

# Preliminary Overview of the Economies

of Latin America and  
the Caribbean **2023**



ECLAC



# Structure of Preliminary Overview

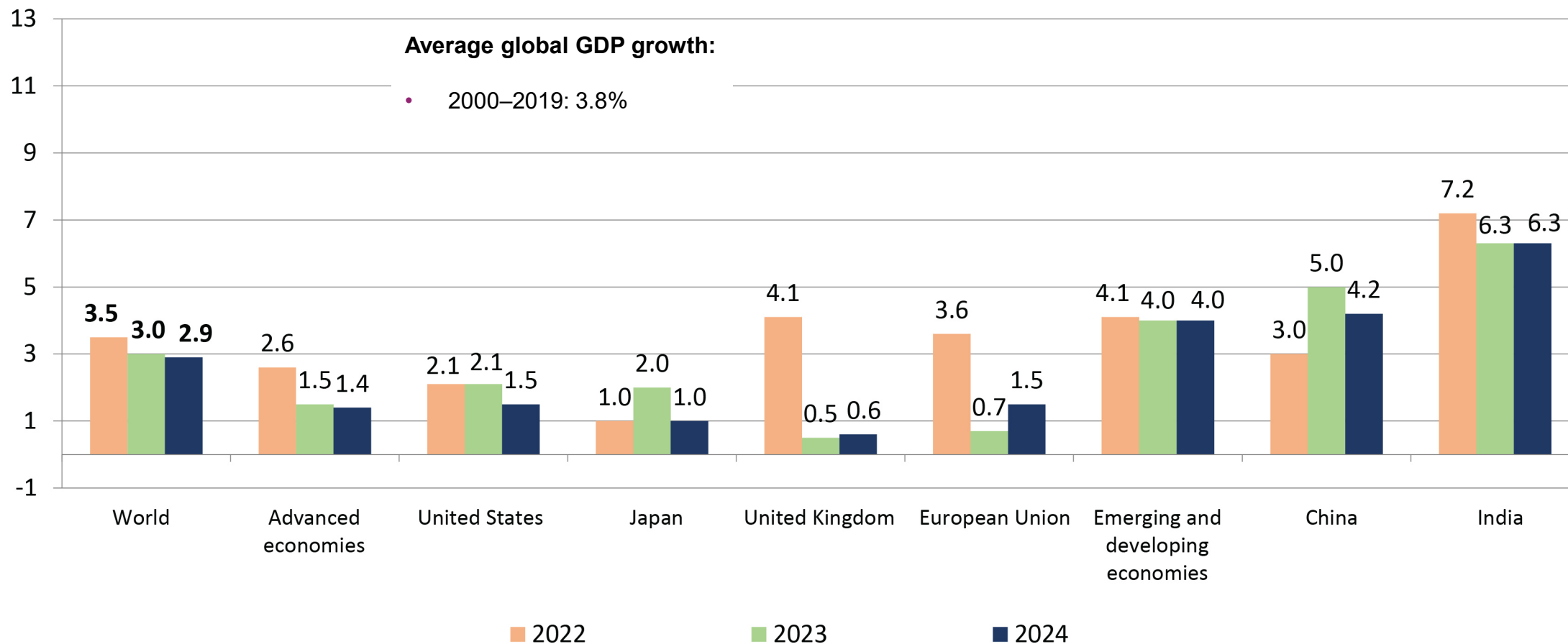
- The global context
  - Economic trends
  - Liquidity
- The regional context
  - Economic activity, prices and employment
  - Macroeconomic policy
  - Projections
- Policy recommendations

# External outlook

- Sluggish global growth
- Stagnant world trade
- High financial costs in global markets

