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Preliminary Overview of the Economies
of Latin America and the Caribbean

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In the preparation of this edition, the Economic Development Division was assisted by the Statistics and Economic Projections Division, the ECLAC subregional headquarters in Mexico City and Port of Spain, and the Commission's country offices in Bogota, Brasilia, Buenos Aires, Montevideo and Washington, D.C.

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Notes

The following symbols have been used in the tables shown in the Survey:
Three dots (…) indicate that data are not available or are not separately reported.
A dash (-) indicates that the amount is nil or negligible.
A full stop (.) is used to indicate decimals.
The word “dollars” refers to United States dollars unless otherwise specified.

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SUMMARY

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

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

In the first half of the year, macroeconomic policy faced a number of challenges stemming partly from developments in international markets. The countries tackled these in different ways, depending on their structural characteristics, the severity of the respective impacts, the instruments available to them and their policy priorities. First of all, the positive outlook for the region's economy and the interest rate spreads with respect to global financial markets —widened, in some cases, by the monetary policies deployed to contain the inflationary impact of rising international prices, especially for foods and fuels— spurred capital inflows which contributed to real currency appreciation in the region. In this context, a number of countries also withdrew the fiscal stimulus, seeking at the same time to regain the fiscal space consumed by the measures implemented to soften the impacts of the 2008-2009 crisis. Even so, the central government overall balance rose by 0.4 percentage points on average, mainly owing to higher fiscal revenues. As the year advanced, however, and the global and regional economic slowdown began to take hold, the focus of economic policy turned increasingly to maintaining an acceptable rate of growth, especially as the euro zone situation and outlook deteriorated.

At the regional level, growth in all demand components was down for the year overall, after the brisk recovery in 2010 from the lows during the global financial crisis. Household consumption continued to grow at rates above output, however, thanks to rising real wages and to strong job creation which brought the regional unemployment rate down from 7.3% in 2010 to 6.8% in 2011. Credit also continued to expand rapidly. Readily available credit at rates of interests which in many countries actually fell in real terms also contributed to a fresh rise in gross fixed capital formation, which took the investment ratio to a new record for recent decades, although it is still not high enough to sustain the growth rates required to satisfy the many economic and social needs of the region. Imports surged in response to buoyant domestic demand, while exports climbed mainly because of higher prices, while volumes increased less. In this context, the deficit on the balance-of-payments current account widened slightly to 1.4% of GDP, and was more than offset by voluminous inflows of foreign direct investment and, to a lesser extent, portfolio investment, which enabled fresh rises in international monetary reserves.

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

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

This is the scenario underlying 2012 economic growth projections for Latin America and the Caribbean. With global economic growth remaining sluggish, the regional slowdown is likely to continue, with a fresh, albeit moderate fall in the growth rate to 3.7%. A bleaker scenario cannot be ruled out, however, if the euro zone crisis deepens. This would take a toll on global markets and would certainly hurt the region's growth prospects by impacting on both the real economy and the financial markets. Amid such great uncertainty and facing the possibility of sharp changes in the external environment, the Latin American and Caribbean countries should prepare the best possible measures in light of their national situations to protect and strengthen the bases of their economic and social development. Standing them in good stead are voluminous international monetary reserves and —with the exception of some Caribbean countries— low levels of public and external debt. On the other hand, less leeway is now available for some of the countercyclical instruments deployed during the 2008-2009 crisis and some of the external factors which contributed to the rapid recovery of the global economy at that time, especially the developed countries' fiscal and monetary coordination, are now weaker.

Chapter I

INTRODUCTION

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

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

The first of these challenges was entry of large capital inflows in the form of both foreign direct investment (FDI) and portfolio investment, fuelled by interest rate spreads between markets in the region and in developed economies traditionally perceived as low-risk, together with the positive growth outlook and limited risk perception for the Latin American countries. Partly as a result of this, early in the year currencies in the region came under strong upward pressure (although with significant differences from one country to another), which eroded the competitiveness of all tradable activities other than commodity-based production.

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

Lastly, in several countries the economic recovery of 2010 and 2011 was sustained in part by the countercyclical policies implemented to offset the impacts of the economic and financial crisis of 2008-2009. This posed the challenge of rebuilding the countercyclical policy space needed to ride out future downswings, while also dealing with the issues mentioned above without dampening the economic upturn which, in many countries, had been fuelled by expansionary macroeconomic policy. Accordingly, facing mounting inflationary pressures, upward currency pressure and the need for investment and growth, administrations in the region had to deal with certain trade-offs. In this connection, as will be discussed, the mix of policies implemented varied from one country to another.

Starting mid-year, the markets began to show mounting uncertainty over the course of the world economy, especially the debt crisis in a number of euro area countries and, to a lesser extent, the sluggish growth and macroeconomic management of the United States economy and doubts over the ability of the

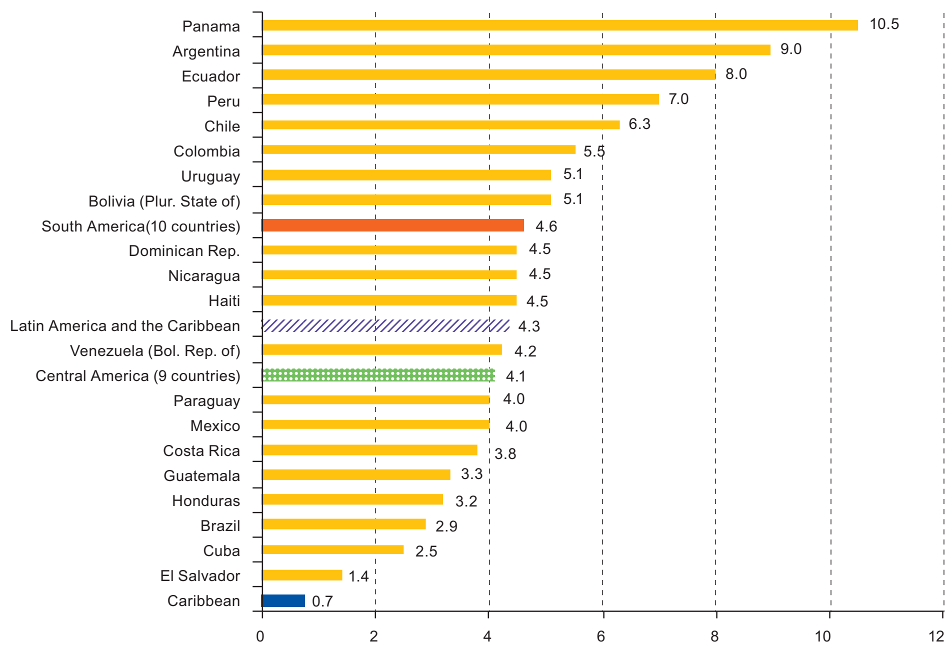
Asian economies to offset the slower growth in these regions. This fed growing volatility in the international financial markets and dampened growth expectations for Latin America and the Caribbean, generating fresh challenges for the authorities. The prospect of slackening external demand had a negative impact on international commodity prices, which dropped back from the year's high point in the second semester, especially in the cases of metals and some agricultural commodities. The external context became more complex as of September, owing to worsening economic conditions in the euro zone and the difficulties of the governments and authorities concerned in managing the debt crisis.

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

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

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

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



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

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

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

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

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

A. THE INTERNATIONAL CONTEXT

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

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

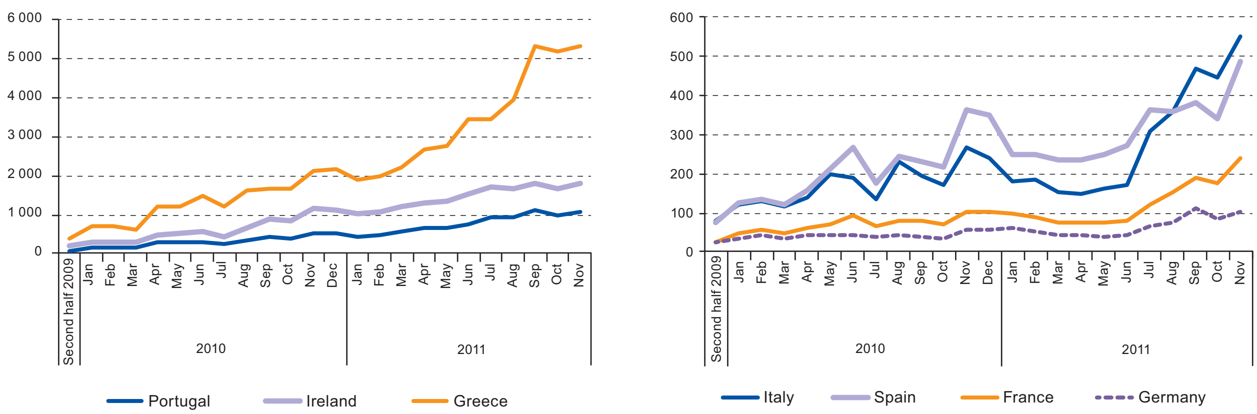
At the same time, uncertainty as to whether and to what extent the banks, the State in each country and the euro zone institutions are capable of absorbing the cost of the debt reduction, coupled with the fact that no exchange-rate instrument exists to allow a real devaluation —such as might help to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

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

Figure I.2

EUROPE (SELECTED COUNTRIES): FIVE-YEAR CREDIT DEFAULT SWAP RISK PREMIUMS, 2009-2011

(Basis points)



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

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

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

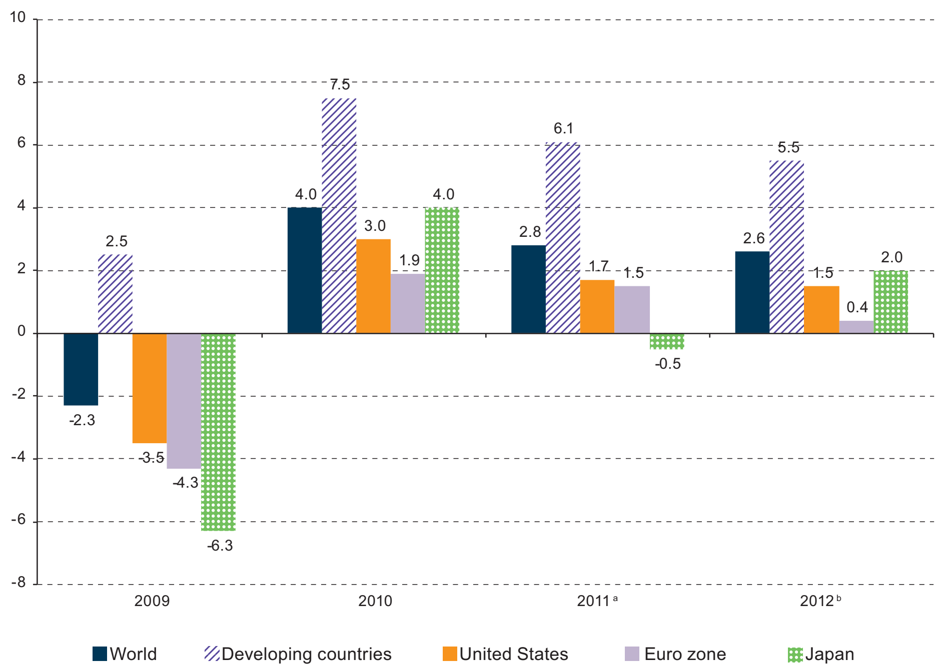
By contrast, in 2011, China continued to experience robust growth (9.3%), albeit somewhat slower than previously owing to the removal of certain investment incentives (China invested approximately 50% of its GDP in 2010) and to the monetary and credit controls introduced to check rising inflation. Towards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

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

Figure I.3

GROSS DOMESTIC PRODUCT (BY REGION), REAL GROWTH RATE, 2009-2012 [a]

(Percentages)



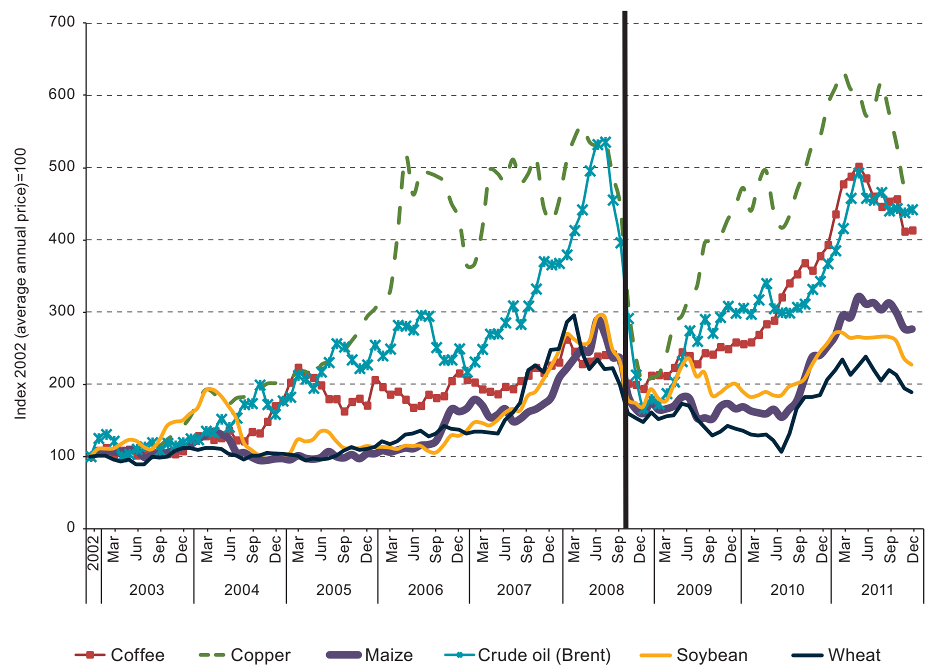
Source: United Nations, *World Economic Situation and Prospects 2012. Global Economic Outlook*, New York, Department of Economic and Social Affairs, December 2011.

[a] Estimate.
[b] Projection.

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

These shifts in global activity levels and expectations produced sharp fluctuations in commodity prices over the year (see figure I.4). In the first part of the year commodity prices in general continued to rise, boosted by demand from the emerging economies. In the first quarter they actually matched —and in some cases exceeded— the record highs observed before the global financial crisis broke out in September 2008 (indicated by a vertical line in the figure). From that point, as risk levels rose in international markets, expectations and purchase orders adjusted downward, so that the pattern was thrown into reverse and prices dropped heavily towards the end of the year. Overall, the average level for the year exceeded that of 2010 in most cases.

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



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

B. MACROECONOMIC POLICY

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

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

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

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

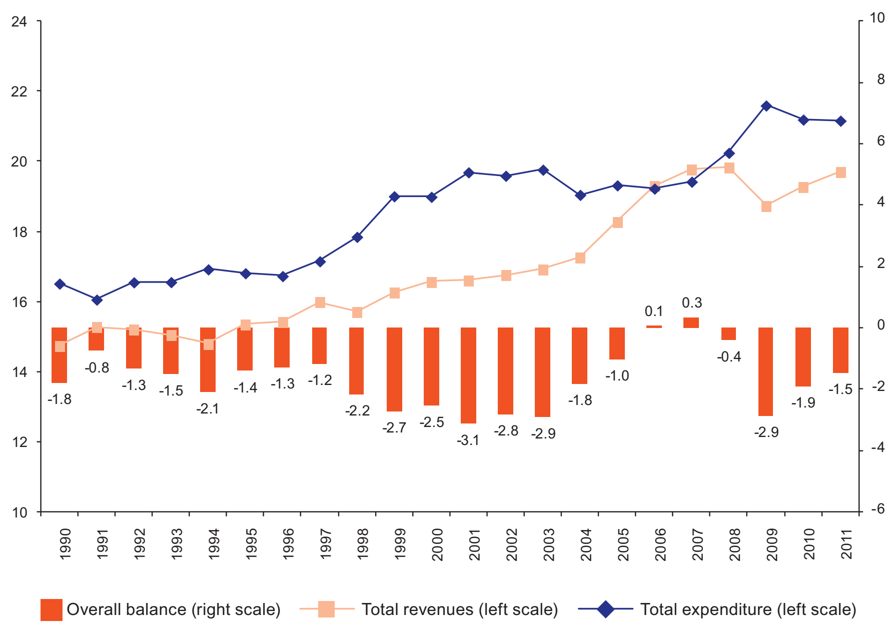
1. Fiscal policy

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

Figure I.5

LATIN AMERICA (19 COUNTRIES): CENTRAL GOVERNMENT FISCAL INDICATORS, 2000-2011

(Percentages of GDP at current prices)



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

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

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

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

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

2. Monetary and exchange-rate policies

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

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

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

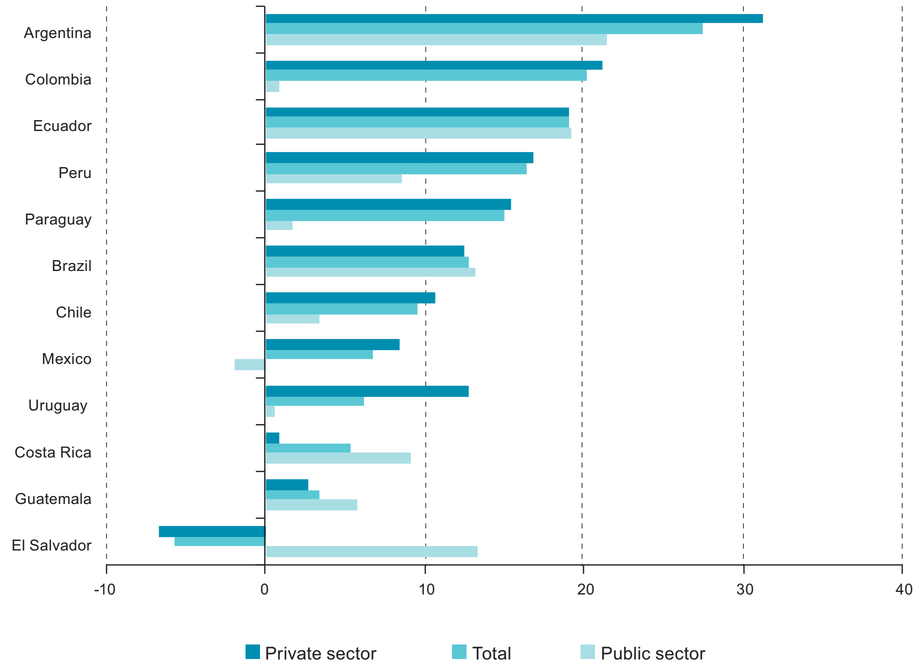
[4] According to the economic climate indicator published by the IFO World Economic Survey, during the first three quarters of 2011 the economic experts surveyed about the situation and prospects of selected Latin American countries were bullish, to a similar extent as in 2005 and 2006 and only slightly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

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

Figure I.6

LATIN AMERICA (12 ENTRIES): PRIVATE, PUBLIC AND TOTAL BANK CREDIT GROWTH, AVERAGE REAL BALANCE JANUARY-JULY 2010 AND JANUARY-JULY 2011

(Percentages)



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

The massive capital flows into many economies of the region, particularly during the first part of the year, strengthened many currencies. As a result, especially those countries most closely integrated into international financial markets recorded real currency appreciation against the dollar on average in comparison to the previous year. However, this trend reversed in September as international financial markets became more volatile, and year-on-year comparisons toward the end of the year showed real exchange rates fairly similar to 2010, and even a slight currency depreciation in some cases (see figure 1.7a).

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

Figure I.7
LATIN AMERICA AND THE CARIBBEAN (20 COUNTRIES): CHANGE IN REAL EXCHANGE RATES, COMPARISON OF AVERAGES JANUARY-OCTOBER 2011 TO YEAR-EARLIER PERIOD AND OCTOBER 2011 WITH DECEMBER 2010
(Percentages)

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

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

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

C. THE PERFORMANCE OF THE REGION'S ECONOMIES

1. Activity, prices and labour markets

Economic activity was underpinned by strong domestic demand driven partly by the surge in disposable national income generated by high commodity prices, which fed into profits and wages in the various sectors and indirectly fuelled credit growth. For the year overall, household consumption was up by 5.2%, only slightly less than the previous year, and contributed 3.5 percentage points to regional growth (see figure I.8). This expansion was supported by labour market performance, since in real terms the wage mass increased by around 5%, which also helped to further reduce poverty levels in the region.[6] In

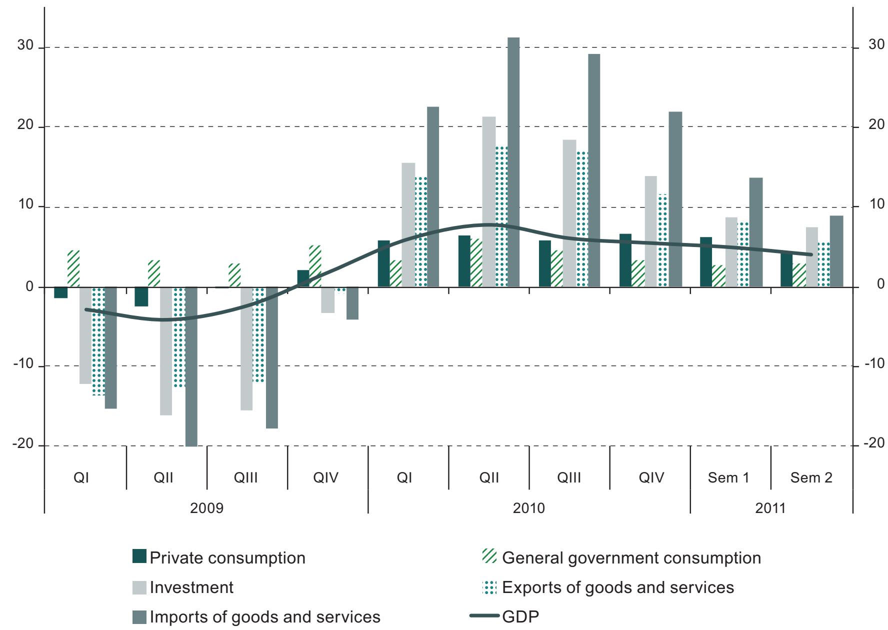
[6] See Economic Commission for Latin America and the Caribbean (ECLAC), *Social Panorama of Latin America, 2011* (Briefing Paper), Santiago, Chile, November 2011.

addition, as noted earlier, credit —especially consumer credit, which expanded faster than total credit in many countries— continued to show dynamic growth.

Figure I.8

LATIN AMERICA: ANNUAL VARIATION IN GROSS DOMESTIC PRODUCT AND IN COMPONENTS OF DOMESTIC DEMAND, 2009-2011 [a]

(*Percentages, in dollars at constant 2005 prices*)



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

[a] Estimate.

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

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

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

The economic slowdown from 2010 to 2011 did not occur across the board in the region. In fact, of the 20 Latin American countries, 11 posted higher growth than in 2010. This group includes some whose economic growth had suffered the impact of major natural disasters in 2010 (Chile and Haiti), others which benefited particularly from high prices for hydrocarbons (especially Bolivarian Republic of Venezuela and Ecuador) and, lastly, several Central American countries which reaped delayed benefits from the slight upturn in the United States economy, since both exports and current transfers (mainly remittances) outperformed the 2010 figures in these countries. In the English- and Dutch-speaking Caribbean, 8 out of 13 countries posted higher rates of economic growth, partly thanks to higher remittances. Central America maintained a growth rate of around 4%, while the Caribbean (0.7%) achieved an improvement over the stagnation of 2010 —this performance would have been better but for the economic contraction in Trinidad and Tobago. Despite widespread slowdowns in the individual countries, however, the South American economies as a whole expanded by 4.6%, more than other subregions once again.

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

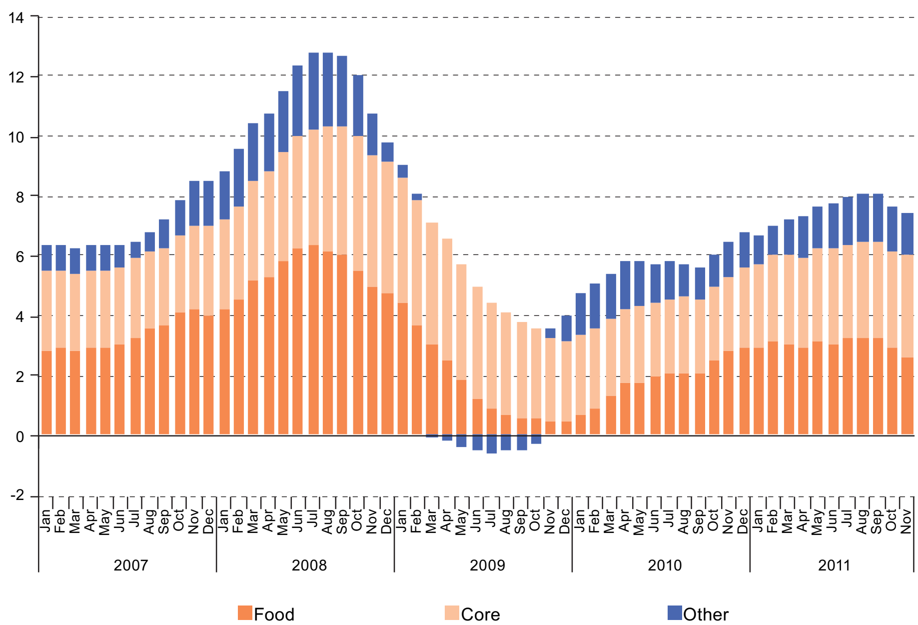
As was the case for the inflation surge of 2008, rising international food and fuel prices were again the main factor fuelling the higher rates, although the impact this time was not as severe. During much of the year currency appreciation softened the impact of international inflation on domestic prices.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

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

Figure I.9

LATIN AMERICA (SIMPLE AVERAGE): YEAR-ON-YEAR INFLATION BY COMPONENT, 2007-2011

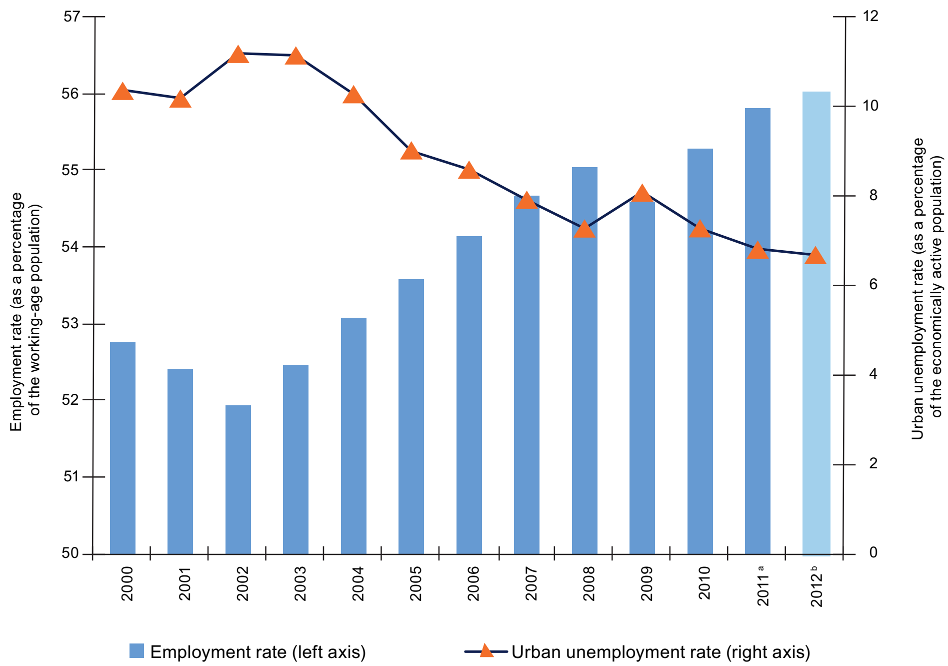
(*Percentages*)



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

The robust recovery of the region's labour markets in 2010 continued into 2011, albeit at a slower pace. A further rise of 0.5 percentage points in the urban employment rate led to a fall of the same magnitude in the urban unemployment rate, which thus stood at 6.8%. This is fairly low for a region which was posting double-digit unemployment rates less than ten 10 ago. However, unemployment trends were less positive in Central America and the Caribbean, whose economies performed less strongly than those of South America.

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



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

[a] Estimate.
[b] Projection.

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

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

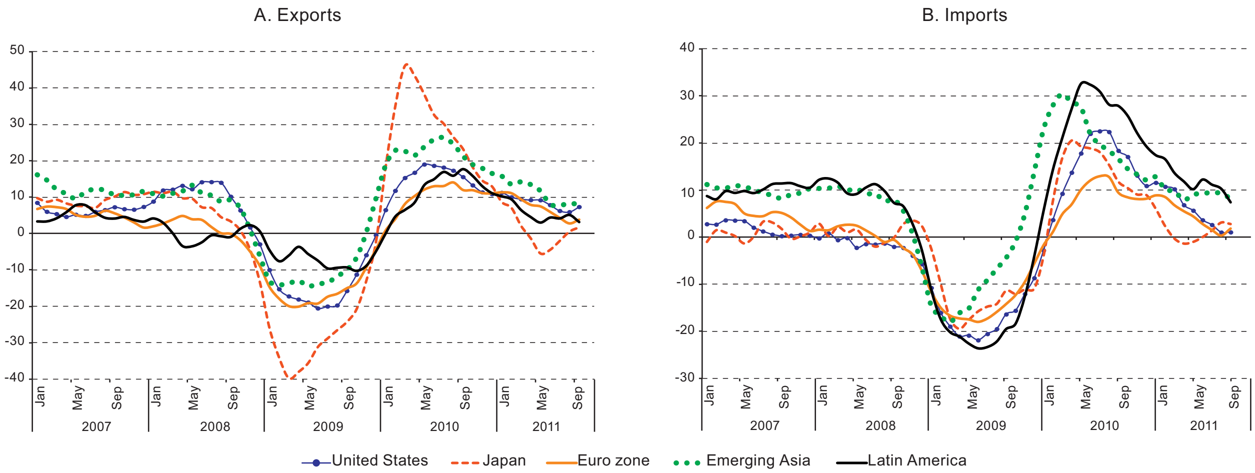
2. The external sector

The deficit on the balance of payments current account widened again slightly, partly owing to rising goods imports (23.2%) fuelled by burgeoning domestic demand and currency appreciation in several countries. Much of the increase in imports thus reflected greater volumes, while higher prices —especially for food and fuels— also helped to push up the overall value of imports.

Figure I.11

WORLD EXPORTS AND IMPORTS BY REGION (THREE-MONTH MOVING AVERAGE), 2007-2011

(Annual percentage rates of variation)

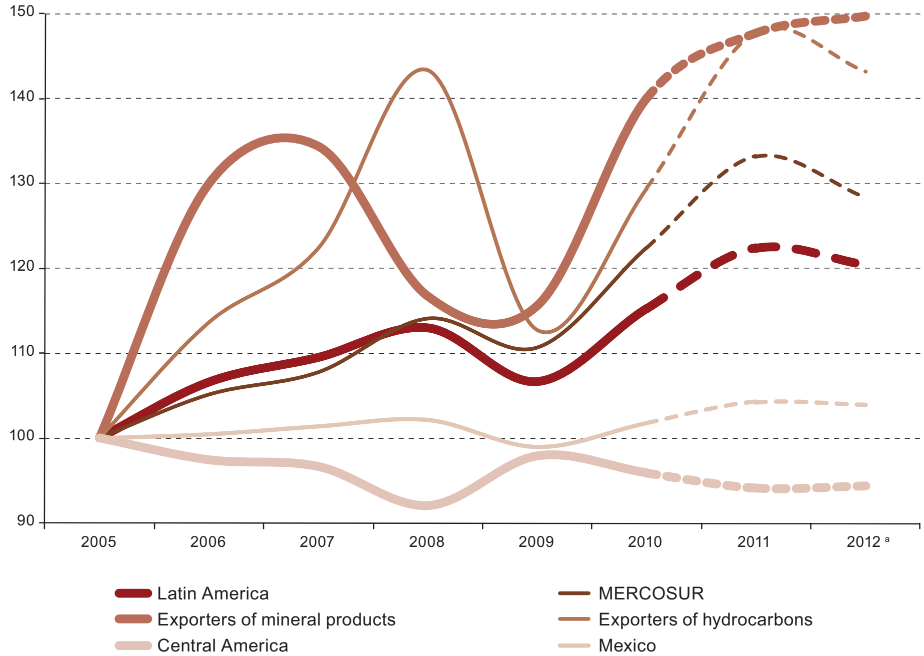


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

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

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

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



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

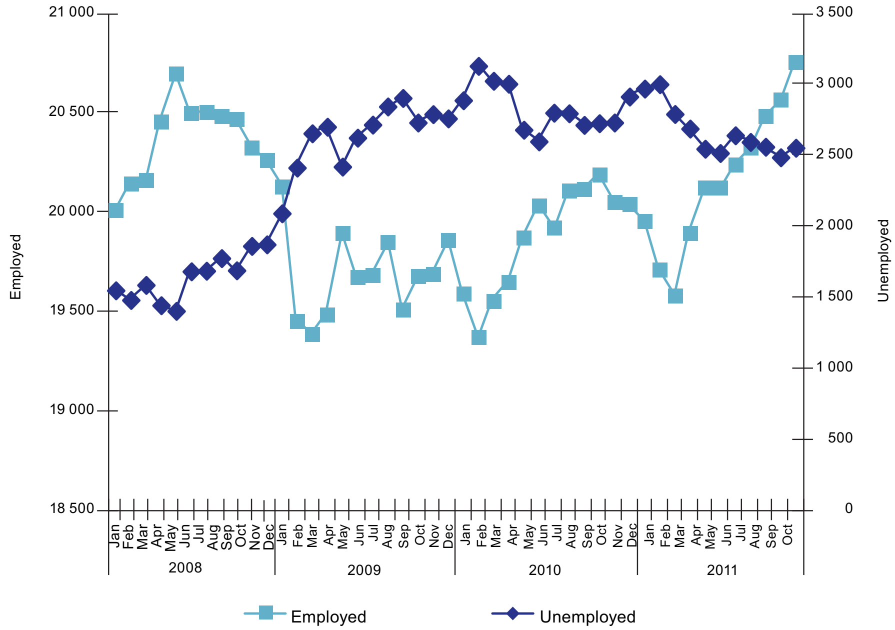
Remittances from migrant workers, a major component of the balance-of-payments current account in many of the region's countries, posted a modest upturn, mainly thanks to recovering levels of employment among Latin American immigrants in the United States. By contrast, among Latin American migrants in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

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

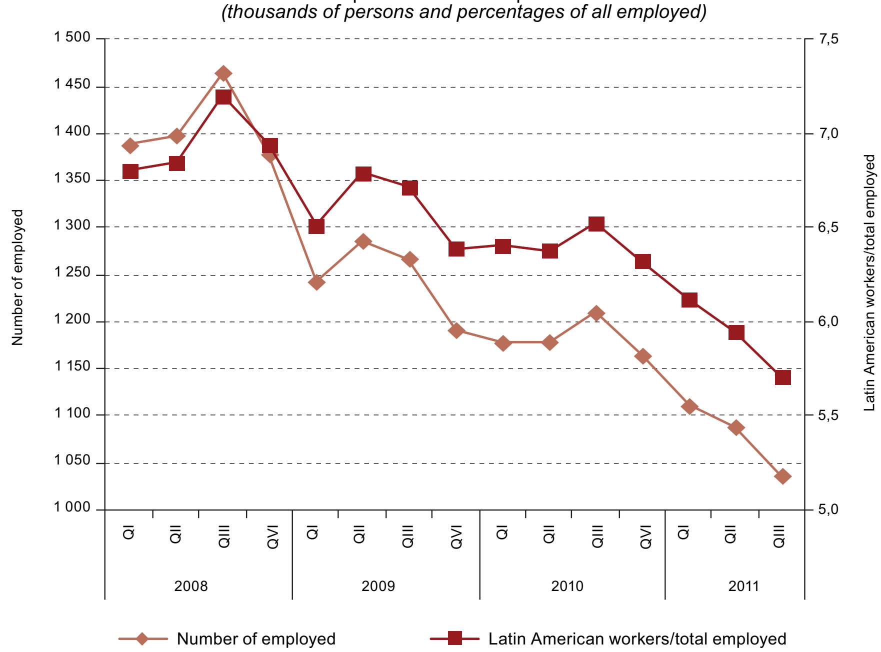
As a result, the region's current account deficit widened again, to 1.4% of GDP, compared with 1.2% in 2010. This is not a particularly worrisome development in view of the current economic indicators and prevailing financing conditions, but it could become more complex should external conditions take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

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

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



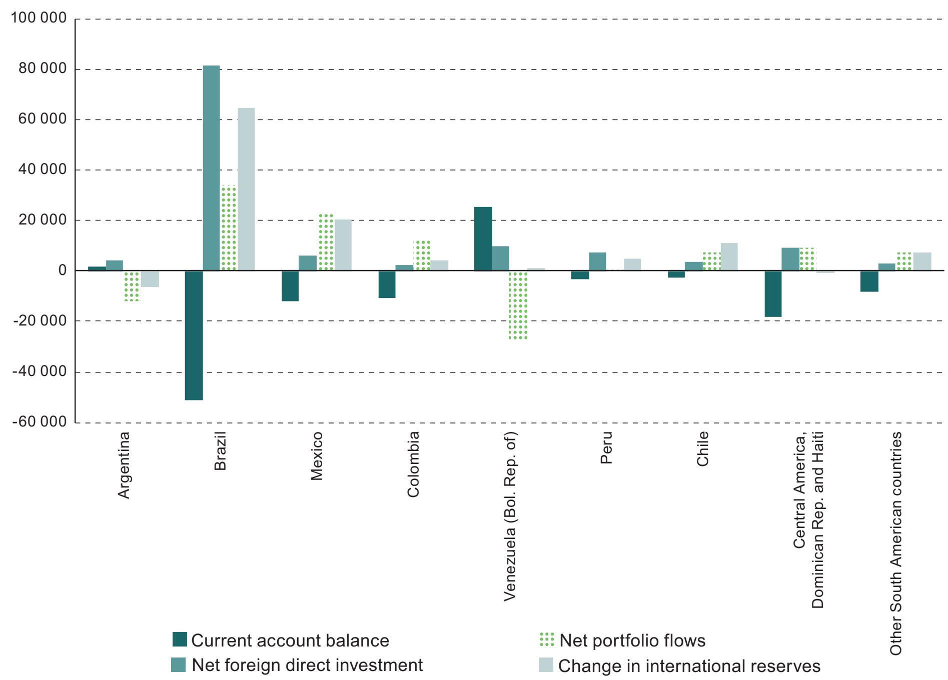
B. Spain: employment and unemployment among workers of Latin American origin, first quarter 2008-third quarter 2011
(thousands of persons and percentages of all employed)



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

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

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



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

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

D. PROSPECTS AND CHALLENGES FOR 2012

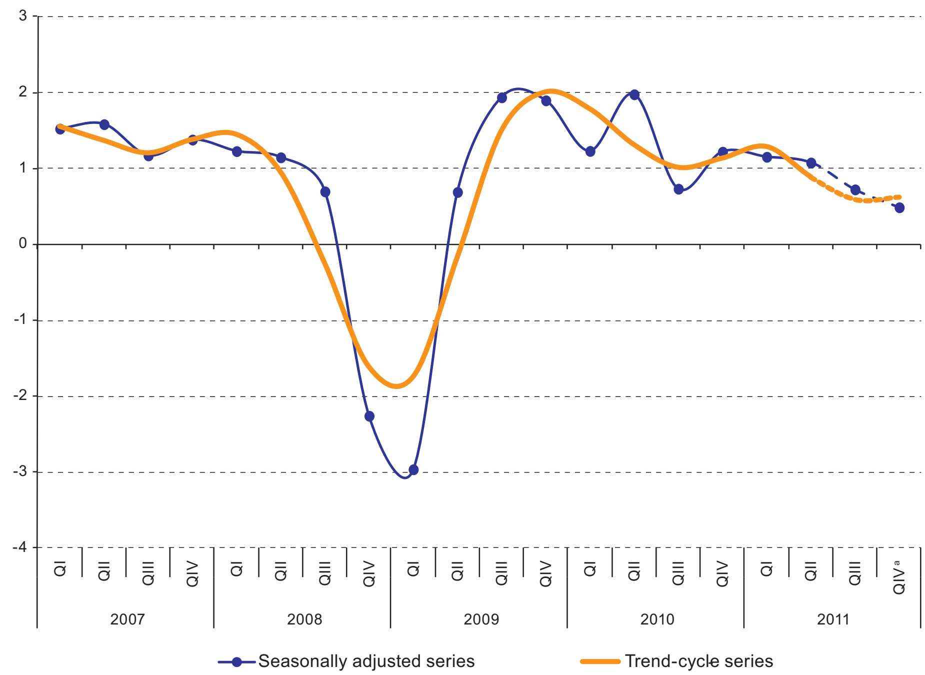
As discussed in the previous sections, the global economy is expected to slacken, with Europe leading the trend; lower growth is forecast for several emerging economies as well. China and other countries in Asia are expected to see a slowdown in 2012, although growth will remain in positive territory.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

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

Figure I.15

LATIN AMERICA (7 COUNTRIES): QUARTERLY REAL GDP VARIATION, 2007-2011

(Percentages)



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

[a] Estimate.

