024	0
urban	**-0.7457**	0.0016	0	**-0.6565**	0.0008	0	**-0.0370**	0.0004	-	**-0.3889**	0.0021	-
in_union	**-0.0264**	0.0011	0	**-0.0032**	0.0009	0	**-0.1659**	0.0004	0	**-0.0622**	0.0012	0
c_secondary_edu	**-0.5681**	0.0012	0	**-0.4064**	0.0010	0	**-0.1888**	0.0004	0	**-0.4993**	0.0015	0
i_technical_edu	**-0.6427**	0.0158	0	**-1.1360**	0.0026	0	**-0.3882**	0.0008	0	**-0.0868**	0.0020	0
c_technical_edu	**-0.8408**	0.0073	0	**-1.1489**	0.0058	0	**-0.9115**	0.0006	0	**-0.2222**	0.0016	0
c_university_edu	**-1.4494**	0.0034	0	**-1.5598**	0.0035	0	**-1.5369**	0.0007	0	**0.2083**	0.0021	0
edu_universitaria_i	**-0.9934**	0.0014	0	**-1.0195**	0.0012	0	**-0.6789**	0.0007	0	**-0.0773**	0.0020	0
_cons	**1.1294**	0.0050	0	**0.3068**	0.0030	0	**0.4274**	0.0012	0	**1.1558**	0.0051	0

Source: Prepared by the authors.

Annex III.A4

Table III.A4.1

Latin America (14 countries): marginal effects calculated in probit model estimated to determine impact of different socioeconomic variables on probability of employment being informal, 2013–2022

Variable	Argentina			Bolivia (Plurinational State of)			Brazil			Chile			Colombia		
	dy/dx	Standar Error	P>|z|	dy/dx	Standar Error	P>|z|	dy/dx	Standar Error	P>|z|	dy/dx	Standar Error	P>|z|	dy/dx	Standar Error	P>|z|
age	**-0.0282**	0.0000	0	**-0.0132**	0.0000	0	**-0.0218**	0.0000	0	**-0.0088**	0.0000	0	**-0.0079**	0.0000	0
age_sq	**0.0003**	0.0000	0	**0.0002**	0.0000	0	**0.0003**	0.0000	0	**0.0001**	0.0000	0	**0.0001**	0.0000	0
female	**0.0458**	0.0002	0	**0.0231**	0.0002	0	**0.0394**	0.0001	0	**0.0018**	0.0002	0	**0.0245**	0.0001	0
year_2016	**0.0043**	0.0002	0	**0.0701**	0.0002	0	**0.0568**	0.0001	0	**0.0266**	0.0002	0	**-0.0052**	0.0001	0
year_2019	**0.0564**	0.0002	0	**0.0359**	0.0002	0	**0.0780**	0.0001	0	**-0.0076**	0.0002	0	**-0.0104**	0.0001	0
year_2022	**0.0501**	0.0002	0	**0.0598**	0.0002	0	**0.1345**	0.0001	0	**0.0430**	0.0002	0	**0.0125**	0.0001	0
migrant	**0.1437**	0.0003	0	**-0.0127**	0.0016	0	**0.0693**	0.0009	0	**0.0316**	0.0003	0	**-**	-	-
dependants	**0.0153**	0.0002	0	**-0.0212**	0.0002	0	**0.0263**	0.0001	0	**0.0031**	0.0002	0	**0.0281**	0.0002	0
female_dep	**0.0035**	0.0003	0	**0.0181**	0.0004	0	**0.0027**	0.0001	0	**0.0025**	0.0004	0	**0.0046**	0.0002	0
urban	**-**	-	-	**-0.1722**	0.0002	0	**-0.2289**	0.0001	0	**-0.0729**	0.0002	0	**-0.1436**	0.0001	0
in_union	**-0.0359**	0.0002	0	**0.0197**	0.0002	0	**0.0620**	0.0002	0	**-0.0244**	0.0002	0	**0.0026**	0.0001	0
c_secondary_edu	**-0.1443**	0.0002	0	**-0.0093**	0.0002	0	**-0.1112**	0.0001	0	**-0.0608**	0.0002	0	**-0.1224**	0.0002	0
i_technical_edu	**-0.1906**	0.0004	0	**-0.1574**	0.0004	0	**-**	-	-	**-0.0711**	0.0005	0	**-**	-	-
c_technical_edu	**-0.3577**	0.0003	0	**-0.4857**	0.0006	0	**-**	-	-	**-0.1518**	0.0003	0	**-0.2047**	0.0002	0
i_university_edu	**-0.2171**	0.0002	0	**-0.0513**	0.0004	0	**-0.1361**	0.0002	0	**-0.1287**	0.0003	0	**-0.0311**	0.0002	0
c_university_edu	**-0.2899**	0.0002	0	**-0.2315**	0.0002	0	**-0.1856**	0.0001	0	**-0.2295**	0.0010	0	**-0.1983**	0.0002	0

Variable	Costa Rica			Dominican Republic			Ecuador			El Salvador		
	dy/dx	Standar Error	P>|z|	dy/dx	Standar Error	P>|z|	dy/dx	Standar Error	P>|z|	dy/dx	Standar Error	P>|z|
age	**-0.0139**	0.0001	0	**-0.0040**	0.0000	0	**-0.0172**	0.0000	0	**-0.0164**	0.0001	0
age_sq	**0.0002**	0.0000	0	**0.0001**	0.0000	0	**0.0002**	0.0000	0	**0.0002**	0.0000	0
female	**0.1098**	0.0004	0	**-0.0576**	0.0003	0	**0.0367**	0.0002	0	**0.0599**	0.0003	0
year_2016	**0.0109**	0.0005	0	**-0.1726**	0.0003	0	**0.0332**	0.0002	0	**-0.0551**	0.0004	0
year_2019	**0.0193**	0.0005	0	**-0.1787**	0.0003	0	**0.0489**	0.0002	0	**-0.0756**	0.0004	0
year_2022	**-0.0082**	0.0005	0	**-0.0142**	0.0003	0	**0.0738**	0.0002	0	**-0.0824**	0.0004	0
migrant	**0.0579**	0.0005	0	**0.1885**	0.0006	0	**0.0012**	0.0007	0	**-**	-	-
dependants	**0.0018**	0.0005	0	**-0.0115**	0.0003	0	**0.0083**	0.0002	0	**0.0025**	0.0003	0
female_dep	**0.0098**	0.0007	0	**0.0026**	0.0005	0	**0.0075**	0.0003	0	**-0.0137**	0.0005	0
urban	**-0.1081**	0.0003	0	**-0.0803**	0.0003	0	**-0.2325**	0.0002	0	**-0.1438**	0.0003	0
in_union	**-0.0318**	0.0003	0	**-0.0190**	0.0002	0	**-0.0190**	0.0002	0	**-0.0245**	0.0003	0
c_secondary_edu	**-0.1243**	0.0005	0	**-0.1333**	0.0003	0	**-0.1743**	0.0002	0	**-0.1454**	0.0003	0
i_technical_edu	**-0.1583**	0.0027	0	**-0.1740**	0.0028	0	**-0.2971**	0.0010	0	**-0.1266**	0.0034	0
c_technical_edu	**-0.1915**	0.0025	0	**-0.2272**	0.0024	0	**-0.3392**	0.0008	0	**-0.3195**	0.0008	0
i_university_edu	**-0.2684**	0.0004	0	**-0.3248**	0.0003	0	**-0.3560**	0.0002	0	**-0.1693**	0.0007	0
c_university_edu	**-0.4089**	0.0010	0	**-0.6358**	0.0032	0	**-0.5081**	0.0030	0	**-0.3543**	0.0008	0

Variable	Mexico			Panama			Paraguay			Peru			Uruguay			Region	
	dy/dx	Standar Error	P>|z|	dy/dx	Standar Error	P>|z|	dy/dx	Standar Error	P>|z|	dy/dx	Standar Error	P>|z|	dy/dx	Standar Error	P>|z|	Average marginal effects	dy/dx x100
age	**-0.0181**	0.0000	0	**-0.0249**	0.0001	0	**-0.0089**	0.0000	0	**0.0020**	0.0000	0	**-0.0223**	0.0001	0	**-0.0145**	**0.0000**
age_sq	**0.0002**	0.0000	0	**0.0003**	0.0000	0	**0.0002**	0.0000	0	**0.0000**	0.0000	0	**0.0003**	0.0000	0	**0.0002**	**0.0000**
female	**-0.0392**	0.0001	0	**0.0066**	0.0004	0	**0.1716**	0.0003	0	**-0.0539**	0.0001	0	**-0.0019**	0.0004	0	**0.0262**	**0.0002**
year_2016	**-0.0324**	0.0001	0	**0.1473**	0.0011	0	**0.0878**	0.0003	0	**-0.0059**	0.0002	0	**0.0054**	0.0005	0	**0.0122**	**0.0003**
year_2019	**-0.0122**	0.0001	0	**0.1580**	0.0011	0	**0.0943**	0.0003	0	**0.0133**	0.0002	0	**0.0096**	0.0005	0	**0.0164**	**0.0003**
year_2022	**-0.0197**	0.0001	0	**0.3817**	0.0010	0	**0.0909**	0.0003	0	**0.0492**	0.0002	0	**0.0084**	0.0005	0	**0.0557**	**0.0003**
migrant	**-**	-	-	**0.2271**	0.0010	0	**-0.0656**	0.0008	0	**-**	-	-	**0.0522**	0.0011	0	**0.0693**	**0.0008**
dependants	**0.0061**	0.0001	0	**0.0065**	0.0005	0	**-0.0295**	0.0003	0	**0.0262**	0.0002	0	**0.0151**	0.0006	0	**0.0055**	**0.0003**
female_dep	**-0.0288**	0.0001	0	**0.0402**	0.0007	0	**0.0485**	0.0005	0	**0.0062**	0.0002	0	**0.0093**	0.0008	0	**0.0081**	**0.0004**
urban	**-0.1117**	0.0001	0	**-0.2500**	0.0005	0	**-0.2025**	0.0002	0	**-0.0128**	0.0001	0	**-0.1340**	0.0007	0	**-0.1456**	**0.0003**
in_union	**-0.0190**	0.0001	0	**-0.0088**	0.0004	0	**-0.0010**	0.0003	0	**-0.0575**	0.0001	0	**-0.0214**	0.0004	0	**-0.0127**	**0.0002**
c_secondary_edu	**-0.1614**	0.0001	0	**-0.1904**	0.0004	0	**-0.1253**	0.0003	0	**-0.0654**	0.0001	0	**-0.1720**	0.0005	0	**-0.1243**	**0.0003**
i_technical_edu	**-0.1683**	0.0002	0	**-0.2154**	0.0053	0	**-0.3503**	0.0008	0	**-0.1345**	0.0003	0	**-0.0299**	0.0007	0	**-0.1728**	**0.0015**
c_technical_edu	**-0.2285**	0.0003	0	**-0.2818**	0.0025	0	**-0.3543**	0.0018	0	**-0.3159**	0.0002	0	**-0.0765**	0.0005	0	**-0.2719**	**0.0010**
i_university_edu	**-0.2822**	0.0001	0	**-0.3330**	0.0004	0	**-0.3144**	0.0004	0	**-0.2353**	0.0003	0	**-0.0266**	0.0007	0	**-0.2053**	**0.0003**
c_university_edu	**-0.3038**	0.0002	0	**-0.4859**	0.0011	0	**-0.4810**	0.0011	0	**-0.5326**	0.0002	0	**0.0718**	0.0007	0	**-0.3388**	**-33.8814**

Source: Prepared by the authors.

CHAPTER

IV

Impact of climate change on job creation in Latin American economies

Introduction[1]

Latin America and the Caribbean is highly vulnerable to the effects of climate change. The frequency and intensity of extreme weather events, such as storms, hurricanes, droughts and floods, have increased considerably in recent years, along with the global temperature, and this trend is expected to continue.

This chapter analyses how an intensification of the effects of climate change could have repercussions for job creation in the region. On the basis of the methodology used in *Economic Survey of Latin America and the Caribbean, 2023* (ECLAC, 2023b) and in *Fiscal Panorama of Latin America and the Caribbean, 2024* (ECLAC, 2024a), a model was developed to simulate two growth scenarios for GDP between 2025 and 2050. The base scenario assumes the status quo is maintained, while the second scenario, in which climate shocks intensify, simulates the effects of an increase in extreme weather events on labour productivity and the capital stock. In this second scenario, the expected effects of extreme climate phenomena are assumed to be realized in full.

To simulate the employment effects of an intensification of climate change, once the GDP growth path has been determined, estimates of the elasticity of employment with respect to output are used to calculate the demand for labour consistently with the growth path described in each scenario. The simulation was performed for 17 of the region's economies —Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay— and the results were then aggregated for the region.

As described below, a Cobb-Douglas-type production function, with constant returns to scale, together with a capital accumulation rule, a labour supply behaviour equation and a labour demand equation, which are commonly found in the literature on this subject, were used to formulate the scenarios.

This simulation also assumes that factor productivity is affected by a damage function, which expresses how an intensification of events associated with climate change erodes labour and capital productivity in these economies. This approach is consistent with the findings of studies that foresee temperature rises increasing the frequency of events that will affect economy-wide production and labour productivity (Dasgupta and others, 2021; ILO, 2019). Similarly, the increased frequency and greater intensity of meteorological phenomena are expected to generate significant losses of productive capital, undermining economic activity and employment, especially in tourism-related activities (ECLAC, 2023b, Mycoo and others, 2022; Pathak and others, 2021; Cevik and Ghazanchyan, 2020).

The results of the simulations indicate that a rise in global temperature leading to an increase in the intensity and frequency of extreme phenomena, could cause large-scale losses in terms of GDP and employment in the region, judging by the differences between the base scenario and the scenario of intensified climate shocks.

Between 2025 and 2050, regional GDP growth is assumed to average 2.1% in the base scenario, but falls to 1.5% in the scenario of intensified climate change effects. This difference means that, by 2050, GDP would be 12.5% lower than in the base scenario, a projection that supports the conclusions reached by the Economic Commission for Latin America and the Caribbean (ECLAC, 2023b and 2024a). In terms of employment, the base scenario expects average growth of 1.5% between 2025 and 2050, similar to that actually recorded in recent decades. In contrast, in the scenario of intensified climate shocks, employment growth would drop to 1.1%. This disparity translates into a difference of 11.2% in the number of persons employed by 2050, equivalent to 42.7 million jobs lost between the two scenarios.

Since the second scenario does not consider the implementation of mitigation and adaptation policies, the adverse effects on GDP and employment growth are greater than would be the case if such policies were adopted. Accordingly, the simulation result could be interpreted as the maximum loss to be expected under these conditions.

[1] This chapter was prepared with input from elements of the analysis in R. Pineda and others, "Destrucción del empleo por efectos del cambio climático en América Latina en un escenario de inacción", unpublished, 2024.

A point that is frequently emphasized in studies on the subject is that, if the effects of climate change were to intensify, certain sectors that are highly vulnerable to climate change, such as agriculture and tourism, would incur job losses on a large scale. Specific simulations conducted for these sectors suggest that, in a scenario of climate change intensification, agriculture and tourism could lose up to 26.4% and 19.2%, respectively, of the jobs projected for 2050 in the base scenario. This translates into a difference of 10.9 million jobs in agriculture and 4.4 million in the tourism sector between the two scenarios. These 15.3 million jobs represent approximately 35% of the total job losses projected for the region by 2050.

To avoid the losses in growth and employment caused by the worsening of climate shocks, the region must harmonize its productive development, employment and macroeconomic policies. It is crucial to implement adaptation and mitigation policies to reduce the costs that this intensification would have on economic activity and employment in the region.

On several occasions, ECLAC has reiterated the need to increase investment, both public and private, in order to attain a high, sustainable and inclusive growth path. But increasing investment entails expanding the public policy space, both fiscal and monetary. Expanding the fiscal policy space to stimulate investment requires developing progressive tax structures, reducing tax evasion and avoidance, and implementing sovereign debt restructuring and relief mechanisms. Meanwhile, increasing the monetary policy space for this purpose requires expanding the set of tools (monetary, exchange rate and macroprudential) that are available to the region's authorities to underpin the macrofinancial stability of their economies.

However, the investment effort needed to compensate for the loss of output that would result from the intensification of climate change means increasing the rate of investment by more than 5% per year, which is difficult for a region that has maintained one of the lowest rates in the world, virtually unchanged since 1990.

For this reason, ECLAC has posited the need to broaden the scope of productive development policies, focusing on specific productive sectors and activities to foster their development; working with stakeholders in the territories; and using cluster initiatives to enhance the efficiency and effectiveness of stakeholder management and collaboration processes.

Productive development, climate change mitigation and adaptation, and macroeconomic policies must also be complemented by active employment policies that encourage the creation of quality jobs to improve employment opportunities and make it easier for workers to enter or re-enter the labour market. The region must implement programmes aimed at improving the skills and competencies of workers to adapt to the needs of new labour market realities. Initiatives should be targeted on young people, women, migrants and older persons, who are the most vulnerable groups in labour markets and are often overrepresented in some of the activities most affected by the intensification of the effects of climate change. It is also necessary to strengthen social protection policies and expand and improve instruments such as unemployment insurance and other mechanisms that facilitate the transition from unemployment to employment.

The rest of this chapter is structured as follows: section A details the process of intensification of the effects of climate change in the region; section B describes the methodology used to estimate the effects of climate change on GDP growth and employment; section C sets out the main results of the study; and lastly, section D offers final thoughts, highlighting the urgent need to adopt mitigation and adaptation policies to address the challenges posed by climate change in Latin America and the Caribbean.

A. The economies of the region are highly vulnerable to an intensification of the effects of climate change

The available empirical data show that global temperatures have risen to record levels. According to the Intergovernmental Panel on Climate Change (IPCC, 2023), surface temperatures rose significantly in 2011–2020, continuing a trend that had been under way since the 1970s. This was the fastest 50-year increase on record in the last two millennia. In 2023, the global annual average temperature reached its highest level on record, as reported by the National Aeronautics and Space Administration (NASA) in 2024. This rise in temperatures has caused major disruptions in hydrometeorological conditions around the world, resulting in more frequent and more severe extreme meteorological phenomena; for example, long-duration heatwaves, heavy precipitation, prolonged droughts, and an increase in the frequency and intensity of tropical cyclones (IPCC, 2023).

In Latin America and the Caribbean, the impact of climate change is clear to see. The rise in regional temperatures has made hydrometeorological conditions more volatile, as manifested in more frequent heatwaves, droughts and changes in the timing and magnitude of precipitation (Castellanos and others, 2022). The land area affected by droughts has expanded significantly. An increasing portion of the territory of Central America has experienced extreme droughts lasting at least one month and, in some cases, longer than six months (Romanello and others, 2021). In Chile, the megadrought that has been affecting the country for 14 years continued in 2022, making it the most severe and prolonged drought on record in the region in more than 1,000 years (WMO, 2022). In addition, Caribbean and Central American countries have experienced an increase in the frequency of intense tropical cyclones (hurricanes) in the last decade (Mycoo and others, 2022).

The intensification of climate impacts in the medium and long terms will have significant repercussions on economic growth and development in the region. Rising temperatures and more frequent extreme weather events are expected to affect labour productivity and the capital stock of local economies, weighing increasingly on economic growth (Dasgupta, 2021) and job creation. Studies on the subject show that this will result in significant reductions in regional per capita GDP in the medium term (Van de Borght and others, 2023; Swiss Re, 2021; Kahn and others, 2019; and Burke and others, 2015; all cited in ECLAC, 2024b).

1. Activity and employment in sectors such as agriculture and tourism are particularly vulnerable in the region

Climate change is already affecting agriculture in the region, and losses are projected to increase in the coming years. Decreased precipitation has damaged maize production in the Dry Corridor of Central America and the tropical Andes (Castellanos and others, 2022). At the same time, the proportion of arable land affected by drought has increased in most of the region's countries (Romanello and others, 2021). These conditions are expected to intensify with rising global temperatures, which could lead to even greater reductions in crop yields in the regional economies (Castellanos and others, 2022; Cook and others, 2020).

The effects are particularly severe in countries such as Dominica, Guatemala, Guyana, Honduras, Jamaica, Nicaragua, Paraguay, Peru and the Plurinational State of Bolivia, where agriculture accounts for more than 10% of GDP. The agriculture sector is also crucial for generating foreign exchange, since it accounts for more than 25% of the total value of exports in countries such as Argentina, Brazil, Ecuador, Guatemala, Honduras, Nicaragua, Paraguay and Uruguay. It is also a major source of jobs in the region: agricultural employment is crucial in countries such as Ecuador, Guatemala, Honduras, Nicaragua, Peru and the Plurinational State of Bolivia, where it generates more than 25% of total employment (see table IV.1). In addition, more frequent and intense episodes of the El Niño-Southern Oscillation phenomenon will increase ocean temperatures and acidity levels, which will harm aquaculture.

Table IV.1
Latin America and the Caribbean (31 countries): economic indicators of agricultural and tourism-related activities, 2022 or latest year with available data
(Percentages)

Country	Agricultural activities			Tourism-related activities		
	Employment	GDP	Exports of goods and services (food and beverages)	Employment (accommodation and restaurants)	GDP (accommodation and restaurants)	Exports of goods and services (travel)
Antigua and Barbuda	...	2	1	...	14	78
Argentina	7	8	29	3	2	3
Bahamas	3	1	2	16	12	74
Barbados	3	2	6	12	16	46
Belize	16	9	16	10	5	60
Bolivia (Plurinational State of)	25	15	14	8	2	4
Brazil	9	7	28	5	2	1
Chile	6	4	19	4	2	1
Colombia	15	9	13	7	4	9
Costa Rica	13	4	19	6	3	11
Cuba	17	1	...	5	2	...
Dominica	...	19	4	...	1	41
Dominican Republic	8	6	4	7	7	33
Ecuador	32	9	45	7	...	5
El Salvador	15	5	13	9	4	18
Grenada	13	5	5	...	4	48
Guatemala	27	10	39	6	3	5
Guyana	12	10	6	5	...	...
Honduras	29	14	26	6	4	4
Jamaica	16	10	7	8	5	56
Mexico	12	4	7	7	2	4
Nicaragua	28	19	36	5	3	8
Panama	7	3	1	6	2	8
Paraguay	17	12	30	5	2	3
Peru	26	11	16	7	3	3
Saint Kitts and Nevis	...	1	...	...	7	56
Saint Lucia	10	2	6	16	14	87
Saint Vincent and the Grenadines	...	5	15	8	4	55
Suriname	8	8	5	3	5	...
Trinidad and Tobago	1	1	3	9	1	...
Uruguay	8	8	34	4	...	8

Source: Economic Commission for Latin America and the Caribbean (ECLAC), *Fiscal Panorama of Latin America and the Caribbean*, 2024 (LC/PUB.2024/5-P), Santiago, 2024 and estimates based on CEPALSTAT [base de datos en línea] https://statistics.cepal.org/portal/cepalstat/index.html?lang=en; International Labour Organization (ILO), ILOSTAT [online database] https://ilostat.ilo.org/.
Note: Employment statistics for accommodation and food services correspond to estimates by the International Labour Organization (ILO). The GDP figures represent the sector's share of economy-wide value added at basic prices.

Tourism (especially coastal) is another sector that will be severely damaged in the long term, as the effects of climate change intensify (Mycoo and others, 2022). Rising sea levels and more frequent tropical cyclones pose put tourism infrastructure increasingly at risk in the Caribbean and Central America, since a large proportion of tourism facilities are located in coastal areas (Cevik and Ghazanchyan, 2020).

Projections by Spencer, Strobl and Campbell (2022) indicate that the Caribbean islands, on average, will lose 53% of their sandy beaches and 30% of their hotel capacity, resulting in tourism revenues declining by 38% by 2100. Tourism activity, which encompasses accommodation and restaurants along with transportation and recreational activities, is a major employer, generating approximately 6% of all jobs in the region, and over 10% in some Caribbean countries (see table IV.1). Tourism also contributes in excess of 10% of GDP in the Caribbean island economies, and accounts for more than 50% of total exports of goods and services.

B. Estimates of the impact of climate change on economic activity and employment in the region's economies

Despite the difficulties involved in estimating the impact of an intensification of climate change on variables such as GDP and employment in the region's economies, this section aims to provide an overview of the potential magnitude of such effects. Extending the methodology used in ECLAC (2023b and 2024a), the chapter analyses two scenarios to explore the macroeconomic impact of climate change on economic activity and employment.

The first of these, referred to as the base scenario, establishes a counterfactual that assumes that the region's economies will maintain their trend GDP growth rate in 2025–2050.

The second scenario, in contrast, explores the intensification of the effects of climate change by applying a damage function to total factor productivity (TFP) in a production function similar to that used by Nordhaus (2018). This scenario assumes that no measures are adopted to mitigate the effects of climate change, so the predicted effects in terms of temperature increase and higher frequency and intensity of extreme weather events are verified in full.

1. Description of the model used

This chapter uses a stylized model that internalizes the effects of climate change on the economic activity of the region's economies, by assuming that an increase in both temperature and the frequency and intensity of extreme weather events erodes the productive capacity of both capital and labour. The model consists of four fundamental equations: one that describes how the factors of production (capital and labour) combine to generate goods and services; a capital accumulation rule; another equation that explains the behaviour of labour supply; and a fourth equation that models the behaviour of TFP.

In the latter equation, the impact of climate change is introduced through a damage function. This function makes it possible to capture how TFP is affected by the rise in temperature and the increased frequency and intensity of extreme meteorological phenomena.

$$Y_t = A_t K_t^{\alpha} L_t^{\beta} \quad (1)$$

$$K_{t+1} = K_t (1 - \delta) + I_t \quad (2)$$

$$L_t = \rho_t \omega_t N_t \quad (3)$$

$$A_{t+1} = (1 - D_t^A) A_t \quad (4)$$

Equation (1) represents the production function in which output Y_t depends on an index of TFP, A_t,[2] and on a function combining the physical capital stock K_t and labour L_t. The parameters α and β represent the shares of capital and labour, respectively —in other words, the elasticities of output with respect to each input. Assuming constant returns to scale, β is equal to $(1-\alpha)$.

Equation (2) describes the capital accumulation process; and, in each period t, the stock of physical capital increases through capital investment, I_t, and decreases as a result of depreciation (δ).

In equation (3), L_t represents the size of the labour force, measured by the number of workers; ρ_t is the labour participation rate; ω_t is the ratio of the working age population to the total population, and N_t is the total population. Note that $N_t = e^{nt}$, where n represents the population growth rate, which for the purposes of this model is assumed to be exogenous ($n>0$).

Lastly, equation (4) indicates that, in each period, TFP, A_t, can be reduced by the effects of climate change. D_t^A represents the damage caused by the intensification of climate change on the TFP parameter, A_t. This is consistent with the literature, which sees climate change as influencing TFP and thus the medium-term economic growth path (Kumar and Maiti, 2024; Casey, Fried and Goode, 2023; Letta and Tol, 2019; ILO, 2019).

Following previous work on the subject (see ECLAC, 2024a), this chapter represents the economic impact of climate change using a climate damage function, which is expressed as a quadratic polynomial with global temperature (T) as the independent variable:

$$D_t^A = OT_{1t} + OT_{2t}^2 \quad (5)$$

The O parameters are set and adjusted according to a specific increase in global temperatures to reflect the intensification of climate change. Thus, D_t^A represents a reduced-form expression of the economic damage occurring at time t as a function of changes in temperature anomalies.[3]

2. Assumptions concerning labour supply

According to estimates of population dynamics in the region, made by the Latin American and Caribbean Demographic Centre (CELADE)-Population Division of ECLAC, the growth of the working-age population is expected to decline continuously between 2025 and 2050, and more intensively after 2030 in particular. This trend will reduce the growth rate of the working-age population to almost zero by 2050.

To mitigate the potential impact of these demographic trends on the region's medium-term GDP growth, this chapter assumes that the labour participation rate will increase by 10.7 percentage points between 2025 and 2050. This will be driven mainly by women, whose labour force participation is projected to reach parity with that of men by 2050, when a total participation rate of 74% will be attained (see figure IV.1).

Given these assumptions, labour market equilibrium will be determined by the demand for labour, a variable estimated using the elasticity of employment relative to GDP in the region's economies.

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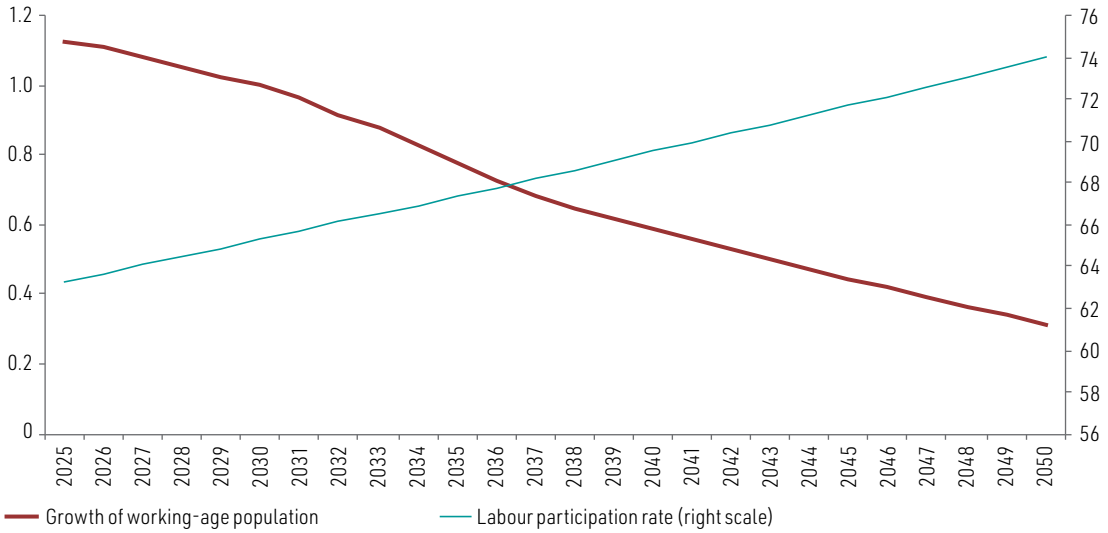
2 In this analysis, technical progress is considered to be Hicks-neutral, as per Hicks (1932); in other words it increases both capital and labour inputs in the same proportion (Solow, 1957).

3 The parameter values used in this chapter, which are included in annex IV.A1, are similar to those used in *Fiscal Panorama of Latin America and the Caribbean, 2024* (ECLAC, 2024a).

Figure IV.1
Latin America (17 countries):[a] growth of working-age population and labour force participation rate, 2025–2050
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of projections from the Latin American and Caribbean Demographic Centre (CELADE)-Population Division of ECLAC.
[a] Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay.

C. The effects of worsening climate change on economic activity and employment

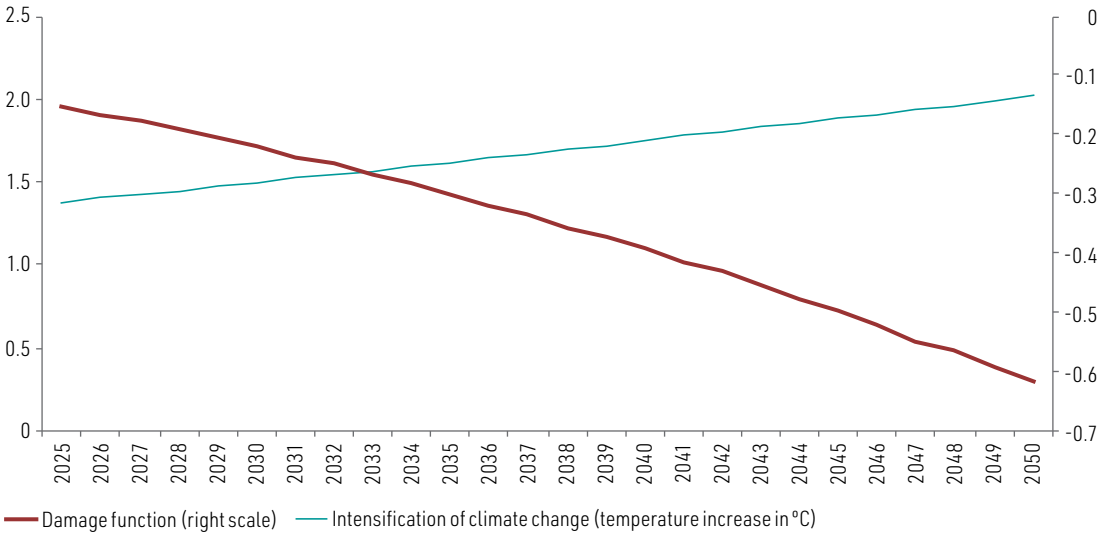
As explained above, the first scenario is the base line and represents the climatic status quo, in which the region's growth proceeds according to trend. In other words, $D_t^A = 0$ in equation (4).