# Low global economic growth rates, 2023 and 2024

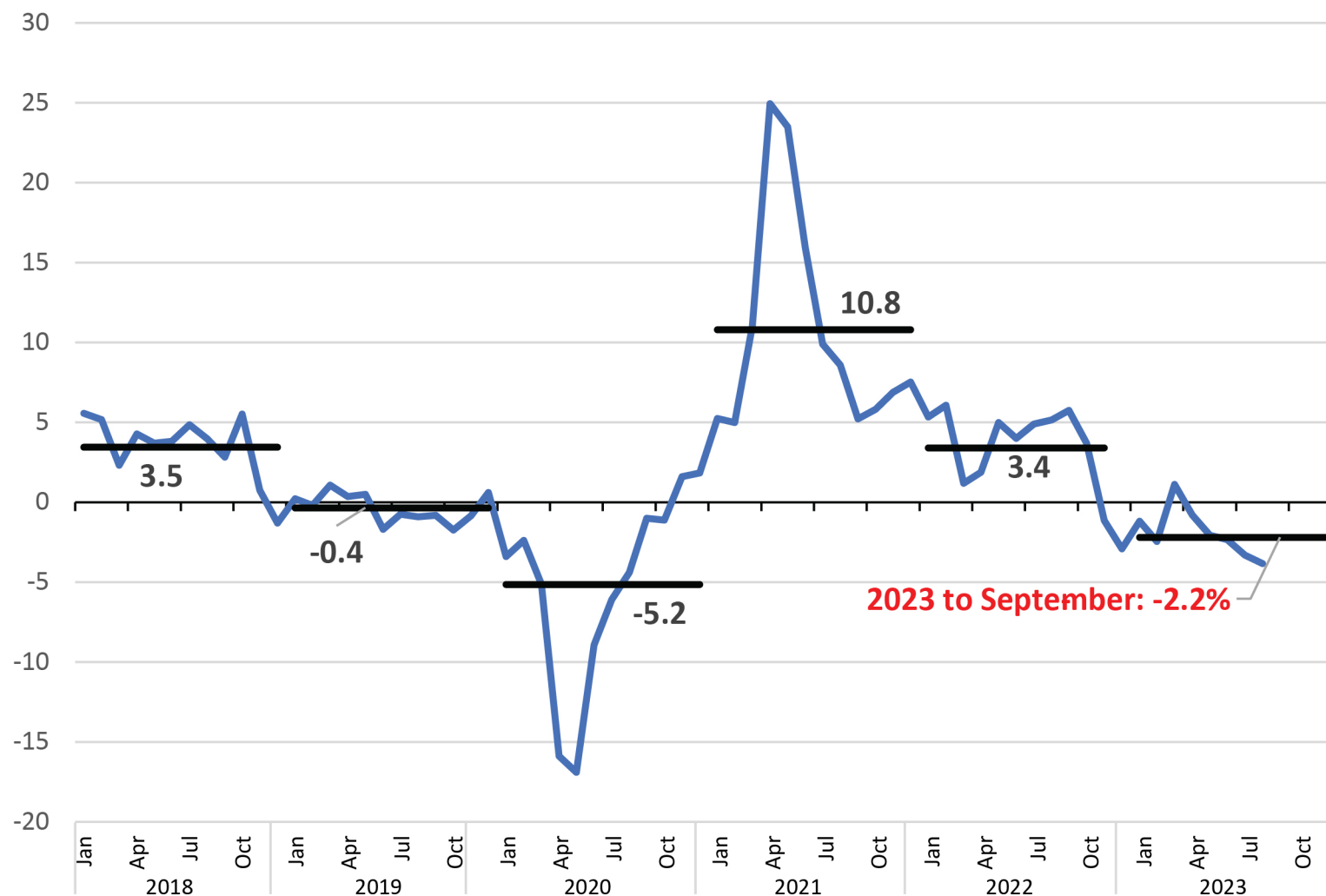
Selected regions and countries: GDP growth rate, 2022, 2023 (projected) and 2024 (projected)  
(Percentages)



Source: ECLAC, on the basis of International Monetary Fund (IMF), *World Economic Outlook: Navigating Global Divergences*, Washington, D.C., 2023.