Future growth in the region will be shaped by the magnitude and scope of the global economic downturn. With stagnating euro zone economies and slow growth in the United States —but only limited international financial market volatility— the real sector is expected to bear the brunt, especially in tradable goods and services and remittances.

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

As in 2011, economic growth in Mexico and Central America will be affected by slow but positive growth of the United States market and see a moderate increase in external sales. On the other hand, some of the countries of South America will be hit by falling demand in Europe, which is the destination for more than 20% of the exports from countries such as Brazil and Chile (see table I.1). That said, a goodly portion of exports from many South American countries goes to the Asian markets, which are expected to post above-average growth rates. Moreover, commodities (which make up a significant share of these countries' exports) are easier to redirect if demand sags in any given market.

Table I.1

LATIN AMERICA: GEOGRAPHICAL DISTRIBUTION OF EXPORTS, AVERAGE, 2007-2010

(Percentage of total exports)

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

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

[a] Does not include Bolivarian Republic of Venezuela, owing to lack of data.

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

As for the components of domestic demand, lower trade volumes and declining revenue because of the terms-of-trade effect (for the region as a whole) could chill investment. The extent of this dampening would depend on how the financial markets fare and thus on the availability of credit for financing the purchase of capital goods and consumer durables. Stricter minimum capital requirements for European banks could affect access to credit, especially in countries where bank funding is partly dependent on euro zone bank loans. As much as 8% of the total credit available in these countries comes from euro zone bank loans to the banking systems of Latin America, either directly from the parent bank or in foreign currency through an affiliate. In some cases this could signal a certain degree of vulnerability to sudden scale-backs in such lending (see box I.1). Moreover, the volume of euro zone bank loans to non-bank companies in Latin America is higher than loans to banks: twice as much in Brazil, Chile, Colombia and Peru and three times as much in Mexico.

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

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

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

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

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

Box I.1

CHANNELS OF TRANSMISSION OF THE CRISIS TO LATIN AMERICA

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

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

Table 1 presents some indicators of real channels of transmission of external shocks. Among the consequences of the crisis, some of the most immediate will result from shrinking demand for the region's exports to Europe. Countries are therefore listed in descending order based on share of exports to the euro zone. Expressed as a simple average, 13% of the region's exports go to 27 European countries, but the percentage exceeds 20% in many cases. And, given the composition of these exports, they cannot all be easily redirected to other markets. While standardized goods (commodities) offer some advantages in the short term, inasmuch as their destination is more flexible, manufactures tend to be more specifically tailored to the characteristics of consumers and distributors in the destination markets. The second column therefore presents information on the share of commodity exports in total goods exports.[b] According to the baseline scenario, although commodity prices may dip, they will remain relatively high. However, export prices could drop should the crisis prove to be more severe than expected, and this would hurt public revenue in countries that are more dependent on these prices. Accordingly, the table also provides information on fiscal revenue tied to commodities. In a more adverse scenario, a country's ability to fund public spending and the countercyclical tools at its disposal will depend on its short-term fiscal position (that is, fiscal surplus or deficit) and its assets (for example, availability of previous savings in sovereign funds) and liabilities (level of debt), along with the accessibility of domestic and external financial markets.

Table 1

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

	Goods exports to Europe (27 countries) as a percentage of total goods exports	**Commodity exports as a percentage of total goods exports**	**Direct fiscal revenues from commodities as a percentage of total general government income**	**Fiscal balance** *(percentage of GDP)*	**Migrants from Latin America to Europe as a percentage of population in home country** *(per 10,000 inhabitants)*	**Total migrant remittances and wages** *(percentage of GDP)*	**Current account balance in the balance of payments** *(percentage of GDP)*
Country	2007-2010 average	2007-2010 average	2007-2009 average	2010-2011 average	1995-2007 average	2008-2009 average	2010-2011 average
Brazil	23.2	41.4		-1.6	1.5	0.3	-2.2
Chile	21.0	37.9	13.5	0.4	4.4	0.0	0.4
Honduras	19.7	55.5		-4.3	2.1	18.9	-6.2
Argentina	17.8	45.7	15.1	-0.4	6.3	0.2	0.7
Uruguay	17.7	56.1		-0.9	17.3	n/d	-1.3
Costa Rica	17.4	24.5		-5.1	1.7	2.0	-4.9
Peru	17.3	54.4	11.0	0.1	6.4	1.8	-1.6
Colombia	13.7	56.5	16.7	-3.9	6.8	1.9	-3.2
Ecuador	13.1	77.6	30.9	-1.7	30.8	5.9	-3.3
Dominican Republic	12.8	9.2		-2.0	11.4	7.4	-8.9
Nicaragua	11.5	59.9		-0.5	1.5	12.9	-17.5

Box I.1 (continued)

Country	Goods exports to Europe (27 countries) as a percentage of total goods exports	Commodity exports as a percentage of total goods exports	Direct fiscal revenues from commodities as a percentage of total general government income	Fiscal balance *(percentage of GDP)*	Migrants from Latin America to Europe as a percentage of population in home country *(per 10,000 inhabitants)*	Total migrant remittances and wages *(percentage of GDP)*	Current account balance in the balance of payments *(percentage of GDP)*
	2007-2010 average	2007-2010 average	2007-2009 average	2010-2011 average	1995-2007 average	2008-2009 average	2010-2011 average
Paraguay	8.4	75.6		0.9	8.7	3.2	-3.1
Bolivia (Plurinational State of)	8.2	81.6	32.8	-0.3	22.4	6.6	4.2
El Salvador	5.8	7.7		-1.2	1.2	16.8	-3.7
Guatemala	5.6	35.8		-3.1	0.5	11.1	-3.0
Mexico	5.3	17.7	34.4	-2.7	0.8	2.5	-0.8
Panama	3.4	7.0		-2.6	1.0	0.8	-13.2
Venezuela (Bolivarian Republic of)	...	74.0	45.1	-3.6	4.8	0.0	6.6
Haiti	...	...	...	...	1.5	19.5	-1.3
Latin America (simple average)	**13.1**	**45.5**	**24.9**	**-1.8**	**7.2**	**5.4**	**-3.4**

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

The fifth and sixth columns portray the importance of remittances from migrant workers. Given the limited information on the country of origin of remittances, data has been provided on migrants to Europe as a percentage of the population in the home country as the closest proxy to the likelihood that a slowdown in the euro zone will reduce remittances to the region. The table's last column presents information on the average current account balance in 2010 and the forecast for 2011, as an indicator of how much external financing needs could rise if export values or remittances (or both) are more severely affected.

The impact of the crisis on world financial markets and its potential implications for external financing in the countries of the region represent another channel of transmission. Here the key factors are external debt and total government debt, which are crucial indicators of a country's solvency. Table 2 shows several aspects of external financing in the region, with countries listed in descending order by level of external debt. As may be seen, the region is carrying fairly moderate external debt and the countries shown have significantly lower ratios of public debt to GDP in 2011 than the developed economies of the euro zone and the United States, where the sustainability of sovereign debt has been called into question.

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

The third column gives information on the components of external financing that are perceived to be the most volatile, such as portfolio investment by non-residents, short-term investments in the country, deposits and lines of credit for banks. This side of external financing has generally behaved more procyclically and may be withdrawn in the event of a serious external shock, and so it tends to transmit external uncertainty to the region's financial markets. The fourth column contains data on foreign direct investment (FDI) in the country by non-residents. While FDI net outflows are unusual, inflows may dip amid widespread expectations of sluggish global growth, which would harm growth in countries that depend on these resources as a source of external financing.

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

Box I.1 (concluded)

Table 2

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

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

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

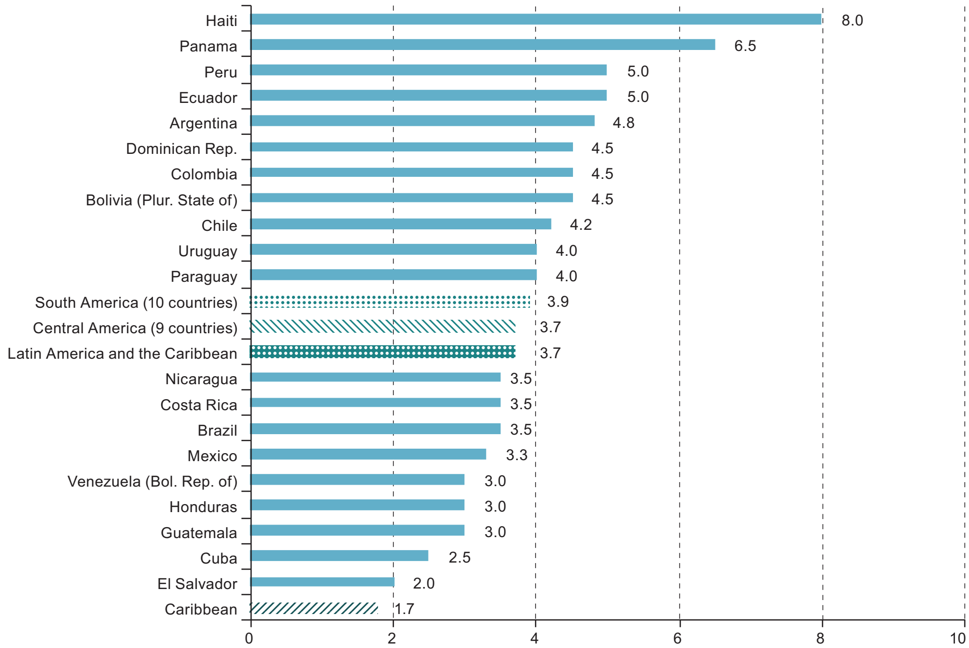
Source: Economic Commission for Latin America and the Caribbean (ECLAC).

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

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

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

Figure I.16
LATIN AMERICA AND THE CARIBBEAN: GDP GROWTH, 2012
(Percentages)



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

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

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

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

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

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

First, the crisis scenario would not only slow the rate of growth: it would trigger a contraction of some of the principal European economies. This would have spillover effects on the region's foreign trade volume and prices, both directly and by affecting trade and economic activity in other regions. The same would happen with the expected trend in remittances. And any worsening of the region's prospects for growth would likely push direct foreign investment flows to below the levels of the baseline scenario. In such circumstances the evolution of the global economy would be expected to have a higher impact than the one expected through the channel of the real economy in the base scenario.

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

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

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

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

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

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

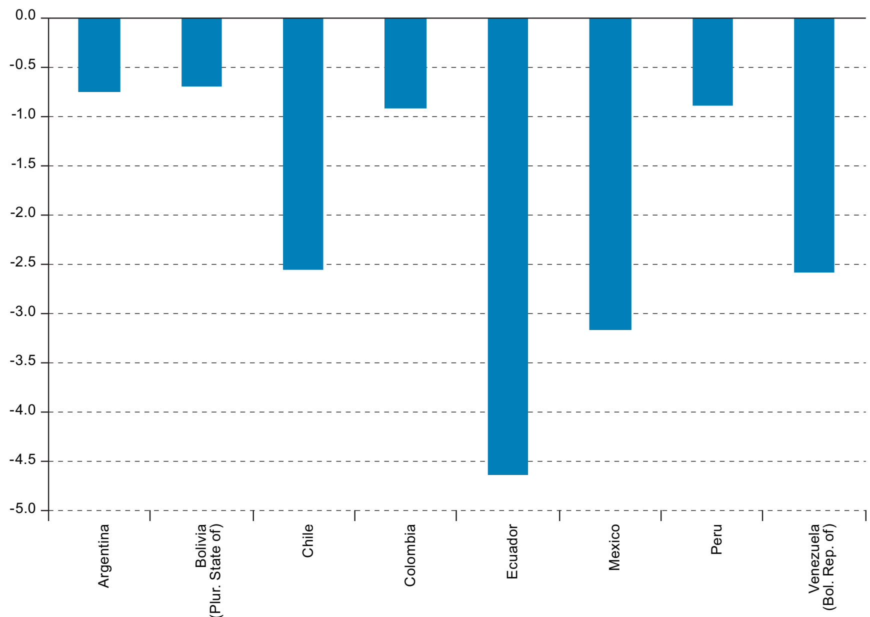
Such a scenario for European banks could mean that the impact on access to credit in the region's financial markets would be far more serious than in the baseline scenario.

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

Figure I.17

LATIN AMERICA (SELECTED COUNTRIES): ESTIMATED IMPACT OF A DROP IN PRINCIPAL EXPORT COMMODITY PRICES ON FISCAL REVENUE [a]

(Percentages of GDP)



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

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

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

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

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

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

Chapter II

MACROECONOMIC POLICY

A. FISCAL POLICY

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

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

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

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

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

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

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

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

Even so, the average fiscal balance in the region is lower than pre-crisis levels, not only for the region as a whole but on a country-by-country basis. In 2011, 11 (58%) of the 19 countries of Latin America under review posted a primary surplus (see table II.1) while, in 2003-2008, 15 countries (nearly 80% of the total) did so.

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

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

As for the Caribbean, spending cuts and an effort to increase revenues improved the fiscal balance of the countries of the Eastern Caribbean Currency Union (ECCU) by just over half a point of GDP. Suriname also saw improving fiscal accounts as revenue increased thanks to surging oil and gold prices and spending cuts. Belize reduced its deficit by nearly 1% of GDP by cutting back on spending and maintaining revenue. Bahamas marginally decreased its fiscal deficit by selling State-owned assets to raise revenue and cutting back on spending. Last, Guyana is expected to close the year with a larger deficit because of increased capital spending.

Table II.1

LATIN AMERICA AND THE CARIBBEAN: CENTRAL GOVERNMENT FISCAL INDICATORS, 2007-2011

(Percentages of GDP at current prices)

	Primary balance					**Overall balance**					**Public debt** [a]									
											Central government					**Non-financial public sector**				
	2007	**2008**	**2009**	**2010**	**2011**	**2007**	**2008**	**2009**	**2010**	**2011**	**2007**	**2008**	**2009**	**2010**	**2011**	**2007**	**2008**	**2009**	**2010**	**2011**
Latin America and the Caribbean [b]	**1.8**	**1.4**	**-0.5**	**0.3**	**…**	**-0.5**	**-1.2**	**-3.4**	**-2.3**	**…**	**…**	**…**	**…**	**…**	**…**	…	…	…	…	…
Latin America [b]	**2.3**	**1.3**	**-1.1**	**-0.3**	**0.3**	**0.3**	**-0.4**	**-2.9**	**-1.9**	**-1.5**	**30.0**	**28.6**	**30.0**	**29.5**	**28.1**	**33.6**	**32.0**	**33.6**	**32.6**	**30.8**
Caribbean [b]	**1.4**	**2.0**	**0.6**	**1.4**	**…**	**-1.6**	**-2.0**	**-4.2**	**-2.9**	**…**	**…**	**…**	**…**	**…**	**…**	…	…	…	…	…
Argentina	2.7	2.8	1.4	1.5	1.4	0.6	0.7	-0.8	-0.1	-0.7	55.7	48.5	48.5	45.1	41.2	66.7	57.8	57.7	52.0	47.0
Bolivia (Plurinational State of) [c]	3.5	0.8	0.4	1.4	0.9	2.3	0.0	-1.1	-0.1	-0.5	37.1	34.0	34.5	34.5	33.8	40.0	36.8	37.6	38.1	34.0
Brazil	2.2	2.4	1.3	2.2	2.0	-1.9	-1.2	-3.5	-1.3	-2.0	30.7	24.0	29.3	27.6	27.9	45.5	38.5	42.8	40.7	40.5
Chile	8.8	4.8	-4.0	0.1	1.6	8.2	4.3	-4.5	-0.4	1.2	4.1	5.2	6.2	9.2	9.7	9.1	12.0	12.9	15.8	15.4
Colombia	0.8	0.6	-1.1	-1.1	-1.0	-2.7	-2.3	-4.1	-3.8	-4.0	32.9	33.2	34.7	34.7	31.9	43.8	42.6	44.8	45.8	40.1
Costa Rica	3.7	2.4	-1.3	-3.1	-2.8	0.6	0.2	-3.4	-5.2	-5.0	27.6	24.9	27.5	29.5	29.3	31.8	29.9	34.1	36.2	35.5
Cuba	-1.8	-5.5	-3.8	-2.1	…	-3.2	-6.9	-4.8	-3.4	…	…	…	…	…	…	…	…	…	…	…
Ecuador	1.9	0.3	-4.2	-1.0	-0.4	-0.1	-1.1	-5.1	-2.0	-1.5	27.7	22.9	18.2	23.0	20.0	30.2	25.0	19.6	22.8	19.9
El Salvador	2.3	1.8	-1.2	-0.4	2.0	-0.2	-0.6	-3.7	-2.7	0.4	34.9	34.4	42.6	43.0	43.2	37.0	36.9	45.2	45.6	45.6
Guatemala	0.0	-0.3	-1.7	-1.8	-1.3	-1.4	-1.6	-3.1	-3.3	-2.9	21.3	20.1	22.9	24.2	23.0	21.6	20.4	23.3	24.5	23.3
Haiti	-1.3	-1.0	-0.8	0.3	2.3	-1.6	-1.3	-1.3	-0.2	1.9	33.6	42.3	34.4	22.8	20.6	35.9	44.5	35.0	22.9	20.6
Honduras	-2.4	-1.9	-5.5	-3.8	-2.5	-3.1	-2.5	-6.2	-4.8	-3.9	17.4	20.1	24.5	30.0	29.2	18.3	19.0	22.9	25.4	25.0
Mexico [d]	1.9	1.6	-0.4	-1.0	-0.5	0.0	-0.1	-2.3	-2.8	-2.5	20.9	24.4	28.1	27.6	27.0	22.7	26.9	34.9	34.1	33.0
Nicaragua	1.9	0.0	-0.9	0.5	1.5	0.4	-1.2	-2.3	-1.0	-0.1	42.7	38.2	43.6	44.5	42.3	43.5	39.3	44.8	45.6	43.4
Panama	4.6	3.4	1.4	0.1	-0.3	1.2	0.3	-1.5	-2.6	-3.0	52.3	44.8	44.7	43.0	39.9	52.9	45.4	45.6	43.4	41.8
Paraguay	1.8	3.1	0.7	1.8	0.5	1.0	2.5	0.1	1.4	0.4	18.6	15.9	16.0	15.2	11.5	22.2	19.2	18.7	16.0	12.2
Peru	3.4	3.6	-0.4	1.1	1.2	1.8	2.2	-1.7	0.0	0.1	26.2	24.1	23.4	21.3	19.1	27.2	24.5	23.8	21.7	19.5
Dominican Republic	1.4	-1.9	-1.6	-0.6	0.8	0.1	-3.5	-3.5	-2.5	-1.6	18.4	24.4	28.0	28.9	26.0	19.0	25.2	28.6	29.2	26.7
Uruguay	2.1	1.7	1.3	1.2	1.8	-1.6	-1.1	-1.5	-1.1	-0.6	49.0	47.7	43.6	38.5	35.9	52.2	51.1	47.7	42.2	39.3
Venezuela (Bolivarian Republic of)	4.5	0.1	-3.7	-2.2	-1.4	3.0	-1.2	-5.0	-3.6	-3.5	19.1	14.0	18.2	18.3	22.0	19.1	14.0	18.2	18.3	22.0
Caribbean [e]																				
Antigua and Barbuda	-2.7	-3.2	-7.8	1.3	…	-5.6	-5.9	-10.6	-1.1	…	…	…	…	…	…	81.1	81.5	95.7	87.1	86.7
Bahamas	0.6	-1.0	-0.9	0.4	…	-1.2	-2.9	-3.1	-3.2	-2.4	…	…	…	…	…	…	44.1	54.3	61.8	…
Barbados [c]	2.3	-0.2	-4.0	-2.4	…	-1.6	-5.1	-7.9	-8.7	…	84.0	83.5	96.5	95.1	…	…	…	…	…	…
Belize	0.7	5.4	0.8	1.9	…	-1.2	1.5	-2.8	-1.9	-0.9	89.1	83.1	87.2	98.3	…	…	…	…	…	…
Dominica	1.6	-0.7	-1.0	3.0	…	-0.9	-2.6	-2.1	1.4	…	…	…	…	…	…	81.2	72.0	66.4	73.1	70.7
Grenada	-3.7	-3.4	-2.8	0.2	…	-5.3	-5.0	-5.0	-1.7	…	…	…	…	…	…	82.9	79.1	90.0	91.8	86.8
Guyana	-2.8	-2.1	5.1	6.5	…	-4.5	-3.8	-3.7	-2.9	-3.0	…	67.3	67.5	68.9	…	…	…	…	…	…
Jamaica	7.2	4.9	6.2	4.4	…	-4.2	-7.2	-5.8	-6.3	-5.1	…	…	…	…	…	…	118.8	124.2	133.5	…
Saint Kitts and Nevis	4.7	6.5	6.1	3.0	…	-1.9	-0.3	-0.6	-4.2	…	…	…	…	…	…	134.6	127.6	142.0	151.4	141.1
Saint Vincent and the Grenadines	0.0	1.8	0.0	-0.8	…	-2.5	-0.6	-2.6	-3.5	…	…	…	…	…	…	55.5	58.4	64.7	66.7	63.7
Saint Lucia	0.9	2.6	0.8	2.2	…	-2.0	0.0	-2.2	-0.6	…	…	…	…	…	…	64.7	61.9	64.0	65.5	66.3
Suriname	5.7	5.8	8.1	-5.6	…	8.0	0.0	-2.4	-2.8	-2.2	28.5	25.2	25.0	21.0	…	…	…	…	…	…
Trinidad y Tobago	3.9	9.7	-2.8	4.3	…	1.8	7.8	-5.6	-2.2	-5.5	…	…	…	…	…	…	37.0	47.6	52.0	…

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

[a] At 31 December each year, except for 2011 which correspond to 30 June, using the year-end exchange rate in the case of external debt.

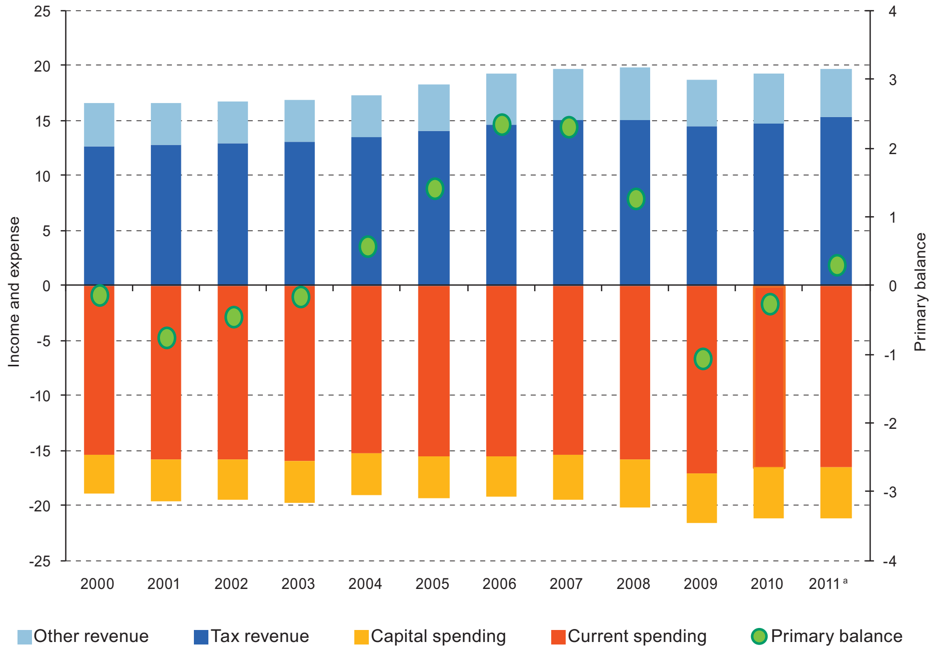
[b] Simple averages. Does not include Cuba.

[c] General government.

[d] Public sector.

[e] Fiscal years.

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



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

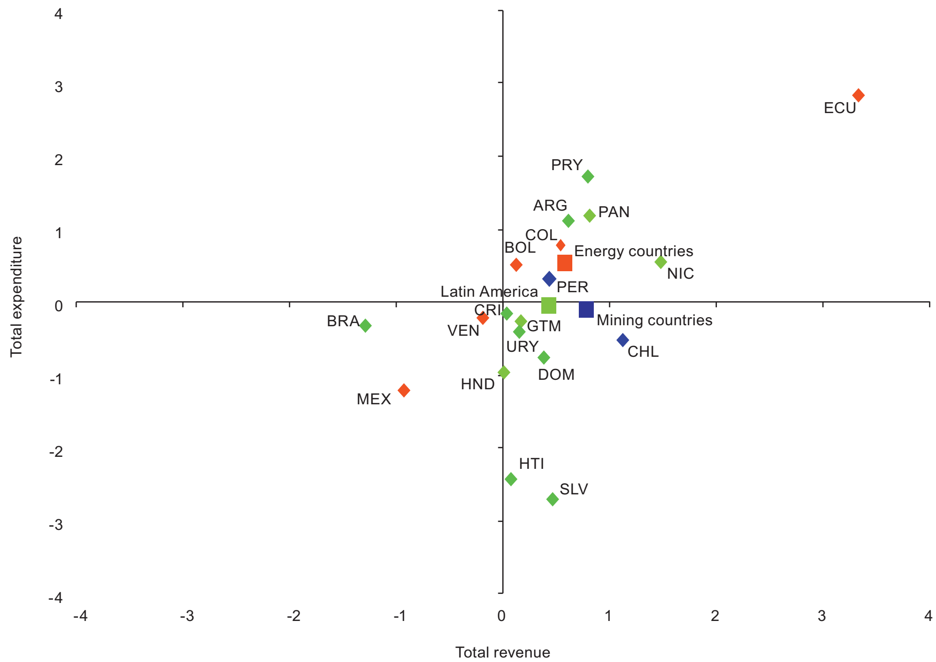
[a] Projection.

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

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

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

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



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

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

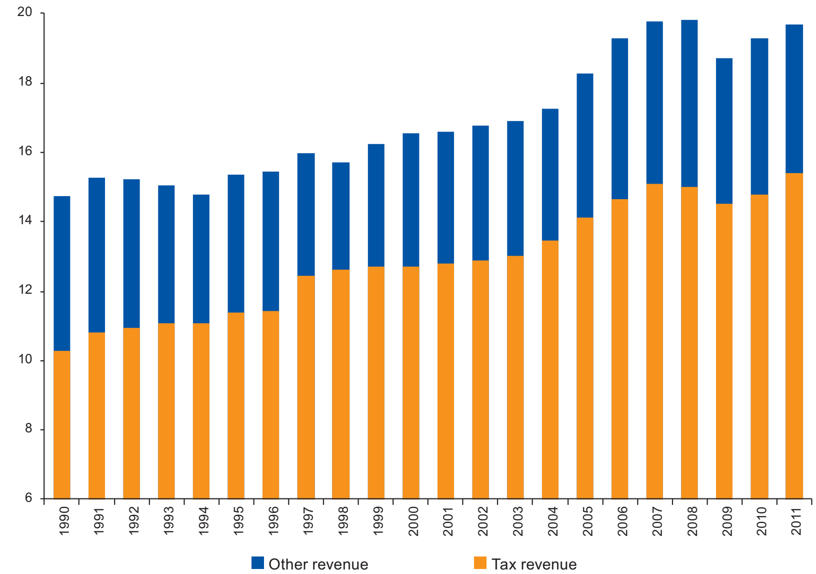
In Argentina, the prime cause of the increase in tax revenues and social security contributions (1.4% of GDP) was the pickup in economic activity, higher wages and an increase in registered employment. Chile saw tax revenues rise by the equivalent of 1.3% of GDP on the strength of aggregate demand and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

It is worthwhile to assess the extent to which the increases in fiscal revenue over the past year are due to higher revenue from commodities. In Chile and Colombia, for example, copper and oil revenues, respectively, rose by 0.4% of GDP. In Ecuador, oil revenue grew by the equivalent of 2.3% of GDP (see figure II.4). This surge in revenue for Ecuador is due above all to rising oil prices and production volume compared with the previous year, as many private companies resumed production that had been halted by new contract negotiations during much of 2010.

Figure II.3

LATIN AMERICA AND THE CARIBBEAN (19 COUNTRIES): CENTRAL GOVERNMENT REVENUES, 1990-2011

(Percentages of GDP)

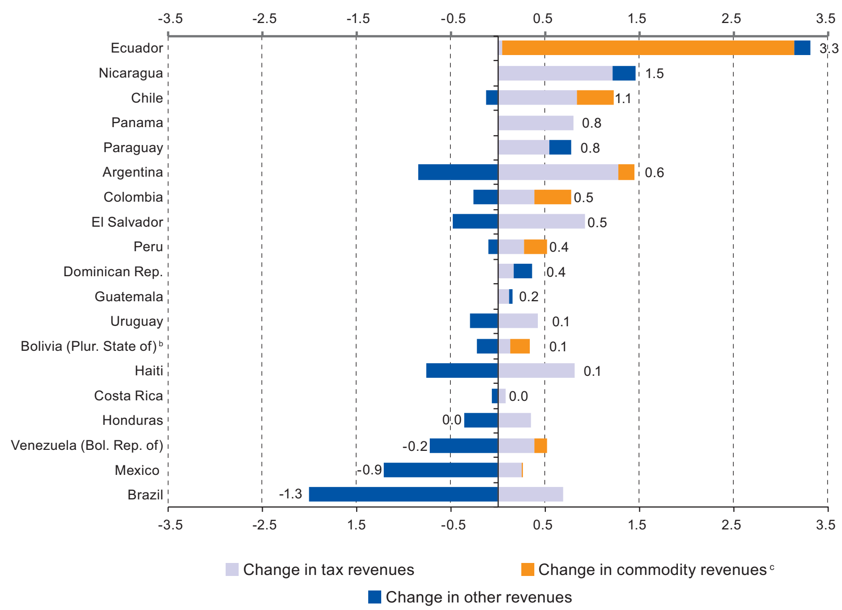


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

Figure II.4

LATIN AMERICA AND THE CARIBBEAN: CHANGES IN TOTAL CENTRAL GOVERNMENT REVENUES, 2010-2011

(Percentages of GDP at current prices)



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

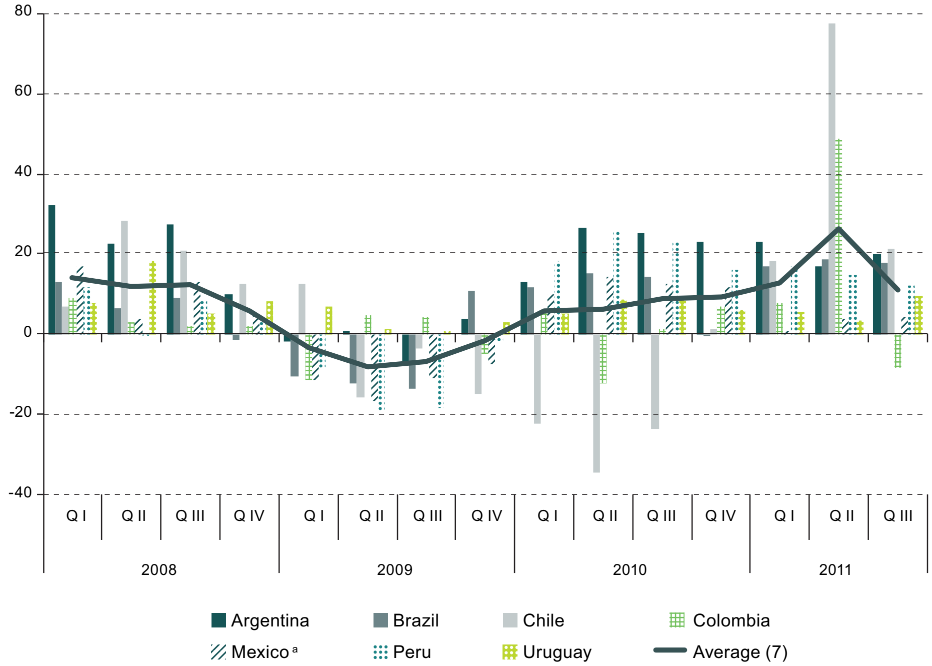
[a] General government.

[b] Public sector.

[c] Includes both tax and non-tax revenues derived from the exploitation of commodities.

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

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



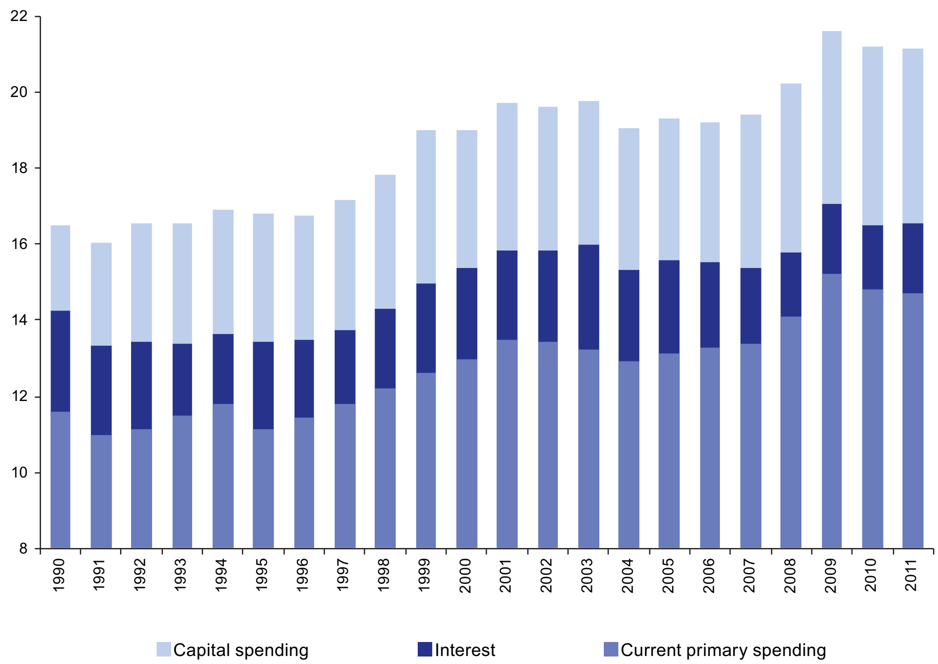
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

[a] Includes non-oil tax revenues.