The second scenario assumes that the effects of climate change will intensify in the region's economies, without being accompanied by mitigating policies. In this case, equation (4) shows that $D_t^A > 0$, which implies that the worsening of climate change will reduce TFP and, consequently, undermine economic growth in each period. As in ECLAC (2024a), this scenario is simulated using the climate change intensification path obtained from the En-ROADS climate simulator (developed by Climate Interactive, the MIT Sloan Sustainability Initiative and Ventana Systems). The estimates on temperature increase and the damage function provided by these sources are shown in figure IV.2.[4]

Both scenarios were estimated for 17 of the region's countries and, based on the individual results obtained, regional results were calculated. Figure IV.3 shows the GDP growth figures obtained from the simulation exercise for the two scenarios. As noted above, the difference in GDP growth in the two cases reflects the fact that, in the second scenario, the damage function takes positive values, $D_t^A > 0$, which reduces the productivity of capital and labour as factors of production.

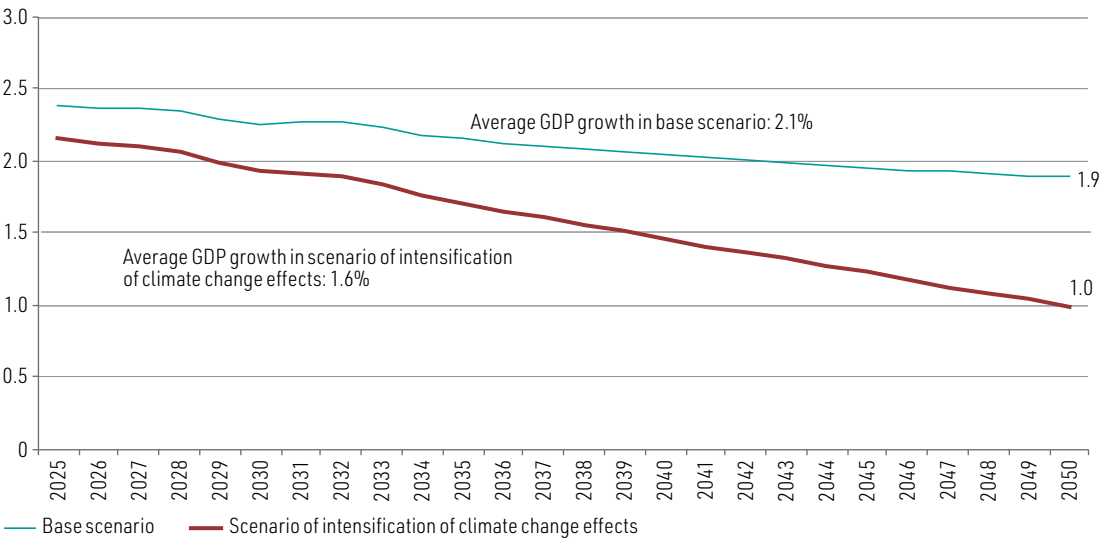
[4] See [online] https://www.climateinteractive.org/en-roads/.

Figure IV.2
Intensification of climate change and damage function relative to total factor productivity (Dt^A), 2025–2050
(Degrees Celsius and percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), *Fiscal Panorama of Latin America and the Caribbean*, 2024 (LC/PUB.2024/5-P), Santiago, 2024.

Figure IV.3
Latin America (17 countries):[a] GDP growth in base scenario and in scenario of intensification of climate change effects, 2025–2050
(Percentages)



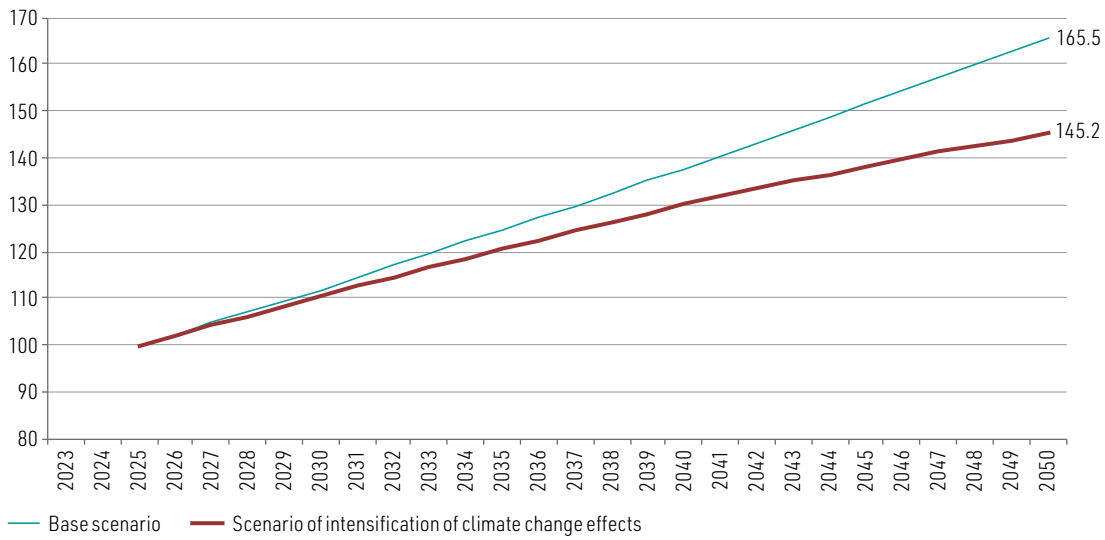
Source: Economic Commission for Latin America and the Caribbean (ECLAC).
[a] Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay.

1. The effects of worsening climate change on economic activity

A comparison of the results of the two scenarios shows that a worsening of climate change would reduce medium-term economic growth rates in the region's economies relative to rates in the base scenario. Specifically, in the base scenario the average GDP growth rate between 2025 and 2050 is 2.1% per year, while in the climate change-intensification scenario, it is 1.6%.

As a result of these clearly different growth rates, the GDP projected for 2050 in the climate-change-intensification scenario is 12.6% lower than that estimated for the base scenario (see figure IV.4). These differences in GDP between the base scenario and the climate-change-intensification scenario are similar to the 9%–12% reported for 2050 in ECLAC (2023b).

Figure IV.4
Latin America (17 countries):[a] GDP growth in base scenario and in scenario of intensification of climate change effects, 2025–2050
(Index: 2025 = 100)



Source: Economic Commission for Latin America and the Caribbean (ECLAC).
[a] Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay.

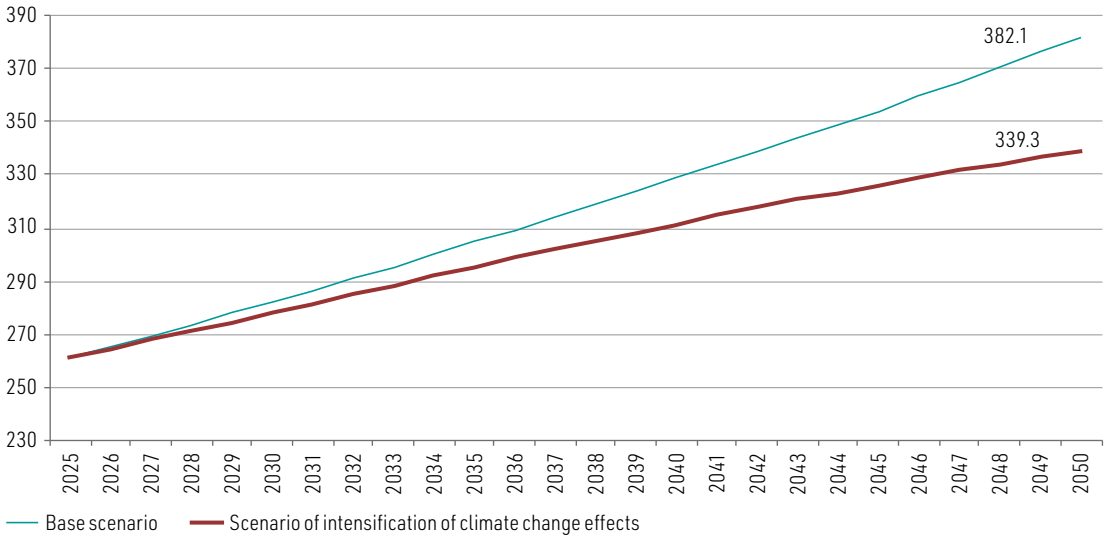
2. Effects of worsening climate change on the growth in the number of employed persons

Chapter II of this report documented the close relationship between economic activity and employment at both the aggregate and the sector levels. On the basis of this relationship, assuming that labour supply will not represent a constraint on GDP growth, and on estimates of the elasticity of employment relative to GDP, an estimate is made of the adjustment of employment to the growth projections in the two scenarios. The elasticities used made it possible to determine the behaviour of employment in each country, and the results obtained were aggregated for the region as a whole.

Figure IV.5 shows that, in the base scenario, where $D_t^A = 0$, employment in the region would grow by 46% between 2025 and 2050, and the number of persons employed would rise from around 261 million to 382 million. This would represent average growth of 1.5% per year, which is in line with the employment figures actually recorded in recent decades. In contrast, in the scenario in which the effects of climate change intensify, the number of persons employed is projected to grow by 30% between 2025 and 2050, equivalent to an average of 1.1% per year.

In other words, if the Latin American economies do not adopt policies to adapt to and mitigate the effects of the intensification of global warming and the consequent increase in the frequency and intensity of extreme weather events (including prolonged droughts, floods and hurricanes), 42.8 million jobs could be lost by 2050. This represents almost 11% of the figure projected for the scenario in which the region's economies succeed in maintaining trend GDP growth.

Figure IV.5
Latin America (17 countries):[a] employment in base scenario and in scenario of intensification of climate change effects
(Millions of employed persons)



Source: Economic Commission for Latin America and the Caribbean (ECLAC).
[a] Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay.

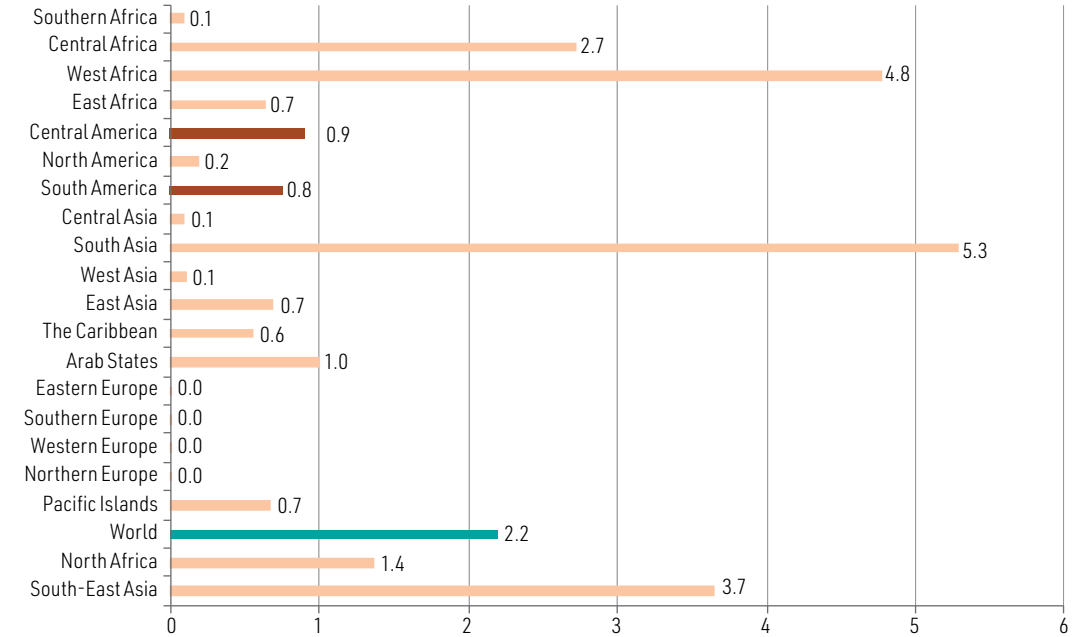
A 2019 publication by the International Labour Organization (ILO) reports the results of an analysis of the impact of temperature increases on labour productivity worldwide (ILO, 2019). Its main findings are that rising temperatures erode worker productivity, and that the corresponding losses have been increasing over time. Figure IV.6 plots the reduction in labour productivity that could occur in different geographical areas of the world by 2030. There is great heterogeneity, with losses ranging from close to 0.0% in the cases of Northern Europe, Western Europe, Southern Europe and Eastern Europe to more than 4.0% in West Africa and South Asia. In the economies of Latin America and the Caribbean, productivity is expected to decline by an average of 0.9%. The report also notes that for the economies of South and Central America (including Mexico), the reduction in labour productivity is equivalent to the disappearance of 2.4 million full-time jobs by 2030. This figure is very similar to the simulation for the same year obtained from the model used in this chapter.

3. Effects of worsening climate change on employment in the agriculture and tourism sectors

As noted above, various studies on the subject highlight the fact that climate change will affect activities such as agriculture and tourism disproportionately. To model these differentiated effects, a sectoral decomposition was made of the trends in GDP and employment, breaking down the behaviour of GDP into the value added of the different sectors of certain productive activities and applying a loss function to each sector of activity. This made it possible to deploy higher cost functions for the agriculture and tourism sectors.

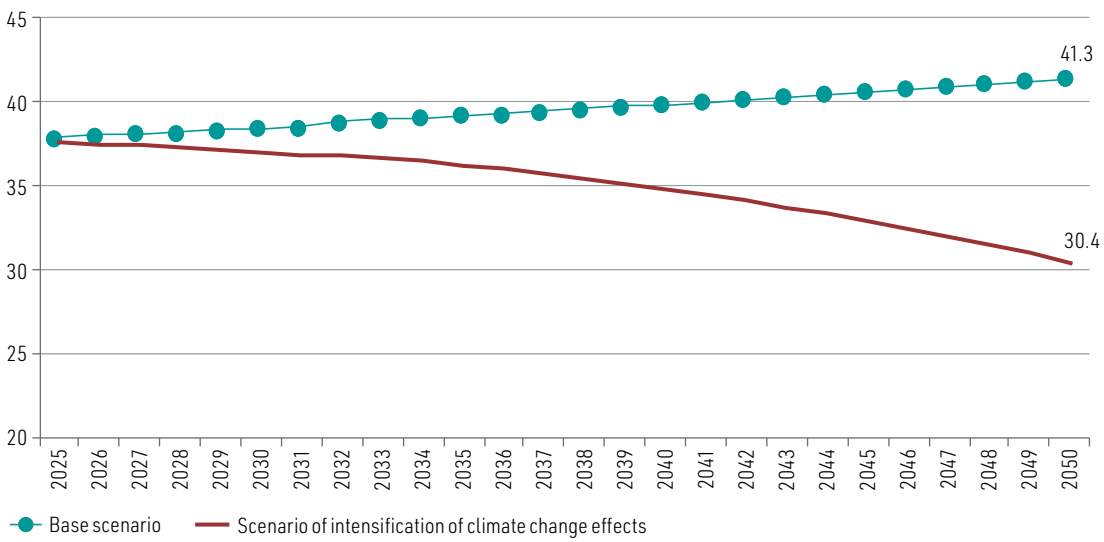
In this case, between the scenario in which-value added behaves according to trend and the scenario in which the effects of climate change intensify, employment shrinks by 26.4% in the agriculture sector, representing 10.9 million jobs lost, and by 19.2% or 4.4 million jobs in the case of tourism (see figures IV.7 and IV.8). In other words, these two sectors would jointly account for 35.7% of the total number of jobs lost between the two scenarios.

Figure IV.6
Selected regions: loss of labour productivity owing to rising temperatures, 2030
(Percentages)



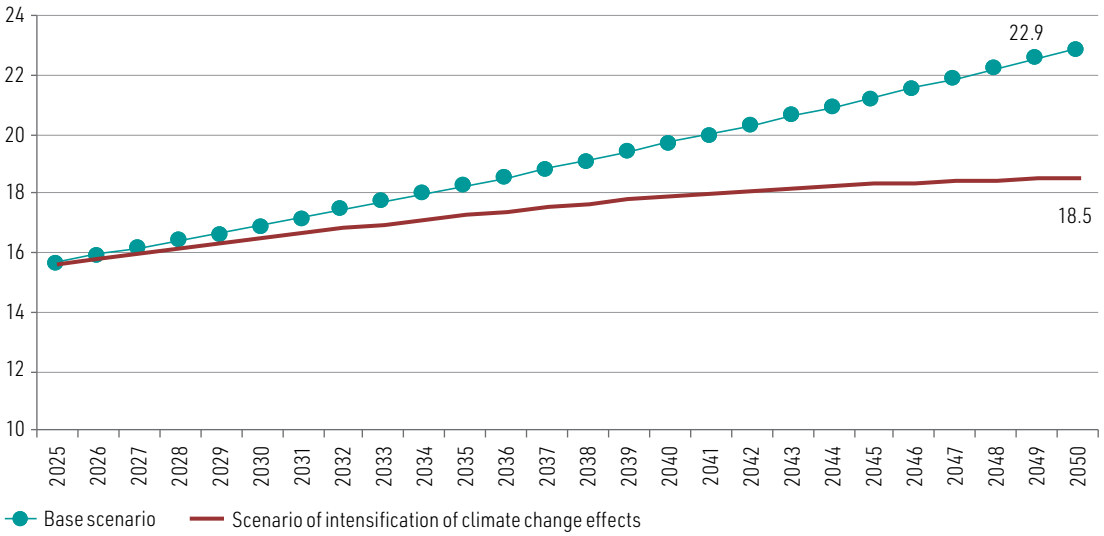
Source: International Labour Organization (ILO), *Working on a warmer planet: The effect of heat stress on productivity and decent work*, Geneva, 2019.

Figure IV.7
Latin America (17 countries):[a] agricultural employment in base scenario and in scenario of intensification of climate change effects, 2025–2050
(Millions of employed persons)



Source: Economic Commission for Latin America and the Caribbean (ECLAC).
[a] Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay.

Figure IV.8
Latin America (17 countries):[a] employment in tourism sector in base scenario and in scenario of intensification of climate change effects, 2025–2050
(Millions of employed persons)



Source: Economic Commission for Latin America and the Caribbean (ECLAC).
[a] Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay.

D. Avoiding job losses caused by worsening of climate change effects requires mitigation and adaptation policies to be implemented, in conjunction with productive development, employment and macroeconomic policies

The region depends heavily on economic activities that are likely to be affected by an intensification of the effects of climate change, such as agriculture, mining and tourism. These activities generate a large proportion of total value added and employment.

If adaptation and mitigation policies are not implemented, the simulations described in this chapter indicate that climate change will have highly detrimental effects on economic growth and employment. It is therefore essential to design policies aimed at boosting growth and improving social protection.

On numerous occasions, ECLAC has reiterated the need to increase investment, both public and private, in order to attain a high, sustainable and inclusive growth path. Increased investment is a necessary condition for fostering a productive transformation that is more respectful of the environment and has the capacity to create decent jobs in more productive firms and sectors.

However, increasing investment requires an expansion of the public policy space, both fiscal and monetary. The fiscal policy space must be expanded to increase the formation of public capital. The region has major deficits in public goods, and its stock of public capital is among the lowest in the world. It is therefore necessary to shift towards progressive tax structures to increase revenue collection. Policies should also be adopted to reduce levels of tax evasion and avoidance. Efforts to increase tax revenues become even more important in light of the considerable increase in interest payments associated with public debt throughout the region.

In addition, to stimulate total (and especially private) investment, additional space is needed for monetary policy to foster credit growth in the region. This requires broadening the set of tools used to ensure macrofinancial stability. Coordination between monetary, exchange rate and macroprudential instruments must be strengthened, to prevent the greater burden of monetary policy from falling on interest rates.

As noted in ECLAC (2023b), compensating for the loss of output caused by an intensification of the effects of climate change would need the investment rate to be raised by more than 5% per year. This is hardly a simple task in a region where the rate is among the lowest in the world and has remained practically unchanged since 1990.

For this reason, it is essential to improve and broaden the scope of productive development policies, in order to boost growth and mitigate the job losses that are expected to occur. Salazar-Xirinachs and Llinás (2023) propose guidelines for action on productive development policies: the level of ambition of these policies should be raised and their implementation improved; specific productive sectors and activities should be targeted; a balance should be struck between a centralized (*top-down*) and decentralized (*bottom-up*) approach, working with stakeholders in the territories; cluster initiatives should be used to increase the efficiency and effectiveness of management and collaboration processes needed for productive development; the governance of these policies should be improved; and continuous evaluation mechanisms should be established to be able to correct policy direction if necessary.

Policies for productive development and climate change mitigation and adaptation must be complemented with active employment policies that both stimulate the creation of quality employment, with better job opportunities, and make it easier for workers to enter or re-enter the labour market. The region needs to foster programmes aimed at improving the skills and competencies of workers to adapt to the needs of a rapidly changing labour market. In addition, incentives for firms to hire new workers should be increased, especially in specific sectors that are considered key to supporting traditionally vulnerable groups such as women, young people, migrants, Indigenous Peoples and Afrodescendent communities, and older persons. Initiatives are needed for young people, to ease their transition to the labour market, through internships, mentoring or training programmes. It is also essential to support the creation and development of small and medium-sized enterprises, fostering entrepreneurship and the creation of new jobs. In addition, the creation of platforms and services that connect employers and workers should be encouraged, facilitating job search and making it easier to find job opportunities. Lastly, activities to expand and adapt the region's infrastructure could be used to provide temporary employment for unemployed workers, in areas such as infrastructure, construction or the maintenance of public spaces.

ECLAC has identified several sectors and activities with the potential to drive the necessary productive transformation and foster a virtuous circle that will enable the region's economies to achieve more productive, inclusive and sustainable development models. These sectors and activities include those linked to the big push for sustainability, including the energy transition (renewable energies, green hydrogen or lithium, for example), electromobility, the circular economy, sustainable agriculture, genetic resources, bioindustrialization, sustainable water management and sustainable tourism.

The Commission has also highlighted the need to nurture labour-intensive services and the care economy, as part of a strategy to stimulate job creation for broad sectors of society and advance the economic autonomy of women. Moreover, further development of high-tech industries, such as pharmaceuticals and life sciences and the medical device industry, is key to boosting the region's productivity growth by stimulating innovation and investment in research and development.

However, the region's vulnerability to climate change is worsened by the high level of poverty and inequality that pervades its economies. On average, more than 50% of persons employed in the region are working informally, with no access to social protection systems or unemployment insurance.

Furthermore, as revealed during the coronavirus disease (COVID-19) pandemic, it is difficult to identify them so that they can receive assistance when they need it. Levels of labour informality are even higher in activities such as agriculture and tourism, which account for more than 20% of total employment and, as noted above, are likely to suffer major losses as the effects of climate change intensify. These activities tend to take place in rural areas, where opportunities for workers to relocate are scarce. In addition, tourism-related activities employ disproportionate numbers of women and young people, two of the groups most vulnerable to job cuts, who usually work in more precarious working conditions, earn lower incomes, have higher levels of informality and have less access to social protection systems.

The scenarios described in this chapter demonstrate that inaction could be very costly and is a luxury that the region cannot afford. The strategy for mitigating the employment effects of climate change entails adopting macroeconomic and productive development policies that boost the growth of the region's economies and increase labour productivity, stimulating job creation in the highest productivity sectors. It is also necessary to implement mitigation and adaptation policies to reduce the exposure of the region's economies to the effects of climate change.

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Annex IV.A1
Impact of climate change on total factor productivity (TFP)

1. TFP trend

Conventionally, the growth path of technical progress is described by the following equation:

$$A_t = A_0 e^{\lambda t} \quad (1)$$

where A_0 denotes the initial state of the economy and λ the exogenous rate of technical change.[5] In this framework, technical change is assumed to increase output (that is, it increases both capital and labour), which is referred to as Hicks neutrality.[6]

2. TFP trend and damage function

Recent studies envisage climate change as influencing TFP and, hence, the economy's medium-term growth path.[7] It is assumed that the damages (the economic impact of climate change) can be formulated as follows:

$$A_t = (1 - D_t)\widehat{A_t} \quad (2)$$

where D_t is the climate damage function and $\widehat{A_t}$ represents measured TFP. Accordingly, the macroeconomic impact of climate change is considered a small loss in terms of TFP. The damage function can be specified as a quadratic polynomial with global temperature (T) as the independent variable:[8]

$$D_t = \theta_1 T_t + \theta_2 T_t^2 \quad (3)$$

The θ parameters are set and adjusted according to a specific increase in global temperatures, in order to reflect the intensification of climate change.[9] Thus, D_t represents a reduced-form expression of the economic damage occurring at time t, as a function of changes in temperature anomalies.[10]

Table IV.A1.1
Latin America and the Caribbean: temperature ranking and 2022 temperature anomalies relative to 1991–2020 and 1961–1990 averages
(Degrees Celsius)

Subregion	2022 temperature ranking[a]	2022 anomalies[b]	
		1991-2020	1961-1990
Mexico	Sixth to fifteenth warmest year	0.23 [0.12-0.34]	0.96 [0.61-1.07]
Central America	Tenth to sixteenth warmest year	0.09 [-0.02-0.16]	0.59 [0.46-0.73]
The Caribbean	Fifteenth to thirty-first warmest year	-0.02 [-0.13-0.06]	0.50 [0.20-0.65]
South America	Twelfth to twenty-fifth warmest year	-0.04 [-0.09-0.08]	0.50 [0.39-0.67]
Latin America and the Caribbean	Twelfth to twenty-first warmest year	0.00 [-0.06-0.10]	0.55 [0.46-0.70]

Source: World Meteorological Organization (WMO), *State of the Climate in Latin America and the Caribbean 2021*, Geneva, 2022.
[a] The 2022 average temperature ranking refers to the range of historical rankings for the period covering 1900–2022 as calculated using the Berkeley Earth, ECMWF Reanalysis v5 (ERA5), GISS Surface Temperature Analysis (GISTEMP), HadCRUT5, Japanese 55-year Reanalysis (JRA-55) and NOAAGlobalTemp data sets.
[b] Values refer to an average of the 2022 temperature anomaly, relative to each period, as calculated using the Berkeley Earth, ERA5, GISTEMP, HadCRUT5, JRA-55 and NOAAGlobalTemp data sets. The values presented in intervals refer to the minimum and maximum temperature anomaly calculated using each data set.

5 Usually, A_0 is set to 1.
6 For the original version see Hicks (1932). For a didactic discussion, see Dasgupta (2010) and Jones (1979).
7 See Kumar and Maiti (2024), Casey, Fried and Goode (2023) and Letta and Tol (2019), among others.
8 Points of inflexion are not included in this specification. See Nordhaus (2018).
9 For the parameterization, based on historical data, it is assumed that the lower TFP growth rates in 1960–2019 may reflect the future impact of climate change. The average obtained for the region makes it possible to approximate the functional form (curve) considered.
10 Temperature anomalies are usually assessed relative to a reference period; for example, pre-industrial temperature levels (see Estrada, Tol and Botzen, 2019). It is therefore the most commonly used damage function, for example in integrated assessment models and for global-scale climate impact analyses, as well as for estimates of the social cost of carbon emissions (Neumann and others, 2020).

Statistical annex

Table A1.1
Latin America and the Caribbean: main economic indicators

	2015	2016	2017	2018	2019	2020	2021	2022	2023[a]
Annual growth rates									
Gross domestic product[b]	0.0	-1.1	1.3	1.1	0.0	-6.9	7.0	4.0	2.2
Gross domestic product per capita[b]	-1.0	-2.1	0.3	0.2	-0.9	-7.7	6.3	3.3	1.4
Consumer prices[c]	6.2	4.6	3.9	3.5	3.4	3.3	7.6	7.6	4.6
Percentages									
National unemployment	6.6	7.8	8.1	7.9	8.0	10.3	9.3	7.0	6.4
Total gross external debt/GDP[d e]	39.2	41.9	39.8	42.4	44.8	53.3	47.3	42.2	39.2
Total gross external debt/exports of goods and services [d e]	1.8	1.9	1.8	1.7	1.9	2.2	1.8	1.5	1.6
Millions of dollars									
Balance of payments									
Current account balance	-179 098	-107 168	-96 432	-144 487	-114 478	-9 503	-97 043	-136 877	-80 729
Exports of goods f.o.b.	926 522	895 049	1 004 465	1 091 281	1 046 412	954 152	1 222 863	1 430 858	1 408 211
Imports of goods f.o.b.	979 182	891 444	975 198	1 087 249	1 044 504	883 024	1 207 829	1 454 599	1 373 834
Goods and services balance	-120 286	-49 792	-27 693	-53 928	-42 175	22 840	-46 758	-95 997	-22 957
Income balance	-129 952	-135 657	-153 544	-183 037	-169 358	-137 388	-179 909	-186 710	-212 797
Current transfers balance	71 140	78 280	84 805	92 479	97 055	105 045	129 624	145 830	153 268
Capital and financial balance[f]	130 335	116 376	108 838	125 622	53 601	11 227	115 483	102 682	97 388
Net foreign direct investment	149 817	139 130	128 625	154 560	124 906	108 558	121 869	145 147	163 128
Other capital movements	-1 889	-15 141	-3 988	-9 024	-58 844	-96 520	5 865	-22 533	-51 529
Overall balance	-48 763	9 208	12 406	-18 865	-60 877	1 723	18 440	-34 195	16 659
Variation in reserve assets[g]	27 117	-19 343	-17 465	-13 478	31 089	-14 948	-50 984	16 692	-14 511
Other financing	699	-789	44	28 604	15 156	657	2 038	62	823
Net transfer of resources	3 638	-16 989	-41 409	-26 138	-100 601	-125 504	-62 388	-83 966	-114 586
International reserves	755 547	744 107	769 118	752 323	746 738	803 612	830 023	774 059	800 263
Percentages of GDP									
Fiscal sector[h i]									
Overall balance	-2.9	-3.2	-3.0	-2.7	-2.9	-6.7	-4.0	-2.2	-3.1
Primary balance	-0.7	-1.0	-0.7	-0.2	-0.3	-4.0	-1.6	0.3	-0.4
Total revenue	18.2	18.0	18.0	18.1	18.2	17.5	18.8	19.2	18.6
Tax revenue	15.3	15.3	15.2	15.2	15.1	14.5	15.7	16.2	15.9
Total expenditure	21.1	21.2	21.0	20.8	21.1	24.2	22.8	21.4	21.7
Capital expenditure	3.9	3.8	3.6	3.3	3.2	3.4	3.5	3.1	3.2
Central-government public debt[i]	36.4	38.5	39.9	43.0	45.3	56.0	53.0	51.7	55.0
Public debt of the non-financial public sector[i]	39.7	41.9	43.4	46.5	49.2	59.7	55.9	54.7	58.2

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Preliminary figures.
[b] Based on official figures expressed in dollars at 2018 prices.
[c] Population-weighted average. Latin America and the Caribbean does not include Argentina, Bolivarian Republic of Venezuela, Cuba, Haiti and Suriname.
[d] Based on official figures expressed in dollars at constant prices.
[e] Weighted average for 18 countries (Latin America). Does not include Bolivarian Republic of Venezuela and Cuba.
[f] Includes errors and omissions.
[g] A minus sign (-) indicates an increase in reserve assets.
[h] Central government.
[i] Simple averages for 16 countries (Latin America). Does not include Bolivarian Republic of Venezuela, Cuba, Haiti and Plurinational State of Bolivia.