# Volume of global trade in goods remains stagnant

World trade volume: year-on-year variation, January 2018–September 2023  
(Percentages)



Source: ECLAC, on the basis of Netherlands Bureau for Economic Policy Analysis (CPB), World Trade Monitor [online database] <https://www.cpb.nl/en/worldtrademonitor>; World Trade Organization (WTO), *Global Trade Outlook and Statistics Update: October 2023*, Geneva, 2023

# High interest rates in developed countries amid easing inflation

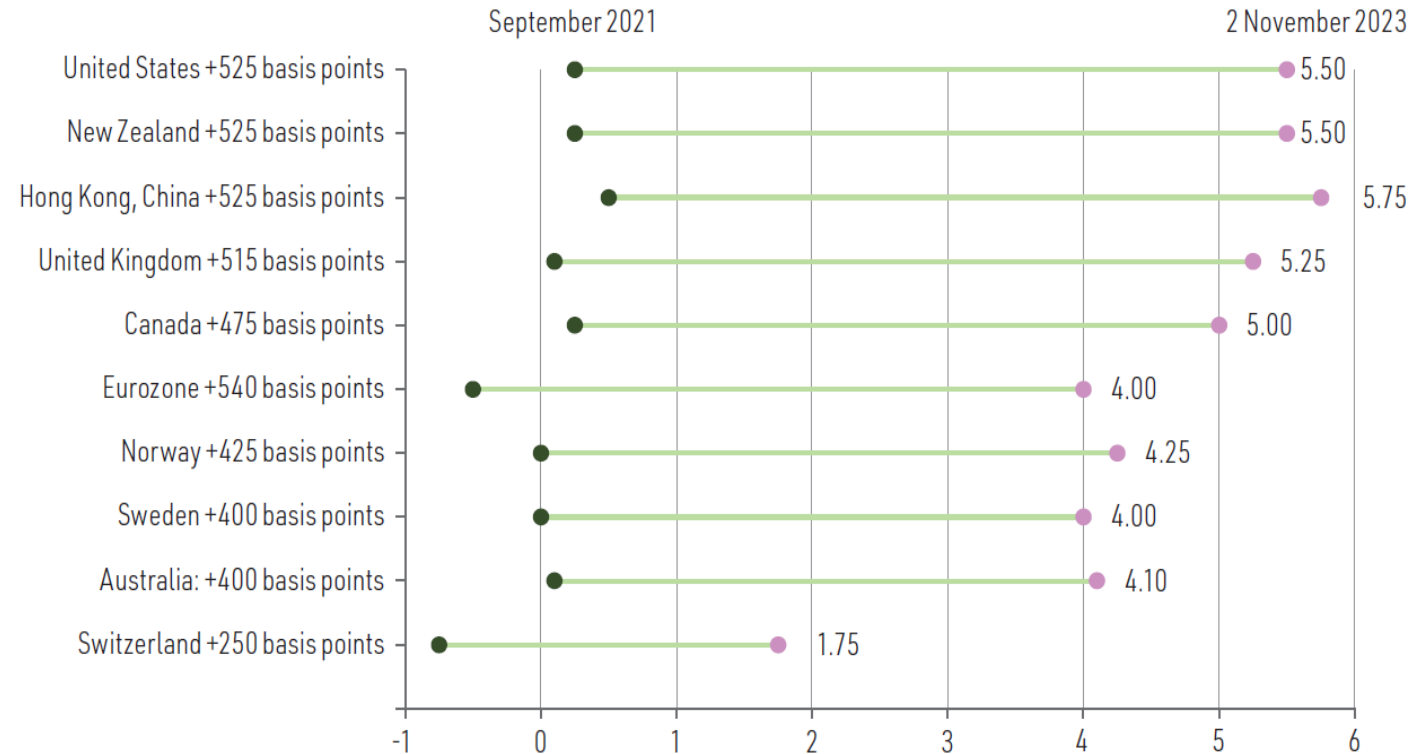
**Selected groupings and countries: average year-on-year consumer price inflation, 2010–2019 and 2022–2024 rates**  
(Percentages)

	Average 2010–2019	2022	2023	2024
<b>World</b>	3.6	8.7	6.9	5.8
<b>Advanced economies</b>	1.5	7.3	4.6	3.0
<b>Eurozone</b>	1.4	8.4	5.6	3.3
<b>United States</b>	1.8	8.0	4.1	2.8
<b>United Kingdom</b>	2.2	9.1	7.7	3.7
<b>Emerging and developing economies</b>	5.2	9.8	8.5	7.8

**Source:** ECLAC, on the basis of International Monetary Fund (IMF), *World Economic Outlook: Navigating Global Divergences*, Washington, D.C., 2023.