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

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

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



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

Conversely, expenditure rose the most in Argentina, Ecuador, Panama and Paraguay. Argentina posted substantial increases in social security benefits due primarily to the social benefits portability policy, pension hikes for the armed and security forces, and assistance for new beneficiaries under the expanded coverage policy. Public transport and power supply subsidies increased,[4] as did national civil servant compensation. In Ecuador, an increase in investment plans and social assistance policies pushed government expenditure up sharply. In Panama, capital spending rose faster than current spending owing to fresh rises in infrastructure outlays, mainly on the expansion of the Panama Canal, cleaning of the Bay of Panama, the extension of the coastal beltway, and the construction of the metro, roads and housing. In Paraguay, the rise in spending was due chiefly to capital expenditure, which increased by the equivalent of 1.6% of GDP because of infrastructure projects, building repairs marking the country's bicentennial celebrations, housing projects and school repairs (see figure II.8).

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

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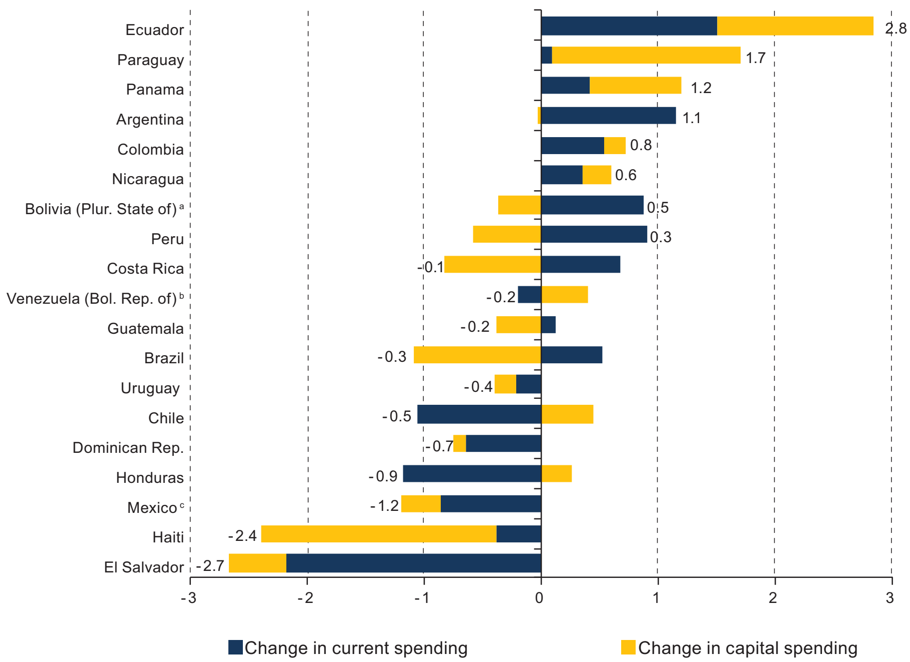
4 Towards the end of the year the government announced cutbacks in these subsidies.

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

Figure II.7
LATIN AMERICA AND THE CARIBBEAN: CHANGES IN OVERALL CENTRAL GOVERNMENT SPENDING, 2009-2010
(Percentages of GDP at current prices)



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

[a] General government.

[b] Total spending does not include net lending.

[c] Public sector.

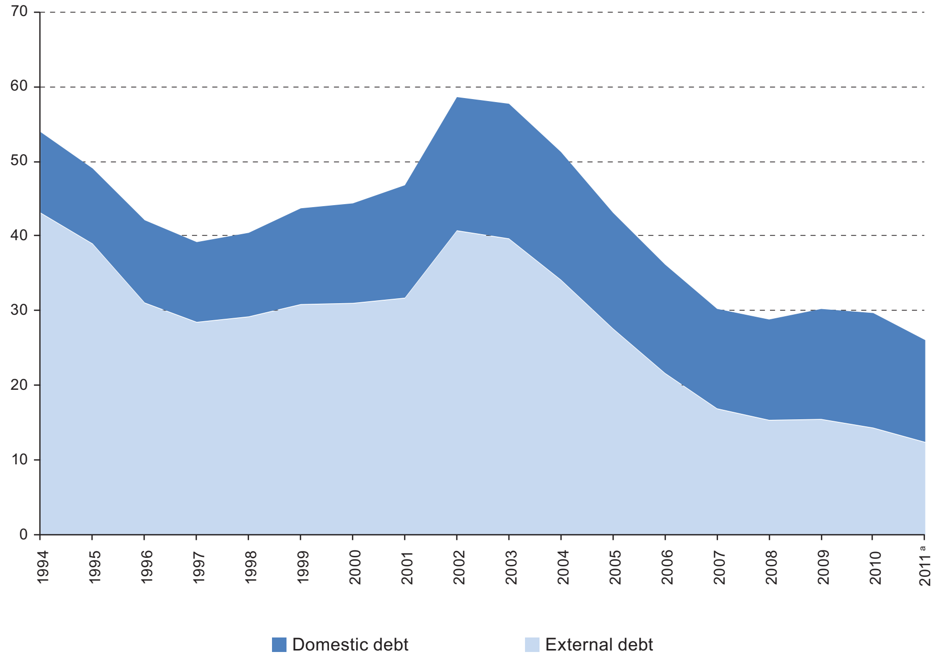
Public debt remained high in the countries of the Caribbean —over 100% of GDP in the case of Jamaica and Saint Kitts and Nevis. Conversely, Guyana reduced its debt stock thanks to the Heavily Indebted Poor Countries (HIPC) Debt Initiative.

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

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

[6] See also OECD/ECLAC, op. cit.

Figure II.8
LATIN AMERICA AND THE CARIBBEAN (19 COUNTRIES): CENTRAL GOVERNMENT PUBLIC DEBT STOCK, BY CREDITOR'S RESIDENCE
(Percentages of GDP)



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

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

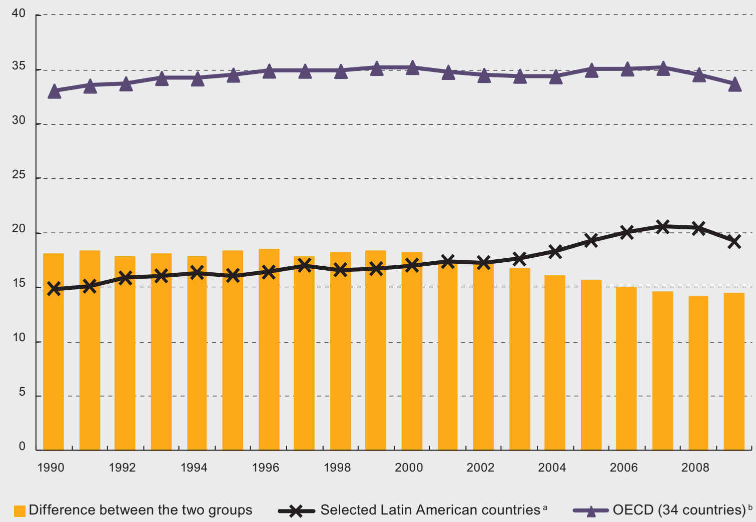
For the countries of the Caribbean carrying heavy public debt burdens, the challenge lies above all in achieving sustainable public accounts and debt-to-GDP ratios. This is no less of a dilemma, because both experience and the debate over the past few years have shown that the best strategy for decreasing public debt is to promote fiscal policies that stimulate growth. But the constrained fiscal space of these countries leaves them with not much capacity to promote necessary growth and achieve sustainable debt.

The road to fiscal consolidation passes through the planning and design of public policies whose core objectives include enhancing the capacity to generate countercyclical (or at least not procyclical) policies in times of crisis, mainly by means of borrowing capacity and public spending. Planning along these lines is not only compatible with sustainable, lasting growth, but with social cohesion and inclusion as well because it mitigates the inequality and poverty impact of volatility.

Box II.1
TAX STATISTICS IN LATIN AMERICA

A comparison of tax systems in Latin American countries and in the member countries of the Organization for Economic Cooperation and Development (OECD) reveals notable differences in terms of level and structure. As shown in figure 1 below, the tax burden in 2009 in the OECD countries stood at 33.7% of GDP, versus an average of 19.2% in selected Latin American countries. However, this gap has narrowed in recent years as the two sets of countries have taken different paths. On average, the tax burden in OECD countries has remained constant since 1990, while it has increased by around five percentage points in the Latin American countries included in the sample.

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



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

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

[b] Simple average of the OECD member countries.

There are also significant differences between the two groups of countries in terms of tax structure. Analysis shows that the share of income tax and social security contributions is smaller in Latin America than in OECD countries, while the share of indirect taxation, in particular general consumption taxes, is much larger (see figure 2). As a percentage of GDP, average tax revenue from general consumption taxes accounts for a very similar proportion in both groups of countries while in the case of taxes on income and profits, the proportion is 5.8 percentage points lower in Latin America.

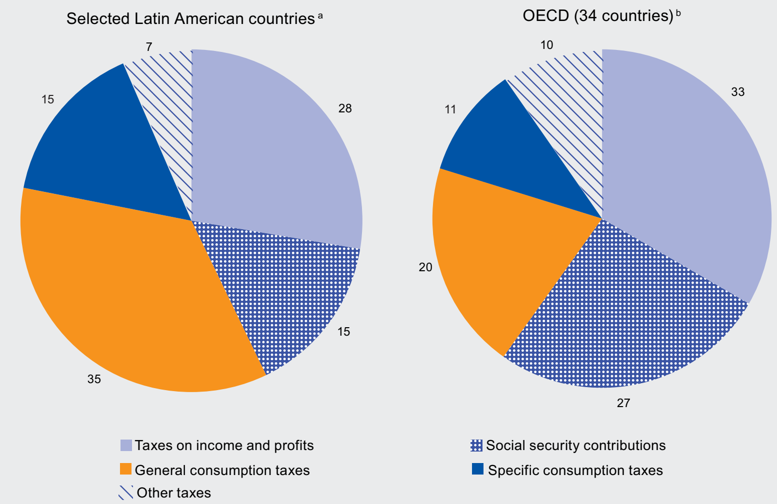
Given that the impact of fiscal policy on sustainability, efficiency and equity is closely correlated to levels and structure of fiscal revenue, establishing the reasons behind these disparities may help to develop ways to improve public policy outcomes.

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

Box II.1 (concluded)

Figure 2

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



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

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

[b] Unweighted average for the OECD member countries.

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

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

The report therefore provides an overview of the main taxation trends in Latin America. It looks at changes in the level and composition of taxation between 1990 and 2009, and in the attribution of tax revenue to the various subsectors of government. Comparisons are also drawn with the average for OECD economies in these respects.

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

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

B. MONETARY AND EXCHANGE-RATE POLICY

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

Countries that had been raising their monetary policy rates since mid-2010 continued to do so. Those that had held their policy rates steady made no significant changes during the year, and the central banks that had been paring them continued this approach in 2011. On the exchange-rate front, both the countries that had tended to build up assets abroad and those that had sought to contain nominal currency appreciation stayed the course in 2011.

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

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

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

In some of the countries with inflation targets (Brazil, Chile, Colombia and Peru), the monetary authorities' efforts were geared towards containing inflationary pressures related to price shocks associated with rising energy and food costs and swelling aggregate domestic demand. The uptick in inflation, especially in the first few months of 2011, thus led central banks in those countries to raise their monetary policy rates. However, these rates are still below pre-global crisis levels. But from the third quarter of 2011 on, growing uncertainty surrounding the European crisis and its potential repercussions for the economies of the region has led the central banks to halt rate increases and even lower rates in certain cases, such as Brazil. One exception to this group of countries with explicit inflation targets is Mexico, where the policy rate has not been changed since mid-2010 (see figure II.9A).

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

Despite these trends, in 2011 the monetary policy focus in most of the non-dollarized countries of the region that have not adopted explicit inflation targets was to maintain liquidity at a level that would sustain the growth in aggregate domestic demand, so policy rates have been held fairly steady or even lowered in some cases.[7] As figure II.9B shows, the monetary policy rate in Argentina and the Bolivarian

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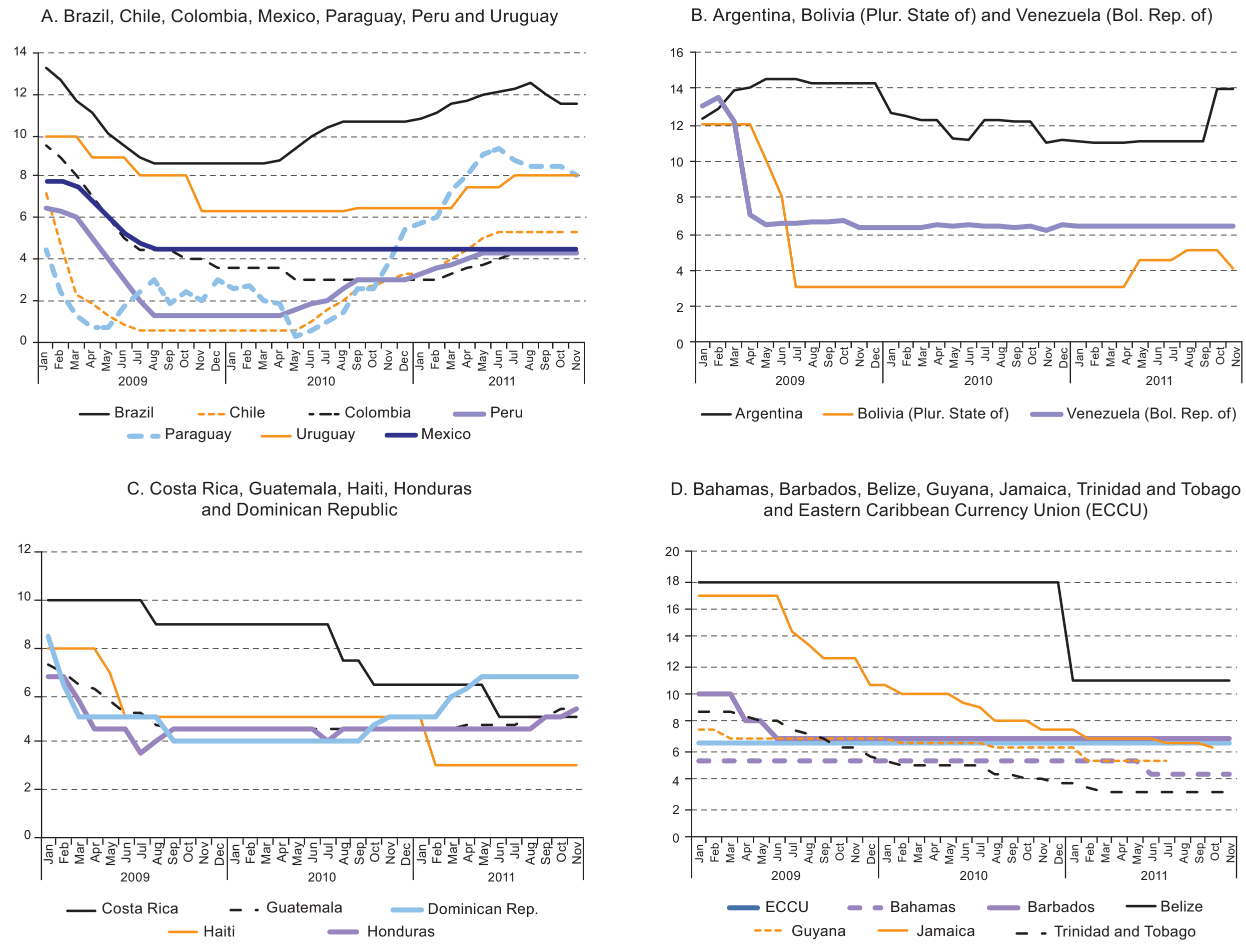
[7] This is the case in Argentina, the Bolivarian Republic of Venezuela and the Plurinational State of Bolivia in South America; Costa Rica, the Dominican Republic, Guatemala, Haiti, Honduras and Nicaragua in Central America; and Bahamas, Barbados, Belize, Guyana, Jamaica, Suriname, Trinidad and Tobago and the countries

Republic of Venezuela has remained unchanged since mid-2010. The same is true of several countries in Central America and the Caribbean, such as Barbados and Haiti, as well as Eastern Caribbean Currency Union (ECCU) countries. Among the central banks that lowered their policy rates are those of Bahamas, Costa Rica, Jamaica and Trinidad and Tobago.

Figure II.9
LATIN AMERICA AND THE CARIBBEAN (SELECTED COUNTRIES): MONETARY POLICY RATES, 2009-2011
(*Percentages*)



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

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

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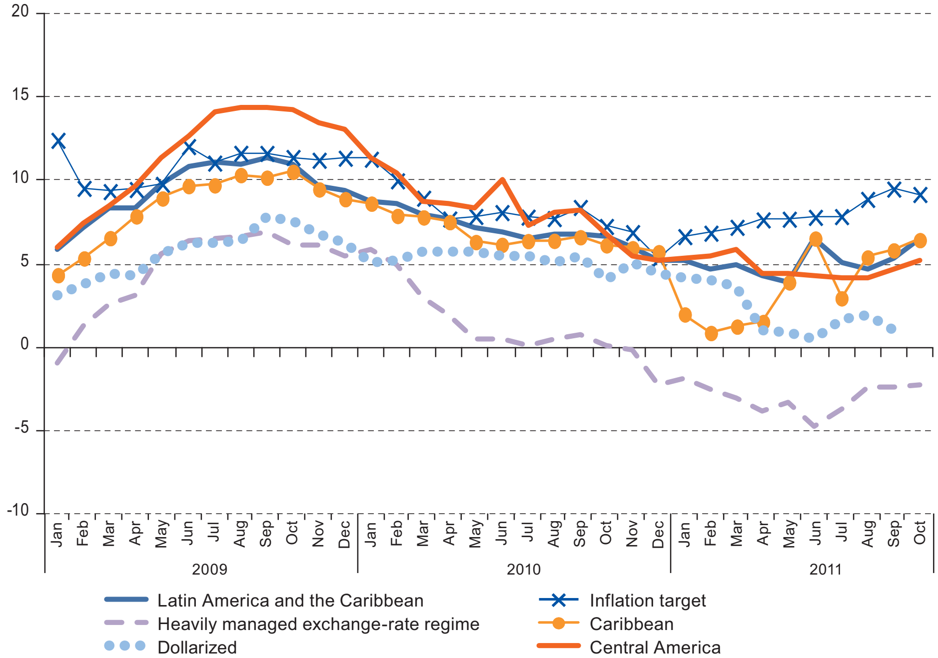
of the Eastern Caribbean Currency Union (Antigua and Barbuda, Dominica, Grenada, Saint Kitts and Nevis and Saint Lucia) in the English-speaking Caribbean.

Figure II.10

LATIN AMERICA AND THE CARIBBEAN: MEDIAN REAL LENDING RATES, 2009-2011 [a]

(Percentages)



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

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

Falling interest rates are a clear driver of aggregate domestic demand because they bring down the cost of financing consumer and investment spending. These monetary conditions are also reflected in the movements of the region's principal monetary aggregates, which (other than in the Caribbean) are still growing quickly. Despite the expansion discussed above, real M1 growth is slowing: the median went from more than 13% in September 2010 to values approaching 7% in October 2011. The monetary base and M2 grew at slightly faster rates in 2011 than in 2010, as the median for the region shows.

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

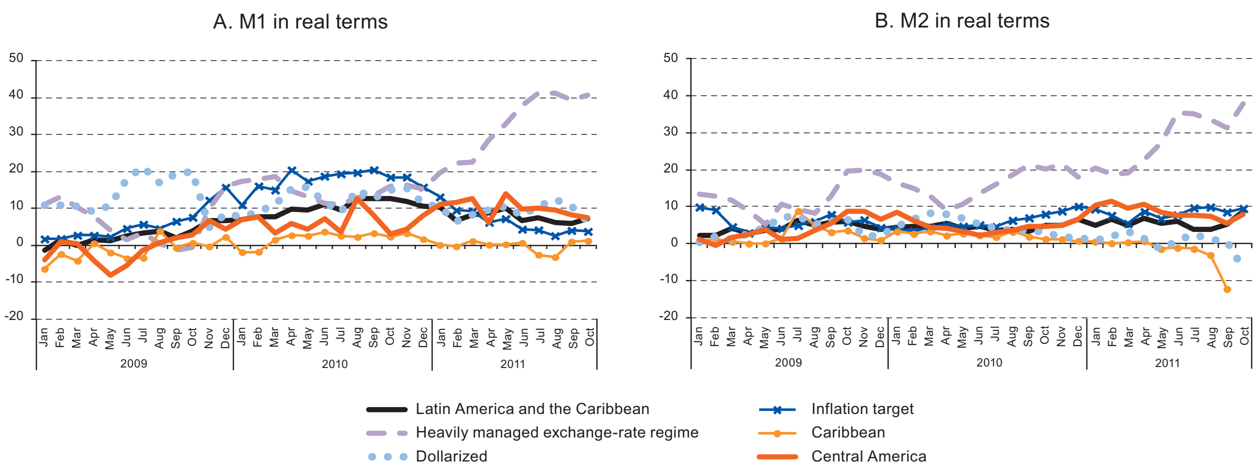
In the countries of Central America (excluding those that are dollarized), the monetary aggregates grew at positive rates although M1 and M2 tended to slow in 2011 (see figure II.11). In the Caribbean, the monetary aggregates in economies like Jamaica and Barbados contracted in real terms. In Trinidad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

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

Figure II.11

LATIN AMERICA AND THE CARIBBEAN: MONETARY AGGREGATES, 2009-2011

(Regional median percentage variation)



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

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

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

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

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

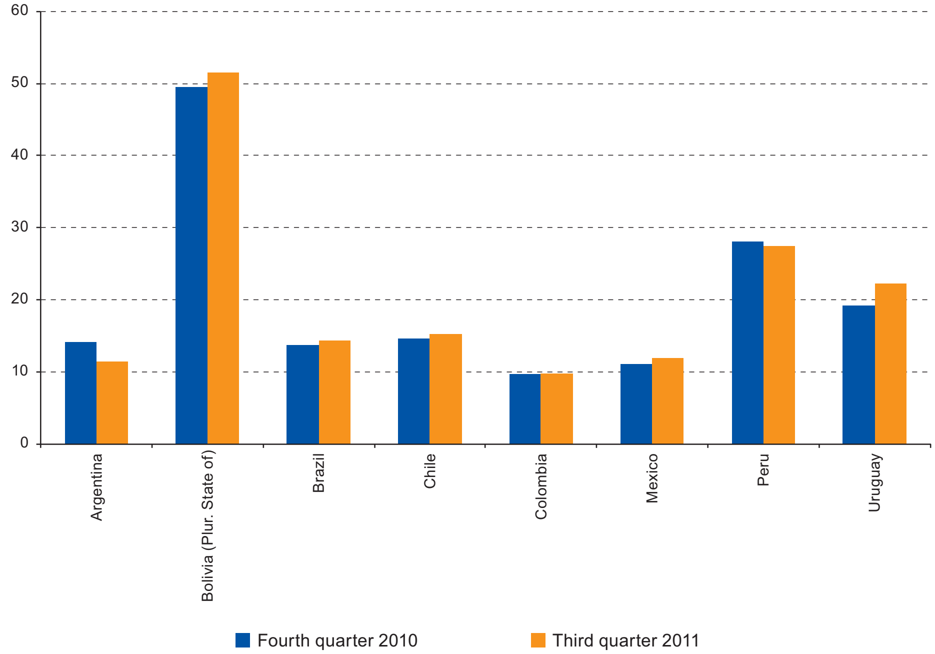
The countries of the region continued to accumulate international reserves, with several countries facing nominal currency appreciation during the first half of the year and exchange-rate market interventions that were sterilized only in part by issuing debt and that led to the rapid expansion of monetary aggregates mentioned earlier. The level of reserves as a percentage of GDP in the non-dollarized countries of the region increased during the first three quarters of 2011, from an average of 19% to 20.1%, although with considerable differences among them (see figure II.13).

The accumulation of international reserves was particularly notable in the countries that are more fully integrated in the international capital markets. Central bank reserves thus grew substantially in Chile, Uruguay, the Plurinational State of Bolivia, Brazil, Mexico and Colombia, with all of them posting nominal growth in excess of 20%. Foreign-exchange market intervention played a key role, especially in Brazil, Colombia and Chile during the first quarter of 2011, when currency appreciation pressure was particularly intense, with something of a pull-back during the following two quarters. The largest increase in reserves as a percentage of GDP was in Uruguay (3%) and the Plurinational State of Bolivia (2%). Reserves declined in Argentina and the Bolivarian Republic of Venezuela.

Figure II.13

LATIN AMERICA AND THE CARIBBEAN (SELECTED COUNTRIES): NET INTERNATIONAL RESERVES, 2010-2011

(Percentages of GDP)



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

Despite increasing reserves, some countries also saw a marked expansion of imports and monetary aggregates. Notwithstanding, in countries like the Plurinational State of Bolivia, Peru and Uruguay, the accumulation of reserves was therefore high in relation to most of the indicators of external vulnerability.

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

Nominal currency appreciation in the region especially affected the countries of South America that are more fully integrated in the international capital markets. Appreciation pressure continued until midway through the third quarter of 2011. Facing strong appreciation pressure on the real in 2010 and the

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

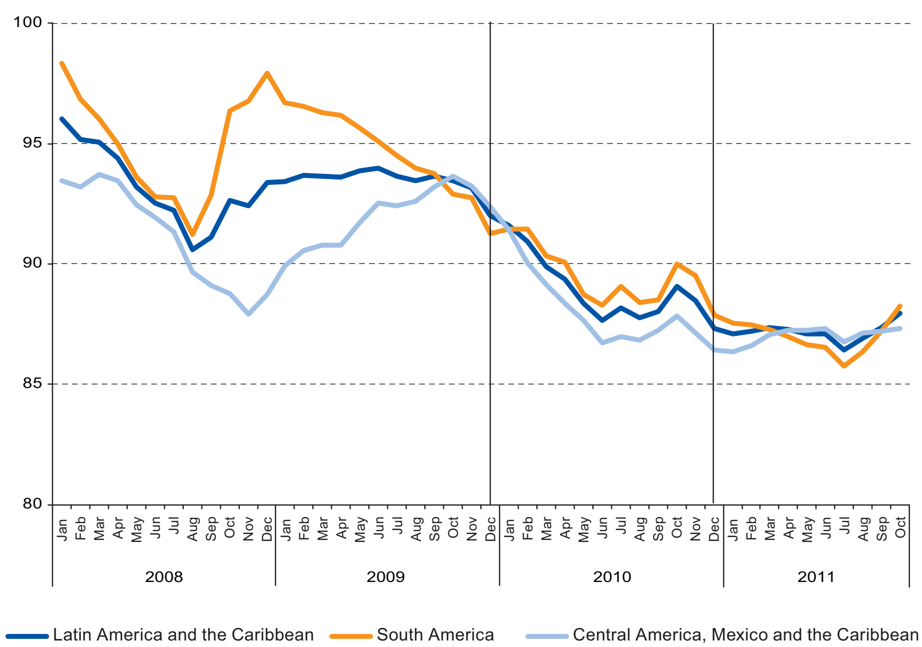
first half of 2011, in March and April 2011 Brazil raised to 6% the financial transaction tax rate on direct foreign loans and inbound funds from securities issued on the international market with maturities up to 360 days and 720 days, respectively,[9] having taken similar measures in 2010. Between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

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

Figure II.14

LATIN AMERICA AND THE CARIBBEAN: REAL EFFECTIVE EXTRAREGIONAL EXCHANGE RATES, 2008-2011

(Base: January 1990-December 2009=100)



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

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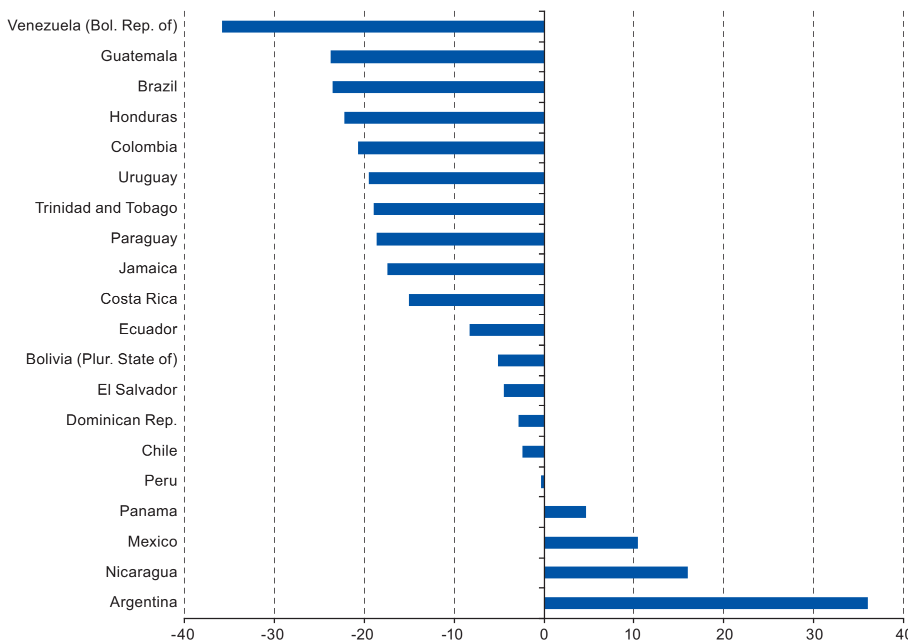
9 For more information, see ECLAC, *Economic Survey of Latin America and the Caribbean* (LC/G.2506-P), Santiago, Chile, 2011.

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

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

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



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

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

Box II.2

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

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

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

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

Many of the fiscal expenditure programmes introduced in response to the crisis were kept in place, however. Several of these —including social and public investment policies, such as the housing programmes in Colombia and Brazil and allowances for families in Guatemala— were actually expanded in 2010 and 2011. Greater support was provided to small and medium-sized enterprises: in Chile, for example, the authorities expanded the capacity of the Production Development Corporation (CORFO) and of the Small Businesses Credit Guarantee Fund (FOGAPE) to underwrite commercial bank loans. Thus, some countries took advantage of the crisis to review their public policies, using the fiscal space created in previous years, the aim being to strengthen economic and social development in the medium- and long-term, with an emphasis on reducing poverty and inequality.

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

Most of the region’s countries have yet to announce specific measures for weathering a possible sharp slowdown in the global economy —since most of the 2012 budgets do not contain any provision for this kind of risk— but some have put certain provisions in place or indicated that they are poised to take further steps should the global economy cool more sharply than expected.

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

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

Box II.2 (concluded)

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

At the beginning of December 2011, the ministers of finance of Chile, Colombia, Mexico, Peru and Uruguay met to conduct a joint analysis of their respective contingency plans. While they did not consider a unified plan for the region, the ministers were unanimous in their analysis of the risks facing the regional economy and on the need to be prepared to inject sufficient liquidity and to increase public investment to support domestic demand.

The South American Economy and Finance Council of the Union of South American Nations (UNASUR) is working on three lines of action to cushion the impacts of a possible crisis and stimulate long-term growth on the basis of closer regional integration, including (i) the formation of a joint fund to manage international reserves of member countries (either by expanding the Latin American Reserve Fund (FLAR) or by creating a UNASUR fund); (ii) increased use of the countries' own currencies for trade with the region; and (iii) the review of the Payments and Reciprocal Credit System of the Latin American Integration Association (LAIA) and an analysis of the Unified Regional Payment Clearing System of the Bolivarian Alliance for the Peoples of Our America. In addition, the founding members of the Bank of the South agreed to speed up preparations for its launch.

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

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

Chapter III

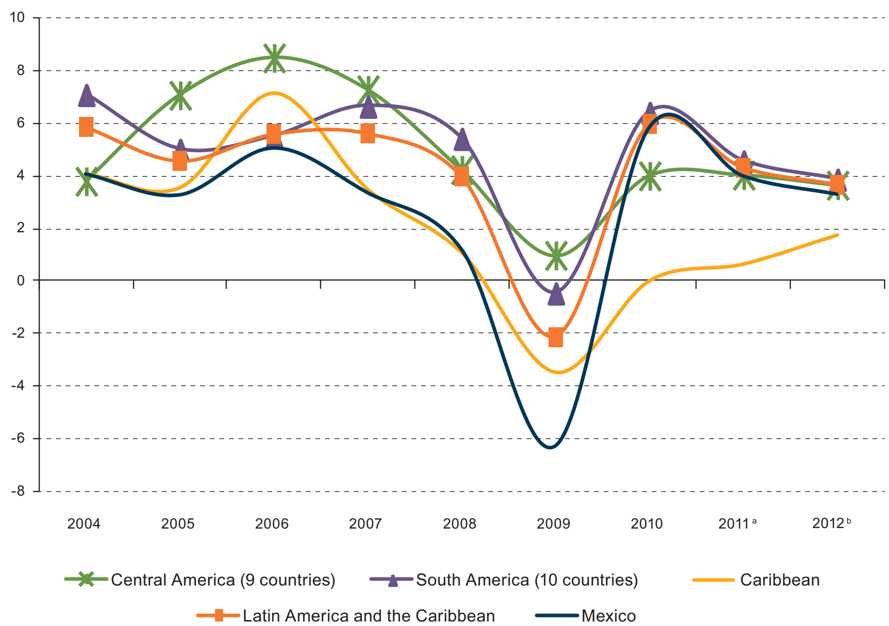
DOMESTIC PERFORMANCE

A. ECONOMIC ACTIVITY AND INVESTMENT

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

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

Figure III.1
LATIN AMERICA: ANNUAL CHANGE IN GROSS DOMESTIC PRODUCT, BY COUNTRY GROUPINGS, 2004-2011
(Percentages, in dollars at constant 2005 prices)



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

[a] Estimate.

[b] Projection.

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

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

As in 2010, economic activity in the region for the year as a whole was driven above all by surging domestic demand on both the consumption and the investment side and, to a lesser extent, by external demand. Private consumption in the region expanded by 5.2%, spurred by rising employment, falling unemployment, improving real wages and expanding lending to the private sector (see figure III.2). The latter was also boosted by persistently high liquidity in the international financial markets that, along with the lower risk levels of the economies of Latin America and the Caribbean, had a positive impact on capital flows towards the region.

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

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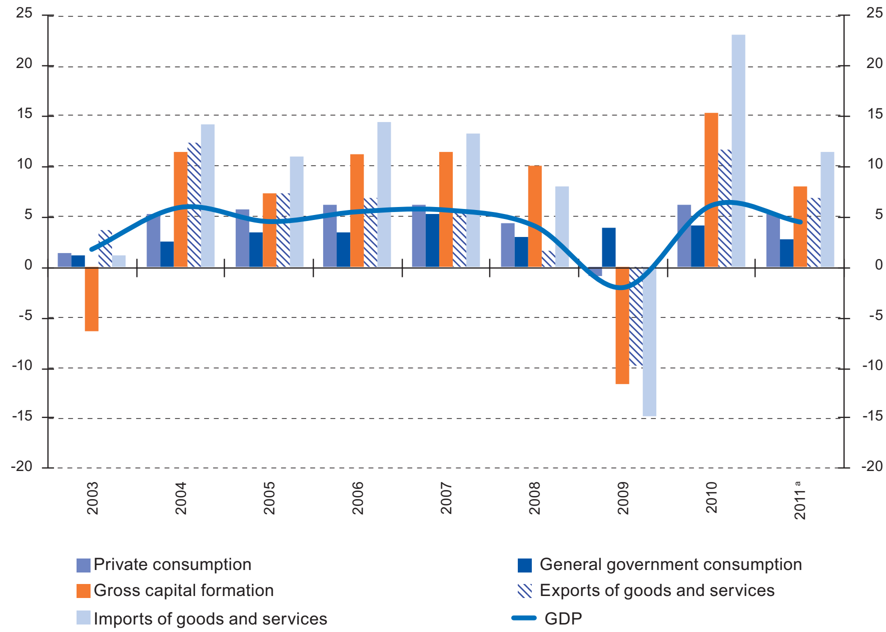
[1] Expressed as a simple average, GDP growth in Latin America and the Caribbean was 5%; the median increase was 4%.

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

Figure III.2

LATIN AMERICA: ANNUAL VARIATION IN GROSS DOMESTIC PRODUCT AND IN COMPONENTS OF DOMESTIC DEMAND, 2010-2011

(Percentages, in dollars at constant 2005 prices)



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

[a] Estimate.

Expanding domestic demand and the continuing availability of credit drove investment up, especially in machinery and equipment. Appreciation of the national currency against the dollar helped as well, by lowering the national-currency price of imported capital goods. As a result, gross fixed capital formation jumped by 8.1% in 2011, pushing the investment rate, measured in constant dollars as a percentage of GDP, up to 22.8% (2010: 22.3%). This is the highest it has been since 1990, although it is still below the levels prior to the 1980s (see figure III.3).