Table A2.1
Latin America and the Caribbean: total gross domestic product at constant prices
(Annual growth rates)

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Latin America and the Caribbean	**0.0**	**-1.1**	**1.3**	**1.1**	**0.0**	**-6.9**	**7.0**	**4.0**	**2.2**
Latin America	**0.0**	**-1.1**	**1.3**	**1.1**	**0.0**	**-6.9**	**7.1**	**3.9**	**2.1**
Argentina	2.7	-2.1	2.8	-2.6	-2.0	-9.9	10.7	5.0	-1.6
Bolivia (Plurinational State of)	4.9	4.3	4.2	4.2	2.2	-8.7	6.1	3.6	3.1
Brazil	-3.5	-3.3	1.3	1.8	1.2	-3.3	4.8	3.0	2.9
Chile	2.2	1.8	1.4	4.0	0.6	-6.1	11.3	2.1	0.2
Colombia	3.0	2.1	1.4	2.6	3.2	-7.2	10.8	7.3	0.6
Costa Rica	3.7	4.2	4.2	2.6	2.4	-4.3	7.9	4.6	5.1
Cuba	4.4	0.5	1.8	2.2	-0.2	-10.9	1.3	1.8	-1.0
Dominican Republic	6.9	6.7	4.7	7.0	5.1	-6.7	12.3	4.9	2.4
Ecuador	0.1	-0.7	6.0	1.0	0.2	-9.2	9.8	6.2	2.4
El Salvador	2.4	2.5	2.2	2.4	2.4	-7.9	11.9	2.8	3.5
Guatemala	4.1	2.7	3.1	3.4	4.0	-1.8	8.0	4.2	3.5
Haiti	2.6	1.8	2.5	1.7	-1.7	-3.3	-1.8	-1.7	-1.9
Honduras	3.8	3.9	4.8	3.8	2.6	-9.0	12.6	4.1	3.6
Mexico	2.7	1.8	1.9	2.0	-0.4	-8.4	6.0	3.7	3.2
Nicaragua	4.8	4.6	4.6	-3.4	-2.9	-1.8	10.3	3.8	4.6
Panama	5.7	5.0	5.6	3.7	3.3	-17.7	15.8	10.8	7.3
Paraguay	3.0	4.3	4.8	3.2	-0.4	-0.8	4.0	0.2	4.7
Peru	3.3	4.0	2.5	4.0	2.2	-10.9	13.4	2.6	-0.6
Uruguay	0.4	1.7	1.7	0.2	0.9	-7.4	5.6	4.7	0.4
Venezuela (Bolivarian Republic of)[a]	-6.2	-17.0	-15.7	-19.6	-28.0	-30.0	-3.0	12.0	3.0
The Caribbean	**0.3**	**-2.2**	**-0.6**	**1.5**	**0.8**	**-9.3**	**5.7**	**12.8**	**9.1**
Antigua and Barbuda	1.4	4.1	2.5	7.0	3.1	-18.9	8.2	9.5	3.9
Bahamas	1.0	-1.0	2.8	2.6	-1.4	-21.4	15.4	10.8	2.6
Barbados	2.4	2.6	0.5	-0.7	0.4	-12.5	-1.2	13.5	4.9
Belize	3.2	-0.0	-1.8	1.1	4.2	-13.7	17.9	8.7	4.8
Dominica	-2.7	2.8	-6.6	3.5	5.5	-16.6	6.9	5.6	4.7
Grenada	6.4	3.7	4.4	4.4	0.7	-13.8	4.7	7.3	3.6
Guyana	0.7	3.8	3.7	4.4	5.4	43.5	20.1	63.3	39.2
Jamaica	0.9	1.4	1.0	1.9	0.9	-9.9	4.6	5.2	2.1
Saint Kitts and Nevis	0.7	3.9	0.2	2.0	2.8	-15.4	0.5	10.5	2.3
Saint Lucia	0.1	3.4	3.4	2.9	-0.7	-24.6	10.0	18.2	3.4
Saint Vincent and the Grenadines	2.8	4.1	1.4	3.2	0.7	-3.7	0.8	7.2	6.0
Suriname	-3.4	-4.9	1.6	4.9	1.1	-15.9	-2.4	2.4	2.0
Trinidad and Tobago	-0.8	-7.5	-4.8	-0.6	0.4	-9.1	-1.0	1.5	2.7

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
Note: Based on official figures expressed in dollars at 2018 prices.
[a] Estimate from 2019.

Table A2.2
Latin America and the Caribbean: per capita total gross domestic product at constant prices
(Annual growth rates)

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Latin America and the Caribbean	**-1.0**	**-2.1**	**0.3**	**0.2**	**-0.9**	**-7.7**	**6.3**	**3.3**	**1.4**
Latin America	**-1.0**	**-2.1**	**0.3**	**0.1**	**-0.9**	**-7.6**	**6.4**	**3.2**	**1.3**
Argentina	1.7	-3.0	1.9	-3.4	-2.7	-10.5	10.1	4.4	-2.1
Bolivia (Plurinational State of)	3.2	2.7	2.6	2.7	0.7	-10.0	4.9	2.4	1.7
Brazil	-4.4	-4.1	0.5	1.0	0.4	-3.9	4.2	2.5	2.4
Chile	1.1	0.6	-0.2	2.1	-1.2	-7.4	10.2	1.5	0.1
Colombia	2.0	1.0	-0.2	0.6	1.3	-8.5	9.5	6.5	0.2
Costa Rica	2.6	3.2	3.1	1.7	1.5	-5.0	7.3	4.0	4.5
Cuba	4.4	0.5	1.9	2.3	-0.1	-10.8	1.7	2.2	-0.8
Dominican Republic	5.7	5.4	3.5	5.8	3.9	-7.7	11.1	3.8	1.4
Ecuador	-1.4	-2.2	4.3	-0.8	-1.7	-10.5	8.5	5.0	1.3
El Salvador	2.0	2.2	2.0	2.3	2.4	-8.1	11.5	2.4	3.0
Guatemala	2.2	0.9	1.3	1.7	2.5	-3.2	6.5	2.8	2.1
Haiti	1.1	0.4	1.1	0.3	-3.0	-4.6	-3.0	-2.8	-3.1
Honduras	2.0	2.1	3.0	2.1	0.9	-10.4	10.9	2.6	2.0
Mexico	1.5	0.6	0.8	1.0	-1.2	-9.0	5.5	3.0	2.4
Nicaragua	3.3	3.1	3.2	-4.7	-4.2	-3.1	8.8	2.3	3.1
Panama	3.9	3.1	3.8	2.0	1.6	-18.9	14.3	9.4	5.9
Paraguay	1.5	2.8	3.3	1.8	-1.7	-2.1	2.7	-1.0	3.5
Peru	2.0	2.5	1.0	2.0	0.3	-12.2	12.0	1.6	-1.4
Uruguay	0.0	1.4	1.5	0.0	0.9	-7.4	5.6	4.8	0.4
Venezuela (Bolivarian Republic of)[a]	-7.3	-17.6	-15.2	-17.6	-25.9	-28.8	-2.0	11.6	1.1
The Caribbean	**-0.3**	**-2.7**	**-1.1**	**0.5**	**0.1**	**-9.6**	**5.2**	**12.4**	**8.7**
Antigua and Barbuda	0.7	3.3	1.9	6.4	2.5	-19.4	7.6	8.8	3.3
Bahamas	0.1	-1.8	2.0	1.9	-2.0	-21.8	15.0	10.2	2.0
Barbados	2.2	2.4	0.3	-0.9	0.2	-12.7	-1.4	13.3	4.8
Belize	1.0	-2.0	-3.8	-0.9	2.4	-15.0	16.4	7.3	3.4
Dominica	-3.6	2.6	-7.0	3.0	4.6	-17.3	6.3	5.1	4.3
Grenada	5.6	2.9	3.7	3.6	-0.1	-14.5	3.9	6.6	2.9
Guyana	0.2	3.2	3.2	1.5	3.6	43.8	19.0	62.5	38.3
Jamaica	0.6	1.1	0.8	1.8	0.8	-10.1	4.3	5.2	2.2
Saint Kitts and Nevis	0.7	3.9	0.2	2.0	3.0	-15.2	0.5	10.3	2.1
Saint Lucia	-0.4	3.0	2.9	2.5	-1.0	-24.8	9.7	18.1	3.2
Saint Vincent and the Grenadines	3.2	4.6	1.9	3.4	1.0	-3.5	1.0	7.6	6.2
Suriname	-4.4	-5.9	0.5	3.9	-0.0	-16.9	-3.4	1.6	1.1
Trinidad and Tobago	-1.4	-8.1	-5.4	-2.3	-0.6	-9.0	-1.5	1.1	2.4

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
Note: Based on official figures expressed in dollars at 2018 prices.
[a] Estimate from 2019.

Table A2.3
Latin America and the Caribbean: total gross domestic product at constant prices
(Year-on-year growth rates)

	2022				2023				2024
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Argentina	6.9	7.0	6.0	1.3	1.1	-5.3	-0.7	-1.2	-5.1
Bahamas	21.5	11.9	13.1	12.1	...	...	...	...	...
Bolivia (Plurinational State of)	4.8	4.6	4.1	1.3	2.4	2.0	2.6	5.1	...
Brazil	1.5	3.5	4.3	2.7	4.2	3.5	2.0	2.1	2.5
Chile	6.3	4.4	0.5	-2.3	0.3	-0.4	0.6	0.4	2.3
Colombia	8.2	12.3	7.4	2.2	2.7	0.3	-0.7	0.3	0.7
Costa Rica	6.7	4.4	2.7	4.5	4.2	5.8	5.5	5.0	3.7
Dominican Republic	6.1	5.1	5.0	3.3	1.4	1.0	2.6	4.2	4.1
Ecuador	10.4	5.9	6.8	2.6	4.9	5.3	0.9	-1.2	...
El Salvador	4.9	2.6	2.3	1.6	1.7	4.6	3.3	4.4	...
Guatemala	4.7	4.8	3.9	3.4	4.0	4.1	4.0	2.0	...
Honduras	5.9	5.0	4.2	1.8	2.7	2.9	3.3	5.3	3.0
Jamaica[a]	6.5	4.8	5.9	3.8	4.2	2.3	2.3	...	...
Mexico	2.7	3.0	4.7	4.4	3.6	3.5	3.4	2.3	1.6
Nicaragua	4.8	4.6	3.4	2.4	3.5	3.5	6.0	5.2	3.7
Panama	13.2	9.6	10.1	10.2	9.3	8.2	9.0	3.3	1.7
Paraguay	-0.8	-3.2	3.0	1.8	4.6	5.6	3.7	4.9	...
Peru	3.9	3.4	2.0	1.7	-0.4	-0.5	-0.9	-0.4	1.4
Uruguay	8.3	8.9	3.3	-1.0	1.9	-2.1	-0.2	2.0	0.6

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
Note: Based on figures in local currency at constant prices.
[a] Gross domestic product measured in basic prices.

Table A2.4
Latin America and the Caribbean: total gross domestic product at current prices
(Millions of dollars)

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Latin America and the Caribbean	**5 263 134**	**5 125 063**	**5 623 957**	**5 509 481**	**5 362 469**	**4 535 818**	**5 162 135**	**5 899 558**	**6 616 609**
Latin America	**5 187 383**	**5 053 813**	**5 550 184**	**5 432 946**	**5 284 999**	**4 468 558**	**5 086 036**	**5 804 301**	**6 508 122**
Argentina	644 230	557 135	642 889	543 356	449 959	385 611	485 940	628 118	642 422
Bolivia (Plurinational State of)	33 000	33 941	37 509	40 288	40 895	36 630	40 406	44 008	45 135
Brazil	1 822 108	1 808 853	2 063 201	1 924 157	1 873 183	1 484 724	1 671 466	1 953 251	2 176 184
Chile	242 926	249 455	276 622	295 907	278 526	254 529	315 457	302 569	335 817
Colombia	294 850	283 512	311 783	334 254	322 989	271 229	318 033	346 224	365 759
Costa Rica	56 442	58 831	60 528	62 439	64 459	62 404	64 929	69 444	86 564
Cuba	87 133	91 370	96 851	100 050	103 428	107 352	22 717	14 064	11 768
Dominican Republic	71 149	75 689	79 977	85 533	88 897	78 859	94 295	113 621	122 170
Ecuador	97 210	97 671	104 467	107 479	107 596	95 865	107 435	116 586	118 845
El Salvador	23 438	24 191	24 979	26 021	26 881	24 921	29 043	31 989	34 016
Guatemala	62 188	66 074	71 656	73 327	77 170	77 705	86 480	95 608	104 607
Haiti	14 204	13 333	15 237	15 730	14 065	16 548	20 111	18 751	18 943
Honduras	20 976	21 708	23 135	24 061	24 878	23 367	28 140	31 419	34 428
Mexico	1 214 371	1 112 200	1 193 995	1 256 164	1 304 108	1 130 664	1 316 499	1 465 337	1 792 530
Nicaragua	12 751	13 282	13 783	13 029	12 694	12 679	14 140	15 646	17 866
Panama	56 062	60 017	64 468	67 294	69 722	57 087	67 407	76 523	83 382
Paraguay	36 297	36 098	38 992	40 239	37 923	35 425	39 947	41 936	43 149
Peru	189 723	191 987	211 057	222 535	228 298	200 998	226 198	246 471	267 715
Uruguay	58 209	57 613	64 997	65 456	62 278	53 749	60 731	70 291	77 716
The Caribbean	**75 751**	**71 249**	**73 774**	**76 535**	**77 470**	**67 259**	**76 099**	**95 257**	**108 488**
Antigua and Barbuda	1 438	1 490	1 531	1 662	1 725	1 411	1 601	1 868	2 033
Bahamas	11 672	11 745	12 237	12 616	13 016	9 958	11 369	13 136	14 339
Barbados	4 739	4 848	5 000	5 128	5 367	4 780	4 945	5 841	6 278
Belize	2 195	2 241	2 267	2 293	2 387	2 048	2 425	2 831	3 075
Dominica	541	576	522	555	612	504	555	607	654
Grenada	997	1 062	1 126	1 167	1 213	1 043	1 123	1 225	1 317
Guyana	4 280	4 483	4 748	4 788	5 174	5 471	8 041	14 718	20 989
Jamaica	14 186	14 080	14 812	15 740	15 835	13 827	14 649	17 101	19 473
Saint Kitts and Nevis	957	1 007	1 057	1 077	1 108	884	859	981	1 058
Santa Lucia	1 808	1 869	1 999	2 061	2 092	1 498	1 835	2 308	2 434
Saint Vincent and the Grenadines	787	814	844	884	911	869	872	966	1 066
Suriname	5 126	3 317	3 592	3 996	4 255	4 159	3 328	3 621	3 525
Trinidad and Tobago	27 027	23 718	24 040	24 570	23 776	20 807	24 496	30 054	32 248

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

Table A2.5
Latin America and the Caribbean: per capita total gross domestic product at current prices
(Dollars)

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Latin America and the Caribbean	**8 518**	**8 210**	**8 921**	**8 659**	**8 355**	**7 012**	**7 928**	**9 003**	**10 025**
Latin America	**8 494**	**8 191**	**8 908**	**8 639**	**8 331**	**6 989**	**7 902**	**8 961**	**9 975**
Argentina	14 893	12 758	14 593	12 234	10 056	8 562	10 733	13 802	14 035
Bolivia (Plurinational State of)	2 976	3 014	3 280	3 471	3 472	3 069	3 345	3 600	3 643
Brazil	8 880	8 744	9 895	9 155	8 845	6 964	7 799	9 072	10 055
Chile	13 594	13 794	15 060	15 823	14 629	13 188	16 183	15 434	17 108
Colombia	6 257	5 953	6 448	6 783	6 436	5 325	6 173	6 674	7 022
Costa Rica	11 530	11 897	12 121	12 387	12 677	12 181	12 598	13 404	16 608
Cuba	7 684	8 056	8 543	8 832	9 139	9 500	2 018	1 254	1 051
Dominican Republic	6 837	7 190	7 512	7 945	8 169	7 169	8 481	10 119	10 780
Ecuador	6 002	5 941	6 257	6 316	6 204	5 450	6 036	6 477	6 533
El Salvador	3 761	3 870	3 986	4 146	4 280	3 960	4 600	5 048	5 344
Guatemala	3 886	4 056	4 322	4 352	4 511	4 475	4 911	5 358	5 782
Haiti	1 345	1 245	1 403	1 428	1 260	1 464	1 757	1 619	1 616
Honduras	2 257	2 294	2 403	2 457	2 498	2 309	2 738	3 012	3 250
Mexico	10 107	9 152	9 720	10 129	10 426	8 974	10 390	11 492	13 954
Nicaragua	2 024	2 079	2 127	1 982	1 905	1 877	2 064	2 252	2 536
Panama	14 167	14 906	15 739	16 156	16 473	13 293	15 491	17 358	18 662
Paraguay	5 875	5 760	6 135	6 245	5 807	5 352	5 959	6 185	6 289
Peru	6 177	6 167	6 678	6 910	6 955	6 035	6 709	7 239	7 793
Uruguay	17 106	16 877	18 993	19 100	18 165	15 674	17 725	20 536	22 703
The Caribbean	**10 485**	**9 807**	**10 101**	**10 378**	**10 435**	**9 035**	**10 171**	**12 692**	**14 411**
Antigua and Barbuda	15 993	16 443	16 807	18 139	18 733	15 219	17 182	19 912	21 560
Bahamas	29 722	29 659	30 668	31 390	32 171	24 497	27 872	32 040	34 752
Barbados	17 039	17 402	17 910	18 335	19 155	17 028	17 586	20 741	22 262
Belize	6 098	6 100	6 049	6 000	6 134	5 185	6 061	6 984	7 486
Dominica	7 725	8 220	7 408	7 836	8 565	7 003	7 669	8 352	8 959
Grenada	8 378	8 847	9 311	9 577	9 890	8 435	9 011	9 765	10 434
Guyana	5 669	5 905	6 221	6 095	6 477	6 863	9 994	18 200	25 792
Jamaica	5 077	5 024	5 274	5 598	5 628	4 902	5 181	6 048	6 892
Saint Kitts and Nevis	20 026	21 063	22 113	22 522	23 225	18 570	18 038	20 575	22 132
Saint Lucia	10 294	10 593	11 278	11 585	11 714	8 358	10 210	12 829	13 501
Saint Vincent and the Grenadines	7 385	7 682	8 000	8 398	8 682	8 309	8 363	9 302	10 279
Suriname	8 907	5 705	6 112	6 731	7 088	6 851	5 430	5 859	5 656
Trinidad and Tobago	18 509	16 142	16 259	16 329	15 642	13 706	16 056	19 630	21 010

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

Table A2.6
Latin America and the Caribbean: gross fixed capital formation
(Percentages of GDP)

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Latin America and the Caribbean	**19.7**	**18.8**	**18.6**	**18.7**	**18.4**	**17.4**	**18.7**	**18.9**	**19.2**
Argentina	14.9	14.3	15.8	15.3	13.1	12.6	15.3	16.1	16.1
Bahamas	24.0	25.5	27.2	25.0	26.1	23.2	22.4	19.0	19.4
Belize	15.9	18.1	15.8	16.6	16.8	17.4	18.6	19.3	...
Bolivia (Plurinational State of)	19.1	19.0	20.4	20.2	19.0	15.5	16.3	16.6	17.0
Brazil	16.7	15.2	14.6	15.1	15.5	15.8	17.0	16.7	15.7
Chile	24.6	23.6	22.5	23.0	23.9	22.7	23.7	24.1	23.8
Colombia	22.5	21.4	21.5	21.2	21.0	17.3	18.2	18.9	17.1
Costa Rica	18.8	19.1	18.4	18.2	16.3	16.5	16.5	16.0	16.5
Dominican Republic	24.3	25.5	24.3	25.8	26.5	25.0	27.2	27.0	26.9
Ecuador	23.9	20.3	21.5	21.0	20.5	17.6	18.2	18.6	18.2
El Salvador	16.0	16.2	16.4	17.2	17.8	17.9	20.1	20.4	21.4
Guatemala	14.0	13.4	13.6	13.7	14.3	13.9	15.4	15.5	16.0
Haiti	13.2	15.2	16.0	16.1	18.6	14.8	10.7	9.8	...
Honduras	25.3	22.6	24.0	24.7	22.9	19.1	...	...	...
Jamaica	21.9	21.7	22.4	23.3	23.5	...	...	...	...
Mexico	24.2	23.9	23.4	23.0	22.1	20.0	20.7	21.5	24.8
Nicaragua	29.3	28.4	27.7	22.4	16.7	18.8	22.9	21.1	22.7
Paraguay	19.5	19.1	19.3	19.9	18.8	20.0	22.7	22.2	29.6
Peru	22.9	21.0	20.8	20.9	21.0	19.8	23.2	22.8	21.6
Uruguay	17.2	16.6	16.5	14.8	14.2	15.0	17.0	18.2	16.8
Venezuela (Bolivarian Republic of)	49.4	32.6	21.2	16.5	...	...	...	...	...

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
Note: Based on official figures expressed in dollars at 2018 prices.

Table A3.1
Latin America and the Caribbean: balance of payments
(Millions of dollars)

	Exports of goods f.o.b.			Exports of services			Imports of goods f.o.b.			Imports of services		
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Latin America and the Caribbean	**1 222 863**	**1 430 858**	**1 408 211**	**154 709**	**213 571**	**237 941**	**1 207 829**	**1 454 599**	**1 373 834**	**216 501**	**285 827**	**288 701**
Latin America	**1 201 796**	**1 395 945**	**1 378 494**	**144 828**	**197 425**	**221 028**	**1 183 676**	**1 425 134**	**1 343 876**	**204 237**	**270 543**	**278 089**
Argentina	77 987	88 515	66 836	9 589	14 414	16 111	59 291	76 163	69 773	13 289	21 237	22 526
Bolivia (Plurinational State of)	11 146	13 541	10 778	450	924	1 197	8 216	10 728	10 607	1 971	2 734	2 523
Brazil	284 012	340 328	344 432	31 482	40 291	45 194	247 648	296 175	263 849	58 439	79 909	82 790
Chile	94 604	98 557	94 557	5 844	8 515	9 792	84 299	94 827	79 234	18 338	24 114	20 574
Colombia	42 736	59 473	52 642	8 178	13 813	15 644	56 719	71 652	59 373	14 195	18 062	16 902
Costa Rica	14 826	16 645	18 857	8 783	12 759	14 842	17 671	21 303	22 102	4 269	5 767	6 339
Dominican Republic	12 486	13 750	12 932	8 114	11 419	12 911	24 282	30 913	28 823	4 408	5 925	5 632
Ecuador	26 968	33 033	31 484	2 070	2 910	3 156	23 975	30 489	29 274	4 153	5 562	5 173
El Salvador	5 248	5 842	5 521	3 104	4 322	5 109	13 186	15 410	14 385	2 297	2 774	2 647
Guatemala	12 361	14 254	13 035	2 885	3 886	4 273	23 289	28 554	27 364	4 054	5 385	5 677
Haiti	1 130	1 254	956	142	101	139	4 416	4 762	4 714	632	689	585
Honduras	10 247	12 281	11 383	853	1 113	1 319	15 076	18 321	17 423	2 841	3 613	3 438
Mexico	495 274	578 185	593 574	42 440	52 161	56 270	506 005	605 302	599 122	54 837	67 613	75 555
Nicaragua	5 574	6 310	6 688	1 044	1 560	1 561	7 475	9 101	9 380	867	1 112	1 137
Panama	15 012	17 954	15 971	12 022	17 067	19 472	20 323	27 150	30 188	3 997	5 277	5 528
Paraguay	13 223	12 815	16 256	1 093	1 637	2 020	12 594	14 744	15 431	1 218	1 879	2 041
Peru	63 114	66 167	67 518	2 947	4 962	5 808	47 999	56 001	49 840	10 510	13 440	13 149
Uruguay	15 848	17 040	15 076	3 791	5 571	6 210	11 211	13 541	12 992	3 923	5 452	5 873
The Caribbean	**21 067**	**34 913**	**29 716**	**9 881**	**16 146**	**16 913**	**24 153**	**29 466**	**29 958**	**12 264**	**15 284**	**10 612**
Antigua and Barbuda	51	83	94	655	1 028	1 123	525	725	746	348	509	555
Bahamas	639	838	828	2 691	4 613	5 143	3 264	3 879	4 069	1 683	1 946	2 160
Barbados	647	822	...	834	1 177	...	1 589	2 039	...	372	430	...
Belize	422	518	488	621	851	974	956	1 224	1 265	293	350	305
Dominica	16	25	16	84	149	158	177	234	281	89	117	143
Grenada	30	61	111	452	651	788	371	518	707	209	273	313
Guyana	4 356	11 299	13 210	271	217	...	4 376	3 623	6 636	2 858	3 782	...
Jamaica	1 481	1 902	2 002	2 920	4 522	5 273	4 263	6 510	6 401	3 143	3 217	3 464
Saint Kitts and Nevis	27	35	31	314	511	547	281	375	421	183	231	253
Saint Lucia	67	136	140	388	1 160	1 275	378	745	798	198	450	476
Saint Vincent and the Grenadines	47	52	54	95	227	293	265	386	402	86	152	165
Suriname	2 204	2 457	2 360	96	143	173	1 338	1 701	1 572	538	640	631
Trinidad and Tobago	11 082	16 687	10 382	460	897	1 166	6 370	7 506	6 660	2 266	3 188	2 146

	Goods and services balance			Income balance			Current transfers balance			Current account balance		
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Latin America and the Caribbean	**-46 758**	**-95 997**	**-22 957**	**-179 909**	**-186 710**	**-212 797**	**129 624**	**145 830**	**153 268**	**-97 043**	**-136 877**	**-80 729**
Latin America	**-41 289**	**-102 307**	**-22 443**	**-177 208**	**-181 406**	**-211 445**	**124 650**	**140 820**	**149 352**	**-93 847**	**-142 894**	**-84 536**
Argentina	14 995	5 529	-9 353	-9 773	-11 528	-13 502	1 402	1 944	1 899	6 625	-4 055	-20 956
Bolivia (Plurinational State of)	1 409	1 003	-1 155	-1 029	-1 264	-1 269	1 202	1 200	1 177	1 582	939	-1 247
Brazil	9 406	4 536	42 987	-58 971	-56 530	-74 694	3 207	3 742	880	-46 358	-48 253	-30 828
Chile	-2 188	-11 869	4 542	-17 947	-14 224	-17 009	-2 827	-69	568	-22 962	-26 162	-11 899
Colombia	-20 001	-16 427	-7 989	-8 723	-17 086	-14 100	10 775	12 308	12 936	-17 949	-21 205	-9 154
Costa Rica	1 669	2 334	5 259	-4 251	-5 135	-6 663	521	566	560	-2 061	-2 235	-845
Dominican Republic	-8 089	-11 669	-8 613	-4 711	-4 311	-5 438	10 114	9 431	9 674	-2 685	-6 549	-4 376
Ecuador	910	-108	193	-1 669	-1 868	-2 669	3 858	4 110	4 767	3 098	2 133	2 291
El Salvador	-7 132	-8 020	-6 403	-1 688	-1 982	-2 142	7 570	7 821	8 079	-1 250	-2 182	-466
Guatemala	-12 097	-15 799	-15 733	-2 137	-1 997	-1 805	16 107	18 993	20 819	1 873	1 197	3 281
Haiti	-3 776	-4 095	-4 205	23	24	4	3 840	3 580	3 521	88	-492	-679
Honduras	-6 817	-8 540	-8 160	-2 352	-2 486	-2 583	7 632	8 921	9 337	-1 538	-2 105	-1 405
Mexico	-23 128	-42 568	-24 833	-33 944	-33 820	-43 697	52 578	58 788	63 104	-4 494	-17 599	-5 426
Nicaragua	-1 724	-2 343	-2 268	-896	-1 119	-894	2 079	3 075	4 543	-541	-387	1 381
Panama	2 714	2 594	-274	-3 678	-3 027	-3 328	184	-44	-139	-781	-477	-3 742
Paraguay	505	-2 171	805	-1 386	-1 364	-1 371	534	542	676	-347	-2 993	110
Peru	7 552	1 689	10 337	-18 023	-17 205	-14 902	5 797	5 773	6 785	-4 674	-9 743	2 219
Uruguay	4 505	3 618	2 421	-6 055	-6 483	-5 385	78	140	167	-1 472	-2 725	-2 797
The Caribbean	**-5 469**	**6 309**	**-514**	**-2 701**	**-5 304**	**-1 352**	**4 973**	**5 011**	**3 916**	**-3 196**	**6 017**	**3 807**
Antigua and Barbuda	-167	-123	-83	-55	-90	-93	-65	-83	-86	-288	-296	-262
Bahamas	-1 617	-374	-258	-734	-883	-859	-82	68	43	-2 434	-1 189	-1 074
Barbados	-479	-470	...	-96	-166	...	33	16	...	-542	-620	...
Belize	-207	-205	-109	-78	-134	-111	127	103	129	-158	-236	-91
Dominica	-166	-177	-250	14	2	2	22	13	6	-130	-162	-243
Grenada	-99	-79	-121	-78	-81	-83	22	24	20	-155	-136	-184
Guyana	-2 606	4 110	...	-442	-1 342	...	1 053	1 056	...	-1 995	3 824	1 758
Jamaica	-3 005	-3 303	-2 591	-419	-347	-275	3 573	3 520	3 449	149	-130	583
Saint Kitts and Nevis	-123	-60	-97	-14	-28	-28	-25	-18	-19	-162	-106	-143
Saint Lucia	-121	102	141	-14	-197	-215	23	28	29	-112	-67	-45
Saint Vincent and the Grenadines	-210	-260	-219	1	-8	-7	34	81	83	-175	-187	-143
Suriname	423	258	330	-393	-308	-320	146	126	139	176	76	148
Trinidad and Tobago	2 906	6 889	2 742	-392	-1 722	638	115	77	122	2 629	5 244	3 502

	Capital and financial balance[a]			Overall balance			Reserve assets (variation)[b]			Use of IMF credits and loans		
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Latin America and the Caribbean	**115 483**	**102 682**	**97 388**	**18 440**	**-34 195**	**16 659**	**-50 984**	**16 692**	**-14 511**	**2 038**	**62**	**823**
Latin America	**110 493**	**108 434**	**101 213**	**16 646**	**-34 460**	**16 676**	**-49 091**	**16 749**	**-14 666**	**1 849**	**62**	**823**
Argentina	-6 731	10 975	-719	-106	6 920	-21 675	106	-6 920	21 675	...	...	...
Bolivia (Plurinational State of)	-1 936	-1 803	-1 155	-354	-864	-2 401	354	864	2 401	...	...	...
Brazil	60 324	40 969	52 201	13 967	-7 284	21 372	-13 967	7 284	-21 372	...	...	...
Chile	35 174	16 961	18 687	12 211	-9 201	6 788	-12 211	9 201	-6 788	...	...	...
Colombia	18 603	21 776	10 872	654	571	1 718	-654	-571	-1 718	...	...	...
Costa Rica	1 798	4 038	5 382	-263	1 803	4 537	263	-1 803	-4 537	...	...	...
Dominican Republic	4 989	7 992	5 429	2 303	1 444	1 052	-2 304	-1 683	-1 053	0	1	0
Ecuador	-2 150	-1 565	-6 576	948	568	-4 285	-948	-568	4 285	...	...	...
El Salvador	1 614	1 490	853	363	-692	388	-363	692	-399	...	...	...
Guatemala	935	-1 164	-2 374	2 809	33	908	-2 809	-33	-908	...	...	...
Haiti	-313	278	765	-225	-214	86	-91	117	-284	316	97	198
Honduras	1 996	1 978	338	459	-127	-1 067	-587	122	949	128	5	119
Mexico	14 782	15 907	13 008	10 288	-1 692	7 582	-10 288	1 692	-7 582	...	...	...
Nicaragua	1 373	753	-367	833	367	1 014	-833	-367	-1 014	...	...	...
Panama	-1 713	-1 404	3 109	-2 494	-1 882	-633	1 087	1 920	124	1 404	-40	506
Paraguay	940	2 859	247	593	-134	357	-593	134	-357	...	...	...
Peru	-21 509	-12 754	-2 132	-26 183	-22 497	87	-4 410	5 089	2 760	...	...	...
Uruguay	2 315	1 147	3 645	843	-1 578	848	-843	1 578	-848	...	...	...
The Caribbean	**4 990**	**-5 752**	**-3 824**	**1 794**	**264**	**-17**	**-1 893**	**-57**	**155**	**189**	...	...
Antigua and Barbuda	392	332	235	104	35	-27	-102	-22	27	...	...	...
Bahamas	2 485	1 367	974	51	178	-99	-240	-178	99	189	...	...
Barbados	764	585	...	221	-35	...	-199	144	...	...	...	...
Belize	233	294	81	75	58	-9	-75	-58	9	...	...	...
Dominica	151	184	194	21	22	-48	-21	-15	47	...	...	...
Grenada	183	148	214	28	13	30	-28	-27	-34	...	...	...
Guyana	2 125	-3 703	-1 794	130	122	-36	-130	-122	36	...	...	...
Jamaica	603	-186	-233	752	-316	351	-752	316	-351	...	...	...
Saint Kitts and Nevis	166	60	129	5	-46	-14	-5	43	8	...	...	...
Saint Lucia	93	42	159	-19	-25	114	19	41	-62	...	...	...
Saint Vincent and the Grenadines	192	201	103	17	15	-39	-17	-0	38	...	...	...
Suriname	307	214	187	483	291	336	-417	-225	-238	...	...	...
Trinidad and Tobago	-2 703	-5 291	-4 077	-74	-47	-575	74	47	575	...	...	...

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Includes errors and omissions.
[b] A minus sign (-) indicates an increase.