Note: The figures for 2023 and 2024 are projections.

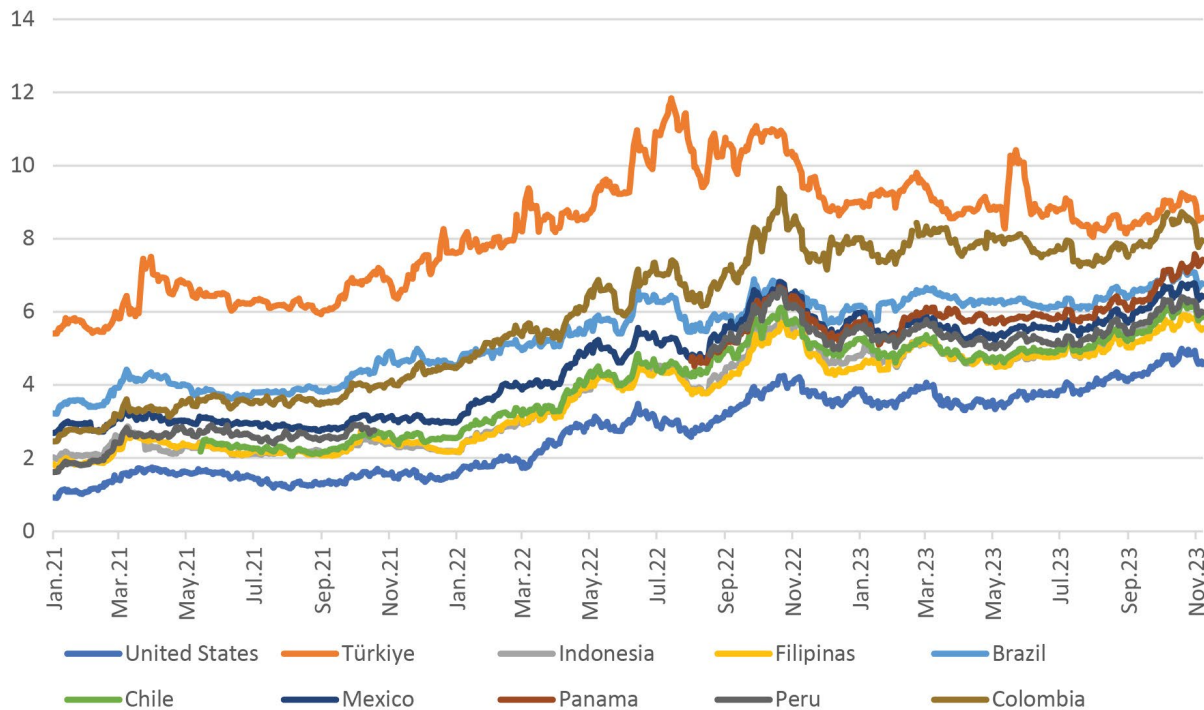
**Selected countries, territories and groupings: monetary policy rates of central banks that oversee 10 of the most traded currencies worldwide**  
(Percentages and basis points)