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

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

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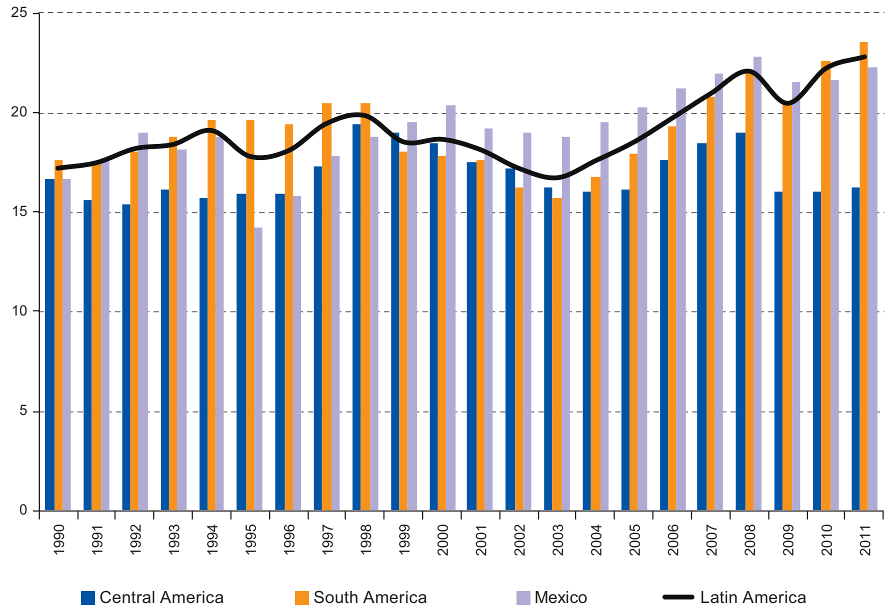
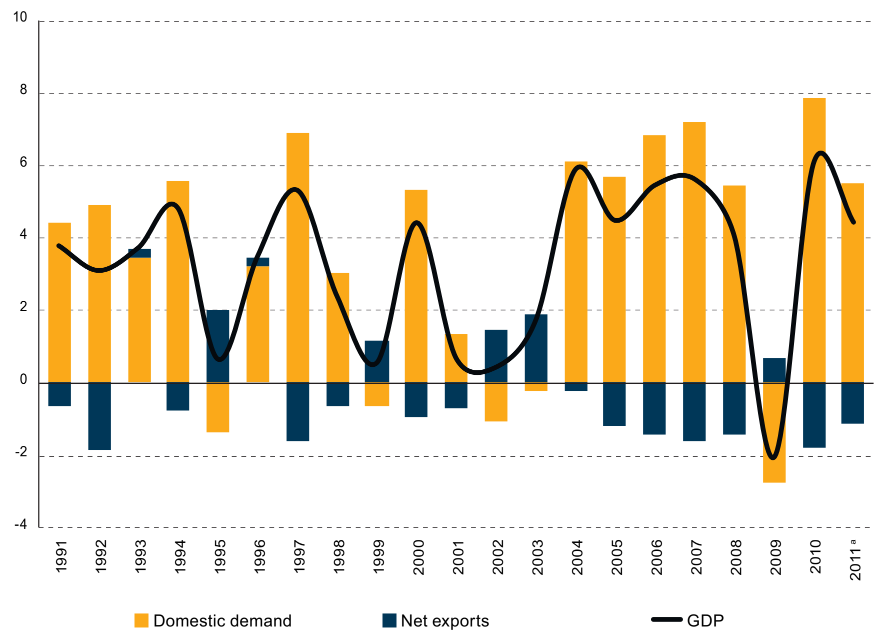
[3] Indeed, although exports of goods are growing briskly in value terms, in some metal- and mineral-exporting countries growth is due principally to higher export prices instead of higher export volumes.

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



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

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



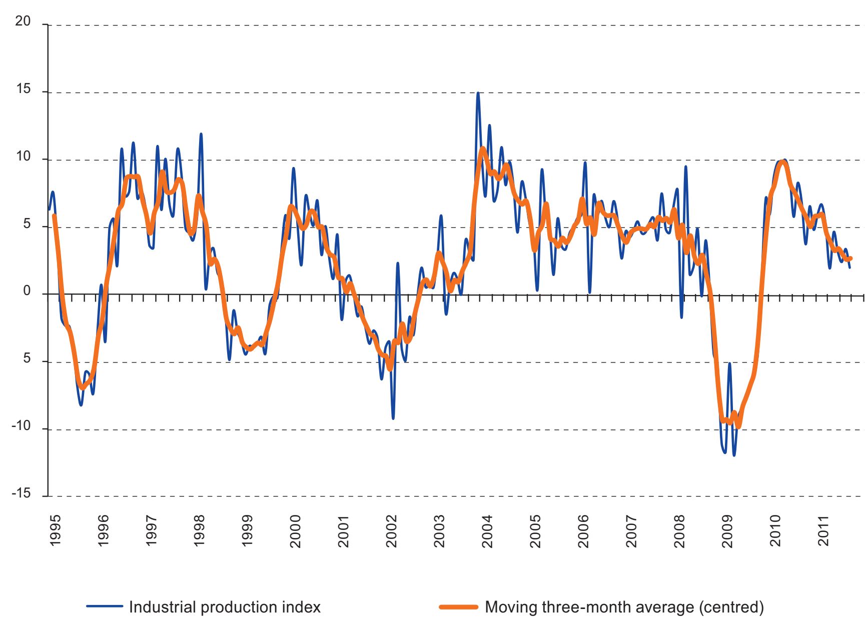
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

The correlate of swelling domestic demand has been a rise in domestic economic activity, especially in commerce, restaurants and hotels, business services, transportation and communications and other service sectors. Activity in the commerce, restaurants and hotels and transportation sectors also benefited from increasing tourist activity in 2011, particularly in the countries of South America. In Central America, international tourist arrivals grew at a pace similar to 2010; economic activity in the Eastern Caribbean Currency Union, Bahamas, Barbados and Belize was boosted by recovering tourist activity.[4]

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

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

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



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

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

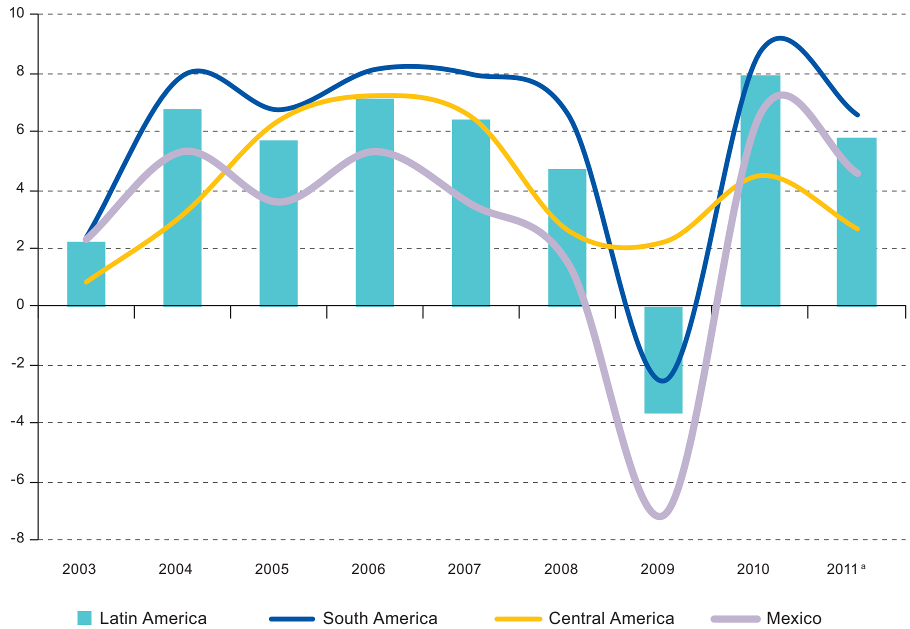
Construction industry performance varied from country to country as well. It posted the highest growth in Argentina, Chile, Ecuador and the Plurinational State of Bolivia while declining in Colombia and Paraguay. Growth was moderate in all of the other countries.

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

Figure III.6

LATIN AMERICA: ANNUAL CHANGE IN GROSS NATIONAL DISPOSABLE INCOME, 2003-2011

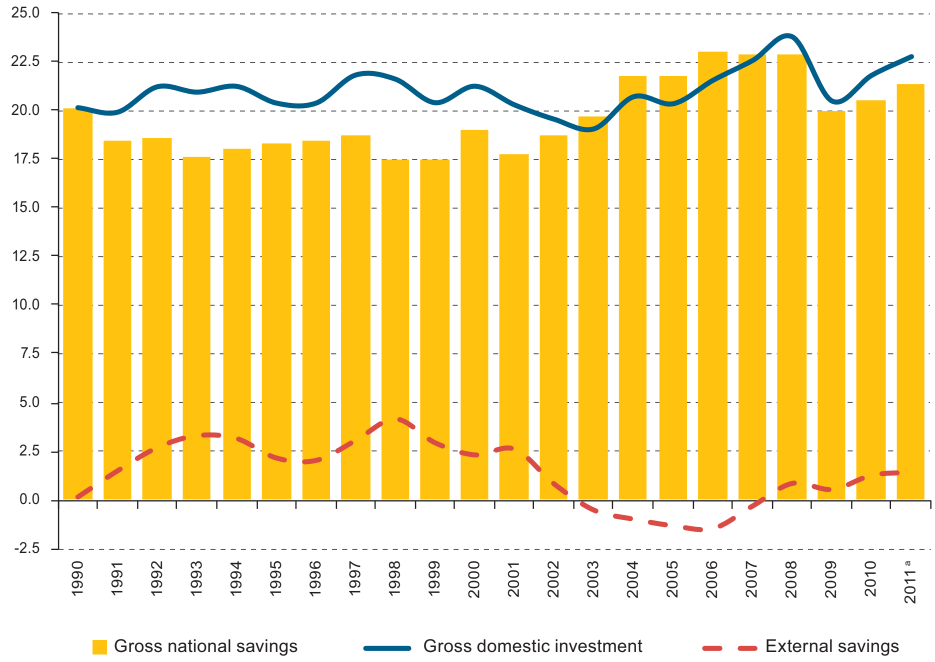
(Percentages, in dollars at constant 2005 prices)



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

As gross national disposable income rose for the region as a whole, domestic savings (which had dropped sharply in 2009) were up again in 2011 despite an increase in domestic consumption. As a percentage of GDP, measured in current dollars, domestic savings climbed to 21.4%—higher than in 2009-2010 but lower than in the period 2004-2008. External savings climbed to 1.4% (2010: 1.2%). As a result, gross capital investment in Latin America rose to 22.8%; this is a significant recovery from 2009 and 2010 (20.5% and 21.8%, respectively) but is still below the 23.6% recorded in 2008 which was, in turn, the highest figure since 1990 (see figure III.7).

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



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

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

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

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

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

In Mexico, according to partial information on climate events (ranging from cold waves to cyclones, and not counting the cumulative impact of several years of drought in the north-eastern states), more than 650,000 people have been affected and the costs have escalated to at least US$ 489 million.

Box III.1 (continued)

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

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

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

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

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

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

a Data up to November.

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

During the four decades that ECLAC has been assessing disasters using a standard, internationally validated methodology, it has noted that they are becoming increasingly severe in terms of the number of people affected and the economic cost of the damage and losses caused. Although this is partly due to higher population densities and the increased value of infrastructure, the rising cost of disasters also reflects greater vulnerability. Moreover, climate disasters are becoming more frequent than other disasters, such as earthquakes and volcanic eruptions (see table below).

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

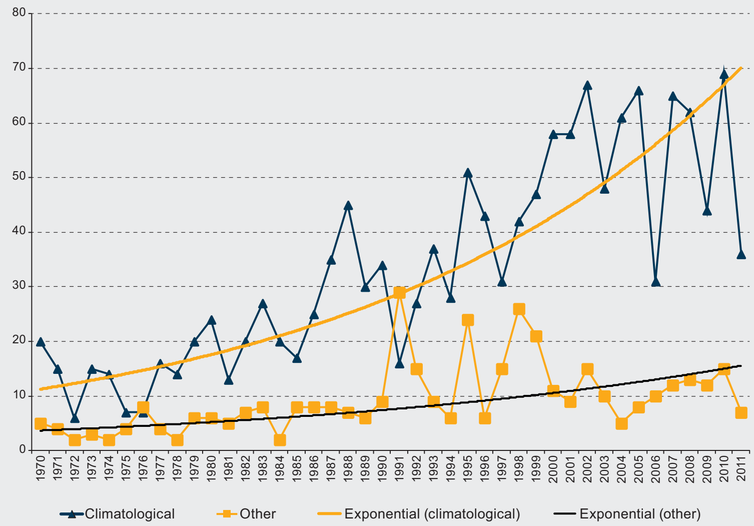
	Number of victims	**Number of people affected**	**Estimated cost** *(millions of dollars)*
2000-2010	236 232	50 541 475	114 872.8
1990-2000	32 965	2 671 888	25 030.8
1980-1990	34 202	5 442 500	11 719.5
1970-1980	38 042	4 229 260	2 639

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

Box III.1 (concluded)

Although the region is repeatedly struck by disasters, the frequency of climate events has increased much more rapidly than other types of disaster (such as earthquakes, volcanic eruptions and, mass movements), as shown in the figure below.

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



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

This trend reflects climate change as a process above and beyond the changeable conditions to which the region is exposed each year during the June-to-November cyclone season, winter cold spells and summers disrupted by periods of El Niño Southern Oscillation (ENOS), a pattern that swings between cycles of El Niño and La Niña. The greater recurrence and frequency of climate disasters and the more dramatic swings between extremes each year seem to confirm that climate change took hold in the region some years ago and can be regarded as the new climate norm. To reduce the risks that are emerging every year at greater cost, innovative ways of tackling this new normality need to be devised, in both quantitative and qualitative terms. Adapting to climate change requires investing more, but investments are being channeled towards replacing what has been destroyed instead of enhancing the capacity for adaptation. Another cost of climate change is that, in the absence of ongoing, reliable cooperation and investment resources, investment projects are postponed or abandoned and governments have fewer resources for meeting development plans and objectives. This has both economic and social consequences since it widens existing gaps and hinders social and economic convergence.

B. DOMESTIC PRICES

Inflation in Latin America and the Caribbean rose from 6.6% in 2010 to around 7% in 2011.[5] The rate of inflation rose in all the subregions, but most sharply in Central America and some of the Dutch- and English-speaking Caribbean countries early in the year (see figure III.8).

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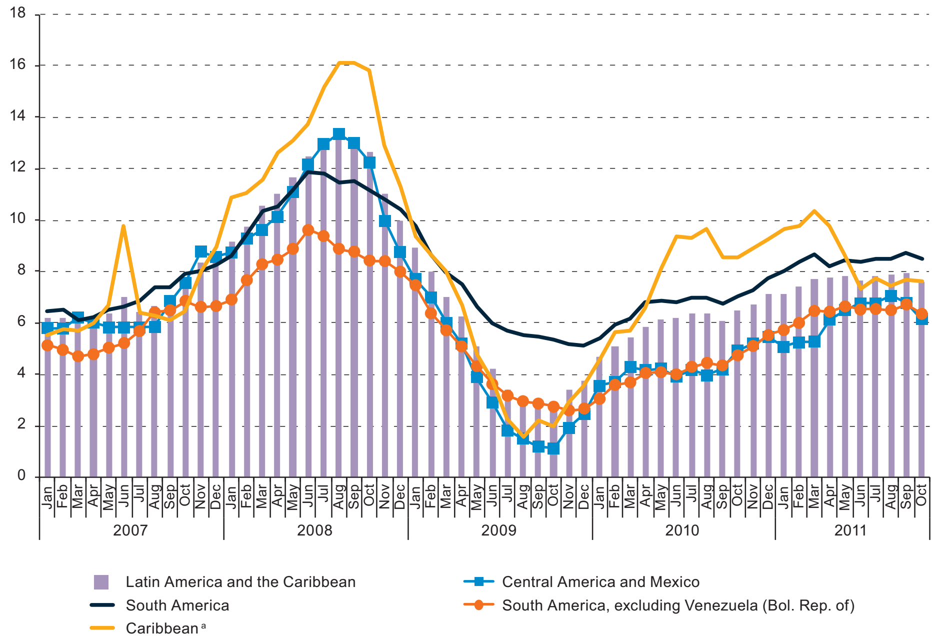
5 Refers to the weighted average for the region. As a simple average, regional inflation was relatively stable, moving from 7.1% in 2010 to 7.5% in 2011, and 7.6% in the 12 months to October 2011.

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



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

[a] Includes the Bahamas, Jamaica, Suriname and Trinidad and Tobago.

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

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

The trends prevailing in 2010 continued throughout 2011. Inflation remained persistently high for much of the year, reflecting rising food prices driven by the cost of agricultural commodities —especially grains and oils— in the main international markets and, in some cases (including Colombia, Guatemala and Peru), by supply shocks resulting from poor weather conditions. Fuel prices were another factor in the higher inflation in 2011, owing to steeper international prices,[6] as was the

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

climb in core inflation (mainly in the first half of the year) resulting from the pass-through of higher food and fuel prices to the cost of services, rises in the prices of regulated services (Brazil, Costa Rica, Colombia), particularly public transport fares and, in some cases, steadily climbing domestic demand. From August onwards, however, these trends eased up somewhat. The increase in food prices started to slow, as a result of the fall of international prices for these products, while the prices of energy products and core inflation continued to rise (see figure III.9). The drop was sharpest in the Central American countries and Mexico (and also more evident since the fall began in August), while in the South American countries food prices continued to rise.

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

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

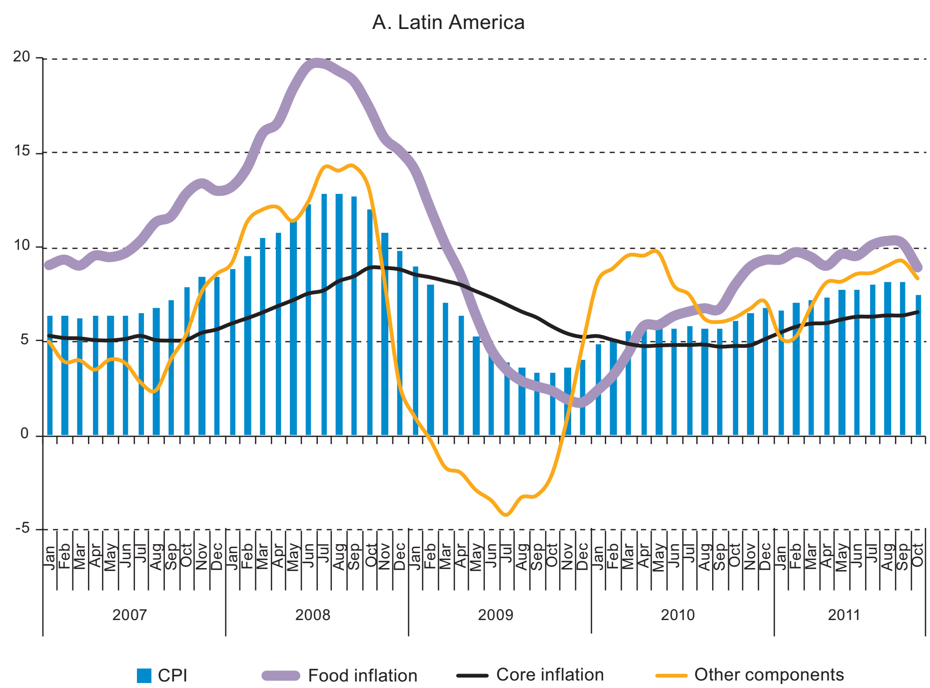
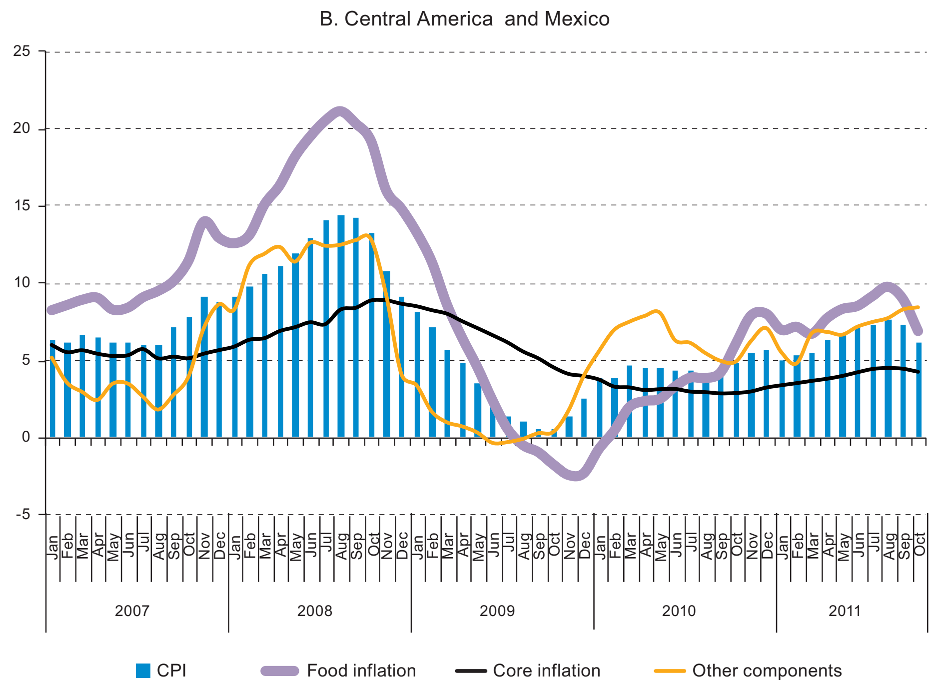
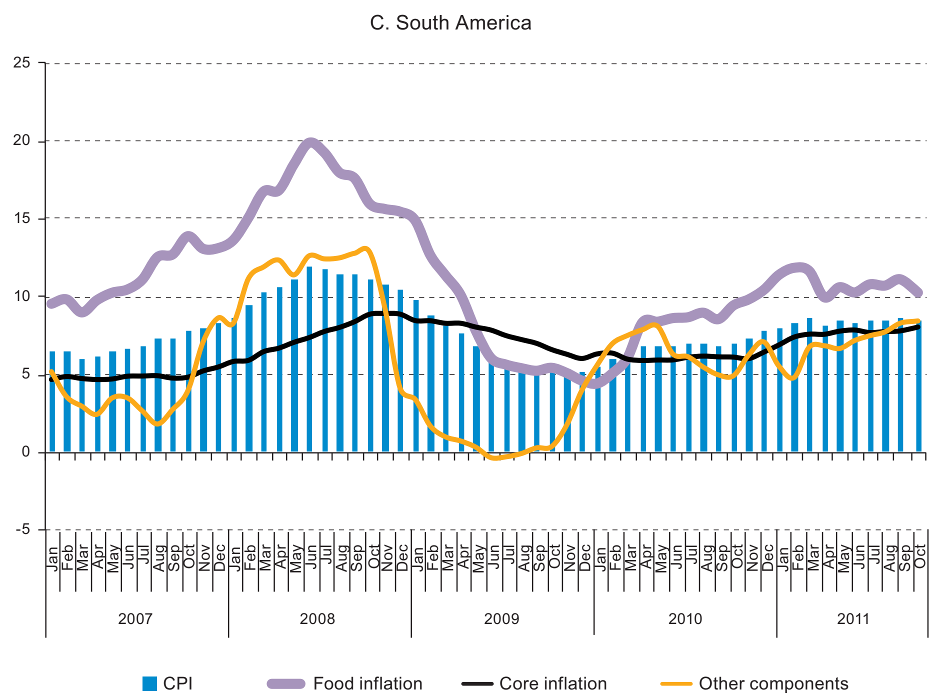


Figure III.9 (concluded)





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

Local-currency appreciation in most of the countries of the region up to August 2011 softened the impact on domestic prices of the higher international prices for imported products. But exchange-rate volatility towards the end of the year took a heavier toll on countries in which exchange-rate variation act as a price determinant, especially for fuels and some housing and transport services.

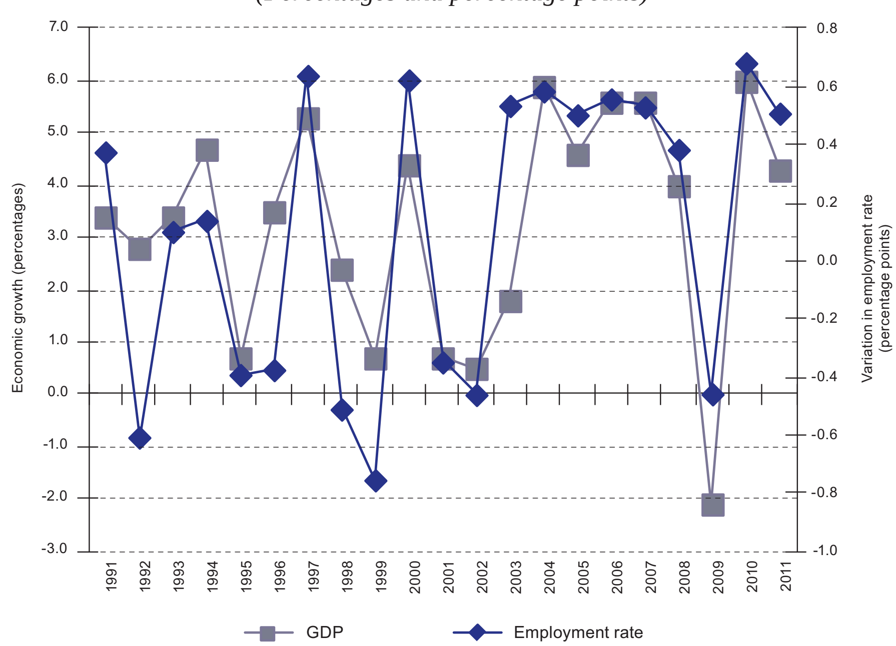
Both food and energy prices and core inflation have been making a growing contribution to overall inflation, but the contribution of food prices and other categories of inflation have remained relatively constant since August and actually declined in October, while the share of core inflation has continued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

C. EMPLOYMENT AND WAGES

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

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

Figure III.10
LATIN AMERICA AND THE CARIBBEAN: ECONOMIC GROWTH AND URBAN EMPLOYMENT RATE, 1991-2011
(Percentages and percentage points)



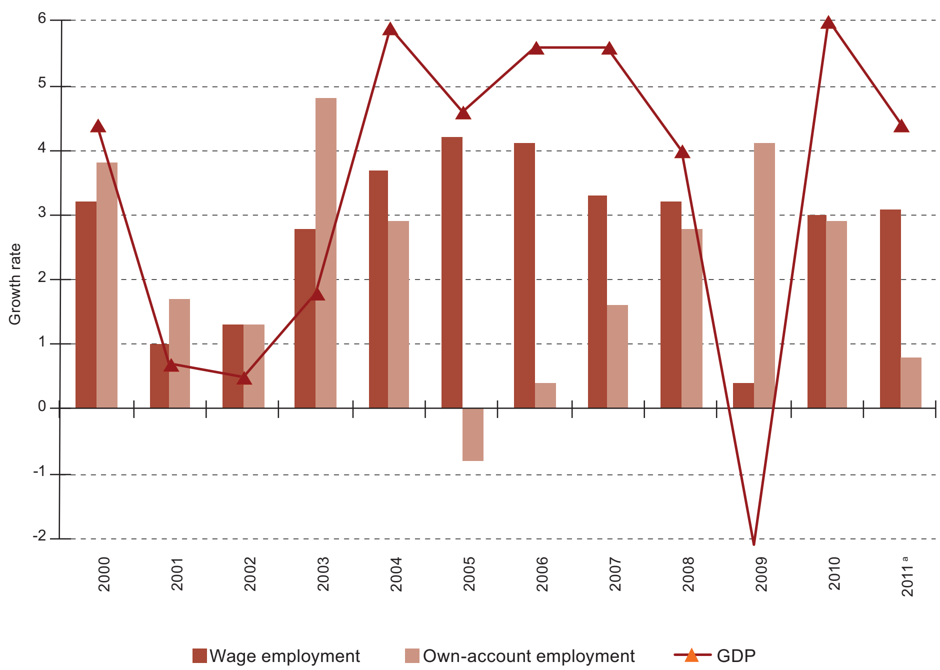
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

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

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

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

Figure III.11
LATIN AMERICA: ECONOMIC GROWTH AND JOB CREATION, 2000-2011
(Percentages)



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

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

Some countries saw a significant rise in formal wage employment (covered by social security systems). This good quality employment continued to grow briskly (by more than 5%) in Brazil, Chile, Nicaragua and Peru, and at a slower clip (between 2.5% and 5%) in Argentina, Costa Rica, Ecuador, Mexico, Panama and Uruguay.[7]

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

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

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

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

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

Despite an uptick in inflation during the year, real wages rose slightly. This was the result of larger nominal wage increases amidst generally improving labour market conditions that tended to give

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

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

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

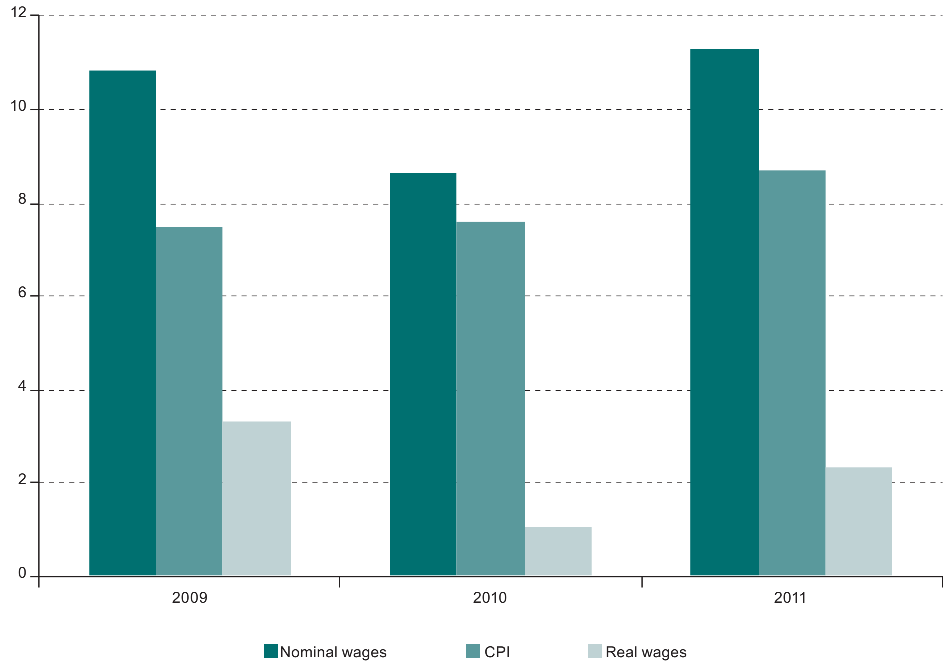
[10] Simple average for 14 countries for the first 2 or 3 quarters depending on data availability.

workers more leverage in wage negotiations. On average, then, real wages increased less than in 2009, when lower inflation boosted wage purchasing power, but more than in 2010 (see figure III.12). Rising minimum wages contributed to this improvement, although in real terms these gains were smaller than in 2010 except in a few countries (such as Peru, Uruguay and the Plurinational State of Bolivia).

Figure III.12

LATIN AMERICA (8 COUNTRIES): NOMINAL WAGES, INFLATION AND REAL WAGES, SIMPLE AVERAGE, 2009-2011[a]

(Variation in percentage points)



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

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

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

Behind the lower unemployment rates are overall labour market improvements, although this is not the only relevant indicator. The context has varied from country to country, though: during the first part of the year, in one group (Argentina, Brazil, Chile, Colombia and Uruguay), job creation accounted for most of

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

the decline in unemployment.[12] In the Bolivarian Republic of Venezuela, Ecuador, Paraguay and the Plurinational State of Bolivia, the main reason was a drop in labour participation. Unemployment was up in Barbados, Costa Rica and the Dominican Republic, despite a higher employment rate. The fact that the least favourable unemployment trends were concentrated in Central American and Caribbean countries reflects slower economic growth there (see box III.2 on unemployment in the countries of the Caribbean). Lastly, in Peru, on average for the first three quarters, the main indicators held relatively stable.

Box III.2

UNEMPLOYMENT IN THE CARIBBEAN

The global crisis of 2008-2009 not only reduced economic growth in the Caribbean but also hurt employment as a result of slackening international and domestic demand and a fall in investment. The Caribbean as a whole suffered a decline in growth in some key sectors such as mining and oil, manufacturing and construction in 2008-2010 (see table below). For the service-producing economies, namely, the countries of the Eastern Caribbean Currency Union (ECCU), the Bahamas, Barbados and Jamaica, the impact of the global crisis was especially severe as the slump in global tourism affected not only employment in that sector but also complementary activities such as construction and distribution. On the other hand, the goods-producing economies —Belize, Guyana, Trinidad and Tobago, and Suriname— benefited from higher commodity prices and so suffered a less severe impact on economic growth and employment. However, given the volatility of commodity prices, the sustainability of this effect is uncertain.

THE CARIBBEAN: GDP GROWTH BY ECONOMIC SECTOR, 2008-2010

(Percentages)

	Mining and oil			Manufacturing			Construction			Services			Total		
	2008	2009	2010	2008	2009	2010	2008	2009	2010	2008	2009	2010	2008	2009	2010
Service producers	2.8	-16.4	-3.4	-3.7	-5.1	-5.7	-0.4	-16.1	-16.6	2.4	-1.2	0.9	2.5	-5.1	-1.3
Goods producers	7.4	-1.9	-1.3	1.6	5.1	-1.0	13.0	2.2	4.1	3.3	-0.5	6.3	3.5	1.1	2.7
Average for the Caribbean	5.1	-9.2	-2.4	-1.1	0.0	-3.4	6.3	-7.0	-6.2	2.8	-0.8	3.6	3.0	-2.0	0.7

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

In the limited number of countries for which data are available, unemployment rates were decreasing prior to the global crisis, though at a sluggish pace in some countries (see table below). However, the onset of the crisis threw this trend into reverse. Unemployment rates in 2009 and 2010 were higher for all countries, the only outlier being perhaps Trinidad and Tobago where unemployment remained relatively low largely thanks to job creation in the public sector. The sharpest spikes in unemployment during 2008-2009 occurred in the Bahamas, Saint Lucia and Belize, the first two of which are major producers of services.

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

(Percentages)

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

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

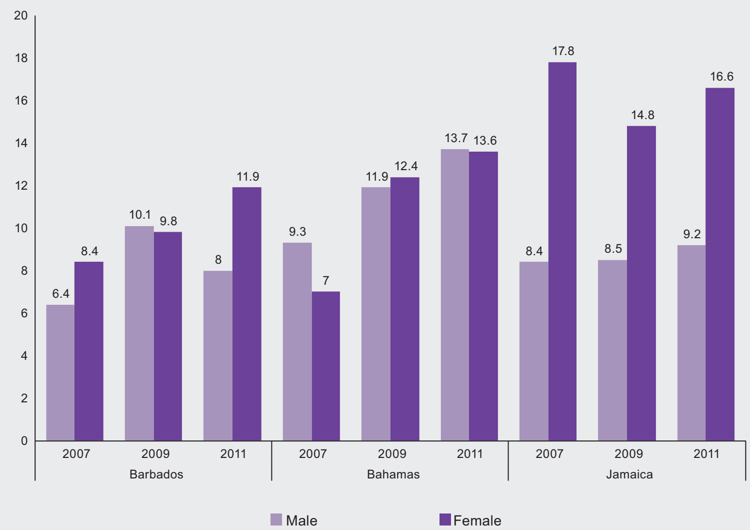
[12] Data through the second or third quarter, depending on availability.

Box III.2 (continued)

While the overall unemployment rate paints a broad picture of the performance of the labour market, unemployment rates by gender and age provide important information on the response of various groups to changes in that market. Unemployment data by gender are available for the period 2007-2011 for the Bahamas, Barbados and Jamaica (see figure below). Barbados and Jamaica both show a large gap between male and female unemployment rates: in the first case, the gap increased from 2% in 2007 to almost 4% in 2011, and in the second, the female unemployment rate was almost twice the level of male unemployment over the entire period. By contrast, in 2007, in the Bahamas male unemployment was 2.3 percentage points higher than than female unemployment, but the gap narrowed in subsequent years as female unemployment rose steadily.

THE BAHAMAS, BARBADOS AND JAMAICA: UNEMPLOYMENT RATES BY SEX

(Percentages)



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

The extent of youth unemployment in the Caribbean is another issue of considerable concern. Comparable data is available only for Jamaica and Trinidad and Tobago (see table below). The data indicate that total youth unemployment in Jamaica increased from 25.9% in 2008 to 30.8% in 2010. The same pattern is observed in Trinidad and Tobago, with total youth unemployment increasing from 10.5% in 2008 to 16.9% in 2010. Throughout the period, female youth unemployment exceeded the rate for males by some distance in both countries, although the gap narrowed in 2010 in Trinidad and Tobago.