Table A3.1.1
Latin America: exports of goods, f.o.b.
(Millions of dollars)

	2022				2023				2024
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Latin America	**320 477**	**368 171**	**363 145**	**347 773**	**330 881**	**353 597**	**350 795**	**344 631**	**349 734**
Argentina	19 370	25 041	22 880	21 223	15 909	17 589	17 735	15 604	17 421
Belize	118	146	130	124	117	135	129	107	...
Bolivia (Plurinational State of)	3 328	3 895	3 529	2 789	2 618	2 871	2 805	...	...
Brazil	73 408	92 329	91 596	82 995	77 414	90 911	89 057	87 050	79 420
Chile	24 309	24 682	23 987	25 579	25 884	22 903	22 309	23 461	25 237
Colombia	13 585	16 338	15 661	13 889	13 490	12 825	13 192	13 135	11 781
Costa Rica	4 004	4 019	4 360	4 262	4 611	4 829	4 679	4 737	...
Dominican Republic	3 333	3 655	3 495	3 268	3 337	3 341	3 171	3 083	...
Ecuador	8 171	8 891	8 083	7 888	7 551	7 770	8 371	7 792	...
El Salvador	1 535	1 505	1 498	1 304	1 492	1 410	1 363	1 256	1 328
Guatemala	3 704	3 779	3 453	3 319	3 597	3 368	3 087	2 984	...
Honduras	3 067	3 380	3 205	2 630	2 901	3 194	2 879	2 409	2 741
Jamaica	341	465	467	629	526	505	494	477	...
Mexico	132 240	148 893	149 158	147 894	141 166	150 901	150 057	151 450	143 663
Nicaragua	1 631	1 714	1 570	1 395	1 799	1 765	1 667	1 458	...
Panama	4 323	4 598	4 747	4 286	4 167	4 229	4 741	2 834	...
Paraguay	2 852	3 605	3 405	2 953	3 721	4 180	4 156	4 198	...
Peru	16 868	15 812	16 431	17 057	16 234	16 378	16 605	18 302	67 518
Suriname	633	618	561	645	585	507	624	643	626
Uruguay	3 658	4 807	4 930	3 645	3 763	3 988	3 676	3 649	...

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

Table A3.1.2
Latin America: imports of goods, f.o.b.
(Millions of dollar)

	2022				2023				2024
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Latin America	**326 440**	**369 056**	**386 542**	**347 768**	**328 193**	**339 097**	**346 847**	**331 444**	**316 131**
Argentina	16 750	21 976	21 736	15 700	16 262	19 614	19 108	14 789	12 414
Belize	277	315	294	338	305	307	335	319	...
Bolivia (Plurinational State of)	2 195	2 591	3 042	2 901	2 555	2 502	2 730	...	...
Brazil	65 114	74 801	82 855	73 406	65 003	65 975	67 343	65 528	66 875
Chile	23 301	24 837	24 953	21 737	19 505	19 730	20 366	19 633	18 704
Colombia	17 319	18 313	19 346	16 674	15 376	14 516	14 520	14 962	13 838
Costa Rica	5 356	4 625	5 628	5 695	5 617	5 320	5 502	5 663	...
Dominican Republic	6 952	8 049	8 257	7 655	7 086	7 121	7 421	7 196	...
Ecuador	7 188	7 752	7 901	7 648	7 058	7 047	7 642	7 527	...
El Salvador	3 728	4 021	3 901	3 761	3 568	3 534	3 667	3 616	3 499
Guatemala	6 796	7 358	7 457	6 944	6 625	6 852	7 012	6 875	...
Honduras	4 369	4 836	4 801	4 315	4 268	4 331	4 586	4 237	4 151
Jamaica	1 467	1 655	1 759	1 629	1 622	1 550	1 696	1 534	...
Mexico	137 068	156 972	162 057	149 204	146 049	152 565	153 475	147 033	146 408
Nicaragua	2 161	2 323	2 323	2 293	2 116	2 347	2 446	2 472	...
Panama	6 504	6 818	7 280	6 548	6 115	6 543	8 288	9 242	...
Paraguay	3 310	3 606	4 068	3 761	3 582	3 489	4 087	4 272	...
Peru	13 000	14 498	14 885	13 618	11 880	12 145	12 935	12 880	49 840
Suriname	362	424	445	471	388	373	410	401	403
Uruguay	3 225	3 287	3 557	3 472	3 215	3 235	3 277	3 266	...

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

Table A3.2
Latin America: international trade of goods
(Annual growth rates)

	Exports of goods f.o.b.								
	Value			Volume			Unit value		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
Latin America	**27.8**	**16.2**	**-1.3**	**6.4**	**5.0**	**-1.8**	**20.1**	**10.6**	**0.6**
Argentina	41.9	13.5	-24.5	12.8	-2.3	-16.4	25.8	16.2	-9.7
Bolivia (Plurinational State of)	58.9	21.5	-20.4	31.9	4.3	-19.5	20.5	16.5	-1.1
Brazil	34.8	19.8	1.2	4.1	5.4	8.3	29.5	13.7	-6.5
Chile	27.8	4.2	-4.1	-1.1	-1.6	-1.2	29.3	5.8	-2.9
Colombia	32.3	39.2	-11.7	-4.7	0.3	3.0	38.8	38.7	-14.3
Costa Rica	22.9	12.3	13.3	20.3	6.8	12.0	2.1	5.1	1.1
Dominican Republic	21.2	10.1	-6.0	16.3	5.9	-6.0	4.2	4.0	0.1
Ecuador	31.1	22.5	-4.7	3.1	1.2	4.0	27.1	21.0	-8.4
El Salvador	33.9	11.3	-5.5	24.7	-2.4	-4.9	7.4	14.0	-0.7
Guatemala	22.1	15.3	-8.6	13.4	5.2	-6.6	7.6	9.6	-2.1
Honduras	33.4	19.9	-7.3	24.3	6.1	-10.3	7.3	12.9	3.3
Mexico	18.7	16.7	2.7	5.7	8.1	-6.7	12.3	8.0	10.0
Nicaragua	26.8	13.2	6.0	19.3	-2.1	0.0	6.3	15.6	6.0
Panama	46.8	19.6	-11.0	37.2	13.9	-9.2	7.0	5.0	-2.0
Paraguay	20.7	-3.1	26.8	-5.8	-8.2	53.4	28.1	5.6	-17.3
Peru	47.4	4.8	2.0	12.8	3.0	4.0	30.6	1.8	-1.9
Uruguay	56.5	7.5	-11.5	39.9	-2.1	-6.6	11.9	9.8	-5.2
	Imports of goods f.o.b.								
	Value			**Volume**			**Unit value**		
	2021	**2022**	**2023**	**2021**	**2022**	**2023**	**2021**	**2022**	**2023**
Latin America	**37.0**	**20.4**	**-5.7**	**20.4**	**4.9**	**0.4**	**13.8**	**14.8**	**-6.1**
Argentina	47.1	28.5	-8.4	28.2	10.5	-2.8	14.7	16.3	-5.8
Bolivia (Plurinational State of)	29.7	30.6	-1.1	18.2	5.8	2.4	9.8	23.4	-3.4
Brazil	38.9	19.6	-10.9	22.7	-2.3	-2.4	13.2	22.4	-8.7
Chile	53.0	12.5	-16.4	32.8	-2.8	-10.7	15.2	15.8	-6.4
Colombia	37.7	26.3	-17.1	19.1	11.0	-12.7	15.6	13.8	-5.1
Costa Rica	25.5	20.6	3.7	18.5	3.5	4.8	5.9	16.5	-1.0
Dominican Republic	42.0	27.3	-6.8	24.1	14.5	-1.6	14.4	11.2	-5.3
Ecuador	40.3	27.2	-4.0	25.4	11.9	-1.1	11.9	13.7	-2.9
El Salvador	47.4	16.9	-6.7	25.5	-0.4	-0.6	17.5	17.4	-6.0
Guatemala	41.7	22.6	-4.2	26.5	5.2	-0.7	12.0	16.5	-3.5
Honduras	47.0	21.5	-4.9	31.9	7.6	-9.2	11.5	13.0	4.8
Mexico	32.1	19.6	-1.0	15.5	8.3	5.4	14.3	10.5	-6.1
Nicaragua	40.0	21.8	3.1	25.6	2.8	13.3	11.5	18.4	-9.1
Panama	40.8	33.6	11.2	31.5	15.2	8.0	7.0	16.0	3.0
Paraguay	29.4	17.1	4.7	18.7	-11.5	-0.6	9.1	32.2	5.2
Peru	38.2	16.7	-11.0	18.5	2.6	-4.5	16.6	13.7	-6.8
Uruguay	41.8	20.8	-4.1	22.5	2.9	7.0	15.8	17.3	-10.3

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

Table A3.3
Latin America: terms of trade for goods f.o.b./f.o.b.
(Annual growth rates)

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Latin America	**-9.3**	**0.8**	**4.9**	**0.0**	**0.5**	**1.3**	**5.5**	**-3.6**	**7.0**
Argentina	-4.7	6.2	-2.9	0.9	-0.7	0.6	9.7	-0.1	-4.1
Bolivia (Plurinational State of)	-25.2	-15.5	14.8	0.0	-6.2	-14.2	9.8	-5.6	2.4
Brazil	-11.6	2.4	5.7	-1.3	0.1	0.6	14.4	-7.1	2.4
Chile	-2.5	3.7	10.2	-2.6	-1.8	11.4	12.2	-8.6	3.7
Colombia	-24.7	-1.1	17.0	9.4	-1.4	-15.6	20.0	21.9	-9.7
Costa Rica	7.6	3.3	-2.6	-1.8	-0.1	2.3	-3.6	-9.8	2.2
Dominican Republic	8.6	4.5	-4.5	-4.8	4.5	11.0	-8.9	-6.5	5.7
Ecuador	-24.2	-4.6	8.4	9.4	-3.7	-13.2	13.6	6.5	-5.6
El Salvador	4.3	0.6	-2.2	-3.9	1.7	4.3	-8.6	-2.9	5.7
Guatemala	5.3	8.0	-5.2	-4.3	-1.2	7.4	-3.9	-5.9	1.4
Haiti	5.3	-1.2	3.0	-6.9	-1.0	3.7	-9.0	-9.3	2.3
Honduras	5.4	0.3	0.3	-6.2	-0.8	5.8	-3.8	0.0	-1.4
Mexico	-3.9	0.9	3.4	-1.4	2.3	0.8	-1.8	-2.2	17.2
Nicaragua	17.8	-0.9	-2.2	-8.2	3.4	17.8	-4.6	-2.3	16.5
Panama	-2.6	-3.1	-2.2	-1.4	0.2	0.0	0.0	-9.5	-4.9
Paraguay	1.7	0.3	-1.1	-2.3	-3.5	33.5	17.4	-20.1	-21.4
Peru	-6.8	-0.3	7.5	-0.4	-1.7	9.1	12.0	-10.5	5.3
Uruguay	1.9	2.8	-0.4	-4.8	3.1	7.2	-3.4	-6.4	5.6

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

Table A3.4
Latin America and the Caribbean (selected countries): remittances from emigrant workers
(Millions of dollars)

	2019	2020	2021	2022	2023	2023				2024	
						Q1	Q2	Q3	Q4	Q1	Q2
Bolivia (Plurinational State of)	1 318	1 116	1 399	1 437	1 437	377	329	343	387	335	...
Brazil	2 880	3 312	3 845	4 712	3 997	1 054	1 042	963	938	958	389[i]
Colombia	7 087	6 909	8 597	9 429	10 091	2 476	2 397	2 531	2 687	2 721	929[i]
Costa Rica	519	495	559	575	589	163	139	140	147	...	...
Dominican Republic	7 087	8 219	10 402	9 857	10 157	2 481	2 539	2 577	2 560	2 636	1 747[ii]
Ecuador	3 235	3 338	4 362	4 744	5 447	1 192	1 353	1 406	1 496	...	...
El Salvador	5 656	5 930	7 579	7 819	8 182	1 914	2 105	2 036	2 127	1 896	1 495[ii]
Guatemala	10 508	11 340	15 296	18 040	19 804	4 433	5 225	5 116	5 030	4 683	3 828[ii]
Honduras	5 522	5 741	7 370	8 686	9 177	2 120	2 390	2 344	2 324	2 101	...
Jamaica	2 406	2 905	3 497	3 440	3 370	801	849	876	845	797	...
Mexico	37 250	41 704	52 523	58 868	63 320	13 972	16 267	16 853	16 228	14 083	5 422[i]
Nicaragua	1 682	1 851	2 147	3 225	4 660	1 020	1 195	1 219	1 227	1 141	449[i]
Paraguay	555	486	488	494	621	147	150	152	172	164	59[i]
Peru	3 326	2 904	3 608	3 708	4 446	995	1 094	1 151	1 207	1 193	...

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[i] Figures as of April 2024.
[ii] Figures as of May 2024.

Table A3.5
Latin America and the Caribbean: net foreign direct investment
(Millions of dollars)

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Latin America and the Caribbean	**149 816.5**	**139 129.9**	**128 625.0**	**154 559.8**	**124 905.9**	**108 558.0**	**121 868.6**	**145 146.5**	**163 128.4**
Latin America	**147 074.9**	**136 637.7**	**126 686.5**	**151 729.9**	**121 795.2**	**104 212.5**	**117 767.4**	**141 417.2**	**164 199.4**
Argentina	10 883.8	1 473.6	10 361.2	9 990.8	5 126.5	3 707.0	5 114.2	13 110.8	20 904.8
Bolivia (Plurinational State of)	556.4	246.5	632.8	386.8	-265.0	-1 018.4	492.2	87.0	37.1
Brazil	61 604.2	59 601.1	47 545.0	76 138.2	46 354.8	41 253.5	30 199.7	41 251.8	35 977.7
Chile	19 681.4	14 849.8	7 939.4	14 038.7	16 813.1	16 496.5	15 780.8	23 266.9	38 072.1
Colombia	7 402.8	9 340.6	10 011.3	6 172.4	10 835.7	5 725.2	6 380.5	13 799.0	15 972.0
Costa Rica	2 541.3	2 127.0	2 652.1	2 433.8	2 695.1	1 644.3	3 146.2	3 060.1	3 833.5
Dominican Republic	2 204.9	2 406.7	3 570.7	2 535.3	3 021.0	2 559.6	3 196.8	4 098.8	4 390.2
Ecuador	1 331.3	764.2	629.6	1 389.1	979.2	1 094.7	648.1	879.4	372.3
El Salvador	396.4	347.9	888.8	826.1	635.8	2.8	373.4	141.6	730.3
Guatemala	1 048.1	965.0	934.1	780.1	796.3	785.7	2 985.6	718.8	887.7
Haiti	105.7	104.9	374.9	105.0	75.0	25.0	51.3	39.4	24.8
Honduras	951.6	900.1	1 035.1	895.3	495.6	373.0	512.7	737.7	856.8
Mexico	25 271.6	31 029.8	30 069.5	25 611.9	23 861.9	26 490.2	35 612.0	21 784.4	29 437.5
Nicaragua	922.0	923.8	970.9	762.5	443.9	707.0	1 205.6	1 274.5	1 199.3
Panama	3 972.1	4 557.2	4 420.2	4 856.6	3 726.3	645.3	1 361.4	2 871.8	1 541.0
Paraguay	382.6	464.2	155.3	229.2	534.1	158.6	88.8	724.8	326.7
Peru	6 674.1	8 331.5	8 834.9	5 082.6	4 275.1	2 543.7	9 111.2	10 614.1	5 394.3
Uruguay	774.7	-1 823.4	-2 037.3	-729.2	1 390.8	1 018.9	1 507.0	2 956.5	4 241.3
Venezuela (Bolivarian Republic of)	370.0	27.0	-2 302.0	225.0	...	...	...	...	...
The Caribbean	**2 741.7**	**2 492.2**	**1 938.4**	**2 829.9**	**3 110.7**	**4 345.5**	**4 101.1**	**3 729.3**	**-1 071.0**
Antigua and Barbuda	99.9	59.4	143.9	193.3	84.3	12.5	305.3	294.9	293.1
Bahamas	349.6	464.8	412.1	562.4	369.2	374.8	298.4	316.4	97.1
Belize	64.1	42.3	24.2	117.6	91.8	71.8	124.0	139.7	47.5
Dominica	18.7	41.4	22.7	76.5	59.4	25.1	23.7	18.4	6.1
Grenada	137.4	93.2	152.2	163.8	196.2	145.9	72.6	144.4	151.1
Guyana	121.7	6.0	212.2	1 231.8	1 695.4	2 060.2	4 453.1	4 388.8	...
Jamaica	890.8	657.9	854.5	761.9	219.4	258.4	264.3	258.4	380.4
Saint Kitts and Nevis	133.2	124.4	42.1	35.5	65.7	53.6	55.0	44.7	33.6
Saint Lucia	129.0	149.2	58.6	66.9	4.2	54.1	33.4	51.6	141.6
Saint Vincent and the Grenadines	115.8	88.8	142.5	34.0	75.4	76.1	90.7	71.9	83.0
Suriname	266.7	300.0	98.2	119.2	-7.8	0.3	-124.0	3.4	-63.5
Trinidad and Tobago	48.5	1.7	-458.8	-765.2	69.8	958.0	-1 704.3	-2 267.6	-2 241.0

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
Note: Refers to direct investment in the reporting economy after deduction of outward direct investment by residents of that country. Includes reinvested profits.

Table A3.6
Latin America and the Caribbean: other financial flows
(Millions of dollars)

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Latin America and the Caribbean	**-1 889**	**-15 141**	**-3 988**	**-9 024**	**-58 844**	**-96 520**	**5 865**	**-22 533**	**-51 529**
Latin America	**-1 129**	**-15 993**	**-5 507**	**-10 281**	**-60 173**	**-99 541**	**5 285**	**-21 552**	**-52 520**
Argentina	2 708	26 802	35 468	993	-37 589	-12 796	-9 722	1 263	-15 843
Bolivia (Plurinational State of)	656	-1 032	1 755	1 139	192	238	-256	327	585
Brazil	5 394	-28 172	-22 046	-17 427	-5 063	-39 225	33 935	-1 776	14 728
Chile	-15 553	-8 813	-4 531	-1 303	-6 131	-11 675	21 626	-4 536	-20 939
Colombia	11 072	3 164	159	7 968	5 796	6 717	10 966	7 238	-5 968
Costa Rica	711	-816	-626	159	-35	-3 127	-2 627	955	1 097
Dominican Republic	-692	48	-1 450	548	118	938	2 201	3 524	1 817
Ecuador	-565	570	-2 487	479	-316	-205	-2 739	-2 201	-5 808
El Salvador	482	891	-29	424	379	-453	1 254	415	309
Guatemala	569	93	1 260	-177	-395	-857	-1 540	-1 205	-2 594
Haiti	84	-116	-195	217	-221	-209	-156	-19	29
Honduras	441	92	635	169	633	101	775	775	-537
Mexico	-6 967	1 736	-1 659	6 092	-5 312	-35 289	-21 948	-8 761	-14 437
Nicaragua	575	138	450	-661	-806	196	645	393	-518
Panama	1 523	4 431	449	778	2 951	3 433	-3 156	1 848	71
Paraguay	-351	-457	-105	464	-65	1 535	1 021	1 991	637
Peru	-17 182	-13 837	-11 417	-7 014	-11 652	-8 930	-24 503	-19 423	-4 086
Uruguay	-1 897	-542	3 571	861	-2 655	67	-491	-2 360	-1 062
Venezuela (Bolivarian Republic of)	17 862	-171	-4 709	-3 990	...	...	...	...	...
The Caribbean	**-759**	**852**	**1 519**	**1 257**	**1 330**	**3 021**	**580**	**-980**	**990**
Antigua and Barbuda	-134	-29	-91	-27	-57	25	-15	-11	-87
Bahamas	296	414	1 177	81	-182	1 942	1 195	1 085	1 055
Belize	28	11	27	-16	44	97	-173	48	11
Dominica	-20	-44	-325	22	144	47	105	84	-22
Grenada	-48	-60	-80	-29	-88	-4	66	-62	-44
Guyana	-94	-60	-7	43	1 021	-459	-853	-1 448	...
Jamaica	-373	-690	1 091	365	475	380	459	-16	-1 085
Saint Kitts and Nevis	-95	8	63	1	-103	28	137	-77	-13
Saint Lucia	-133	-82	-41	-151	-111	45	54	-50	-24
Saint Vincent and the Grenadines	30	0.1	-85	-11	-31	12	35	131	44
Suriname	503	183	14	180	648	-185	271	82	345
Trinidad and Tobago	-520	1 376	-18	600	-630	537	-1 096	-949	809

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
Note: Refers to the sum of net flows from portfolio investment and net flows from other investment.

Table A3.7
Latin America and the Caribbean: net resource transfer
(Millions of dollar)

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Latin America and the Caribbean	**3 638**	**-16 989**	**-41 409**	**-26 138**	**-100 601**	**-125 504**	**-62 388**	**-83 966**	**-114 586**
Latin America	**5 495**	**-17 665**	**-40 420**	**-24 781**	**-100 924**	**-129 679**	**-64 866**	**-72 910**	**-109 410**
Argentina	611	17 224	29 327	19 710	-35 614	-20 921	-16 503	-553	-14 222
Bolivia (Plurinational State of)	-811	-1 760	556	-480	-2 309	-2 153	-2 965	-3 066	-2 423
Brazil	27 042	-1 776	-12 739	-1 102	-15 305	-24 288	1 354	-15 562	-22 494
Chile	858	1 404	-5 889	2 500	3 942	-13 807	17 227	2 737	1 678
Colombia	13 668	7 439	2 423	3 786	8 426	8 645	9 880	4 690	-3 228
Costa Rica	185	-1 429	-1 391	-1 087	-1 612	-4 757	-2 453	-1 097	-1 281
Dominican Republic	-1 249	-1 659	-2 930	-1 523	-1 732	-525	278	3 682	-9
Ecuador	-961	-1 074	-4 441	-1 348	-2 160	-1 346	-3 820	-3 433	-9 245
El Salvador	-225	-244	-615	-609	-352	-3 041	-74	-492	-1 288
Guatemala	-207	-639	242	-1 164	-1 427	-2 139	-1 201	-3 161	-4 178
Haiti	165	395	585	563	95	304	27	399	968
Honduras	-144	-759	-234	-250	-327	69	-228	-503	-2 126
Mexico	-14 925	-4 310	-13 062	-6 173	-30 240	-51 874	-19 162	-17 912	-30 689
Nicaragua	968	434	614	-938	-1 238	-377	478	-366	-1 261
Panama	1 958	1 645	-322	503	926	3 224	-3 986	-4 472	287
Paraguay	-1 932	-2 022	-1 774	-1 490	-997	-75	-446	1 495	-1 124
Peru	-19 867	-15 383	-12 891	-16 271	-16 069	-15 701	-39 532	-29 959	-17 034
Uruguay	-3 977	-5 296	-1 116	-3 777	-4 932	-916	-3 739	-5 336	-1 740
Venezuela (Bolivarian Republic of)	4 339	-9 856	-16 763	-15 631	...	...	...	...	...
The Caribbean	**-1 858**	**676**	**-989**	**-1 357**	**323**	**4 175**	**2 478**	**-11 056**	**-5 176**
Antigua and Barbuda	-55	-88	20	171	-44	27	337	241	142
Bahamas	1 060	946	1 184	480	-288	1 867	1 939	484	115
Barbados	-198	-230	-148	269	121	802	668	419	...
Belize	26	7	-46	-16	3	139	155	160	-30
Dominica	32	119	38	218	188	163	165	186	196
Grenada	36	30	32	107	85	151	104	67	131
Guyana	146	-30	267	1 355	2 825	895	1 683	-5 045	-1 794
Jamaica	426	-269	474	-610	-40	151	184	-533	-507
Saint Kitts and Nevis	-23	97	107	10	-1	138	153	31	102
Saint Lucia	-92	-6	-72	-193	-288	152	79	-155	-56
Saint Vincent and the Grenadines	113	122	78	84	97	158	193	194	96
Suriname	507	74	-441	-121	-63	-774	-86	-93	-133
Trinidad and Tobago	-3 837	-96	-2 482	-3 111	-2 271	305	-3 095	-7 013	-3 439

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
Note: The net resource transfer is calculated as total net capital income minus the income balance (net payments of profits and interest). Total net capital income is the balance on the capital and financial accounts plus errors and omissions, plus loans and the use of International Monetary Fund (IMF) credit plus exceptional financing. Negative figures indicate resources transferred outside the country.

Table A3.8
Latin America and the Caribbean: total gross external debt
(Millions of current dollars, end-of-period stocks)

		2015	2016	2017	2018	2019	2020	2021	2022	2023
Latin America and the Caribbean[a]		**1 937 645**	**1 998 903**	**2 119 747**	**2 203 026**	**2 287 076**	**2 315 758**	**2 389 755**	**2 418 988**	**2 527 812**
Latin America[a]		**1 916 363**	**1 975 823**	**2 094 647**	**2 177 908**	**2 262 074**	**2 287 565**	**2 360 278**	**2 389 024**	**2 496 078**
Argentina	Total	167 412	181 432	234 549	277 932	278 489	271 528	267 868	276 694	285 951
	Public	101 659	122 022	161 289	197 330	197 401	193 756	191 097	189 288	181 520
	Private	65 753	59 410	73 260	80 602	81 088	77 772	76 771	87 406	104 431
Bolivia (Plurinational State of)	Total	9 445	10 703	11 702	12 491	13 473	14 273	14 846	14 975	15 224
	Public	6 341	7 268	9 428	10 178	11 268	12 172	12 698	13 300	13 588
	Private	3 104	3 435	2 274	2 313	2 206	2 102	2 149	1 675	1 635
Brazil	Total	665 101	675 841	667 103	665 777	675 789	639 308	670 286	681 076	732 655
	Public	130 587	130 274	125 492	129 139	123 810	123 860	131 307	120 434	128 041
	Private	534 513	545 567	541 611	536 638	551 979	515 448	538 979	560 642	604 614
Chile	Total	159 613	165 217	179 976	184 220	198 396	208 485	237 690	233 325	240 968
	Public	31 817	35 697	47 559	51 463	59 826	68 521	81 468	71 981	80 560
	Private	127 796	129 519	132 418	132 757	138 570	139 964	156 222	160 408	160 408
Colombia	Total	110 502	120 153	124 636	132 016	138 683	154 507	171 303	184 052	196 360
	Public	66 158	71 308	71 870	72 999	73 835	89 959	102 395	104 643	112 970
	Private	44 344	48 844	52 767	59 017	64 848	64 548	68 909	79 409	83 390
Costa Rica	Total	23 576	25 565	26 920	29 135	30 795	30 926	31 640	35 127	37 586
	Public	6 267	6 884	7 647	9 836	11 370	11 319	12 522	16 524	18 449
	Private	17 309	18 682	19 274	19 299	19 425	19 607	19 118	18 603	19 137
Dominican Republic	Public	16 029	17 567	18 821	21 565	23 383	30 703	33 341	36 358	38 854
Ecuador	Total	27 933	34 181	40 323	44 239	52 668	56 893	57 583	60 115	58 123
	Public	20 226	25 680	31 750	35 730	41 496	45 369	46 534	48 339	47 403
	Private	7 707	8 909	8 573	8 508	11 172	11 524	11 048	11 777	10 720
El Salvador	Total	15 217	16 376	16 474	16 603	17 350	18 731	20 345	21 190	22 048
	Public	8 553	9 169	9 414	9 236	9 941	10 781	11 808	11 572	12 043
	Private	6 663	7 207	7 060	7 367	7 469	7 950	8 537	9 618	10 004
Guatemala	Total	22 235	23 333	24 928	24 378	24 489	24 938	25 817	24 280	24 446
	Public	8 007	8 645	8 858	8 654	9 743	11 488	11 998	10 989	12 434
	Private	14 228	14 687	16 071	15 725	14 747	13 450	13 820	13 291	12 012
Haiti	Total	1 985	2 013	2 133	2 121	2 100	2 218	2 254	2 268	2 379
	Public	1 981	2 009	2 129	2 121	2 100	2 218	2 254	2 268	2 379
	Private	4	5	4	...	...	...	...	...	...
Honduras	Total	7 456	7 499	8 572	9 112	9 604	10 981	11 355	11 804	11 580
	Public	5 927	6 108	7 145	7 375	7 699	9 108	9 242	9 548	9 342
	Private	1 530	1 391	1 428	1 736	1 905	1 873	2 114	2 256	2 238
Mexico	Total	538 015	543 012	578 618	592 606	621 607	628 510	602 086	582 239	593 996
	Public	303 882	288 223	308 781	313 276	331 993	339 435	321 162	317 534	331 936
	Private	234 133	254 789	269 837	279 330	289 615	289 075	280 924	264 705	262 060
Nicaragua	Total	11 461	12 120	12 667	12 881	13 498	13 785	14 607	15 523	15 214
	Public	4 804	5 042	5 546	5 950	6 279	6 957	7 806	8 123	8 381
	Private	6 656	7 078	7 121	6 931	7 220	6 828	6 801	7 400	6 833
Panama	Public	15 648	16 902	18 390	20 575	24 223	29 817	32 844	36 853	40 008

		2015	2016	2017	2018	2019	2020	2021	2022	2023
Paraguay	Total	7 845	8 500	9 686	10 502	11 470	15 156	15 981	18 127	19 354
	Public	3 993	4 823	5 592	6 403	7 229	10 485	11 804	13 322	14 339
	Private	3 852	3 678	4 094	4 099	4 241	4 671	4 177	4 805	5 016
Peru	Total	73 071	74 968	76 832	78 713	80 857	89 715	101 981	101 699	105 037
	Public	26 710	29 617	32 953	34 912	39 264	48 643	60 538	60 114	60 488
	Private	46 361	45 352	43 880	43 801	41 593	41 072	41 442	41 585	44 550
Uruguay	Total	43 825	40 446	42 318	43 044	45 198	47 089	48 449	53 319	56 296
	Public	18 612	17 581	18 183	18 705	19 795	21 692	22 796	23 317	23 736
	Private	25 212	22 865	24 136	24 339	25 403	25 396	25 653	30 003	32 559
Venezuela (Bolivarian Republic of)	Total	149 755	149 859	148 328	148 432	147 899	...	...	...	...
	Public	128 283	128 056	128 768	128 543	129 260	...	...	...	...
	Private	21 472	21 803	21 199	19 889	18 639	...	...	...	...
The Caribbean		**21 282**	**23 080**	**25 100**	**25 118**	**25 002**	**28 194**	**29 477**	**29 964**	**31 733**
Antigua and Barbuda	Public	573	562	584	614	650	674	731	739	733
Bahamas	Public	2 176	2 373	3 234	3 172	3 123	4 478	4 761	5 225	5 373
Barbados	Public	1 687	1 671	1 631	1 687	1 581	2 014	2 266	2 396	2 825
Belize	Public	1 179	1 204	1 257	1 285	1 322	1 453	1 339	1 364	1 416
Dominica	Public	285	270	267	253	244	287	323	354	380
Grenada	Public	613	602	533	562	523	569	602	611	649
Guyana	Public	1 143	1 162	1 248	1 322	1 305	1 321	1 393	1 572	1 775
Jamaica	Public	8 815	8 680	9 307	8 951	8 703	9 127	9 214	8 664	8 534
Saint Kitts and Nevis	Public	214	199	156	149	142	136	128	124	116
Saint Lucia	Public	509	529	598	599	628	718	850	873	1 059
Saint Vincent and the Grenadines	Public	399	455	387	391	420	462	562	602	651
Suriname	Public	1 156	1 869	2 085	2 040	2 150	2 159	2 416	2 568	3 017
Trinidad and Tobago	Public	2 534	3 503	3 813	4 094	4 211	4 796	4 895	4 872	5 206

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
Note: Includes debt owed to the International Monetary Fund.
[a] Does not include the Bolivarian Republic of Venezuela.

Table A3.9
Latin America: sovereign spreads on EMBI global
(Basis points)

	2019	2020	2021	2022	2023	2023				2024
						March	June	September	December	March
Latin America	**308**	**354**	**381**	**416**	**366**	**447**	**405**	**404**	**366**	**329**
Argentina	1 744	1 368	1 688	2 196	1 907	2 302	2 061	2 539	1 907	1 452
Bolivia (Plurinational State of)	218	461	412	563	2 233	1 561	1 112	1 463	2 233	1 796
Brazil	212	250	306	258	200	254	229	206	200	201
Chile	135	144	153	140	132	153	132	135	132	127
Colombia	161	206	353	369	272	382	370	335	272	292
Costa Rica	402	631	504	327	235	329	289	247	235	217
Dominican Republic	310	340	366	358	247	369	333	319	247	231
Ecuador	826	1 062	869	1 250	2 055	1 917	1 922	1 789	2 055	1 233
El Salvador	394	732	1 491	1 839	684	1 521	1 096	737	684	678
Guatemala	215	232	271	210	210	237	234	228	210	193
Honduras	252	271	313	529	362	585	495	355	362	326
Mexico	292	361	347	386	340	393	376	378	340	314
Panama	114	149	187	215	282	243	216	221	282	283
Paraguay	203	213	229	200	186	238	216	212	186	170
Peru	107	132	170	194	160	209	174	174	160	152
Uruguay	148	135	127	91	85	119	99	98	85	82
Venezuela (Bolivarian Republic of)	14 740	24 099	55 310	44 840	21 422	34 229	42 210	38 912	21 422	21 720

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of information from J.P. Morgan, Emerging Markets Bond Index (EMBI).
Note: The figures are considered at the end of each period.