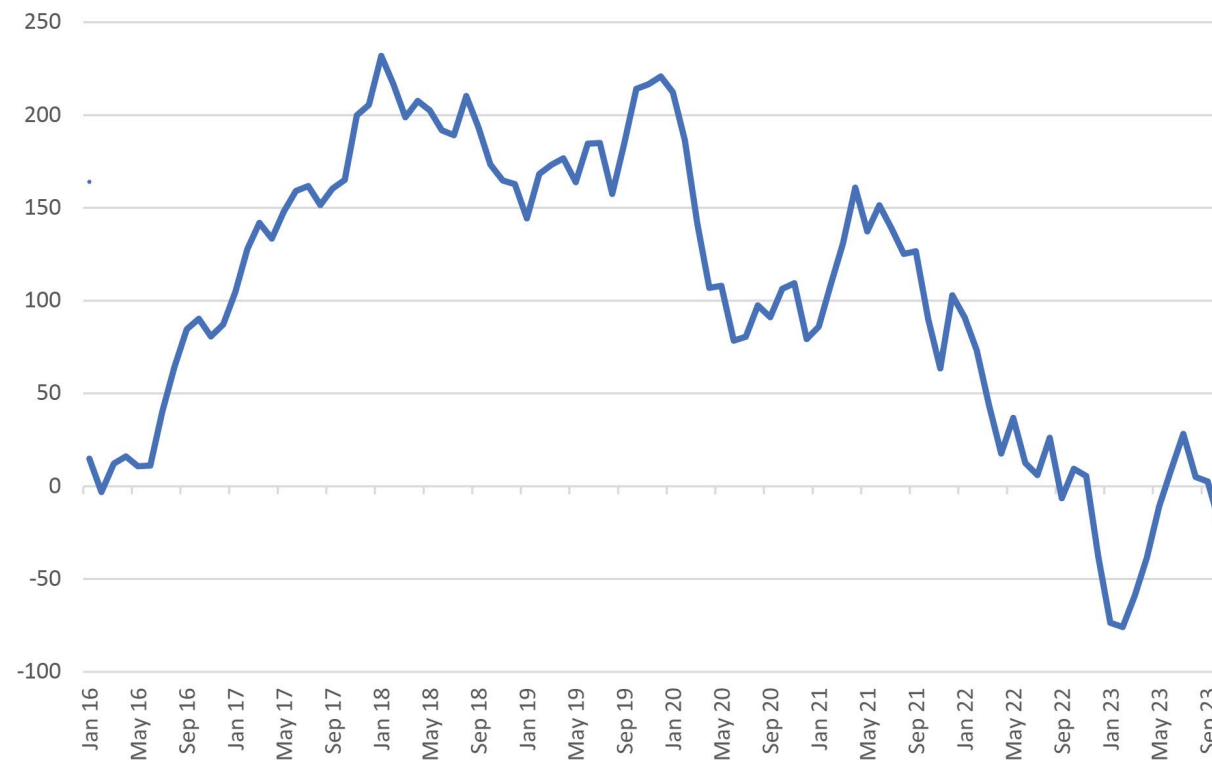
**Source:** ECLAC, on the basis of W. Schomberg and A. Bruce, "Bank of England keeps rates at 15-year high", London, Reuters, 2 November 2023 [online] <https://www.reuters.com/markets/rates-bonds/bank-england-keep-rates-15-year-high-rules-out-quick-cuts-help-economy-2023-11-02/>; and Trading Economics [online database] <https://tradingeconomics.com>. Data as at 2 November.

# Emerging economies: increased financial costs and reduced capital flows

**Yields on 10-year United States Department of the Treasury bonds and 10-year dollar-denominated emerging economy sovereign bonds, 1 January 2021–7 November 2023**  
(Percentages)



**Steepening decline in portfolio flows to emerging markets**  
(12-month cumulative in billions of United States dollars)



Source: ECLAC, on the basis of Bloomberg and Institute of International Finance (IIF).

# The cost of external financing for government has risen in 2023

Latina America and the Caribbean: sovereign issuance of dollar-denominated debt in international markets, by amount and interest rate, January–September 2023

(Millions of dollars and percentages)

Date	Country	Amount (Millions of dollars)	Interest rate (Percentages)
January 2023	Mexico	4 000	6.05
January 2023	Colombia	2 200	7.60
February 2023	Dominican Republic	700	7.05
March 2023	Panama	1 800	6.65
March 2023	Costa Rica	1 500	6.55
April 2023	Brazil	2 250	6.15
April 2023	Mexico	2 941	6.34
May 2023	Ecuador	656	5.65
June 2023	Chile	2 250	5.14
June 2023	Guatemala	1 000	6.60
June 2023	Paraguay	500	5.85
July 2023	Panama	700	6.38
September 2023	Guatemala	565	7.05
September 2023	Panama	1 400	6.87
September 2023	Trinidad and Tobago	560	5.95

- Average interest rates on dollar sovereign issues have climbed steadily in recent years
- In 2021 the average rate was 3.6%.
- In 2022 it had risen to 4.9%
- In 2023 (January-September), the average hit 6.3%

Source: ECLAC, on the basis of Dealogic, LatinFinance, Cbonds, Bloomberg and official figures.