JAMAICA AND TRINIDAD AND TOBAGO: UNEMPLOYMENT RATES AMONG YOUNG PEOPLE AGED 15-25 BY SEX, 2008-2010

(Percentages of the labour force)

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

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

Box III.2 (concluded)

Employment by industry also highlights the impact of the global crisis on employment levels in some countries, although consistent data for this indicator are available only for the Bahamas and Trinidad and Tobago. In the latter country, the share of employment declined in all individually reported sectors (agriculture, petroleum and gas, construction and manufacturing) in 2007-2010, while the percentage of employment in “other (service) sectors” increased from 61.6% to 65.0% —possibly reflecting, at least partially, job creation in the public sector. While employment in both the agricultural and petroleum and gas sectors declined by only 0.4 percentage points, the construction and manufacturing sectors sustained a severe impact. As construction activity slumped, employment in the sector declined from 20.6% of total employment in 2007 to 18.1% in 2010 (equivalent to a loss of 13,057 jobs). Over the same period, the share of the manufacturing industry in total employment declined from 10.1% to 9.7% (shedding 3,378 jobs).

In the Bahamas too, the global crisis affected all sectors except “other sectors”, “wholesale and retail”, and the combined agriculture and mining sector, whose share in total employment rose from 49.3% to 52.3%, from 14.5% to 15.6%, and from 4.0% to 5.1%, respectively. Similarly to the pattern in Trinidad and Tobago, the construction and manufacturing sectors bore the worst impact, followed by the tourism sector. Between 2007 and 2010, these sectors’ share in total employment dropped from 12.4% to 8.7%, from 3.7% to 2.8%, and from 16.0% to 15.5%, respectively. During this period the construction industry shed a total of 7,035 jobs and manufacturing lost 1,835 jobs.

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

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

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

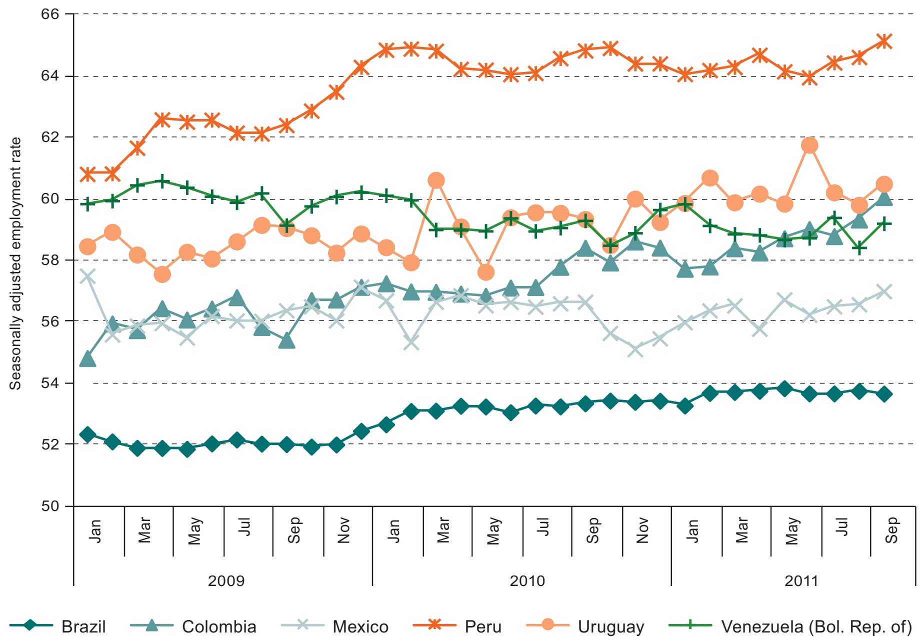
However, in some countries formal wage employment generation started to fall off in the second quarter, as can be seen in the seasonally adjusted figures for Argentina, Brazil, Chile, Mexico and Peru (see figure III.14). Some sectors were harder hit by slower output growth. For example, in October 2011 the number of hours paid in formal manufacturing employment in Brazil fell 0.7% over the same month of the previous year.

Obviously, labour market prospects for 2012 depend on the macroeconomic context, especially investment and economic growth. As economic activity cools slightly in the region expectations are that the employment rate will once more post a small gain which would leave the unemployment rate unchanged or sustain a very small decrease of up to 0.2 percentage points. For the first quarter of 2012 Latin American employers’ hiring expectations are positive, albeit generally weaker than in the previous quarter (Manpower Employment Outlook Survey, Q1/2012).

Figure III.13

LATIN AMERICA (6 COUNTRIES): URBAN EMPLOYMENT, SEASONALLY ADJUSTED SERIES, JANUARY 2009-SEPTEMBER 2011

(Percentages of the working-age population)

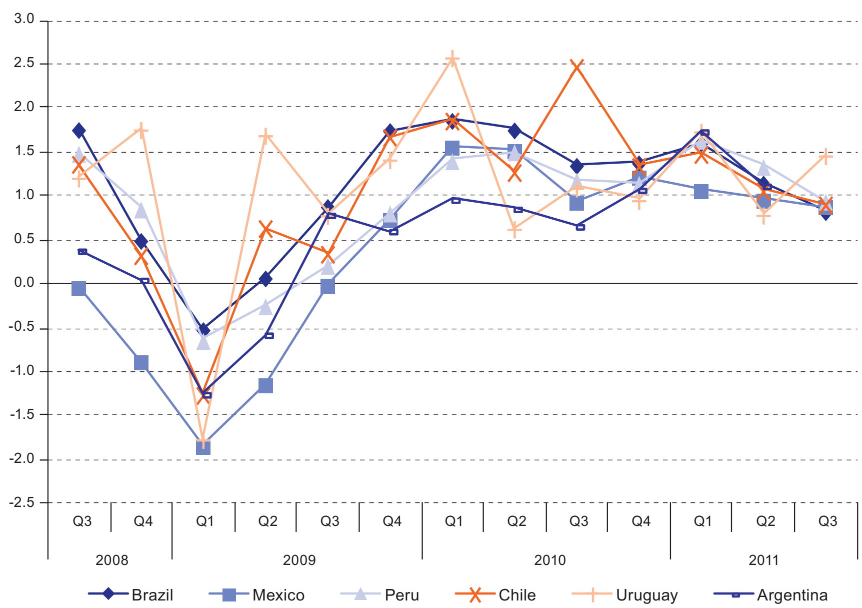


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

Figure III.14

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

(Percentages)



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

Chapter IV

THE EXTERNAL SECTOR

A. THE BALANCE-OF-PAYMENTS CURRENT ACCOUNT

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

Table IV.1 shows the projected current account balance by subregion. For the MERCOSUR bloc,[1] balances should remain relatively stable and this group of countries should close the year with a current account deficit of 1.8% of GDP, similar to that for 2010. The mining countries (Chile and Peru) will have seen their current account surplus disappear, and should end the year with a deficit equivalent to 1.4% of GDP, explained primarily by import growth that has significantly outpaced export growth, thereby cutting their trade surplus substantially. On the other hand, the hydrocarbon-exporting countries (Bolivarian Republic of Venezuela, Colombia, Ecuador and Plurinational State of Bolivia) will have increased their current account surplus, thanks to high prices for oil and its derivatives, which have boosted these countries' export values considerably. As net importers of food and energy, the Central American countries were impacted by higher international prices for those goods, producing a higher import bill which, together with the lower relative weight of emigrants' remittances, led to a greater deterioration in the current account for this subregion. Finally, Mexico should record a deficit of 1.1% of GDP with the increase in outflows for factor remuneration and a sharp increase in the services deficit caused by greater imports of services and a fall in tourism earnings.

Table IV.1

LATIN AMERICA: CURRENT ACCOUNT STRUCTURE BY SUBREGION, 2010-2011 [a]

(Percentages of GDP)

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

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

[a] Data for 2011 are projections.

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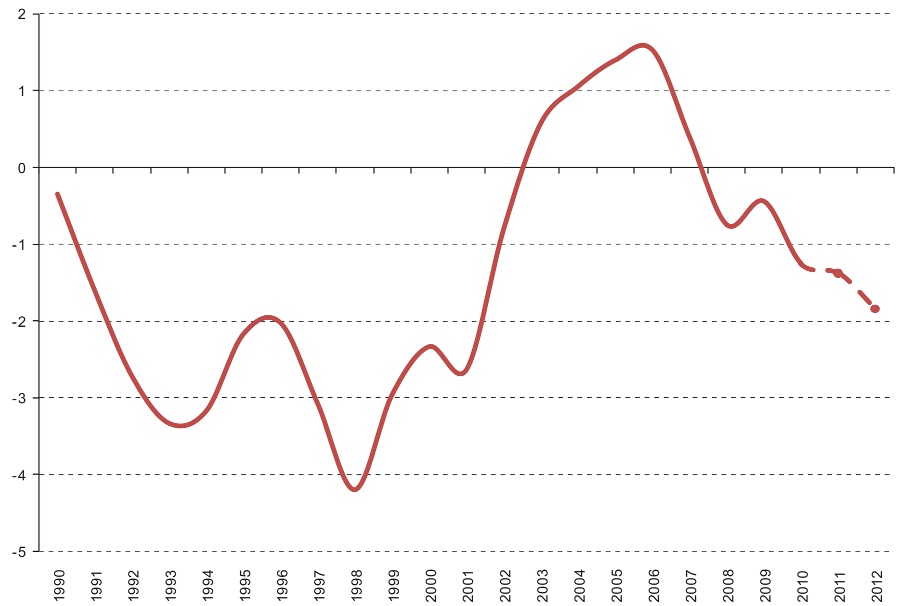
[1] Argentina, Brazil, Paraguay and Uruguay.

Figure IV.1

LATIN AMERICA: CURRENT ACCOUNT BALANCE, 1990-2012 [a]

(Percentages of GDP)



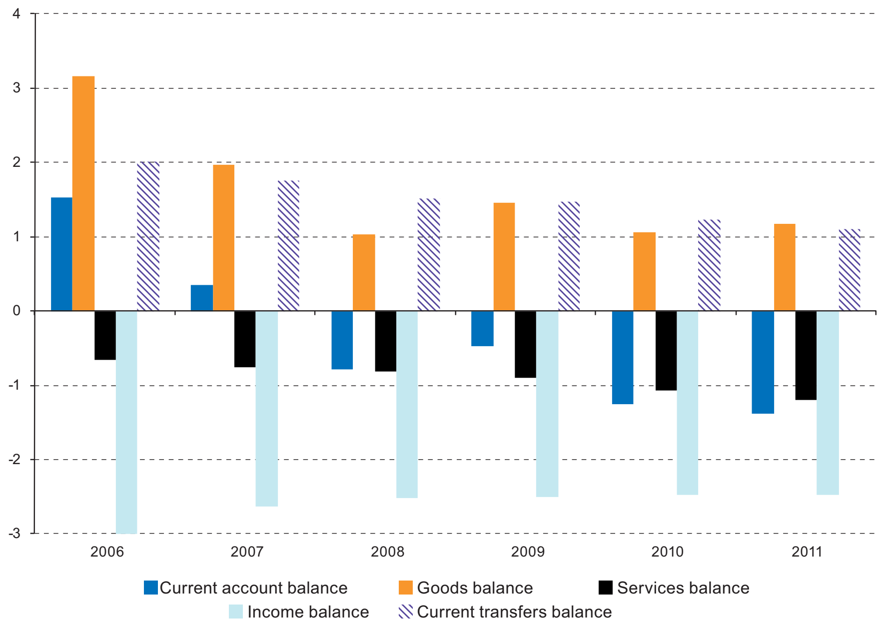
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

[a] Data for 2011 and 2012 are projections.

Figure IV.2

LATIN AMERICA: STRUCTURE OF THE CURRENT ACCOUNT, 2006-2011 [a]

(Percentages of GDP)



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

[a] Data for 2011 are projections.

The current account is expected to continue its gradual deterioration in 2012, reaching a deficit of 1.8% of GDP, as a consequence of buoyant domestic economic activity, which is outpacing that abroad, and terms of trade that are less favorable than those prevailing in 2011. The following sections offer a more detailed review of these trends and the most notable developments in the different components of the current account.

1. Terms of trade

The bulk of the commodities that weigh heavily in the region's export basket showed steep growth during the last months of 2010 and the early part of 2011. Not since the beginning of 2008 were the rates of change so high. Yet the possibility of contagion from the European debt crisis and doubts about the health of the United States economy have dampened the outlook for global growth and have reduced demand for those products. For the same reason, funds invested in commodity-linked securities have been shifting into lower-risk markets. These factors, together with positive developments with some products, have caused the rising trend to reverse since the second quarter of the year (and even earlier for the oils and oilseeds group).

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

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

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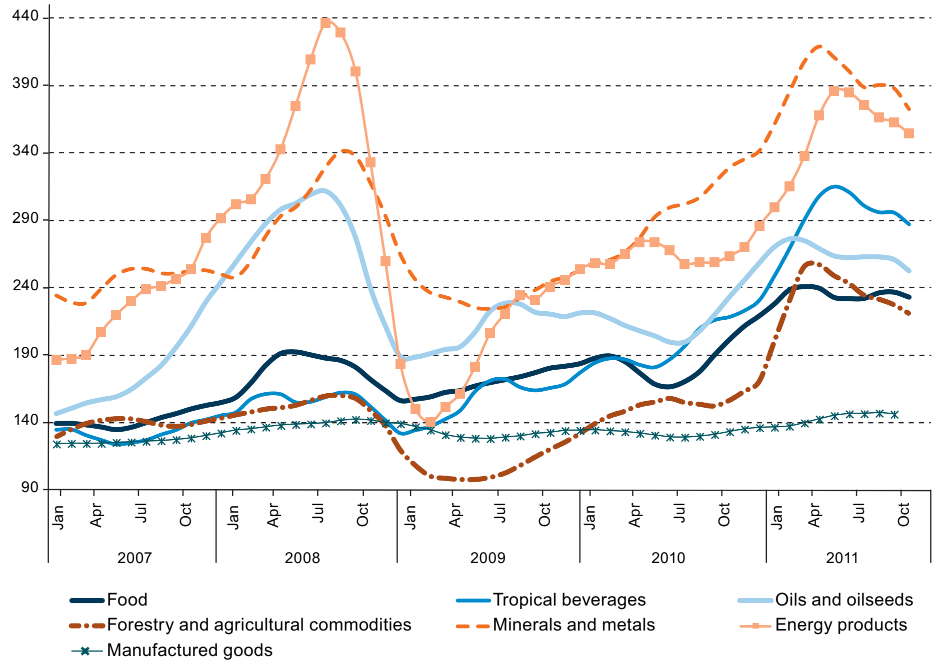
[2] See [online] www.fao.org/worldfoodsituation/wfs-home/en/.

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

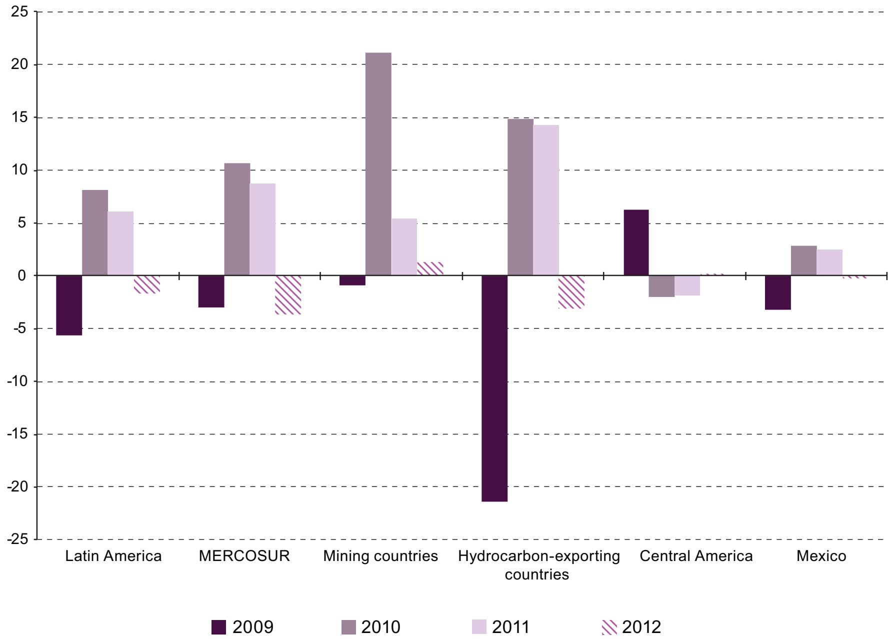


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of figures from the United Nations Conference on Trade and Development (UNCTAD) and the Netherlands Bureau for Economic Analysis (CPB).

[a] The commodity groups are weighted by their share of Latin American exports.

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

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



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

[a] Data for 2011 and 2012 are projections.

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

The improved supply conditions for some agricultural goods and the uncertainty over global aggregate demand are expected to continue in 2012, with the consequent impact on commodity prices. In this context, the region's terms of trade would fall by 1.4%, primarily as a result of the decreases recorded among the MERCOSUR countries and hydrocarbon exporters. The outlook for Central America is negative: although it will benefit from cheaper food and energy imports, this subregion must face lower prices for its principal exports (in particular coffee, meat, oils and steel products), meaning that its terms of trade will remain virtually unchanged. The only subgroup that will see a significant gain in its terms of trade will be the mineral-exporting countries, as the price drop observed in the second half of 2011 was accompanied by a sharp decline in inventories of those products, which should sustain demand in 2012.

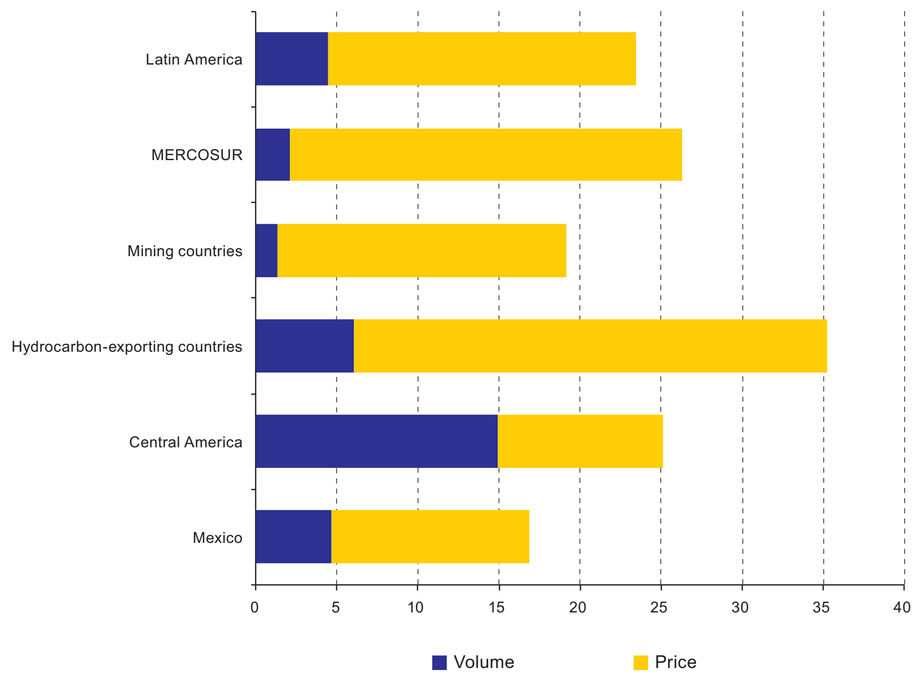
2. The goods and services balance

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

Figure IV.5

LATIN AMERICA: EXPORT VALUE GROWTH RATES, BY VOLUME AND PRICE, 2011

(Percentages)



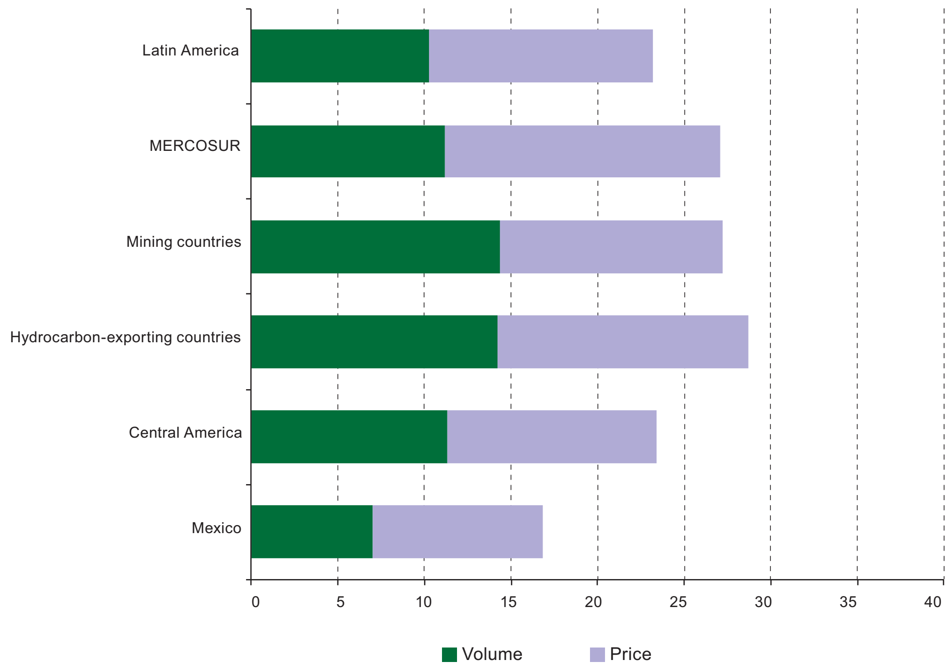
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

Despite a sharp slowdown from 2010 and a decline in oil production, Mexico's export volume is still growing, driven by higher demand for manufactured goods in the United States. For example, automotive production for export rose by 13.9% between January and November 2011 over the same period of the previous year. Central America will perform similarly in manufactured goods, and will also see a significant increase in the volume of agricultural exports.

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

Although the volume of imports exceeded that of exports, the improvement in the terms of trade is expected to bring the region's export value slightly above the value of imports (with exports growing by 23.5% and imports by 23.1%). As a result, the trade surplus in goods should rise from 1.0% of regional GDP in 2010 to around 1.2% in 2011. For the coming year, domestic demand is expected to outpace external demand, which would mean that imports would grow faster than exports. To this must be added the forecast setback in the terms of trade. It can be expected, then, that the trade balance in goods will drop to only 0.5% of regional GDP in 2012.

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



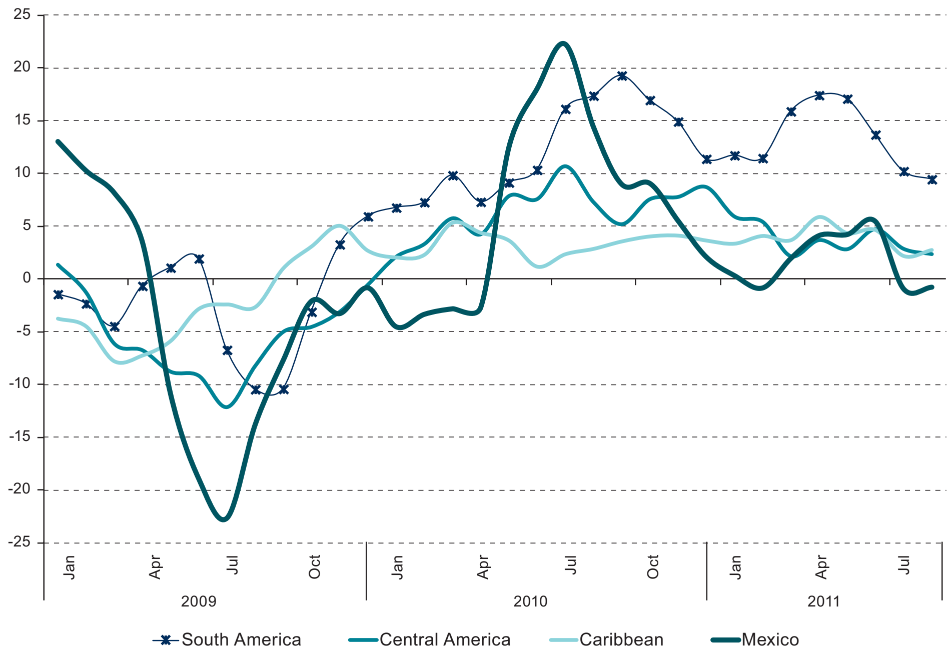
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

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

International tourism is an important source of income for the countries of the Caribbean and Central America. As figure IV.7 shows, these two subregions returned to positive rates at the end of 2009, but they have stabilized at around 5%, below the rate observed prior to the 2008 crisis. This can be laid to weak economic growth and high unemployment in the United States and Europe, the main sources of tourists to these regions. Mexico, the region's biggest tourism recipient, has felt the same effect, which has been further compounded by growing insecurity in the country. Tourism in South America fell to a lesser extent during the crisis, and recovered more strongly thereafter. In the first eight months of 2011 the number of international tourist arrivals was up by 13.3% over the same period of the previous year. A possible explanation for this is that the sources of tourism to this subregion are more diversified and intraregional tourism accounts for a greater share; international business travel is also up sharply.

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

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



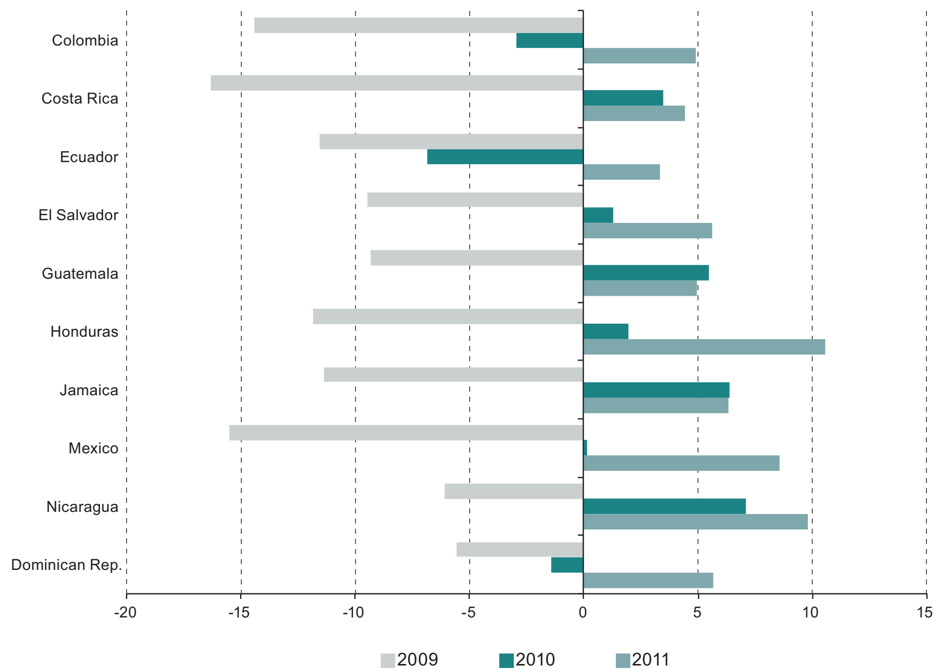
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of figures from the World Tourism Organization (UNWTO).

3. The income and transfers balance

The factor income deficit is expected to continue the gradual upward trend in nominal terms recorded in recent years, which would keep it stable at around 2.5% of regional GDP. This trend is linked to higher prices for commodity exports and the good performance of Latin American economies, which should translate into positive earnings for foreign firms operating or investing in the region and, consequently, an increase in profit remittances. However, the intraregional distribution is uneven, and four countries alone account for more than 75% of the deterioration in this account: Brazil (through higher profits on direct and portfolio investment), Mexico (through higher interest payments and a sharp increase in reinvested profits), Colombia (through greater outflows associated with FDI, primarily in the oil sector) and Peru (through growth in the profits of mining companies). In 2012, with the expected drop in prices for key exports and moderating growth, the deficit on this account should decline slightly in relative terms to around 2.3% of regional GDP.

There should be a modest increase in the current transfers balance, which will not prevent it from shrinking in relative terms, from 1.2% of GDP in 2010 to 1.1% in 2011. This represents a continuation of the trend observable for several years now. Within this account, migrant workers' remittances represent a major source of revenue for some of the region's countries. As figure IV.8 shows, after the sharp fall in 2009 and the volatility observed in 2010, the rates in 2011 are positive for all countries indicated in the graph. Nevertheless, the rates of increase are still relatively low and (with the exception of Nicaragua) remittances remain below their peaks prior to the 2008 international crisis. This reflects the labour situation in the countries that receive the bulk of migrant workers from Latin America; in particular, the unemployment rates in the United States and Spain, although they seem to have stabilized, are still very high. In addition to workers' remittances, another notable feature on this account during 2011 was the significant reduction in the surpluses of Chile and Haiti, as official donations related to the earthquakes suffered by those two countries tailed off from their level in 2010. It is expected that remittances to Central American countries will regain their pre-crisis level in 2012; in the case of Colombia, Ecuador and Mexico it will take until 2013 to reach this milestone. Nevertheless, the relative weight of remittances will decline despite these gradual increases.

Figure IV.8
LATIN AMERICA AND THE CARIBBEAN (10 COUNTRIES): YEAR-ON-YEAR GROWTH IN EMIGRANTS' REMITTANCES, 2009-2011 [a]
(Percentages)



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

[a] Data for 2011 are projections.

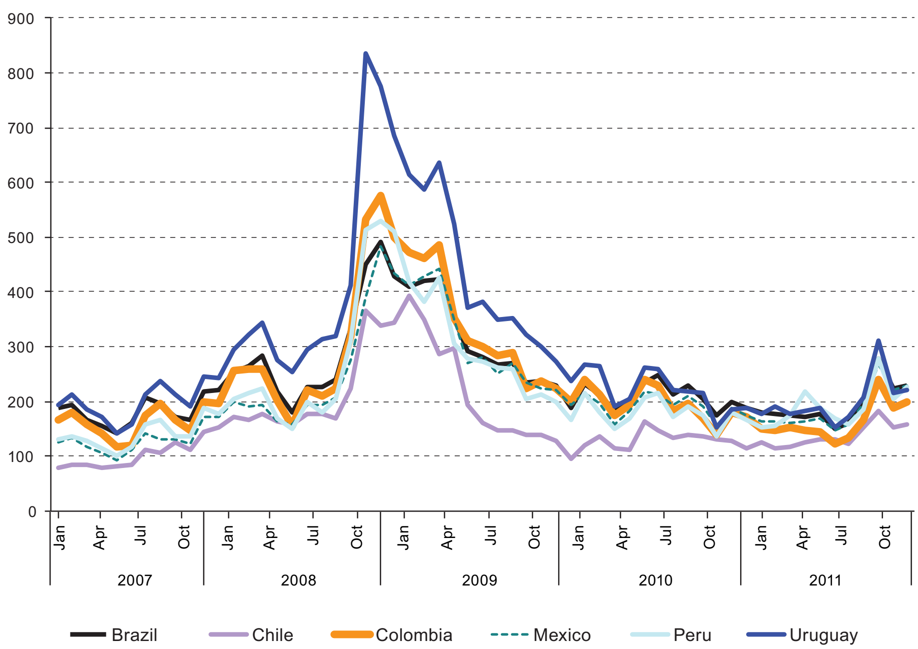
B. THE CAPITAL AND FINANCIAL ACCOUNT

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

Figure IV.9

LATIN AMERICA (SELECTED COUNTRIES): SOVEREIGN RISK PREMIUMS FOR LOWER-RISK COUNTRIES, JANUARY 2007-NOVEMBER 2011

(Basis points)



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

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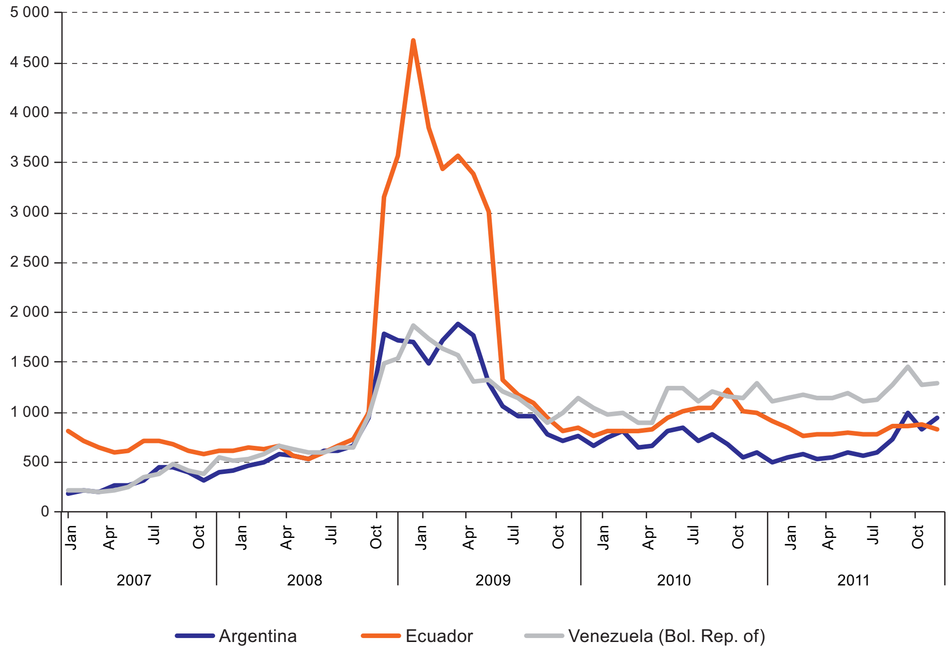
3 Up to September, the following countries had issued sovereign bonds abroad during 2011: Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Dominican Republic, Mexico, Panama and Uruguay.

Figure IV.10

LATIN AMERICA (SELECTED COUNTRIES): SOVEREIGN RISK PREMIUMS FOR HIGHER-RISK COUNTRIES JANUARY 2007- NOVEMBER 2011

(Basis points)



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

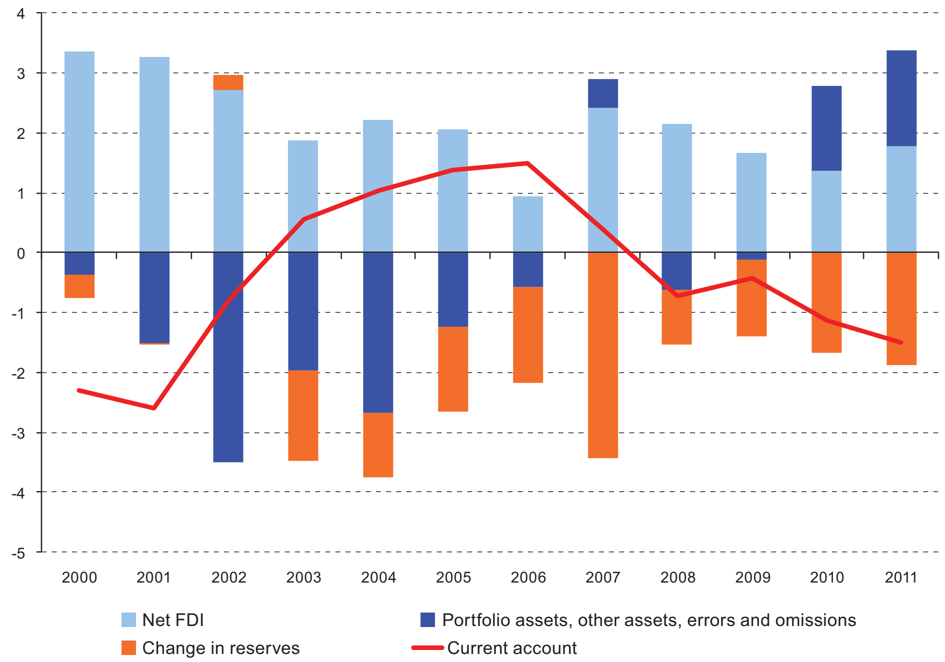
The strength exhibited by the region for several years in terms of fiscal and external solvency, as expressed in relatively low sovereign risk premiums for several countries, meant that despite external turbulence the region as a whole faced no difficulties in meeting its external financing needs. Moreover, as indicated in the section on monetary and exchange policy in the region, most countries boosted their international reserves significantly, as a result of policies designed to maintain the exchange rate in the face of heavier external capital inflows, or as a precautionary measure against future external uncertainty.