Table A3.10
Latin America and the Caribbean: international bond issues
(Millions of dollars)

	2019	2020	2021	2022	2023	2023				2024	
						Q1	Q2	Q3	Q4	Q1	Q2
Total	**118 576**	**145 286**	**148 699**	**63 789**	**89 148**	**26 241**	**26 581**	**20 604**	**15 723**	**45 412**	**7 873**
Latin America and the Caribbean	**113 937**	**139 833**	**142 822**	**58 398**	**80 799**	**21 604**	**26 089**	**19 605**	**13 500**	**39 533**	**6 450**
Argentina	1 720	386	1 892	615	517	57	72	389	-	800	400
Bahamas	-	825	55	385	-	-	-	-	-	-	-
Barbados	-	-	550	-	-	-	-	-	-	-	-
Bolivia (Plurinational State of)	-	-	-	850	-	-	-	-	-	-	-
Brazil	29 147	26 975	31 515	10 063	18 826	2 764	7 162	6 400	2 500	10 566	1 600
Chile	12 629	20 129	31 620	11 080	17 157	1 084	7 159	5 343	3 570	5 651	1 850
Colombia	4 793	12 391	12 725	1 883	9 000	4 200	1 900	-	2 900	1 850	1 300
Costa Rica	1 500	-	300	-	3 400	1 900	-	-	1 500	-	-
Dominican Republic	2 500	7 565	5 153	6 907	3 048	1 798	-	1 250	-	-	-
Ecuador	4 525	327	-	300	656	-	656	-	-	-	-
El Salvador	1 097	1 000	-	-	-	-	-	-	-	-	1 000
Guatemala	1 200	1 400	2 000	1 600	1 665	75	1 025	565	-	-	-
Honduras	-	600	300	-	-	-	-	-	-	-	-
Jamaica	1 415	225	-	-	302	-	-	-	302	-	-
Mexico	33 546	41 902	31 690	16 364	15 121	7 627	5 121	1 373	1 000	15 156	-
Nicaragua	-	-	-	-	-	-	-	-	-	-	-
Panama	5 800	8 868	6 705	4 000	3 879	2 100	-	1 779	-	3 100	-
Paraguay	1 532	2 161	1 126	501	500	-	500	-	-	1 001	-
Peru	10 002	10 800	14 159	1 430	3 548	-	2 494	686	369	1 410	300
Suriname	125	-	-	-	660	-	-	-	660	-	-
Trinidad and Tobago	500	500	816	570	560	-	-	560	-	-	-
Uruguay	1 905	2 655	1 842	1 850	1 961	-	-	1 261	700	-	-
Venezuela (Bolivarian Republic of)	-	1 125	-	-	-	-	-	-	-	-	-
Others	-	-	375	-	-	-	-	-	-	-	-
Supranational issues	**4 639**	**5 453**	**5 877**	**5 392**	**8 350**	**4 637**	**492**	**999**	**2 222**	**5 879**	**1 423**
Central American Bank for Economic Integration (CABEI)	623	1 281	1 114	1 113	2 436	1 433	283	720	-	1 350	-
Foreign Trade Bank of Latin America (BLADEX)	76	435	96	18	29	-	21	8	-	5	-
Development Bank of Latin America (CAF)	3 040	3 236	3 945	3 109	5 831	3 150	188	270	2 222	4 074	1 264
Financial Fund for the Development of the River Plate Basin (FONPLATA))	150	-	387	-	54	54	-	-	-	-	159
Other	750	500	336	1 152	-	-	-	-	-	450	-

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of information from Merrill Lynch, J.P. Morgan and LatinFinance.
Note: Includes sovereign, bank and corporate bonds.

Table A4.1
Latin America and the Caribbean: labour force participation rate
(Average rates)

		2019	2020	2021	2022	2023	2023				2024
							Q1	Q2	Q3	Q4	Q1
Argentina[a]	Total	59.1	54.9	59.1	60.1	61.0	61.1	60.3	61.1	61.4	60.5
	Men	69.9	64.9	69.4	69.9	70.6	70.9	69.8	70.7	71.1	69.4
	Women	49.4	45.9	49.5	51.0	52.1	52.2	51.5	52.3	52.5	52.2
Bahamas	Total	80.3	...	...	...	75.9	...	...	...	...	...
	Men	83.0	...	...	...	73.4	...	...	...	...	...
	Women	75.5	...	...	...	76.5	...	...	...	...	...
Barbados[b]	Total	63.7	60.6	61.2	62.9	62.3	...	...	...	...	...
	Men	68.0	64.8	65.3	67.3	67.0	...	...	...	...	...
	Women	59.7	56.7	57.6	59.0	58.1	...	...	...	...	...
Belize[c]	Total	68.1	55.1	59.7	58.7	58.1	...	...	...	...	...
	Men	80.5	68.7	72.9	73.4	71.5	...	...	...	...	...
	Women	55.9	42.4	47.0	44.4	45.2	...	...	...	...	...
Bolivia (Plurinational State of)[d]	Total	73.0	67.0	76.7	77.2	77.4	77.1	77.0	77.5	77.9	78.4
	Men	80.7	75.4	83.4	83.7	83.2	83.3	82.9	83.2	83.6	83.7
	Women	65.5	58.9	70.3	71.1	71.8	71.3	71.5	72.1	72.4	73.4
Brazil	Total	63.6	59.3	61.3	62.4	61.8	61.6	61.6	61.8	62.2	61.9
	Men	73.5	69.8	71.6	72.4	71.9	71.6	71.7	72.0	72.3	72.2
	Women	54.3	49.5	51.6	53.0	52.3	52.2	52.1	52.3	52.7	52.3
Chile	Total	62.8	56.1	57.2	59.8	61.2	61.0	60.9	60.9	61.8	62.4
	Men	73.6	67.3	68.5	70.2	71.0	71.4	70.7	70.6	71.4	72.4
	Women	52.5	45.3	46.4	49.8	51.7	51.1	51.5	51.7	52.6	52.8
Colombia[e]	Total	62.9	58.6	61.5	63.6	64.1	63.8	64.3	64.5	64.0	63.7
	Men	73.7	70.7	75.7	76.5	76.6	76.5	76.7	76.8	76.5	76.3
	Women	52.5	47.3	48.4	51.8	52.6	52.1	52.8	53.1	52.4	52.0
Costa Rica	Total	62.5	60.2	60.3	59.8	55.4	56.8	56.6	54.3	53.8	55.9
	Men	74.4	72.2	71.8	71.5	68.4	68.9	69.5	68.1	67.1	68.1
	Women	50.6	48.1	48.7	48.5	42.3	44.5	43.6	40.5	40.5	43.7
Dominican Republic	Total	65.1	60.2	63.0	63.1	64.1	63.7	63.7	64.1	64.9	64.9
	Men	78.4	74.0	75.7	76.8	76.7	76.5	76.2	76.6	77.6	77.9
	Women	52.6	47.6	51.2	50.7	52.6	52.0	52.2	52.8	53.3	53.2
Cuba	Total	65.2	66.4	...	...	...	...	...	...	...	...
	Men	76.0	76.8	...	...	...	...	...	...	...	...
	Women	53.3	54.9	...	...	...	...	...	...	...	...
Ecuador[f]	Total	66.2	62.5	66.1	66.3	65.2	65.5	64.4	65.6	65.1	64.5
	Men	78.3	73.8	78.4	78.2	77.5	77.7	77.2	77.8	77.3	76.9
	Women	54.5	51.3	54.4	55.0	53.4	53.9	52.3	53.9	53.3	52.7
El Salvador	Total	62.2	61.4	61.4	...	...	...	...	...	...	...
	Men	80.5	79.0	79.0	...	...	...	...	...	...	...
	Women	46.8	46.6	...	...	...	...	...	...	...	...
Grenada	Total	68.4	65.1	...	...	...	...	...	...	...	...
	Men	74.6	71.8	...	...	...	...	...	...	...	...
	Women	62.6	59.0	...	...	...	...	...	...	...	...
Guatemala	Total	59.2	...	63.0	60.2	...	...	...	...	...	...
	Men	83.7	...	85.6	...	...	...	...	...	...	...
	Women	37.9	...	43.3	...	...	...	...	...	...	...
Honduras[g]	Total	57.3	59.5	60.7	58.2	54.5	...	...	...	...	...
	Men	75.1	73.3	74.3	75.5	74.4	...	...	...	...	...
	Women	41.4	47.8	48.7	43.3	38.1	...	...	...	...	...

		2019	2020	2021	2022	2023	2023				2024
							Q1	Q2	Q3	Q4	Q1
Jamaica[h]	Total	62.8	62.5	63.2	64.6	65.5	65.4	...	65.5	...	...
	Men	69.6	69.2	69.7	70.4	71.3	70.9	...	71.7	...	...
	Women	56.3	56.0	57.0	58.4	60.0	60.2	...	59.6	...	...
Mexico[i]	Total	60.1	55.6	58.8	59.8	60.4	60.2	60.2	60.6	60.5	60.0
	Men	77.2	71.7	75.7	76.3	76.4	76.3	76.1	76.6	76.4	75.9
	Women	44.7	41.0	43.6	45.0	46.3	45.9	46.1	46.4	46.5	45.9
Nicaragua	Total	71.1	69.1	67.5	66.7	67.4	67.2	66.9	67.5	67.8	67.9
	Men	82.3	80.6	79.8	79.5	79.7	79.6	79.1	80.0	79.8	79.2
	Women	61.0	58.7	56.5	55.5	56.5	56.3	56.1	56.5	57.3	58.0
Panama[j]	Total	65.7	63.0	58.7	62.3	62.4	...	...	...	...	...
	Men	77.9	74.0	72.2	76.0	74.9	...	...	...	...	...
	Women	54.2	53.2	46.2	49.7	50.8	...	...	...	...	...
Paraguay[k]	Total	72.4	70.2	72.1	70.6	70.3	70.1	71.4	70.8	71.1	70.5
	Men	84.8	83.5	84.4	82.5	82.7	83.1	82.3	83.3	83.3	83.1
	Women	60.2	57.4	60.1	59.0	58.7	57.4	60.7	59.0	59.6	58.7
Peru[l]	Total	72.7	62.3	70.9	71.4	70.1	70.2	70.6	69.9	69.6	70.1
	Men	81.1	72.1	79.5	76.6	78.4	78.8	78.6	78.4	77.7	78.7
	Women	64.5	53.2	62.5	63.3	62.0	62.7	62.1	61.6	61.7	61.7
Saint Lucia[m]	Total	71.0	68.8	69.9	71.3	...	...	...	...	...	...
	Men	75.7	74.1	...	...	...	...	...	...	...	...
	Women	66.5	64.3	...	...	...	...	...	...	...	...
Trinidad and Tobago[n]	Total	57.4	56.6	54.8	55.0	55.6	55.2	56.2	55.6	55.5	...
	Men	66.1	65.4	63.1	62.7	64.6	65.6	65.4	64.0	63.3	...
	Women	48.7	47.8	46.8	47.6	47.1	45.4	47.0	47.6	48.2	...
Uruguay[o]	Total	62.2	60.5	61.8	62.0	63.4	62.7	63.2	63.6	63.9	64.2
	Men	70.1	67.9	69.1	70.0	72.0	71.2	71.9	72.5	72.5	73.0
	Women	54.9	53.8	55.0	54.6	55.4	55.0	55.3	55.5	55.9	56.1

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

Note: Percentage of the labor force relative to the working-age population. The data relating to the different countries are not comparable owing to differences in coverage and in the definition of the working-age population. Data for 2020 and 2021 may present comparability problems with respect to the data for 2019, owing to adjustments to statistical processes made by national statistical offices in response to the COVID-19 pandemic.

[a] 31 urban agglomerates.

[b] Data for 2019 are preliminary and are being reviewed.

[c] Data for 2018 refer to April. Data for the third quarters of 2019 and 2020 are from the September survey and 2020 from the telephone survey.

[d] New measurement as of 2016 through the Continuous Employment Survey (ECE), data not comparable with previous years. Quarterly data for 2019 and 2020 include urban coverage.

[e] Does not include hidden unemployment.

[f] Does not include hidden unemployment. The average for the second quarter of 2020 refers to May and June; the averages for the third and fourth quarters of 2020 refer to September and December, respectively.

[g] The 2020 data are preliminary and refer to the telephone survey conducted in November and December.

[h] Does not include hidden unemployment. The 2020 annual average refers to the figures from the first, third and fourth quarters.

[i] The average data for the second and third quarters of 2019 are from the National Occupation and Employment Survey (ENOE), those for the second quarter of 2020 are from the Telephone Survey of Occupation and Employment (ETOE), and those for the third and fourth quarters of 2020 are from the new edition of the National Occupation and Employment Survey.

[j] Does exclude hidden unemployment except for 2020, so it is not comparable to the rest of the series. Data for the third quarter of 2020 refer to a telephone survey conducted between September and October. Data for 2021 refer to October. Data for 2022 refer to April.

[k] New measurement from 2017 onward through the Continuous Permanent Household Survey (EPHC), data not comparable with previous years.

[l] Data for the first, second, third and fourth quarters of 2020 are preliminary.

[m] The figure for the first half of 2020 refers to data from the first quarter.

[n] The 2020 annual average refers to the first half of the year.

[o] The averages for the first quarter of 2020 are from the Continuous Household Survey (ECH) for January and February; for March the data are from the Telephone Continuous Household Survey. The average for the second quarter of 2020 refers to April, May and June Telephone Continuous Household Survey; the averages for the third quarter refer to July, August and September Telephone Continuous Household Survey and those for the fourth quarter refer to October, November and December Telephone Continuous Household Survey. The annual average is preliminary.

Table A4.2
Latin America and the Caribbean: unemployment rate
(Average rates)

		2019	2020	2021	2022	2023	2023				2024
							Q1	Q2	Q3	Q4	Q1
Argentina[a]	Total	9.8	11.5	8.8	6.8	6.1	6.9	6.2	5.7	5.7	7.7
	Men	9.2	10.8	7.9	6.1	5.6	6.1	5.7	5.3	5.4	7.0
	Women	10.7	12.4	9.9	7.6	6.8	7.8	6.9	6.3	6.1	8.4
Bahamas	Total	9.5	...	...	...	8.8	...	...	...	...	...
	Men	9.2	...	...	...	9.1	...	...	...	...	...
	Women	9.9	...	...	...	8.5	...	...	...	...	...
Barbados[b]	Total	9.6	15.6	14.1	8.4	7.9	...	...	...	...	...
	Men	11.0	15.6	13.7	8.0	7.6	...	...	...	...	...
	Women	8.1	15.7	14.5	8.9	8.2	...	...	...	...	...
Belize[c]	Total	9.1	13.7	21.1	6.8	2.9	...	...	...	...	...
	Men	5.9	11.6	21.1	4.0	2.4	...	...	...	...	...
	Women	13.5	17.0	21.1	6.0	3.6	...	...	...	...	...
Bolivia (Plurinational State of)[d]	Total	3.7	4.2	5.1	3.5	3.0	3.6	2.8	2.7	2.8	3.0
	Men	3.5	4.1	4.6	3.0	2.6	3.1	2.5	2.4	2.6	2.5
	Women	4.0	4.3	5.6	4.1	3.4	4.2	3.2	3.0	3.1	3.6
Brazil	Total	12.0	13.8	13.2	9.3	8.0	8.8	8.0	7.7	7.4	7.9
	Men	10.1	11.8	10.7	7.5	6.6	7.2	6.9	6.4	6.0	6.5
	Women	14.4	16.3	16.5	11.5	9.7	10.8	9.6	9.3	9.2	9.8
Chile	Total	7.2	10.8	8.9	7.9	8.7	8.8	8.5	8.9	8.5	8.7
	Men	6.7	10.6	8.6	7.4	8.4	8.3	8.2	8.7	8.2	8.0
	Women	8.0	11.0	9.2	8.5	9.1	9.5	8.9	9.2	8.8	9.5
Colombia[e]	Total	9.9	15.1	13.8	11.2	10.2	11.7	10.2	9.4	9.4	11.9
	Men	7.8	12.3	11.3	9.0	8.2	9.2	8.1	7.7	7.8	9.6
	Women	12.6	19.2	17.3	14.3	12.8	15.1	12.9	11.6	11.6	15.0
Costa Rica	Total	11.8	19.6	16.4	12.2	8.9	10.6	9.6	8.1	7.3	7.8
	Men	9.3	15.6	12.7	9.4	7.7	8.4	8.0	7.5	6.8	7.2
	Women	15.3	25.7	22.0	16.5	10.8	14.1	12.1	9.0	8.2	8.7
Cuba	Total	1.3	1.4	...	...	...	...	...	...	...	...
	Men	1.2	1.3	...	...	...	...	...	...	...	...
	Women	1.2	1.6	...	...	...	...	...	...	...	...
Dominican Republic	Total	6.2	5.8	7.4	5.3	5.3	5.2	5.6	5.4	5.0	5.1
	Men	3.9	3.9	3.9	3.2	3.3	3.4	3.4	3.2	3.0	3.2
	Women	9.3	8.6	12.1	8.2	8.0	7.6	8.6	8.2	7.7	7.7
Ecuador[f]	Total	3.8	6.2	4.6	3.8	3.4	3.4	3.5	3.4	3.3	3.8
	Men	3.2	5.3	3.7	3.3	2.8	2.9	2.9	2.8	2.7	3.3
	Women	4.6	7.6	5.8	4.5	4.1	4.0	4.4	4.2	4.0	4.5
El Salvador	Total	6.3	6.9	6.3	5.0	5.2	...	...	...	...	...
	Men	7.0	7.1	...	...	...	...	...	...	...	...
	Women	5.4	6.6	...	...	...	...	...	...	...	...
Guatemala	Total	2.2	...	2.2	3.0	...	...	...	...	...	...
	Men	1.8	...	1.8	...	...	...	...	...	...	...
	Women	3.0	...	2.9	...	...	...	...	...	...	...
Honduras[g]	Total	5.7	10.9	8.6	8.2	7.4	...	...	...	...	...
	Men	4.2	8.7	7.0	4.7	5.3	...	...	...	...	...
	Women	8.1	13.7	10.7	11.4	10.7	...	...	...	...	...
Jamaica[h]	Total	5.0	6.6	5.2	3.9	4.4	4.5	4.5	4.2	...	...
	Men	3.8	5.8	4.2	3.1	3.3	3.4	3.3	3.1	...	...
	Women	6.5	7.6	6.5	4.8	5.6	5.7	5.8	5.4	...	...

		2019	2020	2021	2022	2023	2023				2024
							Q1	Q2	Q3	Q4	Q1
Mexico[i]	Total	3.5	4.4	4.1	3.3	2.8	2.7	2.8	3.0	2.7	2.5
	Men	3.5	4.7	4.1	3.2	2.8	2.6	2.8	3.0	2.7	2.4
	Women	3.5	4.1	4.2	3.3	2.8	2.7	2.8	3.0	2.7	2.7
Nicaragua	Total	5.4	5.0	4.5	3.5	3.4	3.2	3.6	3.3	3.4	3.7
	Men	5.4	5.2	4.6	3.5	3.2	3.1	3.5	3.3	3.0	3.6
	Women	5.5	4.7	4.4	3.5	3.5	3.2	3.7	3.4	3.8	3.8
Panama[j]	Total	5.8	18.6	8.5	8.2	5.8	...	...	...	...	...
	Men	4.8	13.6	8.0	6.9	4.4	...	...	...	...	...
	Women	7.3	24.7	9.3	9.9	7.7	...	...	...	...	...
Paraguay[k]	Total	6.6	7.7	7.5	6.8	5.9	6.5	5.8	6.0	5.2	6.9
	Men	5.5	5.9	5.9	5.9	4.8	4.7	5.5	4.5	4.6	5.3
	Women	8.0	10.2	9.7	8.1	7.3	9.0	6.3	7.8	6.1	9.1
Peru[l]	Total	3.9	7.7	5.9	4.7	5.4	5.9	5.3	5.1	5.3	6.4
	Men	3.5	7.6	5.2	3.8	4.5	4.8	4.7	4.4	4.3	5.4
	Women	4.5	7.7	6.6	5.7	6.4	7.1	6.1	6.1	6.5	7.6
Saint Lucia[m]	Total	16.8	21.7	23.1	16.5	...	...	...	...	...	...
	Men	14.9	18.5	21.4	14.8	...	...	...	...	...	...
	Women	18.9	25.0	24.9	18.6	...	...	...	...	...	...
Trinidad and Tobago[n]	Total	4.3	4.7	5.4	4.9	4.0	4.9	3.7	3.2	4.1	...
	Men	3.7	4.6	4.8	4.4	3.5	4.2	3.5	2.6	3.8	...
	Women	5.1	4.8	6.1	5.6	4.6	5.8	3.9	4.1	4.5	...
Uruguay[o]	Total	8.9	10.1	9.3	7.9	8.3	8.4	8.6	8.1	8.2	8.6
	Men	7.3	8.7	7.9	6.9	7.4	7.6	7.5	7.4	7.1	7.6
	Women	10.7	12.4	11.0	9.0	9.4	9.3	9.8	8.9	9.6	9.8

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

Note: Percentage of unemployed population in relation to the labor force. Data for different countries are not comparable owing to differences in coverage and in the definition of the working-age population. Data for 2020 and 2021 may present comparability problems with respect to the data for 2019, owing to adjustments to statistical processes made by national statistical and census offices in response to the COVID-19 pandemic.

[a] 31 urban agglomerates.

[b] Data for 2019 are preliminary and are being reviewed.

[c] Data for 2018 refer to April. Data for the third quarters of 2019 and 2020 are from the September survey and 2020 from the telephone survey.

[d] New measurement as of 2016 through the Continuous Employment Survey (ECE), data not comparable with previous years. Quarterly data for 2019 and 2020 include urban coverage.

[e] Does not include hidden unemployment.

[f] Does not include hidden unemployment. The average for the second quarter of 2020 refers to May and June; the averages for the third and fourth quarters of 2020 refer to September and December, respectively.

[g] The 2020 data are preliminary and refer to the telephone survey conducted in November and December.

[h] Does not include hidden unemployment. The 2020 annual average refers to the figures from the first, third and fourth quarters.

[i] The average data for the second and third quarters of 2019 are from the National Occupation and Employment Survey (ENOE), those for the second quarter of 2020 are from the Telephone Survey of Occupation and Employment (ETOE), and those for the third and fourth quarters of 2020 are from the new edition of the National Occupation and Employment Survey.

[j] Does exclude hidden unemployment except for 2020, so it is not comparable to the rest of the series. Data for the third quarter of 2020 refer to a telephone survey conducted between September and October. Data for 2021 refer to October. Data for 2022 refer to April.

[k] New measurement from 2017 onward through the Continuous Permanent Household Survey (EPHC), data not comparable with previous years.

[l] Data for the first, second, third and fourth quarters of 2020 are preliminary.

[m] The figure for the first half of 2020 refers to data from the first quarter.

[n] The 2020 annual average refers to the first half of the year.

[o] The averages for the first quarter of 2020 are from the Continuous Household Survey (ECH) for January and February; for March the data are from the Telephone Continuous Household Survey. The average for the second quarter of 2020 refers to April, May and June Telephone Continuous Household Survey; the averages for the third quarter refer to July, August and September Telephone Continuous Household Survey and those for the fourth quarter refer to October, November and December Telephone Continuous Household Survey. The annual average is preliminary.

Table A4.3
Latin America and the Caribbean: employment rate
(Average rates)

		2019	2020	2021	2022	2023	2023				2024
							Q1	Q2	Q3	Q4	Q1
Argentina[a]	Total	53.3	48.6	53.9	56.0	57.2	56.9	56.5	57.6	57.9	55.8
	Men	63.5	57.9	63.9	65.7	66.7	66.5	65.9	66.9	67.3	64.5
	Women	44.1	40.2	44.7	47.1	48.6	48.1	48.0	49.1	49.3	47.8
Bahamas	Total	...	...	...	...	69.2	...	...	...	...	...
	Men	...	...	...	...	66.7	...	...	...	...	...
	Women	...	...	...	...	70.0	...	...	...	...	...
Barbados[b]	Total	57.6	51.1	52.6	57.6	57.4	...	...	...	...	...
	Men	60.6	54.7	56.4	62.0	61.9	...	...	...	...	...
	Women	54.9	47.8	49.2	53.7	53.3	...	...	...	...	...
Belize[c]	Total	62.0	47.6	53.0	54.7	56.4	...	...	...	...	...
	Men	75.7	60.7	62.5	70.5	69.8	...	...	...	...	...
	Women	48.3	35.2	37.5	41.7	43.5	...	...	...	...	...
Bolivia (Plurinational State of)[d]	Total	70.3	65.8	72.9	74.5	75.1	74.4	74.8	75.4	75.7	76.0
	Men	78.0	74.4	79.6	81.2	81.1	80.7	80.8	81.2	81.5	81.6
	Women	62.9	57.6	66.4	68.2	69.4	68.3	69.2	69.9	70.1	70.8
Brazil	Total	56.0	51.1	53.2	56.6	56.9	56.1	56.6	57.1	57.6	57.0
	Men	66.1	61.5	64.0	67.0	67.2	66.4	66.8	67.4	68.0	67.5
	Women	46.5	41.4	43.1	46.9	47.2	46.5	47.1	47.4	47.9	47.2
Chile	Total	58.3	50.1	52.1	55.1	55.9	55.7	55.7	55.5	56.6	57.0
	Men	68.7	60.3	62.6	65.0	65.1	65.4	64.9	64.4	65.5	66.6
	Women	48.4	40.4	42.1	45.6	47.0	46.3	46.9	46.9	48.0	47.8
Colombia[e]	Total	56.6	49.8	53.1	56.5	57.6	56.4	57.7	58.4	58.0	56.1
	Men	67.9	61.8	67.2	69.6	70.4	69.5	70.5	71.0	70.5	69.0
	Women	45.9	38.3	40.0	44.4	45.9	44.3	45.9	46.9	46.3	44.2
Costa Rica	Total	55.2	48.5	50.4	52.5	50.4	50.7	51.2	50.0	49.9	51.5
	Men	67.4	61.0	62.7	64.8	63.1	63.1	63.9	63.0	62.5	63.1
	Women	42.8	35.9	38.0	40.5	37.7	38.2	38.4	36.9	37.2	39.9
Cuba	Total	64.4	65.4	...	...	...	...	...	...	...	...
	Men	75.1	75.8	...	...	...	...	...	...	...	...
	Women	52.7	54.0	...	...	...	...	...	...	...	...
Dominican Republic	Total	61.0	56.7	58.3	59.8	60.7	60.4	60.1	60.7	61.7	61.6
	Men	75.3	71.1	72.7	74.4	74.2	73.9	73.6	74.1	75.2	75.4
	Women	47.8	43.5	45.0	46.5	48.4	48.0	47.7	48.5	49.3	49.1
Ecuador[f]	Total	63.7	58.5	62.7	63.5	62.7	63.0	62.0	63.1	62.7	61.9
	Men	75.8	74.5	75.1	75.3	75.1	75.1	74.7	75.4	75.0	74.2
	Women	52.0	48.7	51.0	52.2	50.9	51.5	49.8	51.4	51.0	50.1
El Salvador	Total	58.2	57.2	...	...	...	...	...	...	...	...
	Men	74.9	73.4	...	...	...	...	...	...	...	...
	Women	44.3	43.5	...	...	...	...	...	...	...	...
Grenada	Total	57.9	50.5	...	...	...	...	...	...	...	...
	Men	64.4	58.5	...	...	...	...	...	...	...	...
	Women	54.0	43.1	...	...	...	...	...	...	...	...
Guatemala	Total	57.9	...	61.6	58.4	...	...	...	...	...	...
	Men	82.1	...	84.0	...	...	...	...	...	...	...
	Women	36.7	...	42.0	...	...	...	...	...	...	...
Honduras[g]	Total	54.1	53.0	54.7	54.0	50.5	...	...	...	...	...
	Men	71.9	66.9	69.1	70.3	70.5	...	...	...	...	...
	Women	38.0	41.2	43.5	38.4	34.0	...	...	...	...	...

		2019	2020	2021	2022	2023	2023				2024
							Q1	Q2	Q3	Q4	Q1
Jamaica[h]	Total	57.4	58.4	59.4	60.4	62.6	62.5	62.6	62.8	...	...
	Men	66.9	63.6	65.0	67.1	68.9	68.5	68.8	69.5	...	...
	Women	52.7	50.0	51.1	53.9	56.6	56.8	56.6	56.4	...	...
Mexico[i]	Total	58.0	53.1	56.4	57.8	58.7	58.6	58.5	58.8	58.9	58.5
	Men	74.5	68.3	72.6	73.8	74.3	74.3	74.0	74.3	74.4	74.1
	Women	43.1	39.3	41.8	43.5	45.0	44.7	44.8	45.0	45.3	44.7
Nicaragua	Total	67.2	65.6	64.5	64.3	65.1	65.1	64.5	65.3	65.5	65.7
	Men	77.8	76.4	76.1	76.7	77.1	77.1	76.4	77.4	77.4	76.7
	Women	57.7	56.0	54.0	53.5	54.5	54.5	54.0	54.6	55.1	56.0
Panama[j]	Total	61.8	51.3	53.5	56.1	57.8	...	...	...	...	...
	Men	74.2	64.0	66.2	69.3	70.4	...	...	...	...	...
	Women	50.2	40.1	41.8	44.0	46.1	...	...	...	...	...
Paraguay[k]	Total	67.6	64.8	66.7	65.8	66.2	64.4	66.4	66.6	67.4	65.7
	Men	80.2	78.5	79.4	77.7	78.7	78.4	77.3	79.5	79.5	78.7
	Women	55.3	51.6	54.2	54.2	54.4	51.2	56.2	54.4	56.0	53.3
Peru[l]	Total	69.8	58.8	66.9	68.8	66.3	66.1	66.9	66.3	66.0	65.6
	Men	77.7	67.4	75.4	77.1	74.8	75.0	74.9	75.0	74.4	74.5
	Women	61.8	49.5	58.6	61.4	58.0	58.3	58.3	57.9	57.7	57.0
Saint Lucia[m]	Total	59.0	53.9	53.7	59.5	...	...	...	...	...	...
	Men	64.4	59.4	...	...	...	...	...	...	...	...
	Women	53.9	48.7	...	...	...	...	...	...	...	...
Trinidad and Tobago[n]	Total	54.9	53.9	51.9	52.3	53.4	52.5	54.1	53.8	53.2	...
	Men	63.6	62.4	60.1	59.9	62.3	62.8	63.1	62.3	60.9	...
	Women	46.2	45.5	43.9	44.9	44.9	42.8	45.2	45.6	46.1	...
Uruguay[o]	Total	56.7	54.3	56.0	57.1	58.1	57.5	57.8	58.5	58.6	58.7
	Men	64.9	62.1	63.7	65.2	66.7	65.7	66.5	67.1	67.4	67.5
	Women	49.0	47.1	49.0	49.7	50.2	49.9	49.9	50.5	50.6	50.6

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

Note: Percentage of employed population in relation to the labor force. Data for different countries are not comparable owing to differences in coverage and in the definition of the working-age population. Data for 2020 and 2021 may present comparability problems with respect to the data for 2019, owing to adjustments to statistical processes made by national statistical and census offices in response to the COVID-19 pandemic.

[a] 31 urban agglomerates.

[b] Data for 2019 are preliminary and are being reviewed.

[c] Data for 2018 refer to April. Data for the third quarters of 2019 and 2020 are from the September survey and 2020 from the telephone survey.

[d] New measurement as of 2016 through the Continuous Employment Survey (ECE), data not comparable with previous years. Quarterly data for 2019 and 2020 include urban coverage.

[e] Does not include hidden unemployment.

[f] Does not include hidden unemployment. The average for the second quarter of 2020 refers to May and June; the averages for the third and fourth quarters of 2020 refer to September and December, respectively.

[g] The 2020 data are preliminary and refer to the telephone survey conducted in November and December.

[h] Does not include hidden unemployment. The 2020 annual average refers to the figures from the first, third and fourth quarters.

[i] The average data for the second and third quarters of 2019 are from the National Occupation and Employment Survey (ENOE), those for the second quarter of 2020 are from the Telephone Survey of Occupation and Employment (ETOE), and those for the third and fourth quarters of 2020 are from the new edition of the National Occupation and Employment Survey.

[j] Does exclude hidden unemployment except for 2020, so it is not comparable to the rest of the series. Data for the third quarter of 2020 refer to a telephone survey conducted between September and October. Data for 2021 refer to October. Data for 2022 refer to April.

[k] New measurement from 2017 onward through the Continuous Permanent Household Survey (EPHC), data not comparable with previous years.

[l] Data for the second, third and fourth quarters of 2020 are preliminary.

[m] The figure for the first half of 2020 refers to data from the first quarter.

[n] The 2020 annual average refers to the first half of the year.

[o] The averages for the first quarter of 2020 are from the Continuous Household Survey (ECH) for January and February; for March the data are from the telephone ECH. The average for the second quarter of 2020 refers to April, May and June Telephone Continuous Household Survey; the averages for the third quarter refer to July, August and September Telephone Continuous Household Survey and those for the fourth quarter refer to October, November and December Telephone Continuous Household Survey. The annual average is preliminary.

Table A4.4
Latin America: real average wages
(Index: 2018 = 100)

	2019	2020	2021	2022	2023	2023				2024
						Q1	Q2	Q3	Q4	Q1
Argentina[a]	92.0	91.6	88.5	88.5	86.4	87.6	86.7	88.4	83.1	75.4
Bolivia (Plurinational State of)[b]	99.6	99.3	100.7	100.1	97.4	97.5	97.8	97.2	97.1	...
Brazil[c]	100.5	105.4	97.8	100.2	105.4	104.4	104.2	106.1	106.9	108.4
Chile[d]	102.1	102.6	103.7	101.9	103.7	102.8	103.5	104.3	104.1	104.6
Colombia[e]	100.8	95.9	101.9	104.1	104.3	102.9	105.0	104.4	104.7	105.3
Costa Rica[f]	103.7	106.1	105.9	101.3	105.4	101.8	104.9	105.8	109.1	108.9
Ecuador[g]	101.0	114.6	120.8	...	...	...	...	...	...	...
El Salvador[h]	101.3	101.2	105.8	103.9	101.7	101.7	...	...	...	...
Mexico[i]	102.9	106.9	108.4	111.2	116.9	116.1	118.0	117.5	115.8	122.5
Nicaragua[j]	99.5	98.5	98.0	95.5	93.8	92.0	94.3	94.5	94.5	95.4
Panama[k]	102.4	101.0	107.5	...	118.3	111.5	117.8	120.1	123.8	...
Paraguay[l]	101.5	100.6	97.7	95.5	97.3	96.3	96.3	98.3	98.3	...
Peru[m]	99.4	94.3	98.3	98.0	95.8	97.4	84.6	98.6	102.8	99.3
Uruguay[n]	101.3	99.5	98.1	97.5	101.4	100.6	100.0	102.1	102.9	105.4

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
Note: Average wage deflated by the official consumer price index of each country.
[a] Private-sector average wage index.
[b] Average nominal private-sector wage.
[c] Average income from main job.
[d] Compensation index. Private-sector workers.
[e] Manufacturing industry real wage index.
[f] Average monthly income in the main job.
[g] Compensation index.
[h] Average declared salary of private contributors to social security.
[i] Wages associated with workers insured by the Mexican Social Security Institute (IMSS).
[j] Average salary of workers insured with the Nicaraguan Social Security Institute (INSS).
[k] Remunerations paid (companies with five or more employees).
[l] Index of wages and salaries.
[m] Average income from work.
[n] Average Wage Index.

Table A4.5
Latin America: real minimum wages
(Index: 2018 = 100)

	2019	2020	2021	2022	2023	2023				2024
						Q1	Q2	Q3	Q4	Q1
Argentina	89.0	80.9	76.6	79.4	78.8	79.0	79.0	82.5	74.8	53.5
Bolivia (Plurinational State of)	101.2	100.2	101.4	103.7	106.1	107.0	106.6	105.6	105.3	110.5
Brazil	100.8	102.3	99.5	100.3	104.4	106.0	104.4	104.0	103.1	108.7
Chile	104.1	107.9	105.6	109.5	117.5	111.9	116.2	120.0	122.0	120.7
Colombia	102.4	105.9	105.9	105.9	109.8	113.0	110.3	108.7	107.3	117.5
Costa Rica	100.9	102.7	102.2	97.1	103.7	102.8	103.8	104.2	104.1	106.3
Dominican Republic	103.9	108.0	107.3	110.2	116.9	106.2	121.7	120.4	119.3	118.2
Ecuador	101.8	103.7	103.6	106.4	110.2	111.1	110.6	109.4	109.6	111.9
El Salvador	99.9	100.3	104.9	108.6	104.3	104.7	104.5	104.2	103.8	103.8
Guatemala	96.4	96.3	92.3	90.5	89.2	90.5	90.1	88.8	87.6	91.6
Haiti	99.5	93.8	81.9	80.4	61.2	63.9	61.9	59.4	59.7	51.4
Honduras	100.4	101.9	99.4	98.0	100.9	102.4	101.5	100.2	99.3	103.2
Jamaica	103.2	98.6	93.3	102.4	128.1	104.5	119.2	146.1	142.3	141.9
Mexico	112.1	130.1	141.6	160.2	182.0	183.8	183.5	181.7	179.0	211.1
Nicaragua	99.1	97.6	95.7	92.3	93.3	90.7	94.8	94.2	93.5	94.7
Panama	100.4	102.9	101.2	98.4	97.0	97.5	97.0	96.7	96.7	100.3
Paraguay	100.9	101.0	98.5	96.8	99.2	98.3	97.6	102.7	98.3	95.1
Peru	100.1	98.3	94.6	93.6	90.7	92.0	90.6	90.0	90.2	89.5
Trinidad and Tobago	99.0	114.8	112.5	106.4	101.6	101.8	102.1	101.5	101.0	118.6
Uruguay	105.9	102.6	104.8	103.5	106.7	107.9	106.3	106.6	106.1	108.9

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
Note: Minimum wage deflated by the official consumer price index of each country.

Table A4.6

Latin America and the Caribbean: registered employment indicators
(Index: 2018 = 100)

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Argentina[a]	99.4	98.9	99.7	100.0	97.7	93.5	94.8	99.2	102.0
Brazil[b]	102.7	101.2	99.4	100.0	101.4	25.2	...	80.7	107.7
Chile[c]	94.0	95.6	96.5	100.0	103.0	99.9	105.5	110.2	110.9
Costa Rica[d]	92.2	95.3	98.0	100.0	100.2	97.8	100.9	106.0	108.8
El Salvador[d]	95.7	97.5	98.3	100.0	102.3	99.5	104.8	111.8	113.9
Guatemala[d]	95.6	98.1	99.1	100.0	101.9	97.3	104.7	111.6	...
Mexico[e]	88.7	92.1	96.1	100.0	102.3	99.7	101.7	106.0	108.9
Nicaragua[d]	94.5	104.7	111.7	100.0	89.8	87.3	92.6	96.2	96.9
Panama[f]	103.2	101.7	102.9	100.0	100.0	94.0	...	...	...
Peru[g]	92.3	94.3	96.3	100.0	102.8	99.2	103.2	109.8	111.0
Uruguay[h]	102.6	101.0	100.6	100.0	99.3	97.7	99.1	...	...

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Wage earners paying into pension schemes.
[b] Workers covered by social and labour legislation.
[c] Dependent workers paying into pension schemes.
[d] Workers with social security coverage.
[e] Private-sector workers covered by social and labour legislation.
[f] Workers in small, medium and large enterprises in manufacturing, commerce and services.
[g] Jobs reported to the National Superintendency of Customs and Tax Administration.
[h] Employment positions generating social security contributions.

Table A4.7

Latin America : visible underemployment by hours
(Percentages of employed workers)

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Argentina[a b c]	6.7[d]	8.7[e]	11.4	12.3	14.1	14.1	13.3	11.5	10.4
Brazil[f]	5.3	5.3	6.6	7.2	7.5	7.3	8.2	6.3	5.3
Chile[g h]	9.0	9.6	9.5	9.4	9.5	7.2	5.9	5.0	4.6
Colombia[i]	10.6	10.2	9.6	9.6	10.5	10.0	7.6	8.2	8.2
Costa Rica[j]	12.4	9.0	8.1	8.7	10.4	19.9	14.6	10.1	5.7
Ecuador[f]	11.7	15.7	17.0	15.4	16.6	26.6	23.1	...	...
El Salvador[a f]	6.0	6.8	6.8	5.7	6.3	6.1	6.2	6.4	...
Honduras[k]	14.1	11.5	11.8	14.2	10.6	27.3	31.3	...	...
Mexico[j]	8.3	7.6	7.0	6.9	7.4	16.3	12.6	8.3	7.7
Panama[f]	2.5	2.3	2.5	3.7	4.4	...	6.0	...	...
Paraguay[a l]	6.0	6.8	6.8	5.7	6.3	6.1	6.2	6.4	...
Peru[a b]	9.7	10.6	10.7	12.7	12.1	16.5	13.0	10.6	8.1
Uruguay[f]	7.2	8.3	8.4	8.5	9.6	8.8	10.5	8.6	7.6

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Urban areas.
[b] Employed persons who work less than 35 hours per week, wish to work more hours and are available to do so.
[c] The National Institute of Statistics and Censuses (INDEC) of Argentina does not recognize the data for the period 2007–2015 and has them under review. These data are therefore preliminary and will be replaced when new official data are published.
[d] Data refer to the average for the first three quarters.
[e] Data refer to the average for the last three quarters.
[f] Employed persons who work less than 40 hours per week, wish to work more hours and are available to do so.
[g] Employed persons who work less than 30 hours per week, wish to work more hours and are available to do so. Since 2017, employed persons who work two thirds of the established full-time work, and wish to work more hours and are available to do so.
[h] As of 2017, nationwide total.
[i] Employed persons who work less than 48 hours per week, wish to work more hours and are available to do so.
[j] Employed persons wishing to work more than their current job permits.
[k] Employed persons who work less than 36 hours per week, wish to work more hours and are available to do so.
[l] Employed persons who work less than 30 hours per week, wish to work more hours and are available to do so.

Table A5.1
Latin America and the Caribbean: monetary indicators
(Percentage variation of mean balances with respect to the year-earlier period)

		2019	2020	2021	2022	2023	2023				2024
							Q1	Q2	Q3	Q4	Q1[i]
Latin America and the Caribbean											
Argentina	Monetary base	23.0	55.4	29.5	43.6	55.5	41.4	44.8	50.5	80.7	102.7
	Money (M1)	16.9	82.0	48.5	56.6	82.1	61.8	64.2	79.9	111.1	159.3[i]
	M2	25.4	71.4	55.0	69.4	106.3	90.9	101.0	111.5	114.9	150.1[i]
	Foreign-currency deposits	55.2	-4.4	31.5	35.7	130.9	91.6	90.5	130.7	185.3	312.2[i]
Bolivia (Plurinational State of)	Monetary base	8.5	15.5	13.2	4.8	...	2.2	...	...	...	...[ii]
	Money (M1)	0.7	5.1	4.7	...	...	...	...	...	...	...
	M2	3.5	4.9	6.3	...	...	...	...	...	...	...
	Foreign-currency deposits	2.1	13.9	11.8	...	...	...	...	...	...	...
Brazil	Monetary base	3.5	32.0	9.4	-3.2	1.4	2.0	0.7	1.8	1.3	0.6
	Money (M1)	5.7	36.2	17.8	-1.7	-1.1	-0.6	-1.9	-1.6	-0.1	2.0[i]
	M2	9.4	32.7	16.8	6.9	11.8	11.6	11.5	11.7	12.4	12.7[i]
Chile	Monetary base	10.5	54.4	45.4	-21.5	-15.3	-34.6	-22.5	6.9	-1.9	-3.8
	Money (M1)	12.0	41.8	42.6	-13.3	-13.4	-22.4	-16.1	-9.5	-3.2	0.9
	M2	5.6	12.7	11.6	0.9	3.5	3.2	4.2	3.9	2.8	3.6
	Foreign-currency deposits	15.0	43.9	9.1	17.8	-4.9	2.0	-6.9	-8.8	-5.6	6.6
Colombia	Monetary base	11.7	18.7	14.2	10.9	-0.1	4.4	-0.5	-3.1	-1.1	0.6
	Money (M1)	11.1	24.8	19.0	8.5	-4.8	-2.8	-6.2	-6.8	-3.6	-0.8
	M2	7.5	14.4	8.7	13.3	9.5	13.0	9.3	8.0	8.2	6.9
Costa Rica	Monetary base	-1.3	7.9	6.2	6.6	11.5	13.2	18.2	10.0	5.7	5.7
	Money (M1)	6.2	33.9	14.6	-3.6	3.3	-7.5	2.2	7.6	11.7	17.1[i]
	M2	1.3	16.7	5.3	-3.5	6.3	-1.4	2.7	8.9	15.4	16.5[i]
	Foreign-currency deposits	4.3	13.1	22.5	19.2	-16.7	-8.7	-23.0	-19.9	-14.0	-7.5[i]
Dominican Republic	Monetary base	10.1	13.0	17.5	13.8	8.0	16.5	13.6	2.2	1.1	3.2
	Money (M1)	10.6	26.6	24.8	13.7	10.9	9.8	9.6	12.7	11.5	7.4
	M2	6.9	13.8	16.8	7.8	14.1	8.3	12.7	17.0	18.1	16.0
	Foreign-currency deposits	13.4	32.5	15.0	6.2	6.1	5.8	3.4	8.8	6.4	8.4
Ecuador	Monetary base	3.1	14.9	6.9	0.2	-0.8	-1.3	0.3	-0.5	-1.5	-3.7[i]
	Money (M1)	3.4	7.9	6.0	3.6	1.0	1.5	0.9	0.5	0.9	-0.1[i]
	M2	6.5	9.6	10.2	9.3	7.2	7.9	7.5	6.8	6.7	6.0[i]
El Salvador	Monetary base	10.5	-14.0	-17.3	8.5	-10.5	-14.7	-17.0	-13.9	7.3	1.8[i]
	Money (M1)	7.3	13.2	11.3	2.5	-2.4	0.4	-4.4	-3.0	-2.6	-4.4
	M2	7.6	11.8	6.6	4.6	5.9	6.8	4.9	6.0	6.0	2.8
Guatemala	Monetary base	10.8	20.7	16.0	13.3	11.6	41.4	44.8	50.5	80.7	102.7
	Money (M1)	11.6	20.7	17.1	12.0	11.4	11.7	12.8	12.1	9.1	8.6
	M2	10.5	15.1	13.9	10.8	9.3	9.8	10.2	9.6	7.7	7.6
	Foreign-currency deposits	5.0	12.5	8.2	-7.4	-2.3	-5.9	-1.7	-0.9	-0.7	-1.2
Haiti	Monetary base	18.5	19.3	16.7	24.5	...	36.9	34.0	...	...	...[iii]
	Money (M1)	11.3	29.6	26.7	21.3	...	32.1	...	...	...	...
	M2	12.1	23.6	22.7	18.6	...	27.1	...	...	...	...
	Foreign-currency deposits	28.1	8.5	10.5	31.6	...	43.8	...	...	...	...

		2019	2020	2021	2022	2023	2023				2024
							Q1	Q2	Q3	Q4	Q1[i]
Honduras	Monetary base	10.0	49.8	27.4	-12.4	-4.5	-13.0	-6.8	1.8	4.6	...[iv]
	Money (M1)	8.2	24.2	22.0	17.1	...	14.6	16.6	9.9	6.1	...[v]
	M2	10.2	17.4	16.6	12.9	...	13.2	15.2	13.1	12.6	...[v]
	Foreign-currency deposits	4.2	7.9	4.1	7.8	...	9.5	9.5	4.3	1.2	...[v]
Mexico	Monetary base	4.0	17.4	17.5	13.8	8.8	8.1	8.6	8.9	9.3	12.9
	Money (M1)	5.2	17.4	14.7	10.6	7.5	6.4	6.2	7.8	9.7	12.9
	M2	5.7	14.0	9.4	10.2	9.0	8.5	8.1	9.0	10.4	12.1
	Foreign-currency deposits	-7.2	8.3	5.9	12.8	-5.5	0.0	-7.2	-7.4	-7.1	-7.3
Nicaragua	Monetary base	-2.5	17.9	20.7	16.0	14.2	9.6	17.1	16.8	13.6	17.4
	Money (M1)	-4.5	29.5	24.3	16.0	18.6	12.3	19.7	23.5	19.2	20.6[i]
	M2	-4.5	29.5	24.3	16.0	18.6	12.3	19.7	23.5	19.2	20.6[i]
	Foreign-currency deposits	-13.6	9.2	11.5	12.3	12.6	13.2	13.1	12.4	11.7	8.2[i]
Panama	Monetary base	8.1	4.3	16.5	7.4	-6.0	-1.1	-6.9	-13.5	-2.2	...
	Money (M1)	-3.2	4.6	12.2	-0.9	-2.7	-3.9	-4.7	-2.2	-0.1	...
	M2	2.4	5.2	-9.9	-2.9	0.3	0.2	-1.3	0.1	2.2	...
Paraguay	Monetary base	3.4	11.2	7.8	4.3	8.8	5.3	10.1	10.5	9.3	9.6
	Money (M1)	5.1	18.0	15.1	0.9	2.9	-1.2	4.2	4.9	3.9	6.7
	M2	6.1	14.4	13.5	2.7	8.0	3.4	8.9	10.4	9.5	12.0
	Foreign-currency deposits	10.5	18.3	14.5	5.0	8.0	1.1	9.6	10.6	10.8	10.5
Peru	Monetary base	5.7	25.3	22.5	0.3	-4.3	-2.6	-3.7	-5.9	-5.0	-4.4
	Money (M1)	10.0	34.5	16.4	-5.2	-4.0	-2.3	-4.3	-6.0	-3.5	-1.4
	M2	11.0	26.9	10.8	-1.8	2.3	2.2	3.2	1.5	2.4	4.2
	Foreign-currency deposits	5.5	12.1	18.5	3.7	-4.1	-1.2	-4.4	-6.4	-4.2	0.6
Uruguay	Monetary base	6.0	12.5	6.8	-3.8	5.3	9.0	6.0	-2.3	8.4	-5.9
	Money (M1)	7.1	11.7	15.7	5.5	6.4	5.3	7.2	6.3	6.9	3.2
	M2	8.9	11.9	16.1	9.1	11.0	11.4	11.8	9.4	11.3	8.4
	Foreign-currency deposits	17.3	31.6	16.7	3.9	-6.2	-6.7	-5.3	-9.8	-2.7	0.1
Venezuela (Bolivarian Republic of)	Monetary base	13 737.7	1 256.6	693.6	480.5	260.0	455.3	340.8	325.0	148.0	144.4
	Money (M1)	9 188.3	1 347.4	1 005.8	367.6	324.1	382.8	340.2	361.5	276.0	212.2
	M2	9 187.0	1 345.3	1 005.6	368.0	323.8	383.0	340.0	360.9	275.6	211.8
The Caribbean											
Antigua and Barbuda	Monetary base	-7.6	...	...	...	...	...	...	...	...	...
	Money (M1)	11.1	-4.1	3.6	9.2	22.0	18.2	19.7	24.1	26.7	3.5[i]
	M2	-0.9	-12.0	7.0	13.1	-5.5	-2.3	-7.0	-5.6	-7.1	3.1[i]
	Foreign-currency deposits	5.6	-40.5	21.9	46.4	0.2	15.2	-6.7	-0.1	-5.8	-7.6[i]
Bahamas	Monetary base	-0.6	33.3	12.2	25.9	-0.7	14.4	0.0	-9.5	-4.6	...
	Money (M1)	8.5	17.3	4.4	13.7	4.0	9.3	3.2	2.2	1.9	...
	M2	2.7	8.0	2.2	7.4	3.6	6.3	3.2	2.8	2.3	...
	Foreign-currency deposits	16.1	14.9	-20.0	25.0	1.6	12.2	5.5	-6.9	-2.4	...
Barbados	Monetary base	12.6	15.1	23.3	10.4	1.1	2.6	1.3	1.0	-0.4	-1.1
	Money (M1)	2.8	6.7	7.7	7.3	3.5	4.2	4.1	3.4	2.4	3.3[i]

		2019	2020	2021	2022	2023	2023				2024
							Q1	Q2	Q3	Q4	Q1[i]
Belize	Monetary base	0.6	12.0	19.9	15.0	8.7	12.8	5.0	8.9	8.2	5.4[i]
	Money (M1)	4.4	9.8	17.1	10.9	9.8	11.6	8.3	10.0	9.6	8.0[i]
Dominica	Monetary base	-21.2	...	...	...	...	...	...	...	...	...
	Money (M1)	-14.2	-21.2	11.5	21.3	6.1	6.5	7.4	8.3	2.6	1.7[vi]
	M2	-6.5	-16.0	2.4	1.3	-2.1	-2.5	-2.7	-1.9	-1.0	0.2[vi]
	Foreign-currency deposits	33.2	21.3	-6.1	-6.7	-12.3	-8.4	-10.8	-6.5	-24.4	-4.9[vi]
Grenada	Monetary base	4.6	...	...	...	...	...	...	...	...	...
	Money (M1)	10.5	-8.7	14.8	8.0	47.2	68.6	83.8	56.0	8.3	9.5
	M2	...	...	...	...	...	...	...	...	...	...
	Foreign-currency deposits	33.8	-12.7	35.9	-0.9	-8.7	14.7	15.5	-12.6	-33.3	12.5[vi]
Guyana	Monetary base	10.8	25.4	22.1	-1.0	25.2	16.1	27.7	31.8	25.6	33.0[i]
	Money (M1)	20.7	41.8	17.2	14.5	24.3	18.5	22.6	26.4	29.1	30.4
Jamaica	Monetary base	22.6	17.6	21.7	-5.3	16.9	7.7	10.5	27.7	22.2	19.7[i]
	Money (M1)	17.1	19.2	17.1	8.7	14.0	11.4	13.0	15.8	15.8	12.5[i]
	M2	15.0	15.7	15.9	8.9	13.6	10.6	13.6	14.8	15.4	14.7[i]
	Foreign-currency deposits	9.6	17.8	14.6	14.6	3.1	4.2	2.4	3.6	2.3	2.0[i]
Saint Kitts and Nevis	Monetary base	-7.1	...	...	...	...	...	...	...	...	...
	Money (M1)	9.6	-6.3	0.0	39.0	5.1	7.8	3.5	5.9	3.4	4.3[i]
	M2	2.6	-0.5	3.2	3.1	3.0	1.5	3.4	4.7	2.4	2.5[i]
	Foreign-currency deposits	-1.9	-13.7	-7.8	18.2	-0.8	15.8	-1.1	-4.1	-12.7	-11.7[i]
Saint Lucia	Monetary base	-7.4	...	...	...	...	...	...	...	...	...
	Money (M1)	8.3	-12.6	14.5	30.9	6.9	4.8	4.9	8.4	9.7	11.8[i]
	M2	3.4	-13.2	7.4	10.4	6.4	4.7	5.5	7.1	8.2	8.6[i]
	Foreign-currency deposits	8.5	-3.3	12.1	9.1	30.8	13.6	46.7	28.8	33.4	42.8[i]
Saint Vincent and the Grenadines	Monetary base	9.0	...	...	...	...	...	...	...	...	...
	Money (M1)	10.4	1.7	13.6	21.7	10.6	20.8	12.6	9.7	11.4	10.9[i]
	M2	5.7	-7.1	7.7	5.3	6.1	3.5	2.4	4.3	7.7	8.0[i]
	Foreign-currency deposits	44.5	-17.8	75.4	7.8	-38.5	-1.8	-19.5	-38.8	-49.8	-44.0[i]
Suriname	Monetary base	70.0	47.5	48.6	38.8	29.8	54.1	44.1	22.9	7.5	-0.1[i]
	Money (M1)	26.9	42.5	29.3	31.5	23.3	40.3	29.0	14.5	14.6	17.8[i]
	M2	24.5	32.3	26.1	25.1	19.1	27.2	23.4	12.1	15.5	23.2[i]
	Foreign-currency deposits	-3.0	22.3	97.9	38.9	56.5	68.9	82.7	62.3	25.8	11.7[i]
Trinidad and Tobago	Monetary base	-0.1	12.7	-2.3	-8.7	4.2	5.4	12.1	6.2	-6.0	-11.2[vi]
	Money (M1)	-0.3	7.8	7.0	2.1	2.0	4.1	2.1	2.4	-0.4	0.5[i]
	M2	1.9	6.8	3.9	0.8	2.6	1.9	2.0	3.7	2.7	4.0[i]
	Foreign-currency deposits	3.9	-0.3	5.1	1.6	-1.8	-2.0	-2.0	0.1	-3.4	-4.6[i]

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[i] Figures as of February 2024.
[ii] Figures as of January 2023.
[iii] Figures as of April 2023.
[iv] Figures as of November 2023.
[v] Figures as of October 2023.
[vi] Figures as of January 2024.

Table A5.2
Latin America and the Caribbean: monetary policy reference rates
(Percentages)

	2019	2020	2021	2022	2023	2023				2024
						March	June	September	December	March
Latin America										
Argentina	61.4	38.0	38.0	75.0	100.0	78.0	97.0	118.0	100.0	80.0
Bolivia (Plurinational State of)	3.0	2.0	6.0	6.0	...	6.0	...	...	...	...
Brazil	4.5	2.0	9.3	13.8	11.8	13.8	13.8	12.8	11.8	10.8
Chile	1.8	0.5	4.0	11.3	8.3	11.3	11.3	9.5	8.3	7.3
Colombia	4.3	1.8	3.0	12.0	13.0	13.0	13.3	13.3	13.0	12.3
Costa Rica	2.8	0.8	1.3	9.0	6.0	8.5	7.0	6.5	6.0	5.3
Dominican Republic	4.5	3.0	4.5	8.5	7.0	8.5	7.8	7.5	7.0	7.0
Guatemala	2.8	1.8	1.8	3.8	5.0	4.8	5.0	5.0	5.0	5.0
Haiti	15.0	10.0	10.0	11.5	...	11.5	11.5	...	...	...
Honduras	5.5	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Mexico	7.3	4.3	5.5	10.5	11.3	11.3	11.3	11.3	11.3	11.0
Paraguay	4.0	0.8	5.3	8.5	6.8	8.5	8.5	8.0	6.8	6.0
Peru	2.3	0.3	2.5	7.5	6.8	7.8	7.8	7.5	6.8	6.3
Uruguay	...	4.5	5.8	11.5	9.0	11.5	11.3	10.0	9.0	9.0
The Caribbean										
Antigua and Barbuda	6.5	2.0	2.0	2.0	...	2.0	2.0	2.0	3.0	3.0
Bahamas	4.0	4.0	4.0	4.0	...	4.0	4.0	4.0	4.0	...
Barbados	7.0	2.0	2.0	2.0	...	2.0	2.0	2.0	2.0	...
Belize	11.0	11.0	11.0	11.0	...	11.0	11.0	11.0	11.0	...
Dominica	6.5	2.0	2.0	2.0	...	2.0	2.0	2.0	3.0	3.0
Grenada	6.5	2.0	2.0	2.0	...	2.0	2.0	2.0	3.0	3.0
Guyana	5.0	5.0	5.0	5.0	...	5.0	5.0	5.0	5.0	...
Jamaica	0.5	0.5	2.5	7.0	...	7.0	7.0	7.0	7.0	7.0
Saint Kitts and Nevis	6.5	2.0	2.0	2.0	...	2.0	2.0	2.0	3.0	3.0
Saint Lucia	6.5	2.0	2.0	2.0	...	2.0	2.0	2.0	3.0	3.0
Saint Vincent and the Grenadines	6.5	2.0	2.0	2.0	...	2.0	2.0	2.0	3.0	3.0
Trinidad and Tobago	5.0	3.5	3.5	3.5	...	3.5	3.5	3.5	3.5	3.5

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
Note: Figures at the end of each period.

Table A5.3
Latin America and the Caribbean: representative lending rates
(Average rates and percentages)

	2019	2020	2021	2022	2023	2023				2024
						March	June	September	December	March
Latin America										
Argentina[a]	66.9	36.8	40.2	56.9	40.0	73.9	91.0	108.6	130.1	101.7
Bolivia (Plurinational State of)[b]	6.4	6.3	6.9	6.5	7.7	6.7	6.7	7.2	7.0	7.1
Brazil[c]	42.7	33.8	34.0	40.6	33.4	42.0	42.9	42.2	41.9	41.3
Chile[d]	8.5	8.0	10.0	16.8	9.2	20.1	20.0	18.8	16.6	16.6
Colombia[e]	11.8	9.9	9.3	15.8	9.1	22.7	20.8	20.7	19.9	17.9
Costa Rica[f]	13.0	10.9	9.5	10.9	9.9	13.3	12.9	12.9	12.4	13.1
Dominican Republic[f]	12.5	11.0	9.6	11.9	9.5	15.0	14.7	14.1	13.8	15.0
Ecuador[g]	8.6	8.9	8.1	7.7	8.4	8.8	9.0	9.3	9.7	10.3
El Salvador[h]	6.6	6.6	6.2	6.3	6.1	7.1	7.3	7.8	7.9	7.9
Guatemala[f]	12.7	12.5	12.2	11.9	12.3	11.9	12.0	12.0	12.0	12.2
Haiti[i]	18.7	16.2	...	...	...	...	...	...	...	...
Honduras[f]	17.3	17.0	16.0	14.6	16.5	14.2	14.3	14.4	14.7	15.1
Mexico[j]	30.3	30.2	29.4	30.7	29.6	31.8	32.4	32.4	...	...
Nicaragua[k]	12.5	11.2	9.6	9.2	10.3	8.7	10.0	9.3	9.9	12.2
Panama[l]	7.1	7.0	6.9	6.9	6.9	7.3	7.5	7.7	7.8	7.9
Paraguay[m]	12.7	10.7	9.8	12.7	10.3	13.9	13.3	13.1	12.8	13.0
Peru[n]	14.4	12.9	11.0	12.6	11.7	14.7	15.3	15.8	15.9	15.8
Uruguay[o]	13.3	12.7	8.7	11.6	9.6	13.7	13.2	12.0	11.4	10.9
Venezuela (Bolivarian Republic of)[p]	29.3	33.2	43.4	49.2	41.1	52.4	48.9	48.6	50.7	55.6
The Caribbean										
Antigua and Barbuda[q]	8.6	7.7	7.5	7.5	7.1	7.4	7.1	7.0	4.7	...
Bahamas[r]	11.2	10.3	10.0	11.1	10.2	10.9	11.1	11.1	11.0	10.8
Barbados[q]	6.5	6.1	5.8	5.6	5.8	5.5	5.5	5.4	5.6	...
Belize[s]	9.1	8.7	8.4	8.4	8.5	8.7	8.8	9.0	8.4	8.4
Dominica[q]	7.5	6.8	6.3	6.5	6.5	6.0	6.0	5.9	5.9	...
Grenada[q]	7.3	6.5	6.3	6.2	6.4	6.8	6.8	6.9	7.0	...
Guyana[t]	8.9	8.5	8.5	8.3	8.5	8.2	8.2	8.2	8.1	8.1
Jamaica[s]	13.0	12.1	11.5	11.4	11.7	11.5	11.6	11.7	11.8	11.8
Saint Kitts and Nevis[q]	8.0	7.2	6.9	6.8	6.9	6.6	6.5	6.4	6.4	...
Saint Lucia[q]	7.6	7.0	6.7	6.6	7.0	6.6	6.7	6.7	6.5	...
Saint Vincent and the Grenadines[q]	8.3	8.0	7.7	7.4	7.7	7.2	7.1	7.3	7.2	...
Suriname[u]	15.0	14.8	14.8	14.7	14.9	13.5	13.9	14.5	14.9	15.0
Trinidad and Tobago[t]	9.3	7.9	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6

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 for individuals.
[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.
[f] Weighted average of the system lending rates in local currency.
[g] Effective benchmark lending rate for the corporate commercial segment.
[h] Basic lending rate for up to one year.
[i] Average of minimum and maximum lending rates.
[j] Average interest rate for credit cards from commercial banks and the TAC rate (Total Annual Cost).
[k] Weighted average of short-term lending rates in local currency.
[l] Interest rate on one-year trade credit.
[m] Commercial lending rate in local currency.
[n] Market lending rate, average for transactions conducted in the last 30 business days.
[o] Business credit, 30–367 days.
[p] Average rate for loan operations for the six major commercial banks.
[q] Weighted average of lending rates.
[r] Weighted average of lending and overdraft rates.
[s] Rate for personal and business loans, residential and other construction loans; weighted average.
[t] Basic prime lending rate.
[u] Average of lending rates.