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

Figure IV.11

LATIN AMERICA (19 COUNTRIES): CURRENT ACCOUNT BALANCE AND COMPONENTS OF THE FINANCIAL ACCOUNT, 2000-2011

(Percentages of regional GDP)



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

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

Table IV.2

LATIN AMERICA (19 COUNTRIES): PRINCIPAL COMPONENTS OF THE FINANCIAL ACCOUNT, BY COUNTRY 2009-2011

(Millions of dollars)

	Current account balance			Net financial flows			Change in international reserves		
	2009	**2010**	**2011 [a]**	**2009**	**2010**	**2011 [a]**	**2009**	**2010**	**2011 [a]**
Argentina	11 064	3 504	1 638	-9 296	674	-7 783	1 769	4 178	-6 145
Bolivia (Plurinational State of)	813	903	878	45	247	1 295	858	1 150	2 173
Brazil	-24 302	-47 365	-51 088	69 039	97 420	115 441	44 737	50 055	64 353
Chile	2 570	3 802	-2 494	-361	-1 309	13 303	2 209	2 493	10 809
Colombia	-5 011	-8 855	-10 927	6 331	12 326	15 210	1 321	3 471	4 283
Costa Rica	-576	-1 291	-2 521	843	1 852	2 627	267	561	106
Ecuador	-90	-1 785	-2 354	-591	615	4 281	-681	-1 170	1 927
El Salvador	-304	-488	-1 170	746	385	1 017	441	-103	-152
Guatemala	8	-826	-1 914	546	1 568	2 534	554	741	620
Haiti	-227	-155	-28	373	703	165	146	548	137
Honduras	-516	-955	-1 060	-1	1 556	795	-517	601	-265
Mexico	-6 354	-5 665	-11 998	10 945	26 359	32 499	4 591	20 694	20 501
Nicaragua	-829	-963	-1 429	1 261	1 189	1 390	432	226	-39
Panama	-44	-2 953	-4 746	648	2 639	4 717	604	-314	-30
Paraguay	78	-772	-1 349	918	1 080	2 153	997	308	804
Peru	211	-2 315	-3 246	1 732	13 290	7 861	1 942	10 975	4 615
Dominican Republic	-2 331	-4 435	-5 196	2 976	4 893	4 601	645	458	-595
Uruguay	-115	-466	-729	1 741	223	7 816	1 626	-244	2 619
Venezuela (Bolivarian Republic of)	7 231	12 112	25 183	-14 528	-20 031	-23 792	-7 297	-7 919	1 391
Latin America	**-18 723**	**-58 969**	**-74 551**	**73 367**	**145 679**	**186 130**	**54 645**	**86 710**	**107 112**

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

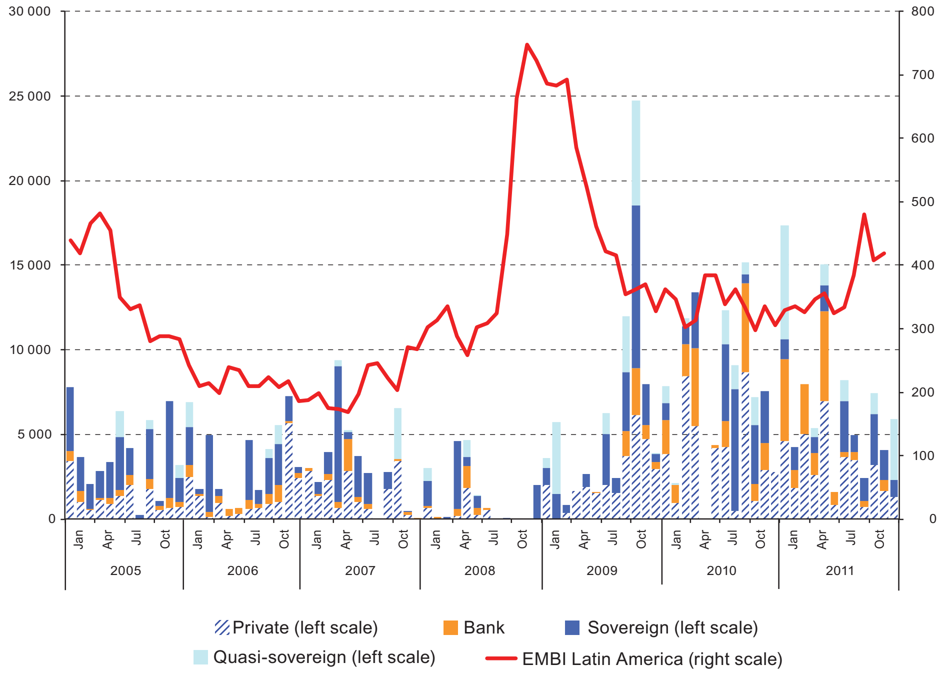
[a] Projections.

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

Figure IV.12

LATIN AMERICA: BOND ISSUES ON INTERNATIONAL MARKETS AND COUNTRY RISK, 2005-2011

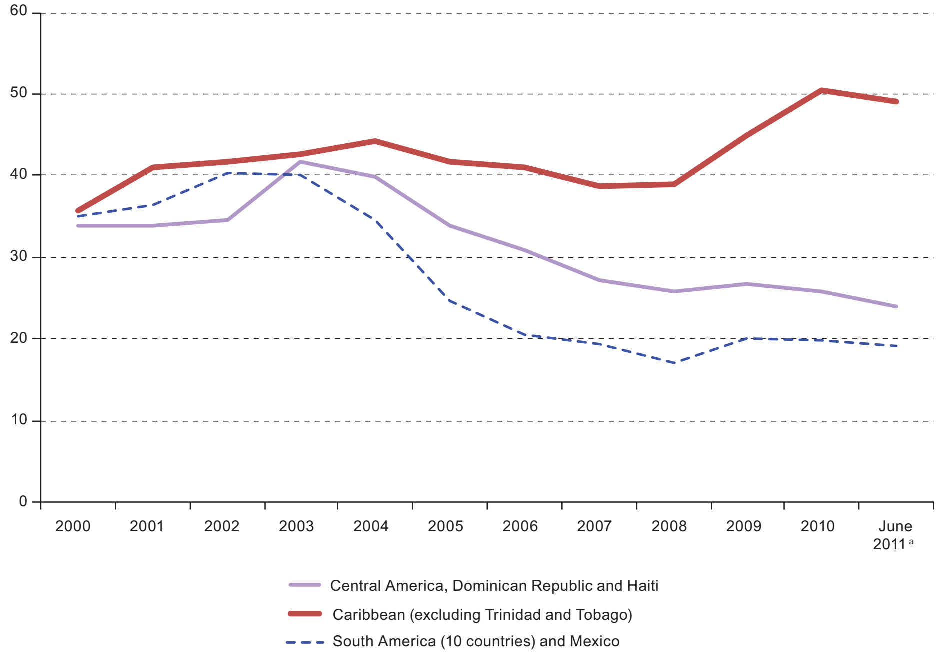
(Millions of dollars and basis points)



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

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

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



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

[a] Projections.

STATISTICAL ANNEX

Table A-1

LATIN AMERICA AND THE CARIBBEAN: MAIN ECONOMIC INDICATORS

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 a/
					Annual growth rates					
Gross domestic product b/	0.5	1.8	5.8	4.6	5.6	5.6	4.0	-2.0	5.9	4.3
Per capita gross domestic product b/	-0.9	0.5	4.5	3.3	4.3	4.4	2.8	-3.1	4.8	3.2
Consumer prices c/	12.2	8.5	7.4	6.1	5.0	6.5	8.2	4.7	6.5	6.9
					Percentages					
Urban open unemployment d/	11.2	11.1	10.3	9.0	8.6	7.9	7.3	8.1	7.3	6.8
Total gross external debt/GDP e/	39.8	39.9	34.4	25.1	21.1	19.7	17.5	20.3	20.0	19.2
Total gross external debt/ exports of goods and services e/	178	170	138	101	84	83	74	101	96	86
Balance of payments					**Millions of dollars**					
Current account balance	-16 884	9 160	22 202	35 806	49 951	13 465	-31 973	-21 522	-58 315	-72 669
Merchandise trade balance	17 555	38 705	53 817	73 593	90 573	62 015	40 460	50 483	45 510	58 961
Exports of goods f.o.b.	359 414	392 414	483 749	583 328	697 793	784 695	906 253	702 080	891 097	1 097 207
Imports of goods f.o.b.	341 859	353 708	429 932	509 735	607 220	722 680	865 794	651 597	845 587	1 038 245
Services trade balance	-11 074	-9 099	-9 103	-8 819	-10 105	-15 778	-30 747	-31 513	-45 801	-59 034
Income balance	-54 111	-59 472	-68 846	-82 016	-94 958	-99 290	-108 903	-100 954	-119 276	-135 661
Net current transfers	30 747	39 027	46 334	53 047	64 441	66 616	67 219	60 463	61 252	63 065
Capital and financial balance f/	-10 190	814	-6 488	25 193	14 450	112 808	70 835	68 488	143 842	176 801
Net foreign direct investment	51 321	39 851	50 722	57 051	31 808	94 265	99 819	70 414	75 052	130 120
Other capital movements	-61 511	-39 037	-57 210	-31 858	-17 358	18 543	-28 984	-1 926	68 790	46 681
Overall balance	-27 074	9 974	15 714	60 859	64 615	125 883	38 862	46 966	85 527	104 132
Variation in reserve assets g/	4 711	-28 534	-24 530	-39 448	-51 910	-127 828	-42 490	-51 403	-86 764	-104 133
Other financing	22 363	18 563	8 815	-21 411	-12 705	1 945	3 628	4 436	1 237	0
Net transfer of resources	-41 939	-40 095	-66 519	-78 233	-93 213	15 463	-34 441	-28 030	25 803	41 140
International reserves	164 784	197 615	225 668	262 168	319 045	459 152	512 240	566 961	655 138	760 737
Fiscal sector h/					**Percentages of GDP**					
Overall balance	-2.8	-2.9	-1.8	-1.0	0.1	0.3	-0.4	-2.9	-1.9	-1.5
Primary balance	-0.5	-0.2	0.6	1.4	2.3	2.3	1.3	-1.1	-0.3	0.3
Total revenue	16.8	16.9	17.3	18.3	19.3	19.8	19.8	18.7	19.3	19.7
Tax revenue	12.9	13.0	13.4	14.1	14.6	15.1	15.0	14.5	14.8	15.4
Total expenditure	19.6	19.8	19.0	19.3	19.2	19.4	20.2	21.6	21.2	21.2
Capital expenditure	3.7	3.8	3.7	3.7	3.7	4.1	4.5	4.6	4.7	…
Central-government public debt	58.1	57.3	50.9	42.9	35.9	30.0	28.6	30.0	29.5	28.1
Public debt of the non-financial public-sector	64.9	62.7	55.8	48.3	40.7	33.6	32.0	33.6	32.6	30.8

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 2005 dollars.

c/ December - December variation.

d/ Weighted average adjusted for lack of information and differences and changes in methodology.

e/ Estimates based on figures denominated in dollars at current prices.

f/ Includes errors and omissions.

g/ A minus sign (-) indicates an increase in reserve assets.

h/ Central government, except for the Plurinational State of Bolivia and Mexico, where coverage corresponds to general government and public sector, respectively. Simple averages for 19 countries. In 2011, figures refer to first semester.

Table A-2

LATIN AMERICA AND THE CARIBBEAN: GROSS DOMESTIC PRODUCT

(Annual growth rates)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 a/
Latin America and the Caribbean b/	**0.5**	**1.8**	**5.8**	**4.6**	**5.6**	**5.6**	**4.0**	**-2.0**	**5.9**	**4.3**
Antigua and Barbuda	2.9	6.6	4.9	6.1	13.5	9.6	0.0	-11.9	-7.9	-2.1
Argentina	-10.9	8.8	9.0	9.2	8.5	8.7	6.8	0.9	9.2	9.0
Bahamas	2.7	-1.3	0.9	3.4	2.5	1.4	-1.3	-5.4	0.9	2.0
Barbados	0.7	2.0	1.4	4.0	5.7	1.7	0.1	-3.7	0.2	1.0
Belize	5.1	9.3	4.6	3.0	4.7	1.2	3.8	0.0	2.9	2.5
Bolivia (Plurinational State of)	2.5	2.7	4.2	4.4	4.8	4.6	6.1	3.4	4.1	5.1
Brazil	2.7	1.1	5.7	3.2	4.0	6.1	5.2	-0.3	7.5	2.9
Chile	2.2	3.9	6.0	5.6	4.6	4.6	3.7	-1.7	5.2	6.3
Colombia c/	2.5	3.9	5.3	4.7	6.7	6.9	3.5	1.5	4.3	5.5
Costa Rica	2.9	6.4	4.3	5.9	8.8	7.9	2.7	-1.3	4.2	3.8
Cuba	1.4	3.8	5.8	11.2	12.1	7.3	4.1	1.4	2.1	2.5
Dominica	-1.9	7.7	3.3	-0.5	4.4	6.0	7.7	-0.7	0.9	0.9
Ecuador	3.4	3.3	8.8	5.7	4.8	2.0	7.2	0.4	3.6	8.0
El Salvador	2.3	2.3	1.9	3.6	3.9	3.8	1.3	-3.1	1.4	1.4
Grenada	3.7	9.6	-1.0	13.5	-3.9	5.9	1.0	-6.6	0.0	2.1
Guatemala	3.9	2.5	3.2	3.3	5.4	6.3	3.3	0.5	2.8	3.3
Guyana	1.1	-0.6	1.6	-2.0	5.1	7.0	2.0	3.3	4.4	4.8
Haiti	-0.3	0.4	-3.5	1.8	2.3	3.3	0.8	2.9	-5.1	4.5
Honduras	3.8	4.5	6.2	6.1	6.6	6.2	4.2	-2.1	2.8	3.2
Jamaica	1.0	3.5	1.4	1.0	2.7	1.4	-0.6	-3.0	-1.3	1.3
Mexico	0.8	1.4	4.1	3.3	5.1	3.4	1.2	-6.3	5.6	4.0
Nicaragua	0.8	2.5	5.3	4.3	4.2	3.6	2.8	-1.5	4.5	4.5
Panama	2.2	4.2	7.5	7.2	8.5	12.1	10.1	3.9	7.6	10.5
Paraguay	0.0	3.8	4.1	2.9	4.3	6.8	5.8	-3.8	15.0	4.0
Peru	5.0	4.0	5.0	6.8	7.7	8.9	9.8	0.9	8.8	7.0
Dominican Republic	5.8	-0.3	1.3	9.3	10.7	8.5	5.3	3.5	7.8	4.5
Saint Kitts and Nevis	1.9	-1.4	4.4	9.9	4.7	2.8	4.7	-6.9	-2.4	4.5
Saint Vincent and the Grenadines	6.3	7.6	4.2	2.5	7.7	3.4	1.4	-2.2	-2.8	2.6
Saint Lucia	-0.3	4.9	7.5	-2.6	7.8	1.2	5.4	-1.1	3.2	2.5
Suriname	2.7	6.8	0.5	4.5	4.7	4.6	4.1	3.5	4.5	4.5
Trinidad and Tobago	7.9	14.4	8.0	5.4	14.4	4.6	2.3	-3.0	0.0	-1.4
Uruguay	-11.0	2.2	11.8	6.6	4.3	7.3	8.6	2.6	8.5	5.5
Venezuela (Bolivarian Republic of)	-8.9	-7.8	18.3	10.3	9.9	8.8	5.3	-3.2	-1.5	4.2

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

a/ Preliminary figures.

b/ Based on official figures expressed in 2005 dollars.

c/ Based in the new quarterly national accounts figures published by the country, base year 2005.

Table A-3
LATIN AMERICA AND THE CARIBBEAN: PER CAPITA GROSS DOMESTIC PRODUCT
(Annual growth rates)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 a/
Latin America and the Caribbean b/	**-0.9**	**0.5**	**4.5**	**3.3**	**4.3**	**4.4**	**2.8**	**-3.1**	**4.8**	**3.2**
Antigua and Barbuda	0.4	5.3	3.6	4.9	12.2	8.4	-1.1	-12.9	-8.9	-3.2
Argentina	-11.8	7.8	8.0	8.1	7.4	7.6	5.7	-0.2	8.1	8.0
Bahamas	1.4	-2.5	-0.7	2.1	0.9	-0.1	-2.8	-6.5	-0.5	0.8
Barbados	0.3	2.0	1.0	3.6	5.7	1.3	0.1	-4.1	0.2	0.6
Belize	2.7	6.9	2.3	0.8	2.5	-0.9	1.7	-2.0	0.6	0.6
Bolivia (Plurinational State of)	0.4	0.7	2.2	2.5	2.9	2.7	4.3	1.6	2.4	3.4
Brazil	1.2	-0.2	4.4	1.9	2.8	5.0	4.2	-1.2	6.6	2.0
Chile	1.0	2.8	4.9	4.5	3.5	3.5	2.6	-2.6	4.2	5.3
Colombia c/	0.9	2.3	3.7	3.1	5.1	5.3	2.0	0.0	2.9	4.1
Costa Rica	0.8	4.3	2.4	4.1	7.1	6.4	1.4	-2.6	2.8	2.4
Cuba	1.2	3.6	5.6	11.1	12.0	7.2	4.1	1.4	2.1	2.5
Dominica	-1.9	7.7	3.3	-0.5	4.4	7.5	7.7	-0.7	0.9	0.9
Ecuador	2.2	2.1	7.6	4.6	3.6	1.0	6.1	-0.7	2.5	6.8
El Salvador	1.9	2.0	1.5	3.2	3.5	3.4	0.8	-3.6	0.9	0.8
Grenada	3.7	9.6	-1.0	12.4	-3.9	5.9	0.1	-6.6	0.0	1.2
Guatemala	1.3	0.0	0.6	0.7	2.8	3.7	0.8	-1.9	0.3	0.8
Guyana	0.7	-1.0	1.2	-2.2	4.8	6.7	1.7	3.2	4.2	4.5
Haiti	-1.8	-1.2	-5.0	0.2	0.6	1.7	-0.8	1.2	-6.6	2.8
Honduras	1.7	2.5	4.1	3.9	4.4	4.1	2.2	-4.1	0.8	1.2
Jamaica	0.1	2.7	0.7	0.4	2.2	0.9	-1.0	-3.4	-1.6	0.9
Mexico	-0.5	0.2	2.9	2.1	3.9	2.2	0.2	-7.2	4.5	3.0
Nicaragua	-0.6	1.2	4.0	2.9	2.8	2.3	1.4	-2.7	3.2	3.2
Panama	0.4	2.3	5.6	5.3	6.7	10.2	8.3	2.2	5.9	8.8
Paraguay	-2.0	1.8	2.1	0.9	2.4	4.8	3.9	-5.5	13.1	2.3
Peru	3.6	2.6	3.6	5.5	6.4	7.6	8.5	-0.3	7.5	5.8
Dominican Republic	4.2	-1.8	-0.2	7.7	9.1	6.9	3.8	2.1	6.3	3.2
Saint Kitts and Nevis	1.9	-3.5	2.2	9.9	2.6	2.8	2.6	-8.7	-2.4	2.5
Saint Vincent and the Grenadines	6.3	7.6	3.2	2.5	7.7	3.4	1.4	-2.2	-2.8	2.6
Saint Lucia	-0.9	3.6	6.2	-3.2	6.5	0.0	4.2	-1.7	2.0	1.3
Suriname	1.2	5.3	-0.7	3.2	3.5	3.6	3.1	2.5	3.5	3.7
Trinidad and Tobago	7.5	14.1	7.5	5.1	14.0	4.2	1.9	-3.4	-0.4	-1.7
Uruguay	-11.0	2.2	11.9	6.6	4.1	7.0	8.3	2.2	8.1	5.2
Venezuela (Bolivarian Republic of)	-10.5	-9.4	16.2	8.4	8.0	6.9	3.5	-4.8	-3.0	2.6

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
a/ Preliminary figures.
b/ Based on official figures expressed in 2005 dollars.
c/ Based in the new quarterly national accounts figures published by the country, base year 2005.

Table A-4
LATIN AMERICA AND THE CARIBBEAN: GROSS FIXED CAPITAL FORMATION a/
(Percentages of GDP)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 b/
Latin America and the Caribbean	**17.2**	**16.8**	**17.6**	**18.6**	**19.8**	**21.0**	**22.1**	**20.5**	**21.9**	**22.9**
Argentina	12.2	15.5	19.1	21.5	23.4	24.4	25.0	22.2	24.7	26.4
Bahamas	20.6	21.2	19.9	24.2	29.0	27.8	23.4	22.5	20.0	…
Belize	24.8	19.5	17.6	18.5	18.0	18.7	24.6	…	…	…
Bolivia (Plurinational State of)	15.4	13.4	12.7	13.0	13.5	14.6	16.3	16.2	16.8	17.7
Brazil	16.3	15.4	15.9	15.9	16.8	18.1	19.5	18.3	20.6	21.2
Chile	17.1	17.4	18.0	21.2	20.7	22.0	25.4	21.7	24.5	26.3
Colombia	16.1	17.2	18.2	19.7	21.8	23.3	24.7	24.2	25.1	27.5
Costa Rica	19.8	19.9	19.0	18.7	19.1	20.9	22.6	20.6	20.0	20.6
Cuba	9.1	8.2	8.3	9.0	11.5	11.0	11.4	9.5	8.2	…
Ecuador	22.6	21.9	21.1	22.1	21.9	22.0	23.8	22.7	24.2	25.7
El Salvador	16.6	16.6	15.5	15.3	16.5	17.1	16.0	13.3	13.4	13.8
Guatemala	20.0	18.9	18.1	18.3	20.1	19.8	18.1	15.5	15.1	14.9
Haiti	26.7	27.4	27.5	27.4	27.4	27.3	27.9	28.0	27.5	27.9
Honduras	22.7	23.1	26.8	24.9	26.5	31.0	31.7	21.1	22.0	22.9
Mexico	19.0	18.8	19.5	20.3	21.2	21.9	22.8	21.5	21.7	22.3
Nicaragua	27.1	26.6	27.0	28.5	27.8	28.5	29.1	23.3	23.9	25.1
Panama	14.1	16.7	16.9	16.8	18.1	22.7	25.9	23.4	24.2	25.4
Paraguay	17.6	18.2	18.4	19.3	19.0	20.3	23.6	22.8	24.1	25.5
Peru	16.7	17.0	17.5	18.3	20.2	22.9	27.5	25.0	29.0	29.8
Dominican Republic	20.4	16.3	15.8	16.4	17.9	18.6	19.3	15.9	17.3	16.3
Trinidad and Tobago	17.7	24.9	20.7	30.2	15.8	14.7	15.6	…	…	…
Uruguay	14.9	12.9	15.0	16.5	18.6	19.3	21.3	19.4	20.5	20.2
Venezuela (Bolivarian Republic of)	18.7	12.8	16.2	20.3	23.9	27.6	25.3	24.0	24.2	22.6

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
a/ Based on official figures expressed in 2005 dollars.
b/ Preliminary figures.

Table A-5a

LATIN AMERICA AND THE CARIBBEAN: FINANCING OF GROSS DOMESTIC INVESTMENT

(Percentages of GDP) a/

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 b/
1. Domestic saving	19.8	20.5	22.6	22.6	23.9	23.6	23.9	21.0	21.8	22.8
2. Net factor income	-2.9	-3.0	-3.1	-3.0	-3.0	-2.6	-2.5	-2.5	-2.4	-2.5
3. Net transfers	1.6	2.0	2.0	1.9	2.0	1.7	1.5	1.5	1.2	1.1
4. Gross national saving	18.6	19.4	21.5	21.5	22.9	22.7	22.9	20.0	20.6	21.4
5. External saving	0.8	-0.6	-1.0	-1.3	-1.5	-0.4	0.8	0.5	1.2	1.4
6. Gross domestic investment	19.4	18.9	20.5	20.2	21.4	22.4	23.6	20.3	21.8	22.8

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

a/ Based on values calculated in national currency and expressed in current dollars.

b/ Preliminary figures.

Table A-5b

LATIN AMERICA AND THE CARIBBEAN: GROSS DOMESTIC INVESTMENT, NATIONAL INCOME AND SAVING

(Annual growth rates) a/

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 b/
Gross domestic investment	-7.2	-6.4	11.4	7.4	11.2	11.5	10.1	-11.7	15.3	8.1
Gross national disposable income	0.7	2.3	6.8	5.7	7.2	6.4	4.8	-3.6	7.8	5.8
National saving	0.6	5.6	13.8	7.4	12.5	7.6	-0.5	-15.1	15.6	9.2

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

a/ Based on official figures expressed in 2005 dollars.

b/ Preliminary figures.

Table A-6
LATIN AMERICA AND THE CARIBBEAN: BALANCE OF PAYMENTS
(Millions of dollars)

	Exports of goods f.o.b.			Exports of services			Imports of goods f.o.b.			Imports of services		
	2009	2010	2011 a/	2009	2010	2011 a/	2009	2010	2011 a/	2009	2010	2011 a/
Latin America and the Caribbean	**702 080**	**891 097**	**1 097 207**	**105 492**	**118 631**	**130 109**	**651 597**	**845 587**	**1 038 245**	**137 005**	**164 432**	**189 701**
Antigua and Barbuda	217	45	53	511	479	499	626	454	440	248	226	224
Argentina	55 672	68 134	85 407	11 038	13 112	13 954	37 146	53 868	71 142	12 229	14 074	15 502
Bahamas	711	702	758	2 351	2 494	2 553	2 535	2 590	2 797	1 196	1 181	1 323
Barbados	379	844	897	1 432	2 929	2 811	1 295	3 124	3 407	635	1 177	1 155
Belize	384	478	566	344	351	338	621	619	727	162	160	139
Bolivia (Plurinational State of)	4 918	6 290	8 271	515	550	545	4 144	5 384	7 621	1 015	775	829
Brazil	152 995	201 915	256 073	27 728	31 821	38 597	127 705	181 694	228 415	46 974	62 628	76 533
Chile	54 004	71 028	81 607	8 634	10 797	12 308	39 888	55 174	69 481	10 078	11 816	13 494
Colombia	34 025	40 777	56 886	4 202	4 446	4 985	31 479	38 628	53 057	7 023	7 981	9 262
Costa Rica	8 838	9 482	10 148	3 661	4 330	4 945	10 877	12 947	15 350	1 473	1 778	1 740
Cuba	...	...	...	...	...	...	...	...	...	...	...	...
Dominica	37	36	34	120	147	148	198	198	204	66	67	69
Ecuador	14 412	18 137	21 798	1 337	1 473	1 595	14 268	19 641	23 815	2 618	3 010	3 207
El Salvador	3 930	4 577	5 406	863	976	895	7 038	8 189	9 584	953	1 070	1 058
Grenada	35	30	33	139	137	150	263	284	285	98	94	96
Guatemala	7 295	8 566	10 678	1 925	2 216	2 260	10 643	12 858	15 899	2 084	2 370	2 491
Guyana	768	892	1 029	170	248	240	1 169	1 418	1 620	272	345	409
Haiti	551	565	751	379	237	340	2 032	2 809	2 516	772	1 267	1 286
Honduras	4 825	5 742	7 523	953	1 022	1 124	7 299	8 550	10 560	1 103	1 331	1 531
Jamaica	1 388	1 370	1 350	2 651	2 634	2 600	4 476	4 629	4 800	1 881	1 824	1 500
Mexico	229 975	298 860	349 344	14 496	14 937	14 139	234 901	301 820	352 537	23 076	25 257	29 002
Nicaragua	2 390	3 157	3 699	496	472	542	3 929	4 792	5 885	644	694	763
Panama	11 133	11 330	16 133	5 519	6 093	6 521	13 256	15 946	22 893	2 191	2 760	3 172
Paraguay	5 867	8 520	10 539	1 429	1 469	1 912	6 910	9 916	12 212	538	755	880
Peru	26 962	35 565	45 376	3 645	3 956	4 672	21 011	28 815	37 392	4 789	5 993	6 627
Dominican Republic	5 483	6 598	8 253	4 812	5 073	5 301	12 296	15 299	17 764	1 824	2 137	2 201
Saint Kitts and Nevis	54	79	88	132	130	142	251	236	238	96	99	102
Saint Vincent and the Grenadin	53	45	42	139	139	145	294	298	307	94	91	94
Saint Lucia	191	239	240	353	390	374	458	575	581	190	203	203
Suriname	1 404	2 084	2 172	287	241	252	1 296	1 398	1 539	285	259	320
Trinidad and Tobago	9 175	11 204	12 148	765	876	...	6 973	6 504	7 488	383	391	...
Uruguay	6 408	8 059	9 849	2 241	2 600	3 272	6 677	8 320	10 541	1 291	1 571	1 969
Venezuela (Bolivarian Republic of)	57 603	65 745	90 059	2 227	1 857	1 953	39 646	38 613	47 148	10 724	11 048	12 520

Continues

Table A-6 (continued)

	Goods and services balance			Income balance			Current transfers balance			Current account balance		
	2009	2010	2011 a/	2009	2010	2011 a/	2009	2010	2011 a/	2009	2010	2011 a/
Latin America and the Caribbean	**18 970**	**-291**	**-73**	**-100 954**	**-119 276**	**-135 661**	**60 463**	**61 252**	**63 065**	**-21 522**	**-58 315**	**-72 669**
Antigua and Barbuda	-145	-156	-112	-51	-32	-32	27	22	22	-169	-166	-122
Argentina	17 335	13 304	12 716	-8 956	-9 942	-10 948	2 706	-346	-666	11 085	3 016	1 103
Bahamas	-670	-575	-809	-152	-234	-218	14	-3	-19	-809	-811	-1 047
Barbados	-120	-528	-855	-140	-243	-203	42	40	46	-218	-731	-1 012
Belize	-54	51	39	-108	-155	-136	79	92	80	-83	-12	-17
Bolivia (Plurinational State of)	274	681	365	-674	-860	-709	1 213	1 081	1 221	813	903	878
Brazil	6 044	-10 586	-10 279	-33 684	-39 567	-43 678	3 338	2 788	2 868	-24 302	-47 365	-51 088
Chile	12 673	14 836	10 940	-11 666	-15 424	-15 860	1 563	4 390	2 426	2 570	3 802	-2 494
Colombia	-275	-1 384	-448	-9 348	-11 945	-15 200	4 613	4 475	4 721	-5 011	-8 855	-10 927
Costa Rica	149	-913	-1 998	-1 084	-748	-882	359	370	359	-576	-1 291	-2 521
Cuba	...	...	...	...	...	...	...	...	...	...	...	...
Dominica	-108	-82	-92	-14	-9	-8	19	20	20	-102	-71	-80
Ecuador	-1 138	-3 040	-3 628	-1 384	-1 054	-1 266	2 432	2 310	2 540	-90	-1 785	-2 354
El Salvador	-3 198	-3 706	-4 341	-548	-381	-623	3 442	3 599	3 794	-304	-488	-1 170
Grenada	-187	-211	-198	-66	-51	-48	40	32	31	-213	-230	-215
Guatemala	-3 507	-4 446	-5 452	-1 111	-1 200	-1 520	4 626	4 820	5 058	8	-826	-1 914
Guyana	-502	-623	-760	-17	13	...	300	371	378	-220	-239	-382
Haiti	-1 875	-3 273	-2 711	13	21	40	1 635	3 097	2 643	-227	-155	-28
Honduras	-2 625	-3 117	-3 445	-530	-598	-667	2 639	2 760	3 053	-516	-955	-1 060
Jamaica	-2 318	-2 449	-2 350	-668	-495	-500	1 858	2 010	2 300	-1 128	-934	-550
Mexico	-13 506	-13 280	-18 057	-14 385	-13 948	-17 190	21 531	21 504	23 249	-6 359	-5 724	-11 998
Nicaragua	-1 688	-1 858	-2 408	-259	-278	-309	1 118	1 173	1 287	-828	-963	-1 429
Panama	1 206	-1 283	-3 412	-1 460	-1 861	-1 768	210	191	433	-44	-2 953	-4 746
Paraguay	-152	-682	-640	-302	-537	-455	519	542	635	64	-677	-460
Peru	4 807	4 713	6 029	-7 484	-10 053	-12 469	2 887	3 026	3 194	211	-2 315	-3 246
Dominican Republic	-3 826	-5 765	-6 411	-1 721	-1 788	-2 081	3 216	3 118	3 295	-2 331	-4 435	-5 196
Saint Kitts and Nevis	-161	-126	-111	-35	-34	-31	45	46	46	-151	-115	-96
Saint Vincent and the Grenadir	-196	-206	-214	-13	-17	-16	11	10	10	-197	-213	-220
Saint Lucia	-104	-149	-170	-48	-41	-40	12	15	20	-140	-175	-190
Suriname	110	669	564	5	-102	-70	94	87	109	210	653	603
Trinidad and Tobago	2 584	5 185	5 217	-997	-1 058	-590	27	65	283	1 614	4 192	4 911
Uruguay	681	767	611	-934	-1 352	-1 469	138	118	129	-115	-466	-729
Venezuela (Bolivarian Republic of)	9 460	17 941	32 344	-3 134	-5 302	-6 716	-291	-568	-501	6 035	12 071	25 127

Continues

Table A - 6 (concluded)

	Capital and financial balance b/			Overall balance			Reserve assets (variation) c/			Other financing		
	2009	2010	2011 a/	2009	2010	2011 a/	2009	2010	2011 a/	2009	2010	2011 a/
Latin America and the Caribbean	**68 488**	**143 842**	**176 801**	**46 966**	**85 527**	**104 132**	**-51 403**	**-86 764**	**-104 169**	**4 436**	**1 237**	**0**
Antigua and Barbuda	159	179	115	-10	12	-7	30	-31	7	-20	19	0
Argentina	-11 462	1 142	-7 248	-377	4 157	-6 145	-1 346	-4 157	6 145	1 723	0	0
Bahamas	1 062	856	1 147	253	45	100	-253	-45	-100	0	0	0
Barbados	243	799	947	25	68	-65	-25	-68	65	0	0	0
Belize	130	16	9	47	4	-8	-47	-4	8	0	0	0
Bolivia (Plurinational State of)	-488	20	1 295	325	923	2 173	-325	-923	-2 173	0	0	0
Brazil	70 953	96 465	115 441	46 651	49 101	64 353	-46 651	-49 101	-64 353	0	0	0
Chile	-922	-779	13 303	1 648	3 023	10 809	-1 648	-3 023	-10 809	0	0	0
Colombia	6 358	11 991	15 210	1 347	3 136	4 283	-1 347	-3 136	-4 283	0	0	0
Costa Rica	836	1 852	2 627	260	561	106	-260	-561	-106	0	0	0
Cuba	...	...	...	...	...	...	...	...	...	…	…	...
Dominica	123	73	76	21	1	-4	-8	-1	4	-12	0	0
Ecuador	-2 557	573	4 281	-2 647	-1 212	1 927	681	1 170	-1 927	1 966	42	0
El Salvador	727	193	1 017	422	-295	-152	-423	295	152	0	0	0
Grenada	239	221	205	26	-10	-9	-8	10	9	-18	0	0
Guatemala	465	1 503	2 534	473	677	620	-473	-677	-620	0	0	0
Guyana	454	356	346	234	117	-36	-271	-155	...	37	38	0
Haiti	76	1 139	165	-150	984	137	-240	-845	-137	390	-139	0
Honduras	91	1 523	795	-424	569	-265	354	-592	265	71	24	0
Jamaica	1 084	586	405	-44	-348	-145	44	-431	145	0	779	0
Mexico	10 888	26 339	32 499	4 528	20 615	20 501	-4 528	-20 615	-20 501	0	0	0
Nicaragua	1 009	1 135	1 390	181	172	-39	-259	-222	39	78	50	0
Panama	659	2 605	4 717	616	-348	-30	-616	348	30	0	0	0
Paraguay	851	996	1 238	915	319	778	-915	-319	-778	0	0	0
Peru	1 696	13 271	7 861	1 907	10 956	4 615	-1 943	-10 975	-4 615	36	19	0
Dominican Republic	2 737	4 493	4 601	406	58	-595	-638	-453	595	232	395	0
Saint Kitts and Nevis	177	147	142	26	33	45	-13	-33	-45	-13	0	0
Saint Vincent and the Grenad	202	238	192	5	25	-28	8	-36	28	-12	10	0
Saint Lucia	173	206	219	33	32	29	-10	-32	-29	-23	0	0
Suriname	-16	-619	-397	193	34	206	-193	-34	-206	0	0	0
Trinidad and Tobago	-2 327	-3 774	-4 594	-713	418	316	713	-418	-316	0	0	0
Uruguay	1 703	106	0	1 588	-361	-729	-1 588	361	729	0	0	0
Venezuela (Bolivarian Republic of)	-16 834	-20 010	-23 736	-10 799	-7 939	1 391	10 799	7 939	-1 391	0	0	0

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures from the International Monetary Fund and national sources.

a/ Preliminary figures.

b/ Includes errors and omissions.

c/ A minus sign (-) indicates an increase in reserve assets.

Table A-7
LATIN AMERICA: EXPORTS OF GOODS, f.o.b.
(Indices 2005=100)

	Value			Volume			Unit value		
	2009	2010	2011 a/	2009	2010	2011 a/	2009	2010	2011 a/
Latin America	**121.3**	**154.1**	**190.3**	**99.9**	**111.4**	**116.1**	**121.5**	**138.3**	**163.8**
Argentina	137.8	168.7	211.5	109.5	127.2	134.5	125.9	132.6	157.2
Bolivia (Plurinational State of)	176.2	225.4	296.3	117.1	123.8	134.2	150.4	182.0	220.8
Brazil	129.3	170.7	216.4	95.1	104.1	103.9	136.0	164.0	208.2
Chile	130.9	172.1	197.8	104.2	105.6	105.6	125.6	162.9	187.4
Colombia	156.6	187.7	261.8	129.0	127.8	143.8	121.3	146.8	182.1
Costa Rica	124.5	133.6	142.9	128.6	140.7	146.2	96.8	94.9	97.7
Cuba	…	…	…	…	…	…	…	…	…
Ecuador	137.7	173.3	208.2	112.0	117.5	115.8	122.9	147.5	179.9
El Salvador	113.4	132.1	156.0	105.0	118.8	128.7	108.0	111.2	121.2
Guatemala	133.6	156.9	195.6	113.0	122.3	134.9	118.3	128.3	145.0
Haiti	119.9	123.0	163.3	100.2	103.6	134.6	119.6	118.8	121.3
Honduras	95.6	113.7	149.0	87.1	91.8	98.6	109.7	123.9	151.2
Mexico	107.1	139.2	162.8	97.1	117.9	123.0	110.4	118.1	132.3
Nicaragua	144.5	190.8	223.6	127.7	154.7	160.4	113.2	123.3	139.4
Panama	151.0	153.6	218.8	138.3	136.6	181.8	109.2	112.4	120.3
Paraguay	175.0	254.2	314.4	150.2	207.8	229.5	116.5	122.3	137.0
Peru	155.2	204.8	261.3	107.8	109.4	114.4	144.0	187.2	228.4
Dominican Republic	89.2	107.4	134.3	80.2	91.9	106.5	111.2	116.8	126.1
Uruguay	169.8	213.5	261.0	132.4	148.6	156.6	128.3	143.7	166.6
Venezuela (Bolivarian Republic of)	103.4	118.0	161.6	80.7	73.1	75.3	128.1	161.4	214.7

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures from the International Monetary Fund and national sources.
a/ Preliminary figures.