Table A5.4
Latin America and the Caribbean: real domestic credit
(Percentage variation)

	2019	2020	2021	2022	2023	2023				2024
						Q1	Q2	Q3	Q4	Q1
Latin America										
Argentina	-14.3	14.6	5.8	3.2	-4.7	-8.4	-2.9	1.4	-8.7	-22.4[i]
Bolivia (Plurinational State of)	8.3	10.0	5.1	...	...	...	...	...	...	...
Brazil	5.9	12.2	3.8	2.2	6.4	6.0	7.0	5.9	6.6	9.3[i]
Chile	5.5	7.0	-1.2	-1.2	-0.4	1.8	0.1	-1.6	-1.9	-2.1[ii]
Colombia	6.3	8.0	0.0	-0.0	-3.7	-6.6	-4.1	-1.1	-2.8	-2.4[ii]
Costa Rica	0.2	5.1	6.9	-3.7	-3.1	-7.5	-5.4	-0.3	1.2	0.4[ii]
Dominican Republic	9.3	5.7	-0.4	5.3	8.8	5.8	9.5	9.9	10.0	14.9
Ecuador	10.5	9.9	11.5	12.3	7.8	6.9	8.1	8.7	7.3	8.0[i]
El Salvador	7.4	7.7	4.9	1.4	3.6	4.6	5.0	3.4	1.5	-0.0[i]
Guatemala	-0.8	2.3	5.3	6.0	4.4	5.5	5.6	5.4	1.3	-1.7[i]
Haiti	5.1	4.1	9.1	-5.2	...	-19.3	...	...	...	...
Honduras	6.1	2.2	9.2	11.2	9.6	5.5	12.8	13.0	11.7	...[iii]
Mexico	5.6	4.8	-1.6	0.1	2.5	0.3	1.6	3.8	4.2	1.5[ii]
Nicaragua	-26.7	-16.3	-14.2	-7.0	-9.8	-6.9	-6.1	-12.4	-13.9	-13.4[ii]
Panama	1.1	-6.0	0.1	3.9	2.0	5.3	3.7	0.6	-1.4	...
Paraguay	12.8	5.1	8.7	7.6	8.3	4.1	7.8	9.5	11.5	10.4[i]
Peru	4.3	24.6	2.3	-1.6	5.7	3.1	6.0	7.3	6.7	4.6[i]
Uruguay	12.5	1.6	1.4	4.3	9.2	10.8	10.3	2.7	13.2	17.5[i]
Venezuela (Bolivarian Republic of)[a]	2.4	-17.4	-39.9	-28.1	7.2	20.8	10.1	5.1	-4.5	-6.8[i]
The Caribbean										
Antigua and Barbuda	1.7	-2.7	2.8	-6.7	-4.3	-6.9	-4.8	-4.9	-0.3	1.8[i]
Bahamas	-1.9	0.4	-4.1	-5.0	3.7	-0.1	3.0	7.8	4.6	...
Barbados	-14.8	-0.8	0.2	-0.5	-0.8	-0.4	-0.6	-0.1	-1.9	-2.8[i]
Belize	6.2	10.1	1.0	-5.1	1.2	-0.8	0.0	2.2	3.2	7.8[i]
Dominica	39.1	11.6	4.5	1.6	-11.8	-14.8	-13.9	-7.4	-10.6	-3.7[i]
Grenada	-3.7	-17.7	18.9	-25.1	26.6	16.3	121.9	45.7	-15.7	-3.3[i]
Guyana	12.7	14.3	-23.4	-6.1	36.4	16.4	25.3	53.8	50.5	63.6[i]
Jamaica	6.9	9.8	4.9	-4.4	1.1	-0.8	3.4	1.2	0.5	-1.6[ii]
Saint Kitts and Nevis	14.5	122.0	24.2	21.9	-3.1	17.4	-16.9	-11.6	2.9	22.4[i]
Saint Lucia	-0.5	4.8	-0.1	-9.0	-5.1	-7.5	-1.3	-3.2	-8.2	-7.0[i]
Saint Vincent and the Grenadines	-4.3	-2.5	1.6	-6.3	0.8	-3.7	-3.4	3.4	7.7	7.6[i]
Suriname	11.0	7.5	-17.7	-30.5	-29.5	-26.6	-26.4	-29.3	-36.5	-41.4[i]
Trinidad and Tobago	15.4	12.8	12.2	-4.7	-7.0	-14.6	-7.5	1.8	...	...[iv]

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
Note: The figures are considered average balances with respect to the same period of the previous year.
[a] Credit granted by commercial, universal and development banks.
[i] Figures as of February 2024.
[ii] Figures as of January 2024.
[iii] Figures as of October 2023.
[iv] Figures as of July 2023.

Table A5.5
Latin America and the Caribbean: net international reserves
(Millions of dollars)

	2019	2020	2021	2022	2023	2023				2024
						March	June	September	December	March
Latin America and the Caribbean	**746 738**	**803 612**	**830 023**	**774 059**	**800 263**	**783 138**	**780 881**	**770 125**	**788 900**	**795 432**
Latin America	**731 640**	**786 573**	**810 968**	**755 381**	**778 605**	**763 995**	**762 007**	**747 806**	**767 944**	**774 581**
Argentina	-27 879	-18 789	-32 607	-32 859	-41 506	-36 576	-38 561	-44 536	-41 506	-29 909
Bolivia (Plurinational State of)[a]	6 468	5 276	4 752	3 796	3 158	3 112	3 158	...	...	...[i]
Brazil	366 081	361 316	362 809	339 455	353 632	344 314	341 926	339 309	353 632	349 755
Chile	34 918	36 376	45 731	36 354	41 319	37 063	37 018	38 987	41 319	38 970
Colombia	48 688	53 016	54 577	51 790	51 278	51 488	50 047	49 311	51 278	51 487
Costa Rica	5 536	3 520	3 939	4 718	7 503	5 325	6 847	7 503	...	...[ii]
Dominican Republic	3 854	6 260	11 155	8 436	9 694	9 530	9 535	9 375	9 694	8 051
Ecuador[a]	3 397	7 196	7 898	8 459	4 454	8 190	6 967	6 312	4 454	5 300
El Salvador	3 937	2 915	3 342	2 441	2 645	2 556	2 580	2 523	2 645	2 715
Guatemala	13 662	17 137	19 031	18 633	20 101	18 970	19 624	18 957	20 101	19 959
Haiti	775	584	497	241	709	451	449	421	709	...
Honduras	4 679	7 578	7 943	7 527	6 436	7 162	6 855	6 625	6 436	6 205[iii]
Mexico	168 433	189 881	198 349	192 308	205 574	197 112	201 268	200 960	205 574	209 567
Nicaragua	2 046	2 482	3 100	3 378	4 553	3 682	3 830	4 182	4 553	4 912
Panama	4 142	8 672	8 099	6 291	4 842	6 291	5 417	4 208	4 842	...[iv]
Paraguay	7 675	9 490	9 947	9 825	10 197	9 684	9 745	9 991	10 197	10 405
Peru	68 316	74 707	78 495	71 883	71 033	72 734	72 943	71 234	71 033	73 828
Uruguay	10 282	12 592	13 050	12 827	13 072	13 158	12 548	12 743	13 072	13 327
Venezuela (Bolivarian Republic of)[a]	6 630	6 364	10 859	9 877	9 912	9 750	9 810	9 702	9 912	10 010
The Caribbean	**15 098**	**17 039**	**19 054**	**18 678**	**21 657**	**19 143**	**18 873**	**22 320**	**20 956**	**20 851**
Antigua and Barbuda[b]	279	222	324	346	319	355	341	311	319	322[iii]
Bahamas	1 631	2 381	2 459	2 596	2 346	2 692	2 712	2 947	2 346	2 897
Barbados	570	1 104	1 303	1 165	1 278	1 393	1 348	1 198	1 278	1 397
Belize[a]	279	350	424	482	474	497	523	524	474	475
Dominica[b]	155	166	165	182	164	158	136	135	164	153[iii]
Grenada[b]	234	291	324	352	389	366	360	427	389	344[iii]
Guyana	576	681	811	932	702	757	736	702	...	...[ii]
Jamaica	2 999	3 513	4 438	3 740	7 511	4 027	4 082	7 628	7 511	7 451[iii]
Saint Kitts and Nevis[b]	355	365	313	270	262	286	262	261	262	258[iii]
Saint Lucia[b]	253	224	351	310	372	317	338	421	372	404[iii]
Saint Vincent and the Grenadines[b]	192	204	272	273	236	326	349	282	236	260[iii]
Suriname	647	585	992	1 195	1 346	1 186	1 091	1 107	1 346	1 365
Trinidad and Tobago	6 929	6 954	6 880	6 832	6 258	6 785	6 596	6 378	6 258	5 522

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
Note: The figures are considered average balances with respect to the same period of the previous year.
[a] Official Reserve Assets.
[b] Imputed reserves.
[i] April 2023.
[ii] August 2023.
[iii] February 2024.
[iv] October 2023.

Table A5.6
Latin America and the Caribbean: real effective exchange rates
(Index: 2015 = 100)

	2019	2020	2021	2022	2023	2023				2024	
						Q1	Q2	Q3	Q4	Q1	Q2
Latin America											
Bolivia (Plurinational State of)	87.9	83.0	86.2	90.6	91.6	91.1	92.7	91.5	91.2	88.8	89.8
Brazil	99.2	125.2	127.0	118.5	110.8	117.4	110.1	107.4	108.4	106.0	110.4
Chile	98.5	106.3	101.8	109.3	105.2	102.9	100.7	106.2	111.0	116.7	117.3
Colombia	102.8	111.1	113.7	125.7	117.4	132.0	120.6	108.9	108.2	102.1	100.2
Costa Rica	108.6	107.2	116.4	120.7	104.5	106.2	103.9	104.7	103.2	100.7	99.6
Dominican Republic	107.7	114.4	111.4	106.6	101.8	101.2	99.9	102.6	103.4	106.3	107.8
Ecuador	101.0	99.7	103.7	106.1	105.2	106.1	105.9	104.2	104.8	104.8	105.1
El Salvador	100.7	100.6	101.8	100.4	100.1	99.5	100.2	100.5	100.2	101.1	101.4
Guatemala	89.3	86.2	86.8	87.1	157.8	158.0	158.8	158.6	155.9	156.9	156.9
Haiti	101.7	95.4	82.3	76.5	70.0	77.9	74.1	67.3	60.8	56.8	52.7
Honduras	100.4	96.9	94.6	95.0	91.5	92.0	91.8	91.4	90.7	90.1	90.2
Mexico	108.6	118.0	110.0	107.9	92.4	97.6	92.8	89.0	90.3	86.4	85.8
Nicaragua	106.3	106.1	107.9	106.9	102.5	103.3	102.5	102.5	101.9	100.8	100.7
Panama	97.8	97.7	104.2	106.5	107.3	107.4	107.3	107.1	107.2	106.9	107.2
Paraguay	99.2	97.9	98.8	102.8	106.1	105.8	106.0	105.9	106.8	101.7	103.2
Peru	97.2	98.9	110.6	106.5	99.3	102.7	98.2	96.6	99.5	97.8	96.6
Uruguay	93.4	96.0	97.7	92.4	83.6	84.9	83.5	81.7	84.3	80.1	79.8
The Caribbean											
Antigua and Barbuda	101.0	100.2	101.8	101.2	101.0	102.9	100.4	99.7	100.8	100.6	101.2
Bahamas	101.4	101.9	103.3	106.1	107.0	107.2	107.0	106.8	106.9	108.6	109.3
Barbados	92.4	91.1	90.4	89.2	97.4	98.6	97.4	97.0	96.7	97.0	98.0
Belize	104.1	108.5	109.8	111.2	110.4	111.0	111.4	110.2	109.1	109.7	110.3
Dominica	102.8	102.5	103.8	105.1	104.3	104.2	104.5	103.6	105.1	105.6	106.5
Grenada	102.1	102.8	104.5	109.5	109.8	109.1	109.7	110.3	110.1	109.8	110.1
Guyana	95.3	94.8	94.6	95.8	102.8	101.9	104.0	102.8	102.4	102.7	103.5
Jamaica	104.1	104.3	107.9	106.7	101.6	101.9	102.9	101.9	99.8	100.7	102.5
Saint Kitts and Nevis	108.0	109.0	111.2	115.4	115.0	114.1	114.8	115.6	115.5	117.6	119.6
Saint Lucia	107.3	109.5	109.8	111.0	106.3	112.8	107.0	101.7	103.6	105.8	106.4
Saint Vincent and the Grenadines	101.5	103.3	103.2	105.5	104.5	105.6	104.6	104.3	103.6	104.1	105.2
Suriname	106.2	95.6	119.4	116.7	120.9	122.6	124.8	120.2	115.9	107.7	96.9
Trinidad and Tobago	104.5	103.0	104.2	106.7	106.7	105.6	107.0	107.2	107.1	108.0	109.6

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
Note: The figures are considered average values for the period .
A country's overall real effective exchange rate index is calculated by weighting its real bilateral exchange rate indices with each of its trading partners by each partner's share in the country's total trade flows in terms of exports and imports. The extraregional real effective exchange rate index excludes trade with other Latin American and Caribbean countries. A currency depreciates in real effective terms when this index rises and appreciates when it falls.

Table A5.7
Latin America and the Caribbean: financial soundness indicators of deposit takers
(Percentage at end of period)

		2019	2020	2021	2022	2023	2022				2023			
							Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Latin America and the Caribbean														
Argentina	Capital adequacy	17.5	24.2	26.2	29.9	32.4	27.6	28.2	28.6	29.9	31.2	29.6	31.2	32.4
	Asset quality	5.7	4.2	4.3	3.1	3.5	3.9	3.2	3.1	3.1	3.1	3.0	2.9	3.5
	Profitability	46.4	16.4	7.2	11.4	27.6	6.2	6.0	8.7	11.4	11.9	16.8	16.6	27.6
	Liquidity	43.2	48.0	50.6	54.0	57.1	48.6	51.0	52.7	54.0	54.9	57.3	56.2	57.1
	Sensitivity to market risk	8.0	12.4	11.7	29.3	60.0	9.3	10.8	26.7	29.3	31.9	44.2	43.7	60.0
Bolivia (Plurinational State of)	Capital adequacy	13.0	13.1	12.9	12.8	13.7	13.0	13.1	13.0	12.8	13.0	13.7	13.7	13.7
	Asset quality	1.8	1.5	1.5	2.1	2.8	1.8	1.9	2.1	2.1	2.5	2.6	2.9	2.8
	Profitability	11.8	4.8	7.1	8.2	6.8	5.9	6.8	7.0	8.2	5.5	6.5	6.5	6.8
	Liquidity	16.9	17.6	18.4	17.2	18.8	16.9	16.2	16.2	17.2	14.5	17.5	17.5	18.8
	Sensitivity to market risk	-4.6	4.9	7.5	7.0	13.2	9.0	8.2	7.2	7.0	7.8	13.4	13.4	13.2
Brazil	Capital adequacy	19.4	19.1	18.4	17.5	...	18.2	17.7	17.8	17.5	17.4	17.4	17.9	...
	Asset quality	2.9	2.1	2.3	3.0	3.2	2.6	2.7	2.9	3.0	3.3	3.5	3.5	3.2
	Profitability	15.8	11.7	14.9	15.3	...	16.7	16.6	16.1	15.3	12.3	13.1	13.3	...
	Liquidity	13.6	16.3	12.7	11.7	...	11.2	11.7	11.8	11.7	11.8	12.9	13.5	...
	Sensitivity to market risk	0.2	0.6	2.3	3.3	...	3.2	3.8	3.2	3.3	3.2	3.1	2.5	...
Chile	Capital adequacy	12.8	14.7	14.8	15.6	...	15.2	14.7	15.1	15.6	15.4	15.5	...	...
	Asset quality	2.1	1.6	1.2	1.7	2.2	1.3	1.4	1.6	1.7	1.9	2.0	2.1	2.2
	Profitability	12.4	5.6	16.6	21.0	...	22.2	24.6	22.9	21.0	15.5	17.0	...	...
	Liquidity	15.3	22.2	20.1	17.1	...	19.9	16.3	14.8	17.1	17.2	17.2	...	...
	Sensitivity to market risk	8.5	14.3	...	...	...	...	...	...	...	...	...	...	...
Colombia	Capital adequacy	16.9	19.2	22.2	18.9	18.5	18.3	18.0	18.4	18.9	18.4	18.0	17.8	18.5
	Asset quality	9.2	12.3	8.9	7.9	9.7	8.6	8.2	7.8	7.9	8.5	8.9	9.3	9.7
	Profitability	13.2	5.9	14.3	13.7	7.0	19.0	17.9	16.6	13.7	11.9	8.6	7.3	7.0
	Liquidity	17.0	19.5	20.1	17.0	18.2	19.4	18.2	16.6	17.0	16.8	17.0	16.8	18.2
	Sensitivity to market risk	0.9	1.1	0.7	1.1	0.4	1.3	0.9	0.9	1.1	1.6	0.8	0.6	0.4
Costa Rica	Capital adequacy	17.4	16.7	16.4	17.6	18.5	16.7	16.5	16.0	17.6	18.2	18.4	18.6	18.5
	Asset quality	2.4	2.4	2.3	2.1	2.0	2.3	2.2	2.2	2.1	2.0	2.0	2.0	2.0
	Profitability	6.8	4.5	6.0	7.4	3.8	9.5	9.2	7.6	7.4	2.6	4.4	4.5	3.8
	Liquidity	29.5	33.2	35.4	38.1	32.8	35.3	34.9	34.3	38.1	34.0	33.4	33.1	32.8
	Sensitivity to market risk	26.5	28.8	31.0	26.2	21.8	31.5	31.1	28.5	26.2	23.6	22.7	22.5	21.8
Dominican Republic	Capital adequacy	16.6	21.0	19.1	16.7	16.1	17.7	16.4	17.3	16.7	17.3	17.2	15.9	16.1
	Asset quality	1.7	2.2	1.4	1.1	1.1	1.2	1.1	1.1	1.1	1.1	1.1	1.2	1.1
	Profitability	19.1	15.4	20.7	23.0	25.5	21.4	22.0	22.7	23.0	27.5	26.0	26.4	25.5
	Liquidity	...	...	...	...	...	...	...	...	...	...	...	...	...
	Sensitivity to market risk	...	...	...	...	...	...	...	...	...	...	...	...	...
Ecuador	Capital adequacy	16.7	17.3	15.8	15.7	...	15.5	15.7	15.5	15.7	14.7	15.1	...	...
	Asset quality	3.2	3.6	3.7	3.7	...	3.8	3.8	3.8	3.7	4.7	4.6	...	...
	Profitability	8.8	3.1	2.3	9.5	...	7.9	8.3	9.1	9.5	11.1	11.8	...	...
	Liquidity	16.4	23.6	20.7	18.3	...	18.5	16.3	17.2	18.3	17.0	15.2	...	...

		2019	2020	2021	2022	2023	2022				2023			
							Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
El Salvador	Capital adequacy	16.0	15.4	15.8	15.4	15.6	15.3	15.5	15.5	15.4	15.3	15.4	15.5	15.6
	Asset quality	1.7	1.6	1.8	1.8	1.8	1.9	1.9	1.9	1.8	1.8	1.8	1.9	1.8
	Profitability	9.1	6.9	11.5	13.0	13.2	14.3	13.7	13.3	13.0	14.5	14.2	13.6	13.2
	Liquidity	23.3	19.7	20.1	15.8	17.7	19.4	19.5	17.7	15.8	17.5	17.3	17.5	17.7
	Sensitivity to market risk	108.3	104.0	108.0	105.6	...	104.7	103.5	105.0	105.6	101.4	103.1	104.3	...
Guatemala	Capital adequacy	16.4	16.2	17.4	16.6	16.8	17.3	16.8	16.5	16.6	16.5	16.6	16.8	16.8
	Asset quality	2.2	1.8	1.7	1.3	1.7	1.7	1.5	1.5	1.3	1.3	1.5	1.6	1.7
	Profitability	14.2	15.3	15.2	18.6	16.2	20.6	20.8	18.5	18.6	19.9	19.4	18.3	16.2
	Liquidity	42.4	45.9	44.6	42.2	38.9	44.4	43.5	42.6	42.2	41.9	41.3	39.7	38.9
	Sensitivity to market risk	14.5	14.6	11.5	11.2	9.7	8.6	10.6	10.3	11.2	8.3	11.1	12.3	9.7
Haiti	Capital adequacy	21.1	15.3	34.6	22.8	...	21.4	35.1	31.9	22.8	19.4	20.5	...	...
	Asset quality	6.9	5.4	6.3	10.9	...	7.8	8.7	6.7	10.9	11.1	10.5	...	...
	Profitability	14.7	20.2	20.2	16.7	...	21.6	26.1	21.2	16.7	21.2	10.3	...	...
	Liquidity	48.3	53.2	54.1	51.8	...	54.6	54.6	54.0	51.8	52.5	53.6	...	...
	Sensitivity to market risk	0.2	0.1	0.1	0.2	...	0.2	0.3	0.2	0.2	0.2	0.2	...	...
Honduras	Capital adequacy	14.1	14.5	14.4	14.0	13.4	14.4	14.3	13.9	14.0	13.7	13.7	13.6	13.4
	Asset quality	2.4	3.2	2.8	2.4	2.0	2.8	2.8	2.6	2.4	2.2	2.3	2.1	2.0
	Profitability	12.1	7.2	10.7	13.6	14.1	13.6	13.8	13.6	13.6	13.7	14.7	14.8	14.1
	Liquidity	26.8	34.3	33.5	28.7	27.8	34.4	32.3	31.1	28.7	27.1	26.6	25.2	27.8
	Sensitivity to market risk	9.4	10.3	9.3	5.2	...	9.7	7.2	6.0	5.2	5.2	7.4	...	...
Mexico	Capital adequacy	16.0	17.7	19.5	19.0	19.5	19.7	18.7	18.8	19.0	19.3	19.5	19.3	19.5
	Asset quality	2.2	2.6	2.0	2.1	2.1	2.4	2.3	2.1	2.1	2.1	2.2	2.2	2.1
	Profitability	15.5	9.0	14.6	17.6	18.5	15.6	16.5	17.5	17.6	18.6	18.9	18.6	18.5
	Liquidity	29.6	33.1	34.5	30.1	29.8	32.1	30.6	30.0	30.1	28.3	29.7	29.2	29.8
	Sensitivity to market risk	10.6	4.2	14.9	7.0	...	13.6	10.0	7.0	7.0	9.9	14.8	13.6	...
Nicaragua	Capital adequacy	19.5	19.5	18.9	17.6	17.3	19.0	18.5	18.0	17.6	17.1	17.0	17.5	17.3
	Asset quality	3.1	3.7	2.4	1.5	1.5	2.2	2.0	1.9	1.5	1.4	1.3	1.2	1.5
	Profitability	7.2	6.0	9.9	11.2	13.4	11.7	11.5	10.9	11.2	15.0	14.4	14.2	13.4
	Liquidity	40.4	46.2	47.5	44.7	41.9	47.9	46.7	46.1	44.7	42.9	43.3	42.8	41.9
	Sensitivity to market risk	107.4	110.6	118.6	120.6	132.3	126.2	122.2	120.9	120.6	136.7	143.7	135.8	132.3
Panama	Capital adequacy	15.2	15.7	15.8	15.3	15.1	15.3	14.9	15.0	15.3	15.8	15.3	15.3	15.1
	Asset quality	2.0	2.0	2.3	2.5	2.6	2.5	2.7	2.6	2.5	2.9	2.7	2.7	2.6
	Profitability	11.5	6.4	9.1	12.8	16.4	10.9	12.2	11.9	12.8	14.7	17.0	16.8	16.4
	Liquidity	10.0	10.7	11.4	9.5	9.7	10.8	10.6	10.2	9.5	9.4	9.8	9.8	9.7
Paraguay	Capital adequacy	17.2	19.1	18.8	17.3	16.4	20.5	19.6	18.0	17.3	19.4	18.4	17.4	16.4
	Asset quality	2.6	2.4	2.3	2.9	3.0	2.6	3.1	3.3	2.9	3.3	3.7	3.4	3.0
	Profitability	18.4	13.0	12.8	14.5	17.2	13.4	14.1	13.6	14.5	15.0	15.6	16.6	17.2
	Liquidity	9.1	14.9	8.7	9.3	9.5	10.4	9.3	8.8	9.3	10.0	9.8	8.8	9.5
	Sensitivity to market risk	15.8	13.9	9.3	9.6	13.3	8.9	9.4	11.2	9.6	7.2	9.7	13.4	13.3
Peru	Capital adequacy	14.7	15.6	15.0	14.5	16.3	15.1	14.8	14.6	14.5	15.7	16.1	16.2	16.3
	Asset quality	3.0	3.8	3.8	4.0	4.3	3.8	3.8	4.0	4.0	4.0	4.1	4.3	4.3
	Profitability	18.0	3.1	12.1	16.5	13.0	17.0	17.0	17.1	16.5	16.2	15.5	14.5	13.0
	Liquidity	22.6	30.9	25.7	22.7	23.3	25.5	22.8	23.6	22.7	23.6	21.7	22.5	23.3
	Sensitivity to market risk	1.7	0.8	2.1	1.3	1.4	2.3	1.0	1.6	1.3	1.4	1.2	0.0	1.4

		2019	2020	2021	2022	2023	2022				2023			
							Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Uruguay	Capital adequacy	16.8	17.7	16.3	16.9	...	16.3	15.9	16.9	16.9	16.8	17.1	16.9	...
	Asset quality	2.6	2.3	1.3	1.4	1.6	1.4	1.7	1.5	1.4	1.6	1.8	1.8	1.6
	Profitability	21.5	20.8	15.4	11.6	...	10.7	9.1	12.6	11.6	15.6	19.3	20.3	...
	Liquidity	70.2	59.4	59.5	55.9	...	59.9	58.6	58.7	55.9	56.7	54.9	54.4	...
	Sensitivity to market risk	36.2	32.6	29.9	30.6	...	25.6	27.7	30.9	30.6	35.4	35.4	39.3	...
The Caribbean														
Antigua and Barbuda	Capital adequacy	39.4	34.6	31.2	26.4	25.8	30.1	31.9	25.0	26.4	22.8	23.3	24.2	25.8
	Asset quality	5.3	7.4	7.8	6.9	6.1	8.5	7.7	6.9	6.9	6.7	6.9	6.3	6.1
	Profitability	22.5	4.7	6.8	9.0	18.9	7.3	2.6	4.0	9.0	11.6	17.1	18.2	18.9
	Liquidity	46.5	36.9	40.5	43.6	44.1	46.8	46.4	44.0	43.6	44.8	43.7	42.4	44.1
	Sensitivity to market risk	203.9	168.9	83.7	85.8	139.0	202.2	142.1	44.6	85.8	116.6	123.3	134.0	139.0
Bahamas	Capital adequacy	30.8	30.9	28.7	34.5	32.7	...	...	...	34.5	...	36.0	...	32.7
	Asset quality	8.0	8.5	9.6	7.7	6.6	9.3	9.0	8.1	7.7	7.5	7.4	6.8	6.6
	Profitability	10.7	-0.3	10.9	17.9	14.3	...	...	...	17.9	...	14.3	...	14.3
	Liquidity	30.1	32.4	33.8	37.0	37.4	36.4	37.6	38.1	37.0	37.1	37.8	37.5	37.4
	Sensitivity to market risk	82.8	86.8	93.0	92.0	72.6	90.9	89.5	97.2	92.0	80.3	75.7	76.1	72.6
Barbados	Capital adequacy	14.0	16.4	16.7	17.7	...	17.9	18.1	18.2	17.7	18.6	18.5	18.6	...
	Asset quality	6.1	6.7	7.2	5.8	5.7	6.6	6.5	6.1	5.8	5.5	5.4	5.0	5.7
	Profitability	6.1	6.9	10.0	11.6	...	12.6	9.6	9.5	11.6	13.0	11.7	17.0	...
	Liquidity	26.1	27.7	31.4	32.1	...	34.4	34.2	32.9	32.1	32.7	32.5	31.8	...
	Sensitivity to market risk	67.3	47.4	46.8	38.2	...	47.4	42.3	37.2	38.2	38.8	35.7	32.6	...
Belize	Capital adequacy	22.4	20.5	20.2	17.1	17.5	16.6	17.9	17.6	17.1	16.9	18.1	18.2	17.5
	Asset quality	5.1	6.5	3.9	4.9	3.9	4.3	4.3	4.8	4.9	4.5	4.2	4.0	3.9
	Profitability	14.1	6.5	9.4	7.5	17.1	7.4	7.4	8.2	7.5	4.2	16.4	18.5	17.1
	Liquidity	23.9	28.0	33.4	31.0	30.4	31.7	32.0	31.7	31.0	31.7	31.6	31.9	30.4
	Sensitivity to market risk	49.7	59.3	103.8	...	...	...	...	...	...	...	...	...	...
Dominica	Capital adequacy	13.9	18.9	18.3	15.9	27.5	17.7	17.7	16.4	15.9	18.0	22.9	23.7	27.5
	Asset quality	12.2	15.0	15.7	13.8	12.9	13.1	14.3	13.8	13.8	12.2	12.9	13.2	12.9
	Profitability	60.4	24.0	3.0	-14.3	13.0	-6.3	-11.0	-10.1	-14.3	-8.2	1.1	2.5	13.0
	Liquidity	46.7	48.9	46.1	48.1	50.5	44.5	49.4	45.2	48.1	50.5	52.6	51.0	50.5
	Sensitivity to market risk	474.8	74.4	232.0	304.1	...	215.7	299.4	258.8	304.1	293.0	...	...	...
Grenada	Capital adequacy	11.9	15.1	15.8	14.1	15.8	14.6	16.0	13.1	14.1	14.0	14.4	15.3	15.8
	Asset quality	2.2	2.2	2.9	3.6	3.4	3.9	3.7	3.5	3.6	3.2	4.0	4.4	3.4
	Profitability	1.4	0.4	0.3	0.5	13.2	0.4	0.3	0.2	0.5	0.5	0.7	13.4	13.2
	Liquidity	43.7	46.8	44.9	49.1	49.8	50.0	47.7	47.7	49.1	50.3	49.6	49.6	49.8
	Sensitivity to market risk	238.5	172.7	168.4	179.0	186.3	166.4	177.2	166.5	179.0	170.6	183.4	189.0	186.3
Guyana	Capital adequacy	28.0	29.1	27.9	17.2	18.1	20.1	18.6	13.9	17.2	18.5	18.4	17.5	18.1
	Asset quality	11.1	10.8	7.8	4.7	2.7	6.8	5.6	5.2	4.7	4.3	3.4	3.1	2.7
	Profitability	4.9	4.2	3.7	4.1	4.3	3.7	4.4	5.4	4.1	4.1	4.5	4.7	4.3
	Liquidity	31.7	41.1	33.8	32.3	32.7	32.1	31.2	30.3	32.3	28.8	27.6	28.9	32.7

		2019	2020	2021	2022	2023	2022				2023			
							Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Jamaica	Capital adequacy	14.3	14.3	14.2	14.2	14.6	14.3	14.1	13.8	14.2	14.2	14.9	14.6	14.6
	Asset quality	2.2	2.9	2.9	2.5	2.5	2.8	2.7	2.5	2.5	2.4	2.5	2.6	2.5
	Profitability	19.9	9.2	16.4	14.6	15.9	0.0	0.0	0.0	14.6	14.9	10.2	20.4	15.9
	Liquidity	10.1	10.8	11.4	9.3	...	10.0	10.0	9.4	9.3	8.9	9.5	9.9	...
	Sensitivity to market risk	-13.3	7.8	-6.9	-3.3	...	-4.0	-6.4	-4.2	-3.3	13.2	7.6	8.7	...
Saint Kitts and Nevis	Capital adequacy	20.2	24.5	21.8	11.1	10.3	18.5	15.4	10.8	11.1	9.8	10.4	12.6	10.3
	Asset quality	24.0	23.5	20.9	21.8	19.4	21.2	21.9	21.8	21.8	21.8	20.3	19.8	19.4
	Profitability	0.9	2.6	1.9	-3.5	10.8	-0.9	-4.4	-3.9	-3.5	-1.9	1.1	10.9	10.8
	Liquidity	55.9	58.4	51.6	51.8	47.8	52.2	51.8	51.9	51.8	52.1	51.5	50.5	47.8
	Sensitivity to market risk	148.2	72.5	196.1	276.0	264.7	227.1	279.0	273.8	276.0	330.6	327.4	300.3	264.7
Saint Lucia	Capital adequacy	22.2	22.4	22.4	23.4	15.0	21.9	21.5	22.6	23.4	16.2	16.5	15.0	15.0
	Asset quality	6.4	7.4	7.8	10.1	8.1	9.5	9.9	10.2	10.1	8.8	9.3	8.6	8.1
	Profitability	15.0	1.7	5.5	4.5	...	5.2	1.8	0.1	4.5	3.1	10.6	12.1	...
	Liquidity	41.7	44.0	47.2	48.4	43.1	47.6	45.8	47.2	48.4	47.0	46.6	43.4	43.1
	Sensitivity to market risk	77.7	183.6	153.1	106.4	72.3	165.9	176.3	164.1	106.4	110.8	96.8	93.9	72.3
Saint Vincent and the Grenadines	Capital adequacy	25.6	19.0	16.8	15.9	18.5	16.6	15.1	16.1	15.9	16.2	16.9	16.8	18.5
	Asset quality	8.2	11.3	13.8	14.2	14.5	13.1	13.3	12.9	14.2	14.1	13.6	13.2	14.5
	Profitability	25.9	7.0	9.8	16.2	18.3	12.0	11.7	13.2	16.2	16.8	15.3	17.6	18.3
	Liquidity	40.7	37.7	39.3	43.6	47.0	40.5	41.2	42.9	43.6	46.1	45.5	46.3	47.0
	Sensitivity to market risk	84.3	103.3	143.7	182.7	174.9	133.5	153.2	177.6	182.7	178.2	187.3	183.5	174.9
Suriname	Capital adequacy	0.0	0.0	0.0	16.8	20.3	15.6	15.4	17.1	16.8	17.5	18.4	18.7	20.3
	Asset quality	10.6	14.6	12.8	12.4	13.0	13.3	12.1	15.0	12.4	15.8	16.1	14.3	13.0
	Profitability	0.0	0.0	0.0	48.1	36.5	9.2	18.3	34.0	48.1	13.9	16.0	27.4	36.5
	Liquidity	0.0	0.0	0.0	54.3	53.6	57.9	56.5	58.4	54.3	52.0	52.3	53.7	53.6
	Sensitivity to market risk	0.0	0.0	0.0	22.1	20.6	42.6	40.2	26.5	22.1	15.3	21.0	16.6	20.6
Trinidad and Tobago	Capital adequacy	21.2	16.4	17.1	16.7	16.3	17.6	17.5	17.0	16.7	16.8	16.7	16.7	16.3
	Asset quality	2.9	3.2	3.3	3.2	2.9	3.4	3.4	3.2	3.2	3.2	3.1	3.0	2.9
	Profitability	17.3	8.6	11.4	13.5	13.9	12.1	13.7	12.0	13.5	11.2	12.5	11.6	13.9
	Liquidity	41.5	44.8	43.9	20.0	16.7	42.5	41.3	40.8	20.0	19.0	19.5	18.3	16.7
	Sensitivity to market risk	8.9	12.3	22.3	28.8	16.9	19.8	20.0	24.9	28.8	22.9	19.5	18.4	16.9