Table A-8

LATIN AMERICA: IMPORTS OF GOODS, f.o.b.

(Indices 2005=100)

	Value			Volume			Unit value		
	2009	2010	2011 a/	2009	2010	2011 a/	2009	2010	2011 a/
Latin America	**130.3**	**169.9**	**209.3**	**114.4**	**141.7**	**155.4**	**113.9**	**119.9**	**134.7**
Argentina	136.1	197.3	260.6	128.4	176.2	209.6	106.0	112.0	124.3
Bolivia (Plurinational State of)	189.8	246.7	349.2	157.3	191.0	248.0	120.7	129.2	140.8
Brazil	173.5	246.8	310.3	138.6	189.9	204.0	125.2	130.0	152.1
Chile	130.8	180.9	227.9	124.2	162.1	185.6	105.3	111.6	122.8
Colombia	156.3	191.9	263.5	137.9	158.2	185.7	113.4	121.3	141.9
Costa Rica	117.5	139.8	165.8	115.9	135.3	149.9	101.3	103.4	110.6
Cuba	…	…	…	…	…	…	…	…	…
Ecuador	147.0	202.3	245.3	128.2	161.9	173.7	114.7	125.0	141.2
El Salvador	108.2	125.9	147.4	98.3	106.9	113.7	110.1	117.8	129.6
Guatemala	110.3	133.2	164.8	94.9	105.2	113.1	116.2	126.7	145.7
Haiti	155.3	214.7	192.3	112.9	152.0	110.7	137.5	141.2	173.7
Honduras	111.5	130.6	161.4	95.6	101.8	109.9	116.7	128.4	146.8
Mexico	105.6	135.7	158.6	94.7	117.0	124.8	111.5	116.0	127.0
Nicaragua	132.9	162.1	199.1	119.0	134.4	145.4	111.7	120.7	136.9
Panama	148.4	178.5	256.3	130.9	149.9	196.8	113.4	119.1	130.3
Paraguay	181.2	260.0	320.2	167.6	229.0	257.8	108.1	113.5	124.2
Peru	173.9	238.5	309.5	130.6	162.6	180.4	133.2	146.6	171.6
Dominican Republic	124.6	155.0	180.0	118.4	135.1	137.6	105.2	114.7	130.8
Uruguay	177.9	221.7	280.8	148.1	170.1	187.3	120.1	130.4	149.9
Venezuela (Bolivarian Republic of)	165.1	160.8	196.4	151.6	139.3	153.2	108.9	115.5	128.1

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures from the International Monetary Fund and national sources.

a/ Preliminary figures.

Table A-9 Table A-9

LATIN AMERICA: TERMS OF TRADEOF TRADE FOR GOODS f.o.b. / f.o.b.

(Indices 2005= ces 2005=100)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 a/
Latin America	**88.9**	**91.0**	**95.3**	**100.0**	**106.7**	**109.6**	**113.0**	**106.7**	**115.3**	**121.7**
Argentina	92.4	100.3	102.2	100.0	106.0	110.0	124.6	118.9	118.4	126.5
Bolivia (Plurinational State of)	86.0	88.1	93.0	100.0	125.0	127.0	128.7	124.6	140.9	156.9
Brazil	99.2	97.8	98.7	100.0	105.3	107.5	111.3	108.7	126.1	136.9
Chile	69.5	73.5	89.3	100.0	131.1	135.6	117.9	119.3	146.0	152.6
Colombia	83.3	85.8	92.2	100.0	103.8	112.1	124.4	107.0	121.0	128.3
Costa Rica	109.7	108.1	104.0	100.0	97.1	96.1	92.5	95.6	91.8	88.4
Cuba	80.9	93.2	102.7	100.0	126.3	132.9	…	…	…	…
Ecuador	84.8	87.7	89.3	100.0	107.3	110.3	121.1	107.2	118.0	127.4
El Salvador	105.0	101.0	100.0	100.0	98.7	97.7	95.0	98.1	94.4	93.5
Guatemala	104.9	101.9	100.9	100.0	98.1	96.3	93.8	101.8	101.3	99.5
Haiti	108.4	106.8	103.8	100.0	96.2	93.5	67.2	87.0	84.1	69.8
Honduras	105.5	100.9	100.0	100.0	95.4	93.6	87.9	94.0	96.6	103.0
Mexico	94.5	95.4	98.1	100.0	100.5	101.4	102.2	99.0	101.8	104.1
Nicaragua	106.9	103.3	101.4	100.0	97.6	96.6	92.4	101.3	102.2	101.8
Panama	108.7	103.9	101.9	100.0	97.1	96.2	91.8	96.3	94.4	92.4
Paraguay	99.2	104.2	107.1	100.0	98.1	102.7	110.2	107.8	107.8	110.3
Peru	82.4	85.6	93.2	100.0	127.3	132.0	114.4	108.1	127.7	133.1
Dominican Republic	106.0	102.2	101.0	100.0	99.0	102.3	97.7	105.7	101.8	96.5
Uruguay	113.1	114.0	110.1	100.0	97.6	97.8	103.7	106.8	110.2	111.2
Venezuela (Bolivarian Republic of)	56.7	63.9	76.5	100.0	119.4	130.9	161.6	117.6	139.8	167.6

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures from the International Monetary Fund and national sources.

a/ Preliminary figures.

Table A-10

LATIN AMERICA AND THE CARIBBEAN: NET RESOURCE TRANSFER a/

(Millions of dollars)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 b/
Latin America and the Caribbean	**-41 939**	**-40 095**	**-66 519**	**-78 233**	**-93 213**	**15 463**	**-34 441**	**-28 030**	**25 803**	**41 140**
Antigua and Barbuda	34	67	56	136	261	333	291	88	166	83
Argentina	-20 773	-12 535	-7 175	-3 722	-10 388	-198	-14 317	-18 695	-8 800	-18 196
Bahamas	299	431	349	358	1 077	1 037	903	909	622	928
Barbados	42	131	58	263	89	293	204	102	556	743
Belize	92	64	7	25	-51	-84	38	22	-139	-126
Bolivia (Plurinational State of)	-156	-235	-565	-535	-428	-143	-155	-1 162	-840	586
Brazil	-10 252	-14 234	-29 955	-35 633	-10 553	56 642	-9 401	37 269	56 899	71 764
Chile	-2 068	-4 076	-10 102	-10 220	-23 558	-29 297	-4 050	-12 588	-16 203	-2 557
Colombia	-1 440	-2 609	-849	-1 846	-2 925	2 713	-788	-2 991	45	10
Costa Rica	580	443	432	1 166	2 058	1 929	2 022	-247	1 104	1 744
Cuba	-300	-450	150	-633	-618	-960	…	…	…	…
Dominica	32	29	20	62	48	66	103	97	63	68
Ecuador	-100	-953	-1 084	-1 580	-3 691	-2 138	-1 971	-1 975	-439	3 015
El Salvador	-42	595	132	-59	375	1 039	1 477	179	-187	394
Grenada	109	87	47	138	203	232	220	155	169	158
Guatemala	993	1 251	1 359	995	1 096	1 159	1 075	-646	303	1 014
Guyana	20	-6	-10	143	242	215	350	474	407	346
Haiti	26	5	94	-20	201	286	465	479	1 022	205
Honduras	86	94	743	177	149	612	1 530	-368	949	127
Jamaica	208	-246	605	623	798	937	2 120	416	871	-95
Mexico	8 179	4 128	1 039	727	-10 998	1 109	7 372	-3 497	12 391	15 309
Nicaragua	607	520	616	590	804	1 178	1 362	828	907	1 081
Panama	-39	-539	-414	418	-648	709	1 732	-801	744	2 949
Paraguay	-134	168	-98	72	168	388	486	549	459	783
Peru	505	-680	-1 263	-4 752	-7 225	572	56	-5 752	3 236	-4 608
Dominican Republic	-881	-2 787	-2 324	-321	-221	666	2 462	1 248	3 099	2 520
Saint Kitts and Nevis	95	71	43	23	70	88	157	130	113	111
Saint Vincent and the Grenadines	18	55	99	70	106	168	204	177	231	176
Saint Lucia	75	115	47	40	268	295	264	102	165	179
Suriname	70	118	112	83	-179	-152	-271	-11	-721	-467
Trinidad and Tobago	-441	-1 418	-1 513	-2 878	-7 088	-4 787	-7 016	-3 323	-4 832	-5 184
Uruguay	-2 601	979	-137	84	-52	710	3 045	769	-1 246	-1 469
Venezuela (Bolivarian Republic of)	-14 785	-8 679	-17 037	-22 225	-22 603	-20 155	-24 408	-19 968	-25 312	-30 452

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures from the International Monetary Fund and national sources.

a/ The net resource transfer is calculated as total net capital income minus the income balance (net payments of profits and interest). Total net capital income is the balance on the capital and financial accounts plus errors and omissions, plus loans and the use of IMF credit plus exceptional financing. Negative figures indicate resources transferred outside the country.

b/ Preliminary figures.

Table A-11

LATIN AMERICA AND THE CARIBBEAN: NET FOREIGN DIRECT INVESTMENT a/

(Millions of dollars)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 b/
Latin America and the Caribbean	**51 321**	**39 851**	**50 722**	**57 051**	**31 808**	**94 265**	**99 819**	**70 414**	**75 052**	**130 120**
Antigua and Barbuda	66	166	80	221	359	338	174	81	97	59
Argentina	2 776	878	3 449	3 954	3 099	4 969	8 335	3 299	6 084	3 929
Bahamas	153	190	274	563	706	746	860	664	862	900
Barbados	17	58	-16	119	200	256	223	218	…	…
Belize	25	-11	111	126	108	139	167	108	96	89
Bolivia (Plurinational State of)	674	195	83	-291	284	362	508	426	651	747
Brazil	14 108	9 894	8 339	12 550	-9 380	27 518	24 601	36 033	36 919	81 497
Chile	2 207	2 701	5 610	4 801	4 556	9 961	7 109	4 813	6 351	5 982
Colombia	1 277	783	2 873	5 590	5 558	8 136	8 342	4 049	386	2 632
Costa Rica	625	548	733	904	1 371	1 634	2 072	1 339	1 441	1 758
Dominica	20	31	26	19	26	40	57	41	24	25
Ecuador	783	872	837	493	271	194	1 006	319	157	440
El Salvador	496	123	366	398	268	1 455	824	366	78	430
Grenada	54	89	65	70	90	157	142	103	60	40
Guatemala	183	218	255	470	552	720	737	574	663	742
Guyana	44	26	30	77	102	110	178	164	270	300
Haiti	6	14	6	26	161	75	30	38	150	…
Honduras	269	391	553	599	669	926	1 007	523	799	855
Jamaica	407	604	542	581	797	751	1 361	480	169	228
Mexico	23 031	17 285	20 386	17 802	14 195	22 258	25 408	8 810	6 222	9 832
Nicaragua	204	201	250	241	287	382	626	434	508	574
Panama	99	818	1 019	918	2 547	1 899	2 196	1 773	2 363	2 568
Paraguay	12	22	32	47	167	199	272	225	389	566
Peru	2 156	1 275	1 599	2 579	3 467	5 425	6 188	5 178	7 113	7 296
Dominican Republic	917	613	909	1 123	1 085	1 667	2 870	2 165	1 626	2 023
Saint Kitts and Nevis	80	76	56	93	110	134	178	131	120	142
Saint Vincent and the Grenadines	34	55	66	40	109	130	159	97	103	135
Saint Lucia	52	106	77	78	234	272	161	146	110	76
Suriname	-74	-76	-37	28	-163	-247	-234	-93	-248	-200
Trinidad and Tobago	684	583	973	599	513	830	2 101	709	549	533
Uruguay	180	401	315	811	1 495	1 240	2 117	1 576	2 402	2 323
Venezuela (Bolivarian Republic of)	-244	722	864	1 422	-2 032	1 587	45	-4 374	-1 462	3 600

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures from the International Monetary Fund and national sources.

a/ Corresponds to direct investment in the reporting economy after deduction of outward direct investment by residents of that country. Includes reinvestment of profits.

b/ Preliminary estimate. Includes an adjustment due to a lack of data.

Table A-12

LATIN AMERICA AND THE CARIBBEAN: INTERNATIONAL BOND ISSUES a/

(Millions of dollars)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 b/
Latin America and the Caribbean	**20 208**	**37 906**	**36 383**	**45 838**	**45 714**	**41 715**	**18 913**	**64 750**	**90 183**	**88 674**
National issues	**20 208**	**37 906**	**36 383**	**45 054**	**44 647**	**41 176**	**18 466**	**61 950**	**88 657**	**86 009**
Argentina	-	100	200	540	1 896	3 256	65	500	3 146	2 193
Bahamas	-	-	-	-	-	-	100	300	-	-
Barbados	-	-	-	325	215	-	-	450	390	-
Belize	125	100	-	-	-	-	-	-	-	-
Bolivia (Plurinational State of)	-	-	108	-	-	-	-	-	-	-
Brazil	6 857	19 364	11 603	15 334	19 079	10 608	6 400	25 745	39 305	38 403
Chile	1 694	3 200	2 350	1 000	1 062	250	-	2 773	6 750	6 049
Colombia	695	1 545	1 545	2 435	3 177	3 065	1 000	5 450	1 912	5 811
Costa Rica	250	490	310	-	-	-	-	-	-	250
Cuba	-	-	-	-	400	200	-	-	-	-
Ecuador	-	-	-	650	-	-	-	-	-	-
El Salvador	1 252	349	286	375	925	-	-	800	450	654
Grenada	100	-	-	-	-	-	-	-	-	-
Guatemala	-	300	380	-	-	-	30	-	-	150
Honduras	-	-	-	-	-	-	-	-	20	-
Jamaica	300	-	814	1 050	930	1 900	350	750	1 075	694
Mexico	6 505	7 979	13 312	11 703	9 200	10 296	5 835	15 359	26 882	18 835
Panama	1 030	275	770	1 530	2 076	670	686	1 323	-	897
Paraguay	-	-	-	-	-	-	-	-	-	100
Peru	1 000	1 250	1 305	2 675	733	1 827	-	2 150	4 693	2 155
Dominican Republic	-	600	-	160	675	605	-	-	1 034	750
Trinidad and Tobago	-	-	-	100	500	-	-	850	-	175
Uruguay										
Venezuela (Bolivarian Republic of)	-	2 354	3 050	6 115	100	7 500	4 000	5 000	3 000	7 200
Supranational issues	**-**	**-**	**-**	**784**	**1 067**	**539**	**447**	**2 800**	**1 526**	**2 665**
Central American Bank for Economic Integration	-	-	-	200	567	-	-	500	151	-
Caribbean Development bank	-	-	-	-	-	-	-	-	-	175
Andean Development Corporation	-	-	-	584	250	539	447	1 000	1 375	1 240
Latin American Reserve Fund	-	-	-	-	250	-	-	-	-	-
NII Holdings	-	-	-	-	-	-	-	1 300	-	1 250

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures from the International Monetary Fund, Merrill-Lynch and J.P. Morgan and Latin Finance.

a/ Includes sovereign, bank and corporate bonds.

b/ Figures at 5 December 2011.

Table A-13

LATIN AMERICA AND THE CARIBBEAN: TOTAL GROSS EXTERNAL DEBT a/

(Millions of dollars)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 b/
Latin America and the Caribbean	**739 606**	**768 552**	**764 408**	**674 956**	**667 828**	**739 471**	**753 481**	**817 418**	**965 902**	**1 032 844**
Antigua and Barbuda c/	434	497	532	317	321	481	436	416	431	444
Argentina	156 748	164 645	171 205	113 799	108 864	124 560	124 923	116 415	128 618	132 502
Bahamas c/	310	364	345	338	334	337	443	767	898	…
Barbados	2 321	2 475	2 435	2 695	2 991	3 130	3 487	4 009	4 485	…
Belize c/	652	822	913	970	985	973	958	1 016	1 009	…
Bolivia (Plurinational State of)	6 970	7 734	7 562	7 666	6 278	5 403	5 930	5 801	5 875	5 936
Brazil	210 711	214 929	201 373	169 451	172 589	193 219	198 340	198 192	256 804	291 648
Chile	40 504	43 067	43 515	46 211	49 497	55 733	64 318	74 041	86 738	96 476
Colombia	37 382	38 065	39 497	38 507	40 103	44 553	46 369	53 719	64 837	68 893
Costa Rica	5 310	5 575	5 765	6 763	7 186	8 444	9 105	8 174	9 125	9 239
Cuba c/ d/	10 900	11 300	5 806	5 898	7 794	8 908	…	…	…	…
Dominica c/	205	223	209	221	225	241	234	222	242	248
Ecuador	16 236	16 756	17 211	17 237	17 099	17 445	16 900	13 498	13 879	13 913
El Salvador e/	3 987	7 917	8 211	8 877	9 692	9 349	9 994	9 882	9 698	10 521
Grenada	262	279	331	401	481	469	481	512	538	514
Guatemala c/	3 119	3 467	3 844	3 723	3 958	4 226	4 382	4 928	5 562	5 531
Guyana c/	1 352	1 199	1 189	1 215	1 043	718	834	933	1 043	1 111
Haiti c/	1 229	1 316	1 376	1 335	1 484	1 628	1 917	1 272	353	548
Honduras	5 025	5 343	6 023	5 135	3 935	3 190	3 464	3 345	3 773	3 906
Jamaica c/	4 348	4 192	5 120	5 376	5 796	6 123	6 344	6 594	8 390	8 875
Mexico	134 980	132 524	130 925	128 248	119 084	127 669	128 851	166 711	196 702	206 035
Nicaragua c/	6 363	6 596	5 391	5 348	4 527	3 385	3 512	3 661	3 876	3 989
Panama c/	6 349	6 504	7 219	7 580	7 788	8 276	8 477	10 150	10 439	10 618
Paraguay	2 900	2 951	2 901	2 700	2 739	2 868	3 256	3 154	3 718	3 588
Peru	27 872	29 587	31 244	28 657	28 897	32 894	34 838	35 731	40 574	42 266
Dominican Republic c/	4 536	5 987	6 380	5 847	6 295	6 556	7 219	8 215	9 947	10 304
Saint Kitts and Nevis c/	261	316	304	299	310	313	328	306	302	290
Saint Vincent and the Grenadines	168	195	219	231	220	219	235	261	305	303
Saint Lucia c/	246	324	344	350	365	399	364	373	393	384
Suriname c/	372	383	384	390	391	298	319	269	334	…
Trinidad and Tobago c/	1 549	1 553	1 364	1 329	1 261	1 392	1 445	1 422	1 561	…
Uruguay	10 548	11 013	11 593	11 418	10 560	12 218	12 021	13 935	14 623	15 654
Venezuela (Bolivarian Republic of)	35 460	40 456	43 679	46 427	44 735	53 855	53 757	69 494	80 831	89 107

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures from the International Monetary Fund and national sources.

a/ Includes debt owed to the International Monetary Fund.

b/ First semester.

c/ Refers to external public debt.

d/ As from 2004 refers only to active external debt; excludes other external debt, 60.2% of which is official debt owed to the Paris Club.

e/ The figure for 2002, corresponds to external public debt.

Table A-14

LATIN AMERICA AND THE CARIBBEAN: GROSS INTERNATIONAL RESERVES

(Millions of dollars)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 a/
Latin America and the Caribbean	**164 784**	**197 615**	**225 668**	**262 168**	**319 045**	**459 152**	**512 240**	**566 961**	**655 138**	**760 737**
Antigua and Barbuda b/	88	114	120	127	143	144	138	108	...	...
Argentina	10 420	13 820	19 299	27 262	31 167	45 711	46 198	47 967	52 145	47 523
Bahamas	373	484	668	579	500	454	563	816	861	979 c/
Barbados	518	555	389	418	444	622	523	563	835	...
Belize	...	...	...	...	95	99	156	210	216	236 c/
Bolivia (Plurinational State of)	897	1 096	1 272	1 798	3 193	5 319	7 722	8 580	9 730	11 903
Brazil	37 823	49 296	52 935	53 799	85 839	180 334	193 783	238 520	288 575	352 928
Chile	15 351	15 851	16 016	16 963	19 429	16 910	23 162	25 371	27 864	38 673
Colombia	10 540	10 608	13 220	14 634	15 109	20 607	23 672	24 992	28 464	32 746
Costa Rica	1 502	1 839	1 922	2 313	3 115	4 114	3 799	4 066	4 627	4 733
Dominica b/	45	48	42	49	63	60	55	64	...	...
Ecuador d/	...	...	...	2 147	2 023	3 521	4 473	3 792	2 622	4 549
El Salvador	1 591	1 910	1 893	1 833	1 908	2 198	2 545	2 987	2 883	2 731
Grenada b/	88	83	122	94	100	110	104	112	...	...
Guatemala	2 381	2 932	3 529	3 783	4 061	4 310	4 659	5 213	5 954	6 574
Guyana	280	272	225	251	277	313	356	628	780	742 e/
Haiti	139	112	166	187	305	494	587	733	1 281	1 418 f/
Honduras	1 687	1 609	2 159	2 526	2 824	2 733	2 690	2 174	2 775	2 510 c/
Jamaica	1 643	1 196	1 882	2 169	2 399	1 906	1 795	1 752	2 979	2 914
Mexico	50 674	59 028	64 198	74 110	76 330	87 211	95 302	99 893	120 587	141 088 c/
Nicaragua	454	504	670	730	924	1 103	1 141	1 573	1 799	1 760
Panama g/	1 183	1 011	631	1 211	1 335	1 935	2 424	3 028	2 715	...
Paraguay	641	983	1 168	1 293	1 703	2 462	2 864	3 861	4 169	4 881 c/
Peru	9 690	10 206	12 649	14 120	17 329	27 720	31 233	33 175	44 150	48 765
Dominican Republic	829	279	825	1 929	2 251	2 946	2 662	3 307	3 765	3 170
Saint Kitts and Nevis b/	66	65	78	71	89	96	110	123	...	...
Saint Vincent and the Grenadines b/	52	50	74	69	78	86	83	75	...	...
Saint Lucia b/	92	105	130	114	132	151	140	151	...	...
Suriname g/	106	106	129	126	215	401	433	659	639	738 h/
Trinidad and Tobago	...	...	2 539	4 015	5 134	6 674	9 380	8 652	9 070	9 512 f/
Uruguay	772	2 087	2 512	3 078	3 091	4 121	6 360	7 987	7 743	10 362
Venezuela (Bolivarian Republic of)	14 860	21 366	24 208	30 368	37 440	34 286	43 127	35 830	27 911	29 302

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures from the International Monetary Fund and national sources.

a/ Balances as of October.

b/ Net international reserves.

c/ Balance as of September.

d/ Freely available International reserves.

e/ Balance as of January.

f/ Balance as of August.

g/ Does not include gold.

h/ Balance as of May.

Table A-15

LATIN AMERICA AND THE CARIBBEAN: STOCK EXCHANGE INDICES

(National indices to end of period, 31 December 2005=100)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 a/
Argentina	34.0	69.5	89.1	100.0	135.5	139.4	70.0	150.4	228.3	166.1
Brazil	33.7	66.5	78.3	100.0	132.9	191.0	112.2	205.0	207.2	170.0
Chile	50.9	75.6	91.4	100.0	137.1	155.4	121.0	182.3	250.8	211.8
Colombia	17.3	24.5	45.7	100.0	117.3	112.4	79.5	122.0	162.9	135.9
Costa Rica	94.9	86.6	77.9	100.0	177.1	217.2	207.2	141.7	118.1	122.1
Ecuador	71.6	65.4	79.4	100.0	129.7	121.0	128.2	107.4	125.6	128.5
Jamaica	43.4	64.7	107.8	100.0	96.3	103.3	76.7	79.7	81.5	92.0
Mexico	34.4	49.4	72.6	100.0	148.6	165.9	125.7	180.4	216.5	206.9
Peru	29.0	50.7	77.3	100.0	268.3	364.9	146.8	295.0	486.7	414.6
Trinidad and Tobago	51.1	65.0	100.7	100.0	90.8	92.0	79.0	71.7	78.3	94.1
Venezuela (Bolivarian Republic of)	39.3	108.9	146.9	100.0	256.1	185.8	172.1	270.0	320.4	559.2

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

Table A-16

LATIN AMERICA AND THE CARIBBEAN: REAL EFFECTIVE EXCHANGE RATES a/

(Indices 2005=100)

	2002	2003	2004	2005	2006	2007	2008	2009	2010 b/	2011 b/ c/
Latin America and the Caribbean d/	**99.7**	**107.5**	**106.8**	**100.0**	**97.5**	**95.1**	**90.2**	**90.4**	**86.0**	**84.3**
Argentina	106.9	97.5	100.2	100.0	102.0	101.2	97.0	99.3	97.9	100.8
Barbados	94.8	98.9	101.7	100.0	98.2	99.0	98.5	93.1	91.6	88.6
Bolivia (Plurinational State of)	81.7	89.0	93.7	100.0	102.3	101.3	94.2	85.4	88.4	87.7
Brazil	132.0	130.4	123.2	100.0	88.4	82.2	79.5	80.8	69.7	65.8
Chile	106.1	111.0	105.2	100.0	97.8	99.6	99.1	101.7	95.7	93.9
Colombia	111.7	126.2	112.9	100.0	101.5	90.4	86.7	91.6	79.6	79.7
Costa Rica	92.0	97.4	99.0	100.0	99.0	96.6	93.0	92.7	82.7	80.4
Cuba e/	89.6	95.0	101.1	100.0	106.8	109.5	119.9	119.9	118.7	...
Dominica	91.9	94.3	97.5	100.0	102.0	104.6	105.2	105.1	105.6	108.2
Ecuador	95.5	93.2	95.2	100.0	101.1	105.2	105.6	100.4	99.5	102.4
El Salvador	98.8	99.3	98.1	100.0	100.5	101.8	103.5	101.3	103.8	105.2
Guatemala	111.9	111.8	108.3	100.0	97.0	96.3	91.4	94.6	94.0	90.5
Honduras	96.3	97.8	100.3	100.0	97.7	97.4	94.5	87.2	86.2	85.5
Jamaica	97.9	111.6	108.5	100.0	101.3	105.3	97.2	109.8	95.2	93.5
Mexico	90.0	100.0	103.6	100.0	100.1	101.2	104.1	118.5	109.3	107.3
Nicaragua	93.7	97.0	97.7	100.0	98.2	100.6	96.9	100.4	98.1	102.8
Panama	91.3	93.1	97.8	100.0	101.7	103.1	102.2	97.5	98.6	99.3
Paraguay	89.8	95.4	89.7	100.0	89.8	81.3	72.0	79.5	77.5	69.1
Peru	94.9	98.8	98.9	100.0	102.9	103.0	99.2	98.8	95.4	98.3
Dominican Republic	109.4	146.0	138.8	100.0	106.6	105.6	107.8	109.9	107.7	108.7
Trinidad and Tobago	98.2	98.9	101.3	100.0	98.0	96.4	99.2	90.3	86.4	88.6
Uruguay	87.7	111.8	113.7	100.0	95.8	95.1	89.8	87.6	76.4	74.3
Venezuela (Bolivarian Republic of)	88.0	99.3	97.7	100.0	93.2	83.0	67.4	51.2	77.8	69.4

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures from the International Monetary Fund and national sources.

a/ Annual averages. A country's overall real effective exchange rate index is calculated by weighting its real bilateral exchange rate indices with each of its trading partners by each partner's share in the country's total trade flows in terms of exports and imports. The extraregional real effective exchange rate index excludes trade with other Latin American and Caribbean countries. A currency depreciates in real effective terms when this index rises and appreciates when it falls.

b/ Preliminary figures, weighted by trade in 2009.

c/ January-October average.

d/ Simple average of the extraregional real effective exchange rate for 20 countries.

e/ Preliminary figures. Yearly calculation by ECLAC, based on consumer price data and nominal exchange rates provided by the National Statistical Office of Cuba.

Table A-17

LATIN AMERICA AND THE CARIBBEAN: PARTICIPATION RATE a/

(Average annual rates)

		2002	2003	2004	2005	2006	2007	2008	2009	2010	2010	2011 b/
											January to September average	
Latin America and the Caribbean c/		**57.8**	**58.7**	**58.7**	**58.4**	**58.5**	**58.6**	**58.6**	**58.8**	**59.1**	**…**	**…**
Argentina d/	Urban areas	55.8	60.2	60.2	59.9	60.3	59.5	58.8	59.3	58.9	59.0	59.6
Barbados	National total	68.5	69.3	69.4	69.6	67.9	67.8	67.6	67.0	66.6	67.5	68.1 e/
Bolivia (Plurinational State of)	Departamental capitals f/	64.6	67.6	64.9	62.8	66.3	64.8	...	56.9	57.3	…	…
Brazil	Six metropolitan areas	55.1	57.1	57.2	56.6	56.9	56.9	57.0	56.7	57.1	57.1	57.1 g/
Chile h/	National total	53.7	54.4	55.0	55.6	54.8	54.9	56.0	55.9	58.5	58.3	59.8 g/
Colombia	National total	62.3	62.9	61.5	60.5	59.1	58.3	58.5	61.3	62.7	62.6	63.4 g/
Costa Rica i/	National total	55.4	55.5	54.4	56.8	56.6	57.0	56.7	60.4	59.1	59.1	60.7
Cuba j/	National total	71.0	70.9	71.0	72.1	72.1	73.7	74.7	75.4	74.9	…	…
Ecuador	Urban total	58.3	58.2	59.1	59.5	59.1	61.3	60.1	58.9	56.9	57.6	56.1
El Salvador k/	National total	51.2	53.4	51.7	52.4	52.6	62.1	62.7	62.8	62.5	…	…
Honduras	National total	51.7	50.0	50.6	50.9	50.7	50.7	51.0	53.1	53.6	53.6	51.9 l/
Jamaica	National total	65.8	64.4	64.3	64.2	64.7	64.9	65.4	63.5	62.4	62.5	62.4 m/
Mexico	National total	56.9	57.1	57.7	57.9	58.8	58.8	58.7	58.6	58.4	58.7	58.6 g/
Nicaragua	National total	…	53.7	53.1	53.8	51.4	53.4	53.3	66.9	72.1	…	…
Panama	National total	62.6	62.8	63.3	63.6	62.6	62.7	63.9	64.1	63.5	63.5	61.8
Paraguay	Asunción and urban areas of the Departamento Central n/	61.2	59.8	63.4	61.8	59.4	60.8	61.7	62.9	62.5	62.7	62.2
Peru i/	Metropolitan Lima	62.9	63.2	62.3	62.5	64.0	63.5	66.4	68.4	70.0	70.2	70.0
Dominican Republic	National total	55.1	54.7	56.3	55.9	56.0	56.1	55.6	53.8	55.0	54.9	56.2 o/
Trinidad and Tobago	National total	60.9	61.6	63.0	63.7	63.9	63.5	63.5	62.7	61.7 p/	…	…
Uruguay	National total q/	59.3	59.3	59.3	59.3	60.8	62.7	62.5	63.2	63.2	63.1	64.0 g/
Venezuela (Bolivarian Republic of)	National total	68.7	69.3	68.5	66.3	65.4	64.9	64.9	65.1	64.6	64.7	64.4 g/

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

a/ Economically active population as a percentage of the total working-age population.

b/ Preliminary figures.

c/ Weighted average adjusted for lack of information and differences and changes in methodology.
The data relating to the different countries are not comparable owing to differences in coverage and in the definition of the working age population.

d/ New measurements have been used since 2003; the data are not comparable with the previous series.

e/ The figures in the last two columns refer to the period January-June.

f/ Up to 2008, urban areas.

g/ The figures in the last two columns refer to the period January-October.

h/ New measurements have been used since 2010; the data are not comparable with the previous series.

i/ New measurements have been used since 2009; the data are not comparable with the previous series.

j/ The working-age population is measured as follows: for males, 17 to 59 years and for females, 15 to 54 years.

k/ New measurements have been used since 2007; the data are not comparable with the previous series.

l/ The figures in the last two columns refer to the measurement of May.

m/ The figures in the last two columns refer to the period January-July.

n/ Up to 2009, nationwide total.

o/ The figures in the last two columns refer to the measurement of April.

p/ January-September average.

q/ Up to 2005, urban total.

Table A-18

LATIN AMERICA AND THE CARIBBEAN: OPEN URBAN UNEMPLOYMENT

(Average annual rates)

		2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 a/
Latin America and the Caribbean b/		**11.2**	**11.1**	**10.3**	**9.0**	**8.6**	**7.9**	**7.3**	**8.1**	**7.3**	**6.8**
Argentina c/	Urban areas	19.7	17.3	13.6	11.6	10.2	8.5	7.9	8.7	7.7	7.2 d/
Bahamas e/	National total	9.1	10.8	10.2	10.2	7.6	7.9	8.7	14.2	…	…
Barbados e/	National total	10.3	11.0	9.8	9.1	8.7	7.4	8.1	10.0	10.8	11.1 f/
Belize e/	National total	10.0	12.9	11.6	11.0	9.4	8.5	8.2	13.1	…	…
Bolivia (Plurinational State of)	Departamental capitals g/	8.7	9.2	6.2	8.1	8.0	7.7	6.7	7.9	6.5	…
Brazil	Six metropolitan areas	11.7	12.3	11.5	9.8	10.0	9.3	7.9	8.1	6.7	6.1 h/
Chile i/	National total	9.8	9.5	10.0	9.2	7.7	7.1	7.8	9.7	8.2	7.2 h/
Colombia e/	Thirteen metropolitan areas	18.1	17.1	15.8	14.3	13.1	11.4	11.5	13.0	12.4	11.4 h/
Costa Rica j/	Urban total	6.8	6.7	6.7	6.9	6.0	4.8	4.8	8.5	7.1	7.7
Cuba	National total	3.3	2.3	1.9	1.9	1.9	1.8	1.6	1.7	2.4	…
Ecuador e/	Urban total	9.2	11.6	9.7	8.5	8.1	7.4	6.9	8.5	7.6	6.1 d/
El Salvador	Urban total	6.2	6.2	6.5	7.3	5.7	5.8	5.5	7.1	6.8	…
Guatemala	Urban total	5.4	5.2	4.4	…	…	…	…	…	4.8	…
Honduras	Urban total	6.1	7.6	8.0	6.5	4.9	4.0	4.1	4.9	6.4	6.8 k/
Jamaica e/	National total	14.2	11.4	11.7	11.3	10.3	9.8	10.6	11.4	12.4	12.6 l/
Mexico	Urban areas	3.9	4.6	5.3	4.7	4.6	4.8	4.9	6.7	6.4	6.0 h/
Nicaragua	Urban total	11.6	10.2	9.3	7.0	7.0	6.9	8.0	10.5	9.7	…
Panama e/ j/	Urban total	16.5	15.9	14.1	12.1	10.4	7.8	6.5	7.9	7.7	5.4
Paraguay	Asunción and urban areas of the Departamento Central m/	14.7	11.2	10.0	7.6	8.9	7.2	7.4	8.2	7.0	7.5 d/
Peru	Metropolitan Lima	9.4	9.4	9.4	9.6	8.5	8.4	8.4	8.4	7.9	7.7 h/
Dominican Republic e/	National total	16.1	16.7	18.4	17.9	16.2	15.6	14.1	14.9	14.3	14.6 n/
Suriname e/	National total	10.0	7.0	8.4	11.2	12.1	…	…	…	…	…
Trinidad and Tobago e/	National total	10.4	10.5	8.4	8.0	6.2	5.6	4.6	5.3	5.9	…
Uruguay	Urban total	17.0	16.9	13.1	12.2	11.4	9.6	7.9	7.6	7.1	6.3 h/
Venezuela (Bolivarian Republic of)	National total	15.8	18.0	15.3	12.4	9.9	8.4	7.3	7.8	8.6	8.4 h/

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

a/ Preliminary figures.

b/ Weighted average adjusted for lack of information and differences and changes in methodology. The data relating to the different countries are not comparable owing to differences in coverage and in the definition of the working age population.

c/ New measurements have been used since 2003; the data are not comparable with the previous series.

d/ Estimate based on data from January to September.

e/ Includes hidden unemployment.

f/ First semester.

g/ Up to 2008, urban areas.

h/ Estimate based on data from January to October.

i/ New measurements have been used since 2010; the data are not comparable with the previous series. For 2002-2005, the series were adjusted to splice with the series applicable as of 2006.

j/ New measurements have been used since 2009; the data are not comparable with the previous series.

k/ Figure for May.

l/ Average of the January and July measurements.

m/ Up to 2009, urban total.

n/ Figure for April.