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

Table A6.1
Latin America and the Caribbean: central government fiscal balances
(Percentages of GDP)

	Primary balance					Overall balance				
	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023
Latin America and the Caribbean[a]	**-0.1**	**-4.1**	**-1.2**	**0.3**	**0.4**	**-2.6**	**-6.8**	**-3.8**	**-2.3**	**-2.5**
Latin America[b]	**-0.3**	**-4.0**	**-1.6**	**0.3**	**-0.4**	**-2.9**	**-6.7**	**-4.0**	**-2.2**	**-3.1**
Argentina	0.3	-1.4	-2.6	-3.0	-3.0	-4.0	-3.7	-4.2	-4.9	-4.8
Bolivia (Plurinational State of)[c]	-6.1	-12.1	-7.4	-4.5	...	-6.9	-13.1	-8.5	-5.8	...
Brazil	-1.3	-9.8	-0.4	0.5	-2.1	-5.7	-13.5	-4.8	-4.4	-7.2
Chile	-1.9	-6.3	-6.9	2.1	-1.3	-2.9	-7.3	-7.7	1.1	-2.4
Colombia	0.4	-5.0	-3.6	-1.0	-0.3	-2.5	-7.8	-7.0	-5.3	-4.3
Costa Rica	-2.7	-3.4	-0.3	2.1	1.6	-6.7	-8.0	-5.0	-2.5	-3.3
Dominican Republic	-0.7	-4.7	0.2	-0.4	-0.1	-3.5	-7.9	-2.9	-3.2	-3.3
Ecuador	0.7	-2.3	0.0	3.5	-1.2	-2.4	-5.8	-1.8	1.5	-3.9
El Salvador	1.8	-5.0	-0.6	2.5	1.3	-1.6	-9.1	-4.9	-1.8	-2.2
Guatemala	-0.6	-3.2	0.6	-0.0	0.4	-2.2	-4.9	-1.2	-1.7	-1.3
Honduras	0.6	-3.6	-1.8	1.7	-0.4	-2.5	-7.0	-5.0	-1.3	-3.5
Mexico[d]	1.1	0.0	-0.2	-0.5	-0.0	-1.6	-2.8	-2.8	-3.2	-3.3
Nicaragua	1.5	0.2	0.5	2.6	4.6	0.3	-1.1	-0.7	1.3	3.0
Panama	-2.2	-6.2	-4.4	-2.4	-1.2	-4.0	-8.6	-6.7	-4.1	-3.7
Paraguay	-2.0	-5.1	-2.5	-1.7	-2.4	-2.8	-6.1	-3.6	-2.9	-4.1
Peru[c]	-0.1	-6.8	-1.1	0.0	-1.3	-1.4	-8.3	-2.5	-1.4	-2.8
Uruguay	-0.4	-2.4	-1.6	-0.8	-0.8	-2.8	-5.1	-3.7	-3.1	-3.2
The Caribbean[e]	**0.3**	**-4.1**	**-0.8**	**0.3**	**1.4**	**-2.3**	**-6.9**	**-3.5**	**-2.4**	**-1.6**
Antigua and Barbuda	-1.2	-2.9	-2.0	-1.0	0.7	-3.8	-5.4	-4.4	-3.6	-1.8
Bahamas[f]	0.8	-4.3	-9.0	-1.4	0.3	-1.7	-7.3	-13.1	-5.8	-3.9
Barbados[g h]	6.1	-0.8	-0.8	2.8	4.3	3.7	-4.0	-4.5	-2.2	-2.0
Belize[g]	-0.9	-8.7	-0.0	1.7	1.2	-3.5	-10.3	-1.4	-0.1	-1.0
Dominica	-14.2	-1.0	-4.0	-4.9	...	-16.6	-3.4	-6.1	-7.3	...
Grenada	6.8	-2.6	2.1	2.5	10.1	5.0	-4.5	0.3	0.9	8.4
Guyana	-2.0	-7.3	-6.7	-4.8	-5.4	-2.8	-7.9	-7.2	-5.1	-5.7
Jamaica[g]	7.1	3.5	6.8	5.8	5.8	0.9	-3.1	0.9	0.3	0.0
Saint Kitts and Nevis	1.8	-1.2	7.3	-2.3	2.2	0.6	-2.6	6.0	-3.5	1.0
Saint Lucia	0.7	-5.8	-2.1	0.5	0.8	-2.3	-9.5	-5.3	-2.3	-2.4
Saint Vincent and the Grenadines	-0.9	-3.6	-3.8	-4.7	-5.8	-3.3	-5.9	-6.4	-7.1	-8.5
Suriname[i]	-15.6	-7.5	3.5	0.9	1.3	-18.5	-11.1	1.5	-0.9	-1.7
Trinidad and Tobago[j]	0.6	-7.8	-4.8	3.4	0.9	-2.5	-11.2	-7.9	0.7	-1.8

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Simple averages. Does not include the Bolivarian Republic of Venezuela, Cuba, Dominica, Haiti and the Plurinational State of Bolivia.
[b] Simple averages for 16 countries. Does not include the Bolivarian Republic of Venezuela, Cuba, Haiti and the Plurinational State of Bolivia.
[c] General government.
[d] Federal public sector.
[e] Simple averages for 12 countries. Does not include Dominica.
[f] Fiscal years, from 1 July to 30 June.
[g] Fiscal years, from 1 April to 31 March.
[h] Non-financial public sector.
[i] Includes statistical discrepancy.
[j] Fiscal years, from 1 October to September 30.

Table A6.2
Latin America and the Caribbean: composition of general government tax revenue
(Percentages of GDP)

	Tax revenues		Social security contributions		Direct taxes		Indirect taxes		Other taxes	
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Latin America and the Caribbean[a]	**22.2**	**21.9**	**3.5**	**3.5**	**7.4**	**7.1**	**11.0**	**11.0**	**0.2**	**0.2**
Latin America[a]	**21.6**	**21.2**	**4.1**	**4.1**	**7.3**	**7.1**	**9.8**	**9.7**	**0.4**	**0.4**
Argentina	29.6	27.7	5.3	5.1	8.6	7.3	15.6	15.2	0.2	0.1
Bolivia (Plurinational State of)	23.7	23.5	5.7	5.6	3.7	3.0	12.1	12.0	2.2	2.8
Brazil	32.7	32.1	7.9	8.1	11.1	10.8	13.6	13.1	0.1	0.1
Chile	23.9	20.1	1.0	0.8	11.7	8.6	11.4	11.2	-0.1	-0.5
Colombia	19.6	22.0	1.6	1.7	8.3	10.8	8.8	8.6	0.9	...
Costa Rica	24.6	25.0	8.8	9.1	7.3	7.2	8.1	8.3	0.5	0.5
Dominican Republic	14.1	14.6	0.1	0.1	5.3	5.9	8.7	8.6	0.1	0.0
Ecuador	20.5	20.2	5.0	5.0	5.3	5.3	10.2	9.9	0.0	-0.0
El Salvador	23.0	22.8	2.6	2.6	8.8	8.6	11.5	11.4	0.2	0.3
Guatemala	15.2	15.1	2.1	2.2	4.7	4.7	8.4	8.2	0.0	0.0
Honduras	21.3	20.5	3.3	3.0	7.0	6.5	10.4	10.6	0.7	0.4
Mexico	16.7	17.9	2.3	2.4	8.6	8.8	5.4	6.2	0.4	0.4
Nicaragua	27.9	28.2	6.3	6.1	9.4	9.6	11.9	12.2	0.3	0.3
Panama	12.5	12.5	4.9	4.8	4.1	4.6	3.4	3.0	0.1	0.1
Paraguay	14.8	14.2	4.4	4.1	3.2	2.7	7.2	7.3	0.1	0.1
Peru	19.2	17.0	1.9	1.9	8.2	7.0	8.6	7.7	0.5	0.4
Uruguay	27.0	27.4	6.8	7.3	9.3	9.4	10.8	10.6	0.2	0.2
The Caribbean[a]	**23.0**	**22.8**	**2.8**	**2.8**	**7.5**	**7.2**	**12.7**	**12.8**	**0.0**	**0.0**
Antigua and Barbuda	19.5	19.0	3.6	3.6	3.5	3.6	12.3	11.8	...	...
Bahamas[b]	19.9	20.7	2.5	2.5	1.9	2.0	15.5	16.1	...	...
Barbados[c]	31.8	31.1	6.4	6.4	11.0	10.3	14.4	14.3	...	...
Belize[c]	23.6	24.2	2.5	2.5	6.5	6.8	14.6	14.8	...	...
Dominica	24.9	25.3	4.3	4.3	3.4	3.9	17.1	17.1	...	...
Grenada	25.2	26.7	3.2	3.2	5.1	5.7	16.9	17.8	...	...
Guyana[d]	10.7	11.4	1.0	1.0	5.7	6.2	3.9	4.0	0.1	0.1
Jamaica[c]	29.1	29.7	1.4	1.6	10.9	11.5	16.7	16.6	0.1	0.1
Saint Kitts and Nevis	22.6	22.5	4.0	3.9	6.3	6.7	12.3	11.9	...	...
Saint Lucia	19.7	20.2	2.0	1.9	5.1	5.3	12.6	13.0	...	...
Saint Vincent and the Grenadines	28.0	25.6	2.9	2.7	7.8	6.8	17.2	15.9	0.1	0.1
Suriname	19.7	16.7	0.5	0.5	12.9	8.9	6.3	7.3	...	...
Trinidad and Tobago[e]	24.8	24.0	2.3	2.5	17.0	15.4	5.4	6.1	...	...

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Simple averages. Does not include Cuba, Haiti and Bolivarian Republic of Venezuela.
[b] Fiscal years, from 1 July to 30 June.
[c] Fiscal years, from 1 April to 31 March.
[d] Non-oil GDP used to calculate ratios.
[e] Fiscal years, from 1 October to September 30.

Table A6.3
Latin America and the Caribbean: central government public income and expenditure
(Percentages of GDP)

	Total income		Tax revenues		Other revenue		Total expenditure		Primary current expenditure		Interest payments		Capital expenditure	
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Latin America and the Caribbean[a]	**22.6**	**22.1**	**18.0**	**17.7**	**4.7**	**4.4**	**25.0**	**24.6**	**18.2**	**17.8**	**2.6**	**2.8**	**4.2**	**4.0**
Latin America[b]	**19.2**	**18.6**	**16.2**	**15.9**	**3.0**	**2.7**	**21.4**	**21.7**	**15.7**	**15.8**	**2.6**	**2.7**	**3.1**	**3.2**
Argentina	16.4	15.0	14.9	13.6	1.5	1.4	21.3	19.8	17.8	16.7	1.9	1.8	1.6	1.3
Bolivia (Plurinational State of)[c]	26.3	...	18.0	...	8.4	...	32.2	...	25.2	...	1.4	...	5.7	...
Brazil	23.0	21.7	19.5	19.2	3.4	2.5	27.3	28.8	21.9	22.8	4.8	5.1	0.6	0.9
Chile	26.0	23.0	22.0	18.8	4.0	4.1	24.9	25.3	20.4	20.8	1.0	1.1	3.5	3.5
Colombia	16.2	18.8	14.4	16.7	1.8	2.1	21.5	23.1	14.5	16.6	4.3	3.9	2.7	2.6
Costa Rica	16.4	15.3	15.2	14.8	1.1	0.4	18.9	18.5	12.9	12.4	4.6	4.8	1.4	1.3
Dominican Republic	15.3	16.0	13.9	14.5	1.4	1.5	18.7	19.4	13.1	13.1	2.8	3.2	2.7	3.0
Ecuador	21.9	17.5	13.0	11.9	9.0	5.6	20.5	21.5	14.0	14.4	2.1	2.7	4.5	4.3
El Salvador	20.8	20.8	20.1	19.7	0.7	1.0	22.6	23.0	16.2	15.7	4.3	3.5	2.1	3.8
Guatemala	12.7	12.8	12.4	12.3	0.2	0.4	14.4	14.0	10.2	9.8	1.7	1.7	2.5	2.6
Honduras	19.6	19.2	17.7	17.3	1.9	1.9	20.9	22.8	14.9	14.5	3.0	3.1	3.1	5.1
Mexico[d]	22.4	22.2	12.9	14.2	9.5	7.9	25.6	25.6	18.5	18.6	2.8	3.3	4.3	3.6
Nicaragua	21.7	22.1	19.8	20.4	1.8	1.7	20.4	19.1	14.2	13.0	1.3	1.6	4.9	4.5
Panama	12.1	12.8	7.7	7.7	4.5	5.1	16.3	16.5	9.6	9.6	1.7	2.6	4.9	4.3
Paraguay	14.0	13.7	11.5	11.1	2.6	2.6	17.0	17.8	12.0	12.6	1.2	1.6	3.8	3.5
Peru[c]	22.0	19.6	19.2	17.0	2.9	2.6	23.4	22.5	15.9	15.6	1.5	1.5	6.1	5.3
Uruguay	26.5	26.9	24.7	25.1	1.8	1.9	29.5	30.1	25.8	26.6	2.2	2.3	1.6	1.2
The Caribbean[e]	**27.2**	**26.9**	**20.3**	**20.2**	**6.9**	**6.7**	**29.6**	**28.5**	**21.4**	**20.4**	**2.7**	**3.0**	**5.5**	**5.1**
Antigua and Barbuda	19.2	17.6	15.8	15.4	3.4	2.2	22.8	19.4	17.5	15.1	2.6	2.5	2.8	1.8
Bahamas[f]	21.0	20.9	17.4	18.1	3.6	2.8	26.8	24.8	20.1	18.2	4.4	4.2	2.3	2.4
Barbados[g h]	30.1	30.0	28.2	28.5	1.9	1.5	32.3	32.1	23.0	22.5	5.0	6.3	4.1	3.2
Belize[g]	23.3	23.3	20.9	21.6	2.4	1.7	23.4	24.2	16.4	15.9	1.8	2.2	5.2	6.1
Dominica	49.6	...	20.4	...	29.2	...	56.9	...	30.6	...	2.5	...	23.9	...
Grenada	32.7	35.8	22.1	23.5	10.7	12.3	31.8	27.4	20.0	18.3	1.6	1.6	10.2	7.4
Guyana	14.4	16.9	9.7	10.3	4.8	6.6	19.6	22.6	10.8	10.4	0.3	0.3	8.5	11.9
Jamaica[g]	30.1	30.9	27.4	27.8	2.7	3.1	29.8	30.9	22.4	23.3	5.5	5.8	1.9	1.9
Saint Kitts and Nevis	51.3	46.9	18.6	18.6	32.7	28.2	54.8	45.9	38.8	35.1	1.3	1.2	14.7	9.6
Saint Lucia	19.3	20.1	16.5	18.0	2.9	2.1	21.6	22.5	16.0	16.2	2.8	3.1	2.8	3.1
Saint Vincent and the Grenadines	28.7	27.5	25.1	22.9	3.6	4.6	35.8	36.0	23.9	23.7	2.4	2.6	9.5	9.7
Suriname[i]	27.2	24.9	19.0	16.0	8.2	8.9	28.1	26.6	24.0	20.8	1.8	3.0	2.3	2.8
Trinidad and Tobago[j]	29.5	27.8	23.5	21.5	6.0	6.3	28.8	29.6	24.4	24.9	2.7	2.7	1.7	2.0

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Simple averages. Does not include the Bolivarian Republic of Venezuela, Cuba, Dominica, Haiti and the Plurinational State of Bolivia.
[b] Simple averages for 16 countries. Does not include the Bolivarian Republic of Venezuela, Cuba, Haiti and the Plurinational State of Bolivia.
[c] General government.
[d] Federal public sector.
[e] Simple averages for 12 countries. Does not include Dominica.
[f] Fiscal years, from 1 July to 30 June.
[g] Fiscal years, from 1 April to 31 March.
[h] Non-financial public sector.
[i] Includes statistical discrepancy.
[j] Fiscal years, from 1 October to September 30.

Table A6.4
Latin America and the Caribbean: non-financial public sector gross public debt
(Percentages of GDP)

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Latin America and the Caribbean[a]	**56.7**	**58.8**	**59.1**	**60.9**	**60.2**	**74.7**	**71.9**	**67.0**	**66.4**
Latin America[a]	**39.7**	**41.9**	**43.4**	**46.5**	**49.2**	**59.7**	**55.9**	**54.7**	**58.2**
Argentina[b]	52.6	53.3	56.5	85.2	89.8	103.8	80.5	85.2	156.6
Bolivia (Plurinational State of)[c]	31.2	34.8	36.7	36.8	43.0	61.1	65.6	65.6	71.5
Brazil[d]	66.5	70.0	74.0	77.2	74.3	88.6	78.3	71.7	74.4
Chile	27.4	30.3	32.2	34.9	38.6	42.7	46.6	47.6	49.5
Colombia	54.9	54.9	54.4	57.5	57.3	71.5	60.1	69.4	64.5
Costa Rica	47.8	51.3	58.0	61.8	71.9	77.1	75.5	68.7	65.1
Dominican Republic	35.1	35.3	36.9	37.6	40.4	56.7	50.4	45.5	45.1
Ecuador	33.0	38.2	44.5	45.0	52.3	63.1	61.8	65.1	65.5
El Salvador	52.2	52.7	52.2	51.4	51.7	65.8	60.7	56.8	56.7
Guatemala[e]	24.8	24.9	25.1	26.4	26.4	31.5	30.7	29.2	27.9
Haiti[e f]	23.3	23.3	38.3	39.9	47.0	...	...	...	...
Honduras[e]	44.7	46.3	47.7	48.5	48.7	58.9	59.3	54.2	48.0
Mexico[g]	44.2	49.4	46.9	46.9	46.7	53.1	50.7	48.3	47.5
Nicaragua	30.4	31.8	34.5	38.1	42.1	48.3	47.1	45.4	44.3
Panama	37.4	37.4	37.6	38.2	44.5	64.7	63.5	62.1	58.0
Paraguay	15.1	17.3	18.2	19.7	22.9	33.8	33.8	36.0	38.5
Peru	20.9	22.7	24.9	25.8	26.8	34.6	35.9	33.9	32.9
Uruguay	47.7	53.7	51.3	49.4	53.0	61.2	58.7	55.8	56.3
Venezuela (Bolivarian Republic of)[e]	31.7	31.1	34.9	...	...	...	...	...	...
The Caribbean[h]	**77.8**	**79.6**	**78.3**	**78.8**	**73.7**	**93.0**	**91.5**	**82.2**	**76.6**
Antigua and Barbuda	80.8	79.7	80.4	76.3	76.8	96.5	90.1	79.6	75.5
Bahamas	69.7	72.0	77.5	79.0	77.8	115.4	105.1	92.9	94.8
Barbados	142.4	150.5	148.9	178.9	125.0	113.6	143.6	127.9	116.6
Belize	80.9	87.3	95.0	93.6	77.8	101.4	80.1	68.6	70.5
Dominica	74.2	68.3	74.1	73.9	78.0	109.1	109.2	105.1	97.2
Grenada	88.6	80.0	69.7	66.4	59.7	72.9	71.4	64.8	62.6
Guyana	36.0	35.7	35.2	35.9	32.5	47.4	40.8	25.2	26.5
Jamaica[e]	112.9	108.4	104.4	97.1	92.4	103.3	97.5	84.5	76.5
Saint Kitts and Nevis	63.7	59.0	59.3	53.8	54.3	68.0	68.9	60.3	55.0
Saint Lucia	60.4	59.9	59.0	59.9	61.8	96.0	95.5	85.6	73.5
Saint Vincent and the Grenadines	79.1	82.1	74.1	69.3	67.9	81.2	89.9	87.8	85.5
Suriname[e i]	48.6	72.0	67.3	62.7	70.9	120.9	111.7	116.9	89.9
Trinidad and Tobago	73.5	80.1	73.6	77.0	83.4	83.9	86.2	69.3	72.0

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Simple averages. Does not include the Bolivarian Republic of Venezuela, Haiti and the Plurinational State of Bolivia.
[b] Central administration.
[c] Refers to the external debt of the non-financial public sector and central government domestic debt.
[d] General government.
[e] Central government.
[f] Does not include public sector commitments to commercial banks.
[g] Federal public sector.
[h] Simple averages.
[i] International definition.

Table A6.5
Latin America and the Caribbean: central government gross public debt
(Percentages of GDP)

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Latin America and the Caribbean[a]	**51.3**	**53.2**	**53.7**	**55.2**	**55.0**	**69.3**	**66.7**	**62.9**	**62.0**
Latin America[a]	**36.4**	**38.5**	**39.9**	**43.0**	**45.3**	**56.0**	**53.0**	**51.7**	**55.0**
Argentina[b]	52.6	53.3	56.5	85.2	89.8	103.8	80.5	85.2	156.6
Bolivia (Plurinational State of)	29.0	32.0	34.0	35.0	40.2	57.9	63.0	63.1	68.8
Brazil[c]	66.5	70.0	74.0	77.2	74.3	88.6	78.3	71.7	74.4
Chile	17.3	21.0	23.6	25.6	28.3	32.5	36.3	38.0	39.4
Colombia	45.0	46.0	44.9	48.6	48.4	61.4	60.1	64.1	53.9
Costa Rica	39.8	43.6	48.4	51.7	56.5	67.6	68.4	63.0	61.1
Dominican Republic	34.4	34.5	36.1	36.8	39.6	56.0	49.9	45.5	44.9
Ecuador	30.9	35.7	41.3	42.2	48.2	59.0	57.0	59.7	60.5
El Salvador	49.7	49.6	48.2	47.6	48.8	62.4	57.6	54.0	53.9
Guatemala	24.8	24.9	25.1	26.4	26.4	31.5	30.7	29.2	27.9
Haiti[d]	23.3	23.3	38.3	39.9	47.0	...	...	...	...
Honduras	44.7	46.3	47.7	48.5	48.7	58.9	59.3	54.2	48.0
Mexico	34.1	37.0	35.2	35.4	36.1	41.4	40.2	39.5	39.9
Nicaragua	29.9	31.2	34.0	37.7	41.7	48.1	47.3	45.2	44.1
Panama	37.1	37.0	37.3	39.3	44.5	64.7	63.5	62.1	58.0
Paraguay	13.3	15.1	15.7	16.9	19.6	29.7	30.1	32.1	34.3
Peru	19.7	21.6	23.3	23.8	24.8	32.9	33.1	31.0	29.9
Uruguay	43.1	49.4	47.3	45.7	49.0	57.8	55.7	53.1	53.2
Venezuela (Bolivarian Republic of)	31.7	31.1	34.9	...	...	...	...	...	...
The Caribbean[e]	**69.5**	**71.3**	**70.7**	**70.2**	**67.0**	**85.6**	**83.6**	**76.6**	**70.7**
Antigua and Barbuda	66.1	65.4	64.8	62.3	62.9	83.0	76.4	68.3	64.7
Bahamas	56.6	58.8	64.3	65.2	64.8	101.1	93.0	88.6	84.2
Barbados	129.6	137.6	137.4	155.8	124.1	113.0	143.1	127.5	116.3
Belize	78.4	84.8	92.4	90.1	74.3	97.5	75.2	64.5	66.3
Dominica	64.0	57.4	62.1	63.6	67.7	97.1	99.0	96.2	89.2
Grenada	82.7	75.7	65.8	62.8	57.7	70.6	69.4	62.8	60.1
Guyana[f]	36.0	35.7	35.2	35.9	32.5	47.4	40.8	25.2	26.5
Jamaica	112.9	108.4	104.4	97.1	92.4	103.3	97.5	84.5	76.5
Saint Kitts and Nevis	51.3	47.9	47.6	38.9	37.8	46.5	47.0	41.5	38.2
Saint Lucia	57.4	57.6	55.2	56.5	58.4	90.8	89.6	80.2	69.0
Saint Vincent and the Grenadines	67.6	65.9	67.2	63.7	64.6	78.1	87.2	85.4	83.4
Suriname[g]	48.6	72.0	67.3	62.7	70.9	120.9	111.7	116.9	89.9
Trinidad and Tobago	52.8	59.8	55.8	58.6	62.5	63.7	56.9	53.7	54.5

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Simple averages. Does not include the Bolivarian Republic of Venezuela, Haiti and the Plurinational State of Bolivia.
[b] Central administration.
[c] General government.
[d] Does not include public sector commitments to commercial banks.
[e] Simple averages.
[f] Public sector.
[g] International definition.

Table A7.1
Latin America and the Caribbean: consumer prices
(12-month percentage variation)

	2019	2020	2021	2022	2023	2023		2024	
						March	June	March	June
Latin America and the Caribbean[a]	**3.4**	**3.3**	**7.6**	**7.6**	**4.6**	**6.7**	**4.9**	**4.1**	**4.3**
Latin America[b]									
Argentina	52.9	34.1	51.4	95.2	210.1	105.3	117.0	289.9	271.5
Bolivia (Plurinational State of)	1.5	0.7	0.9	3.1	2.1	2.5	2.7	3.1	3.8
Brazil	4.3	4.5	10.0	5.8	4.6	4.7	3.2	3.9	4.2
Chile	3.0	3.0	7.2	12.8	3.9	11.1	7.6	3.8	4.2
Colombia	3.8	1.6	5.6	13.1	9.3	13.3	12.1	7.4	7.2
Costa Rica	1.5	0.9	3.3	7.9	-1.8	4.4	-1.0	-1.2	-0.0
Cuba[c]	-1.3	18.5	77.3	39.1	38.7	46.4	45.5	41.1	31.1[i]
Dominican Republic	3.7	5.6	8.5	7.8	3.6	5.9	4.0	3.4	3.5
Ecuador	-0.1	-0.9	1.9	3.7	1.3	2.8	1.7	1.7	1.2
El Salvador	-0.0	-0.1	6.1	7.3	1.2	6.1	3.8	0.8	1.5
Guatemala	3.4	4.8	3.1	9.2	4.2	8.7	4.9	3.2	3.6
Haiti	20.8	19.2	24.6	48.1	22.1	48.1	46.2	27.7	27.7
Honduras	4.1	4.0	5.3	9.8	5.2	9.1	5.6	4.8	4.9[i]
Mexico	2.8	3.2	7.4	7.8	4.7	6.8	5.1	4.4	5.0
Nicaragua	6.5	2.6	7.3	11.3	5.6	10.1	9.2	5.5	4.8
Panama	-0.1	-1.6	2.6	2.1	1.9	1.3	-0.6	1.7	1.3
Paraguay	2.8	2.2	6.8	8.1	3.7	6.4	4.2	3.6	4.3
Peru	1.9	2.0	6.4	8.5	3.2	8.4	6.5	3.0	2.3
Uruguay	8.8	9.4	8.0	8.3	5.1	7.3	6.0	3.8	5.0
Venezuela (Bolivarian Republic of)	9 585	2 960	686	234	190	440	404	68	51
The Caribbean[d]									
Antigua and Barbuda	0.7	2.8	1.2	9.2	3.3	4.6	4.6	4.9	4.9[i]
Bahamas	1.4	1.2	4.1	5.5	1.9	4.1	4.0	1.7	1.7[i]
Barbados	7.2	1.3	5.0	12.5	4.2	12.6	11.6	3.5	3.5[i]
Belize	0.2	0.4	4.9	6.7	3.7	5.9	3.7	3.4	3.4[i]
Dominica	0.1	-0.7	3.8	8.4	2.3	7.1	3.6	...	2.3[i]
Grenada	0.1	-0.8	1.9	2.9	2.2	3.7	2.2	...	2.2[i]
Guyana	2.1	0.9	5.7	7.2	2.0	4.9	3.0	2.4	3.6
Jamaica	6.2	4.5	7.3	9.3	6.9	6.2	6.3	5.5	5.5[i]
Saint Kitts and Nevis	-0.8	-1.2	1.9	3.9	1.6	5.9	3.1	...	1.6[i]
Saint Lucia	-0.7	-0.4	4.1	6.9	2.1	7.1	5.4	0.6	2.1[i]
Saint Vincent and the Grenadines	0.5	-1.0	3.4	6.7	4.0	5.5	5.3	4.9	4.9[i]
Suriname	4.2	60.7	60.7	54.6	32.6	59.5	54.6	26.8	18.6
Trinidad and Tobago	0.4	0.8	3.5	8.7	0.7	7.3	5.8	0.8	0.9

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Latin America and the Caribbean does not include data on economies with chronic inflation (Argentina, Bolivarian Republic of Venezuela, Cuba, Haiti and Suriname).
[b] Latin America does not include data on economies with chronic inflation (Argentina, Bolivarian Republic of Venezuela, Cuba and Haiti).
[c] Refers to national-currency markets.
[d] The Caribbean does not include data on economies with chronic inflation (Suriname).
[i] Figures as of april 2024.

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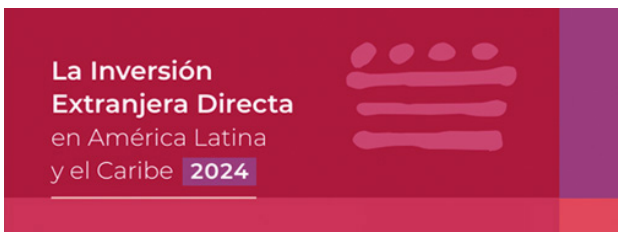

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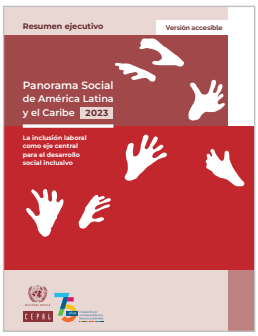

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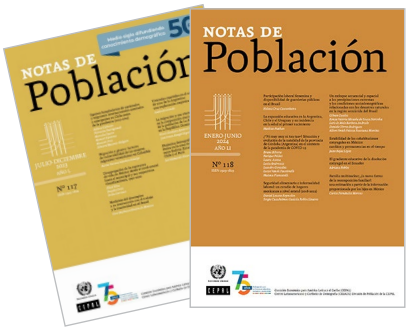

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Maize, which originated in the Americas, is one of the world's most important crops. Bas-relief on the spiral tower at ECLAC headquarters in Santiago.

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Latin America and the Caribbean is mired in a decades-long growth trap, and further hampered by global and regional conditions that limit the space for macroeconomic policies to spur economic growth in the region. The results of the *Economic Survey of Latin America and the Caribbean, 2024* reveal weaker job creation, especially in the formal sector, with young people, women, older persons, migrants and rural dwellers among the most likely to be informal workers. In addition, an intensification of climate change effects will drastically reduce the number of jobs created in the medium term if mitigation and adaptation policies are not adopted. To address these challenges and soften the impact on labour markets, the region must harmonize productive development, employment and macroeconomic policies, together with effective climate change adaptation and mitigation measures. This will require a significant increase in public and private investment, along with structural reforms to foster sustainable and equitable economic growth.

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