Table A-19
LATIN AMERICA AND THE CARIBBEAN: EMPLOYMENT RATE a/
(Average annual rates)

		2002	2003	2004	2005	2006	2007	2008	2009	2010	2010	2011 b/
											January to September average	
Latin America and the Caribbean c/		**51.6**	**52.4**	**52.9**	**53.3**	**53.7**	**54.2**	**54.5**	**54.2**	**54.9**	**…**	**…**
Argentina d/	Urban areas	45.9	49.8	52.0	52.9	54.1	54.5	54.2	54.2	54.4	54.4	55.2
Barbados	National total	61.4	61.6	62.7	63.2	61.9	62.7	62.1	60.3	59.4	60.3	60.6 e/
Bolivia (Plurinational State of)	Departamental capitals f/	53.0	54.9	55.0	51.2	54.0	52.7	...	52.4	53.6	…	…
Brazil	Six metropolitan areas	48.7	50.1	50.6	51.0	51.2	51.6	52.5	52.1	53.2	53.1	53.6 g/
Chile h/	National total	48.4	49.3	49.5	50.4	50.5	51.0	51.7	50.5	53.7	53.6	55.4 g/
Colombia	National total	52.6	54.1	53.1	53.4	52.0	51.8	51.9	53.9	55.4	55.2	56.3 g/
Costa Rica i/	National total	51.8	51.8	50.9	53.0	53.3	54.4	53.9	55.4	54.8	54.8	56.0
Cuba j/	National total	68.6	69.2	69.7	70.7	70.7	72.4	73.6	74.2	74.9	…	…
Ecuador	Urban total	52.9	51.5	53.5	54.4	54.3	56.8	56.0	53.9	52.6	53.0	51.6
El Salvador k/	National total	48.0	49.7	48.2	48.3	49.2	58.1	59.0	58.2	58.1	…	…
Honduras	National total	49.7	47.4	48.6	48.6	49.0	49.2	49.4	51.5	51.5	51.5	49.7 l/
Jamaica	National total	56.4	57.1	56.8	57.0	58.0	58.6	58.5	56.3	54.6	54.7	54.5 m/
Mexico	National total	55.2	55.3	55.4	55.8	56.7	56.7	56.3	55.4	55.3	55.6	55.4 g/
Nicaragua i/	National total	...	49.5	49.6	50.8	48.8	48.6	50.1	61.8	66.8	…	…
Panama	National total	54.1	54.6	55.9	57.3	57.2	58.7	60.3	59.9	59.4	59.4	59.1
0	Asunción and urban areas of the Departamento Central n/	54.6	55.0	58.8	58.2	55.4	57.4	58.2	58.9	58.0	57.9	57.5
Peru	Metropolitan Lima	62.0	61.1	61.6	60.7	61.8	63.0	62.4	62.7	64.5	64.5	64.4
Dominican Republic	National total	46.2	45.4	46.0	45.9	46.9	47.4	47.7	45.8	47.1	47.0	48.0 o/
Trinidad and Tobago	National total	54.6	55.2	57.8	58.6	59.9	59.9	60.6	59.4	58.1 p/	…	… #
Uruguay	National total q/	49.1	48.3	50.9	51.4	54.2	56.8	57.7	58.5	59.0	58.7	60.0 g/
Venezuela (Bolivarian Republic of)	National total	57.8	56.8	58.1	58.1	59.0	59.5	60.1	60.1	59.2	59.1	58.8 g/

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

a/ Employed population as a percentage of the working-age population.

b/ Preliminary figures.

c/ Weighted average adjusted for lack of information and differences and changes in methodology.

The data relating to the different countries are not comparable owing to differences in coverage and in the definition of the working age population.

d/ New measurements have been used since 2003; the data are not comparable with the previous series.

e/ The figures in the last two columns refer to the period January-June.

f/ Up to 2008, urban areas.

g/ The figures in the last two columns refer to the period January-October.

h/ New measurements have been used since 2010; the data are not comparable with the previous series.

i/ New measurements have been used since 2009; the data are not comparable with the previous series.

j/ The working-age population is measured as follows: for males, 17 to 59 years and for females, 15 to 54 years.

k/ New measurements have been used since 2007; the data are not comparable with the previous series.

l/ The figures in the last two columns refer to the measurement of May.

m/ The figures in the last two columns refer to the period January-July.

n/ Up to 2009, urban total.

o/ The figures in the last two columns refer to the measurement of April.

p/ January-September average.

q/ Up to 2005, urban total.

Table A-20

LATIN AMERICA: REAL AVERAGE WAGES a/

(Indices 2005=100)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 b/
Argentina c/	76.0	85.2	93.1	100.0	108.9	118.8	129.2	144.3	163.0	195.6 d/
Bolivia (Plurinational State of) e/	99.4	101.0	103.7	100.0	92.0	86.8	80.4	83.5	…	…
Brazil f/	109.2	99.6	100.4	100.0	103.5	105.0	107.2	108.6	110.9	112.3 d/
Chile g/	95.5	96.4	98.1	100.0	101.9	104.8	104.6	109.6	112.0	114.8 d/
Colombia h/	97.5	96.9	98.5	100.0	103.8	103.5	101.5	102.7	105.2	105.2
Costa Rica i/	104.3	104.7	101.9	100.0	101.6	102.9	100.9	108.6	110.9	115.9 d/
Cuba	81.2	83.2	88.5	100.0	111.6	109.9	110.0	115.1	118.5	…
El Salvador j/	107.1	106.1	102.4	100.0	100.4	98.0	94.9	98.2	99.3	…
Guatemala i/	106.1	106.5	104.2	100.0	98.9	97.3	94.8	94.9	97.6	…
Mexico i/	95.2	97.0	98.3	100.0	101.4	102.8	103.0	101.9	100.8	101.6
Nicaragua i/	100.1	102.0	99.8	100.0	101.4	99.6	95.9	101.5	102.8	102.6
Panama k/	102.6	102.0	101.2	100.0	102.0	103.4	99.1	101.8	103.7	101.8 l/
Paraguay	98.1	97.3	99.0	100.0	100.6	103.0	102.3	106.8	107.6	109.9 m/
Peru n/	99.3	100.9	102.0	100.0	101.2	99.4	101.6	104.8	107.5	…
Uruguay	109.3	95.6	95.6	100.0	104.3	109.3	113.2	121.4	125.5	130.9 d/
Venezuela (Bolivarian Republic of)	117.9	97.2	97.5	100.0	105.1	106.4	101.5	94.8	89.9	92.6

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
a/ Figures deflated by the official consumer price index of each country.
b/ Estimate based on data from January to September.
c/ Registered private-sector workers.
d/ Estimate based on data from January to October.
e/ Private-sector average wage index.
f/ Private-sector workers covered by social and labour legislation. In 2002 includes public-sector workers.
g/ General index of hourly wages. New measurements have been used since 2010; the data are not comparable with the previous series.
h/ Manufacturing.
i/ Average wages declared by workers covered by social security.
j/ Gross salary.
k/ Workers with social security coverage. Figures for 2010 and 2011 corresponds to workers in small, medium-sized and large businesses, in manufacturing, commerce and services.
l/ January-June average.
m/ Figure for June.
n/ Private-sector workers in the Lima metropolitan area.

Table A-21

LATIN AMERICA AND THE CARIBBEAN: MONETARY INDICATORS

(End-of-year balances as percentages of GDP)

	Monetary base				Money Supply (M3) a/				Foreign-currency deposits			
	2008	2009	2010	2011 b/	2008	2009	2010	2011 b/	2008	2009	2010	2011 b/
Antigua and Barbuda	10.7	12.0	14.0	…	82.6	91.4	96.5	94.4	7.4	12.4	13.9	13.3
Argentina	10.6	10.4	10.8	11.1	25.4	26.9	29.3	32.4	3.1	3.7	4.3	3.7
Bahamas	7.8	8.9	10.7	11.6 c/	71.9	77.3	80.4	78.4 c/	2.4	3.0	2.9	2.6 c/
Barbados	13.1	12.7	11.3	12.4	109.0	105.9	107.5	89.9 c/	12.1	9.1	7.9	5.1 c/
Belize	14.1	16.0	14.9	16.7	72.4	77.9	74.9	75.4	…	…	…	…
Bolivia (Plurinational State of)	18.5	24.3	23.6	22.2	46.5	58.7	59.5	56.1 c/	20.3	24.4	19.1	16.0 c/
Brazil d/	4.9	5.1	5.5	4.8	35.3	35.9	36.0	74.5	…	…	…	…
Chile	4.8	5.2	5.4	5.4	69.1	62.1	60.1	63.1	9.0	6.0	6.7	6.3
Colombia e/	7.7	7.8	8.2	7.2	35.1	35.0	35.7	40.5	…	…	…	…
Costa Rica	7.3	7.2	7.1	6.4	50.9	54.4	51.0	48.4	21.9	24.2	20.9	18.9
Cuba f/	31.1	24.4	23.1	…	41.5	41.2	40.7	…	…	…	…	…
Dominica	10.6	11.6	12.7	…	70.9	74.9	79.3	80.3	1.2	1.1	2.3	3.0
Ecuador	11.3	13.3	12.8	12.3	…	35.3	37.4	37.0	…	…	…	…
El Salvador	10.7	11.0	11.1	10.4 c/	39.0	40.9	41.6	40.6	…	…	…	…
Grenada	12.8	13.0	12.7	…	78.6	86.9	86.8	82.4	5.6	6.4	5.3	5.3
Guatemala	9.7	10.3	10.3	9.1	33.5	35.9	37.1	35.1 g/	4.8	5.9	6.4	6.5
Guyana	14.9	17.5	20.0	18.2	47.0	48.9	50.7	51.5	…	…	…	…
Haiti	21.0	22.2	31.9	28.9	38.1	39.2	49.4	45.5	16.7	18.2	23.2	22.4
Honduras	11.5	10.6	11.0	8.2	53.0	52.2	52.8	50.9	14.0	14.1	13.0	13.0
Jamaica	7.1	7.5	7.3	6.3	31.1	30.7	28.8	26.8	10.2	10.7	9.2	8.2
Mexico	4.8	5.3	5.3	4.6	22.5	24.2	23.7	22.9	1.3	1.5	1.3	1.2
Nicaragua	8.4	9.8	10.4	8.9	31.9	33.2	35.5	34.0 c/	…	…	…	…
Panama	4.5	5.2	4.4	3.9	85.2	90.1	91.0	81.9	…	…	…	…
Paraguay	10.3	14.3	11.8	9.9	31.3	39.6	39.6	37.3	12.1	14.0	15.3	14.5
Peru	5.9	6.0	7.7	7.2	29.9	30.4	33.0	31.5	14.0	13.4	12.9	12.6
Dominican Republic h/	8.5	8.2	7.6	6.5	31.4	33.4	33.1	30.6	6.1	6.3	6.8	6.6
Saint Kitts and Nevis	13.7	18.5	23.1	…	83.5	94.6	101.3	96.0	19.9	20.1	20.0	17.3
Saint Vincent and the Grenadine	12.0	10.1	15.4	…	57.4	59.3	60.7	58.2	1.9	1.6	2.5	2.4
Saint Lucia	12.6	13.5	13.7	…	81.3	84.1	79.1	71.9	5.2	4.8	4.7	4.9
Suriname	17.6	24.4	24.9	19.6 c/	61.3	80.2	…	…	28.4	36.8	…	…
Trinidad and Tobago	8.0	14.8	15.4	16.6 c/	33.3	61.5	56.5	53.9 i/	9.2	18.4	14.2	14.0 i/
Uruguay	5.5	5.5	5.4	5.4	56.2	49.9	51.7	50.4 c/	43.6	36.5	36.3	35.7 c/
Venezuela (Bolivarian Republic of) i/	12.4	14.0	12.1	9.3	0.0	0.0	0.0	0.0	…	…	…	…

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

a/ According to the ECLAC definition, this corresponds to M1 plus savings and time deposits in national currency plus foreign-currency deposits.

b/ Balances as of October.

c/ Balance as of September.

d/ According to the country's definition, money supply corresponds to M1 plus special interest-bearing deposits, savings deposits and securities issued by deposit institutions.

e/ According to the country's definition, money supply also includes deposits of entities in liquidation and term deposit certificates of special entities and demand deposits of non-bank entities.

f/ According to the country's definition, money supply corresponds to M1 plus fixed-term deposits.

g/ Balance as of June.

h/ Series corresponding to harmonized monetary indicators.

i/ Balance as of July.

j/ Money supply figures of do not include foreign-currency deposits.

Table A-22

LATIN AMERICA AND THE CARIBBEAN: REPRESENTATIVE LENDING RATES

(Annual average of monthly annualized rates)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 a/
Antigua and Barbuda b/	...	13.4	11.5	11.2	10.7	10.3	10.1	9.5	10.2	...
Argentina c/	40.7	16.8	10.8	10.5	12.9	14.0	19.8	21.3	15.1	15.8
Bahamas b/	...	12.0	11.2	10.3	10.0	10.6	11.0	10.6	11.0	11.1 d/
Barbados b/	...	7.6	7.4	8.5	10.0	10.4	9.7	8.7	9.5	9.3 e/
Belize b/	14.8	14.4	13.9	14.2	14.2	14.3	14.2	14.1	13.9	13.4
Bolivia (Plurinational State of) f/	10.9	9.1	8.2	8.2	7.8	8.2	8.9	8.3	5.2	6.3
Brazil g/	44.4	49.8	41.1	43.7	40.0	34.5	38.8	40.4	38.5	41.3
Chile h/	14.4	13.0	11.0	13.5	14.4	13.6	15.2	12.9	11.8	12.6
Colombia b/	16.3	15.2	15.1	14.6	12.9	15.4	17.2	13.0	9.4	11.1
Costa Rica i/	26.8	26.2	23.4	24.0	22.7	17.3	16.7	21.6	19.4	17.6
Cuba j/	...	9.6	9.7	9.8	9.4	9.1	9.0	9.3	9.3	...
Dominica b/	11.0	11.8	8.9	9.9	9.5	9.2	9.1	10.0	9.4	...
Ecuador k/	14.1	12.6	10.2	8.7	8.9	10.1	9.8	9.2	9.0	8.4
El Salvador l/	7.1	6.6	6.3	6.9	7.5	7.8	7.9	9.3	7.6	6.1
Grenada b/	...	...	10.3	10.0	9.8	9.7	9.4	10.7	9.4	...
Guatemala b/	16.9	15.0	13.8	13.0	12.8	12.8	13.4	13.8	13.3	13.4
Guyana m/	17.3	16.6	16.6	15.1	14.9	14.1	13.9	14.0	15.2	14.8
Haiti n/	25.5	30.7	34.1	27.1	29.5	31.2	23.3	21.6	20.7	19.8
Honduras b/	22.7	20.8	19.9	18.8	17.4	16.6	17.9	19.4	18.9	18.6
Jamaica j/	26.1	25.1	25.1	23.2	22.0	22.0	22.3	22.6	20.3	18.3
Mexico o/	8.2	6.9	7.2	9.9	7.5	7.6	8.7	7.1	5.3	5.0 d/
Nicaragua p/	18.3	15.5	13.5	12.1	11.6	13.0	13.2	14.0	13.3	10.2
Panama q/	9.2	8.9	8.2	8.2	8.1	8.3	8.2	8.3	7.9	7.3
Paraguay b/	34.3	30.5	21.2	15.3	16.6	14.6	14.6	15.6	13.2	16.5
Peru r/	23.3	20.2	18.7	17.9	17.1	16.5	16.7	16.0	19.0	18.6
Dominican Republic e/	21.3	27.8	30.3	21.4	15.7	11.7	16.0	12.9	8.3	11.2
Saint Kitts and Nevis b/	...	...	10.0	9.9	9.2	9.3	8.6	8.6	8.5	...
Saint Vincent and the Grenadines b/	...	...	9.7	9.6	9.7	9.6	9.5	9.1	9.0	...
Saint Lucia b/	...	...	10.8	10.4	10.5	9.9	9.3	9.0	9.5	...
Suriname s/	22.2	21.0	20.4	18.1	15.7	13.8	12.2	11.7	11.6	11.7
Trinidad and Tobago m/	13.4	11.0	9.4	9.1	10.2	10.5	12.3	11.9	9.2	8.1 e/
Uruguay t/	116.4	56.6	26.0	15.3	10.7	10.0	13.1	16.6	12.0	10.9
Venezuela (Bolivarian Republic of) u/	38.4	25.7	17.3	15.6	14.6	16.7	22.8	20.6	18.0	17.7

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

a/ January-October average.

b/ Weighted average of the system lending rates.

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

d/ January-September average.

e/ January-August average.

f/ Nominal local-currency rate for 60-91-day banking operations.

g/ Preset lending rates for legal persons.

h/ Lending rates for periods of 90-360 days, non-adjustable operations.

i/ Average lending rate.

j/ Corporate lending rate in convertible pesos.

k/ Effective benchmark lending rate for the corporate commercial segment. Unitil 2003, reference lending rate in dollars.

l/ Basic lending rate for up to 1 year.

m/ Prime lending rate.

n/ Average of minimum and maximum lending rates.

o/ Lending rate published by the International Monetary Fund.

p/ Short-term loans rate, weighted average.

q/ Interest rate on 1-year trade credit.

r/ Market lending rate, average for transactions conducted in the last 30 business days (FTAMN).

s/ Average bank lending rate in local currency.

t/ Business credit, 30-367 days.

u/ Average rate for loan operations for the six major commercial banks.

Table A-23
LATIN AMERICA AND THE CARIBBEAN: CONSUMER PRICES
(Percentage variation December–December)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 a/
Latin America and the Caribbean b/	12.2	8.5	7.4	6.1	5.0	6.5	8.2	4.7	6.5	6.9
Antigua and Barbuda	...	...	...	...	0.0	5.2	0.7	2.4	2.9	3.7 c/
Argentina	41.0	3.7	6.1	12.3	9.8	8.5	7.2	7.7	10.9	9.5 c/
Bahamas	1.9	2.4	1.9	1.2	2.3	2.8	4.6	1.3	1.4	3.3 c/
Barbados	0.9	0.3	4.3	7.4	5.6	4.7	7.3	4.4	6.5	10.6
Belize	...	2.3	3.1	4.2	2.9	4.1	4.4	-0.4	0.0	0.9 d/
Bolivia (Plurinational State of)	2.5	3.9	4.6	4.9	4.9	11.7	11.8	0.3	7.2	8.3
Brazil	12.5	9.3	7.6	5.7	3.1	4.5	5.9	4.3	5.9	6.6
Chile	2.8	1.1	2.4	3.7	2.6	7.8	7.1	-1.4	3.0	3.9
Colombia	7.0	6.5	5.5	4.9	4.5	5.7	7.7	2.0	3.2	4.0
Costa Rica	9.7	9.9	13.1	14.1	9.4	10.8	13.9	4.0	5.8	4.6
Cuba e/	7.3	-3.8	2.9	3.7	5.7	10.6	-0.1	-0.1	1.5	1.7 f/
Dominica	0.5	2.8	-7.2	2.7	1.8	6.0	2.0	3.3	2.2	3.1 g/
Ecuador	9.4	6.1	1.9	3.1	2.9	3.3	8.8	4.3	3.3	5.5
El Salvador	2.8	2.5	5.4	4.3	4.9	4.9	5.5	-0.2	2.1	5.1
Grenada	-0.4	1.1	2.5	6.2	1.7	7.4	5.2	-2.3	4.2	3.2 h/
Guatemala	6.3	5.9	9.2	8.6	5.8	8.7	9.4	-0.3	5.4	6.1
Guyana	6.0	5.0	5.5	8.2	4.2	14.1	6.4	3.6	4.4	6.1 g/
Haiti	14.8	40.4	20.2	15.4	10.2	9.3	17.0	2.1	6.2	10.4 c/
Honduras	8.1	6.8	9.2	7.7	5.3	8.9	10.8	3.0	6.5	5.4
Jamaica	7.3	14.1	13.7	12.9	5.8	16.8	16.9	10.2	11.8	7.7 c/
Mexico	5.7	4.0	5.2	3.3	4.1	3.8	6.5	3.6	4.4	3.5
Nicaragua	4.0	6.6	8.9	9.6	10.2	16.2	12.7	1.8	9.1	7.9
Panama	1.8	1.5	1.5	3.4	2.2	6.4	6.8	1.9	4.9	6.8
Paraguay	14.6	9.3	2.8	9.9	12.5	6.0	7.5	1.9	7.2	5.6
Peru	1.5	2.5	3.5	1.5	1.1	3.9	6.6	0.2	2.1	4.6
Dominican Republic	10.5	42.7	28.7	7.5	5.0	8.9	4.5	5.7	6.3	8.6
Saint Kitts and Nevis	...	...	...	...	7.9	2.1	7.6	1.0	3.9	6.6 h/
Saint Vincent and the Grenadines	-0.7	0.5	3.5	5.2	9.6	0.0	3.8	1.0	-0.6	0.7 h/
Saint Lucia	0.4	2.7	1.7	3.9	4.8	8.3	8.7	-1.6	2.0	…
Suriname	...	...	...	15.8	4.7	8.3	9.4	1.3	10.3	15.8 c/
Trinidad and Tobago	4.3	3.0	5.6	7.2	9.1	7.6	14.5	1.3	13.4	3.7 c/
Uruguay	25.9	10.2	7.6	4.9	6.4	8.5	9.2	5.9	6.9	8.4
Venezuela (Bolivarian Republic of)	31.2	27.1	19.2	14.4	17.0	22.5	31.9	26.9	27.4	28.9

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
a/ Twelve-month variation to November 2011.
b/ The only English-speaking Caribbean countries included are Barbados, Jamaica and Trinidad and Tobago.
c/ Twelve-month variation to October 2011.
d/ Twelve-month variation to February 2011.
e/ Refers to national-currency markets.
f/ Twelve-month variation to March 2011.
g/ Twelve-month variation to June 2011.
h/ Twelve-month variation to September 2011.

Table A-24

LATIN AMERICA AND THE CARIBBEAN: CENTRAL GOVERNMENT BALANCE

(Percentages of GDP)

	Primary balance					Overall balance				
	2007	2008	2009	2010	2011 a/	2007	2008	2009	2010	2011 a/
Latin America and the Caribbean (33 countries) b/	**1.8**	**1.4**	**-0.5**	**0.3**	**…**	**-0.5**	**-1.2**	**-3.4**	**-2.3**	**…**
Latin America and the Caribbean (19 countries) c/	**2.3**	**1.3**	**-1.1**	**-0.3**	**0.3**	**0.3**	**-0.4**	**-2.9**	**-1.9**	**-1.5**
Caribbean (13 countries) d/	**1.4**	**2.0**	**0.6**	**1.4**	**…**	**-1.6**	**-2.0**	**-4.2**	**-2.9**	**…**
Antigua and Barbuda	-2.7	-3.2	-7.8	1.3	…	-5.6	-5.9	-10.6	-1.1	…
Argentina e/	2.7	2.8	1.4	1.5	1.4	0.6	0.7	-0.8	-0.1	-0.7
Bahamas	0.6	-1.0	-0.9	0.4	…	-1.2	-2.9	-3.1	-3.2	-4.7
Barbados f/	2.3	-0.2	-4.0	-2.4	…	-1.6	-5.1	-7.9	-8.7	…
Belize	0.7	5.4	0.8	1.9	…	-1.2	1.5	-2.8	-1.9	-0.9
Bolivia (Plurinational State of) g/	3.5	0.8	0.4	1.4	0.9	2.3	0.0	-1.1	-0.1	-0.5
Brazil h/	2.2	2.4	1.3	2.2	2.0	-1.9	-1.2	-3.5	-1.3	-2.0
Chile	8.8	4.8	-4.0	0.1	1.6	8.2	4.3	-4.5	-0.4	1.2
Colombia i/	0.8	0.6	-1.1	-1.1	-1.0	-2.7	-2.3	-4.1	-3.8	-4.0
Costa Rica	3.7	2.4	-1.3	-3.1	-2.8	0.6	0.2	-3.4	-5.2	-5.0
Cuba	-1.8	-5.5	-3.8	-2.1	0.0	-3.2	-6.9	-4.8	-3.4	0.0
Dominica	1.6	-0.7	-1.0	3.0	…	-0.9	-2.6	-2.1	1.4	…
Ecuador	1.9	0.3	-4.2	-1.0	-0.4	-0.1	-1.1	-5.1	-2.0	-1.5
El Salvador	2.3	1.8	-1.2	-0.4	2.0	-0.2	-0.6	-3.7	-2.7	0.4
Grenada	-3.7	-3.4	-2.8	0.2	…	-5.3	-5.0	-5.0	-1.7	…
Guatemala	0.0	-0.3	-1.7	-1.8	-1.3	-1.4	-1.6	-3.1	-3.3	-2.9
Guyana	-2.8	-2.1	5.1	6.5	…	-4.5	-3.8	-3.7	-2.9	-3.0
Haiti	-1.3	-1.0	-0.8	0.3	2.3	-1.6	-1.3	-1.3	-0.2	1.9
Honduras j/	-2.4	-1.9	-5.5	-3.8	-2.5	-3.1	-2.5	-6.2	-4.8	-3.9
Jamaica	7.2	4.9	6.2	4.4	…	-4.2	-7.2	-5.8	-6.3	-5.1
Mexico k/	1.9	1.6	-0.4	-1.0	-0.5	0.0	-0.1	-2.3	-2.8	-2.5
Nicaragua	1.9	0.0	-0.9	0.5	1.5	0.4	-1.2	-2.3	-1.0	-0.1
Panama	4.6	3.4	1.4	0.1	-0.3	1.2	0.3	-1.5	-2.6	-3.0
Paraguay	1.8	3.1	0.7	1.8	0.5	1.0	2.5	0.1	1.4	0.4
Peru	3.4	3.6	-0.4	1.1	1.2	1.8	2.2	-1.7	0.0	0.1
Dominican Republic l/	1.4	-1.9	-1.6	-0.6	0.8	0.1	-3.5	-3.5	-2.5	-1.6
Saint Kitts and Nevis m/	4.7	6.5	6.1	3.0	…	-1.9	-0.3	-0.6	-4.2	…
Saint Vincent and the Grenadines	0.0	1.8	0.0	-0.8	…	-2.5	-0.6	-2.6	-3.5	…
Saint Lucia	0.9	2.6	0.8	2.2	…	-2.0	0.0	-2.2	-0.6	…
Suriname	5.7	5.8	8.1	-5.6	…	8.0	0.0	-2.4	-2.8	-2.2
Trinidad and Tobago	3.9	9.7	-2.8	4.3	…	1.8	7.8	-5.6	-2.2	-5.5
Uruguay	2.1	1.7	1.3	1.2	1.8	-1.6	-1.1	-1.5	-1.1	-0.6
Venezuela (Bolivarian Republic of)	4.5	0.1	-3.7	-2.2	-1.4	3.0	-1.2	-5.0	-3.6	-3.5

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

a/ Preliminary figures.

b/ Simple averages of the figures for 33 countries.

c/ Simple averages. Includes information on 19 countries of Latin America and the Caribbean: Argentina, Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Plurinational State of Bolivia and Uruguay.

d/ Simple averages. Includes information on 13 Caribbean countries: Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, Saint Kitts and Nevis, Saint Vincent and the Grenadines, Saint Lucia, Suriname and Trinidad and Tobago.

e/ National public administration.

f/ Non-financial public sector.

g/ General government.

h/ The figures are derived from the primary balance based on the below-the-line criterion and nominal interest.

i/ Central national government. The balance does not include the cost of financial restructuring.

j/ Central administration.

k/ Public sector.

l/ The overall balance includes the residue.

m/ Federal government.

Table A-25

LATIN AMERICA AND THE CARIBBEAN: REVENUES AND EXPENDITURES OF THE CENTRAL GOVERNMENT

(Percentages of GDP)

	Total revenue			Tax revenue			Total expenditure		
	2009	2010	2011 a/	2009	2010	2011 a/	2009	2010	2011 a/
Latin America and the Caribbean (33 countries) b/	**23.2**	**23.4**	**19.7**	**16.6**	**16.5**	**15.4**	**26.8**	**26.1**	**21.2**
Latin America and the Caribbean (19 countries) c/	**18.7**	**19.3**	**19.7**	**14.5**	**14.8**	**15.4**	**21.6**	**21.2**	**21.2**
Caribbean (13 countries) d/	**27.8**	**27.8**	**…**	**19.4**	**19.0**	**…**	**32.3**	**31.6**	**…**
Antigua and Barbuda	17.7	21.4	…	16.9	17.6	…	28.3	22.5	…
Argentina e/	21.0	22.7	23.3	18.2	19.9	21.3	21.8	22.9	24.0
Bahamas	16.7	19.7	…	14.2	17.4	…	19.9	22.0	…
Barbados f/	31.2	28.4	…	28.3	26.5	…	40.6	36.6	…
Belize	26.1	27.2	…	2.9	3.4	…	29.0	28.8	…
Bolivia (Plurinational State of) g/	31.3	30.8	30.9	18.1	18.0	18.1	32.4	30.9	31.4
Brazil	23.1	25.0	23.7	23.1	23.0	23.7	26.7	25.9	25.6
Chile h/	20.4	23.0	24.1	16.3	18.4	19.6	24.8	23.5	23.0
Colombia i/	15.2	13.7	14.2	12.8	12.2	12.6	19.2	17.5	18.3
Costa Rica	14.1	14.6	14.6	13.8	13.5	13.6	17.5	19.8	19.6
Cuba	48.9	45.2	…	21.3	18.2	…	53.8	48.7	…
Dominica	32.8	32.7	…	25.5	26.0	…	34.9	31.3	…
Ecuador	22.3	26.0	29.3	13.9	15.2	15.2	27.3	28.0	30.8
El Salvador	13.8	15.1	15.6	12.6	13.6	14.5	17.6	17.9	15.2
Grenada	21.0	23.9	…	18.5	18.9	…	26.0	25.6	…
Guatemala	11.1	11.3	11.4	10.6	10.8	10.9	14.2	14.6	14.3
Guyana	23.0	23.8	…	21.6	22.3	…	30.8	29.4	…
Haiti	12.1	13.9	14.0	11.7	11.5	12.3	13.3	14.5	12.1
Honduras j/	17.5	17.4	17.3	14.6	14.8	15.2	23.8	22.2	21.2
Jamaica	27.5	25.5	…	24.4	22.7	…	38.6	31.6	…
Mexico k/	23.7	22.6	21.7	9.5	9.6	9.9	26.0	25.5	24.3
Nicaragua	21.3	21.7	23.2	17.5	18.3	19.5	23.6	22.7	23.3
Panama	18.5	18.8	19.6	10.9	11.4	12.2	19.9	21.3	22.5
Paraguay	19.6	18.7	19.5	14.4	14.5	15.0	19.5	17.4	19.1
Peru	15.6	17.0	17.4	13.4	14.5	15.0	17.3	17.0	17.3
Dominican Republic	13.7	13.6	14.0	13.1	12.8	13.0	16.9	16.3	15.6
Saint Kitts and Nevis l/	34.2	32.7	…	21.7	19.5	…	34.8	36.9	…
Saint Vincent and the Grenadines	27.7	25.6	…	22.7	21.6	…	30.3	29.1	…
Saint Lucia	26.7	26.2	…	24.3	22.5	…	28.9	26.9	…
Suriname	49.1	43.0	…	12.2	10.0	…	45.4	57.6	…
Trinidad and Tobago	27.2	31.7	…	…	…	…	32.5	32.0	…
Uruguay	20.5	20.7	20.9	18.1	18.1	18.5	22.0	21.9	21.5
Venezuela (Bolivarian Republic of)	21.2	19.6	19.4	13.2	11.3	12.1	26.5	23.1	22.9

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

a/ Preliminary figures.

b/ Simple averages of the figures for 33 countries.

c/ Simple averages. Includes information on 19 countries of Latin America and the Caribbean: Argentina, Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Plurinational State of Bolivia and Uruguay.

d/ Simple averages. Includes information on 13 Caribbean countries: Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, Saint Kitts and Nevis, Saint Vincent and the Grenadines, Saint Lucia, Suriname and Trinidad and Tobago.

e/ National public administration.

f/ Non-financial public sector.

g/ General government.

h/ Total revenue corresponds to revenue plus sales of physical assets.

i/ Central national government. Total revenue includes special funds and incorporates accrued revenues.

j/ Central administration.

k/ Public sector.

l/ Federal government.

Table A-26

LATIN AMERICA AND THE CARIBBEAN: CENTRAL GOVERNMENT GROSS PUBLIC DEBT

(Percentages of GDP)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 a/
Latin America and the Caribbean b/	**58.1**	**57.3**	**50.9**	**42.9**	**35.9**	**30.0**	**28.6**	**30.0**	**29.5**	**28.1**
Argentina c/	145.9	138.2	126.4	72.8	63.6	55.7	48.5	48.5	45.1	41.2
Bolivia (Plurinational State of) d/	77.4	86.7	81.1	75.4	49.6	37.1	34.0	34.5	34.5	33.8
Brazil e/	37.9	34.0	31.0	30.9	31.0	30.7	24.0	29.3	27.6	27.9
Chile f/	15.7	13.0	10.7	7.3	5.3	4.1	5.2	6.2	9.2	9.7
Colombia g/	41.7	42.6	38.9	39.1	37.5	32.9	33.2	34.7	34.7	31.9
Costa Rica	43.6	41.3	41.0	37.5	33.3	27.6	24.9	27.5	29.5	29.3
Ecuador	50.7	46.2	40.8	36.1	29.5	27.7	22.9	18.2	23.0	20.0
El Salvador d/	35.2	37.2	38.1	37.5	37.7	34.9	34.4	42.6	43.0	43.2
Guatemala d/	18.4	20.9	21.4	20.8	21.7	21.3	20.1	22.9	24.2	23.0
Haiti h/	60.2	57.5	46.7	44.1	36.2	33.6	42.3	34.4	22.8	20.6
Honduras	55.5	60.7	59.6	44.7	28.7	17.4	20.1	24.5	30.0	29.2
Mexico i/	21.9	22.1	20.7	20.3	20.6	20.9	24.4	28.1	27.6	27.0
Nicaragua	133.7	137.7	100.6	92.6	69.5	42.7	38.2	43.6	44.5	42.3
Panama j/	69.0	66.6	69.6	65.1	60.3	52.3	44.8	44.7	43.0	39.9
Paraguay	59.2	46.5	40.5	34.3	26.0	18.6	15.9	16.0	15.2	11.5
Peru	43.2	43.4	40.1	36.9	30.1	26.2	24.1	23.4	21.3	19.1
Dominican Republic	…	…	…	22.0	20.4	18.4	24.4	28.0	28.9	26.0
Uruguay	94.4	90.2	71.4	64.2	57.8	49.0	47.7	43.6	38.5	35.9
Venezuela (Bolivarian Republic of) k/	42.4	46.3	38.1	32.8	24.1	19.1	14.0	18.2	18.3	22.0

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
a/ Preliminary figures.
b/ Simple averages.
c/ National public administration. As from 2005, does not include debt not presented for swap.
d/ Does not include publicly guaranteed private debt.
e/ Net public debt. Federal government and central bank.
f/ Consolidated debt.
g/ Central national government.
h/ Does not include public sector commitments to commercial banks.
i/ Federal government.
j/ Does not include domestic floating debt.
k/ Non-financial public sector.

Table A-27

LATIN AMERICA AND THE CARIBBEAN: NON-FINANCIAL PUBLIC-SECTOR GROSS PUBLIC DEBT

(Percentages of GDP)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 a/
Latin America and the Caribbean b/	**64.9**	**62.7**	**55.8**	**48.3**	**40.7**	**33.6**	**32.0**	**33.6**	**32.6**	**30.8**
Argentina c/	184.4	156.9	143.3	87.6	76.3	66.7	57.8	57.7	52.0	47.0
Bolivia (Plurinational State of) d/	80.2	89.5	83.9	78.1	52.4	40.0	36.8	37.6	38.1	34.0
Brazil e/	60.4	54.8	50.6	48.4	47.3	45.5	38.5	42.8	40.7	40.5
Chile f/	22.1	19.5	16.8	13.0	10.6	9.1	12.0	12.9	15.8	15.4
Colombia g/	58.6	56.6	51.6	50.1	47.4	43.8	42.6	44.8	45.8	40.1
Costa Rica	45.1	45.6	46.9	42.9	38.4	31.8	29.9	34.1	36.2	35.5
Ecuador d/	54.7	49.5	43.7	38.9	32.0	30.2	25.0	19.6	22.8	19.9
El Salvador d/	38.6	40.3	40.5	39.7	39.9	37.0	36.9	45.2	45.6	45.6
Guatemala d/	19.6	22.0	22.4	21.5	21.9	21.6	20.4	23.3	24.5	23.3
Haiti h/	66.5	63.5	51.1	47.5	38.7	35.9	44.5	35.0	22.9	20.6
Honduras	55.1	59.9	59.4	44.8	30.0	18.3	19.0	22.9	25.4	25.0
Mexico i/	25.7	26.1	24.2	22.9	22.6	22.7	26.9	34.9	34.1	33.0
Nicaragua	134.1	138.0	100.7	92.8	70.0	43.5	39.3	44.8	45.6	43.4
Panama	69.4	67.0	70.4	66.2	61.0	52.9	45.4	45.6	43.4	41.8
Paraguay	64.0	49.8	43.1	36.5	27.6	22.2	19.2	18.7	16.0	12.2
Peru j/	45.7	47.4	41.8	38.2	31.3	27.2	24.5	23.8	21.7	19.5
Dominican Republic k/	…	…	…	…	…	19.0	25.2	28.6	29.2	26.7
Uruguay	101.4	96.1	75.5	67.4	61.1	52.2	51.1	47.7	42.2	39.3
Venezuela (Bolivarian Republic of)	42.4	46.3	38.1	32.8	24.1	19.1	14.0	18.2	18.3	22.0

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
a/ Preliminary figures.
b/ Simple averages.
c/ Consolidated figures. In 2002 the figure refer to national public-sector debt plus provincial debt.
d/ Refers to the external debt of the non-financial public-sector and central-government domestic debt.
e/ Net public debt. Public sector.
f/ Consolidated debt.
g/ Consolidated non-financial public sector
h/ Does not include public sector commitments to commercial banks.
i/ Includes public sector external debt and federal government domestic debt.
j/ Includes local and regional government debt owed to Banco de la Nación.
k/ Public sector.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