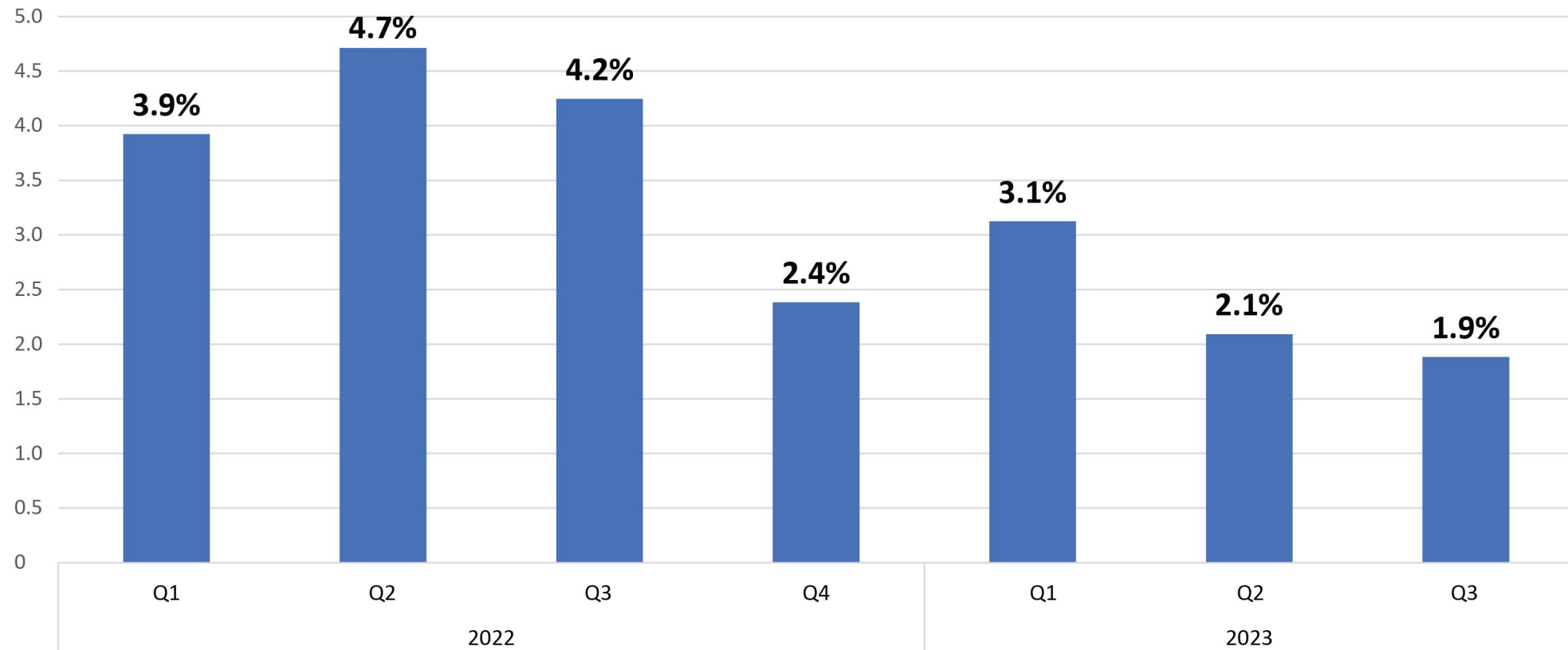


# Economic overview of the region

- Economy remains on low-growth path
- Weaker job creation, and persisting labour informality and gender gaps
- Low investment and labour productivity
- Limited space for fiscal and monetary policy measures

# In 2023 economic growth continued to slow, weakening from the levels seen in 2021 and 2022

**Latin America: year-on-year GDP growth rate, first quarter of 2022–third quarter of 2023**  
*(Percentages, on the basis of constant dollars at 2018 prices)*

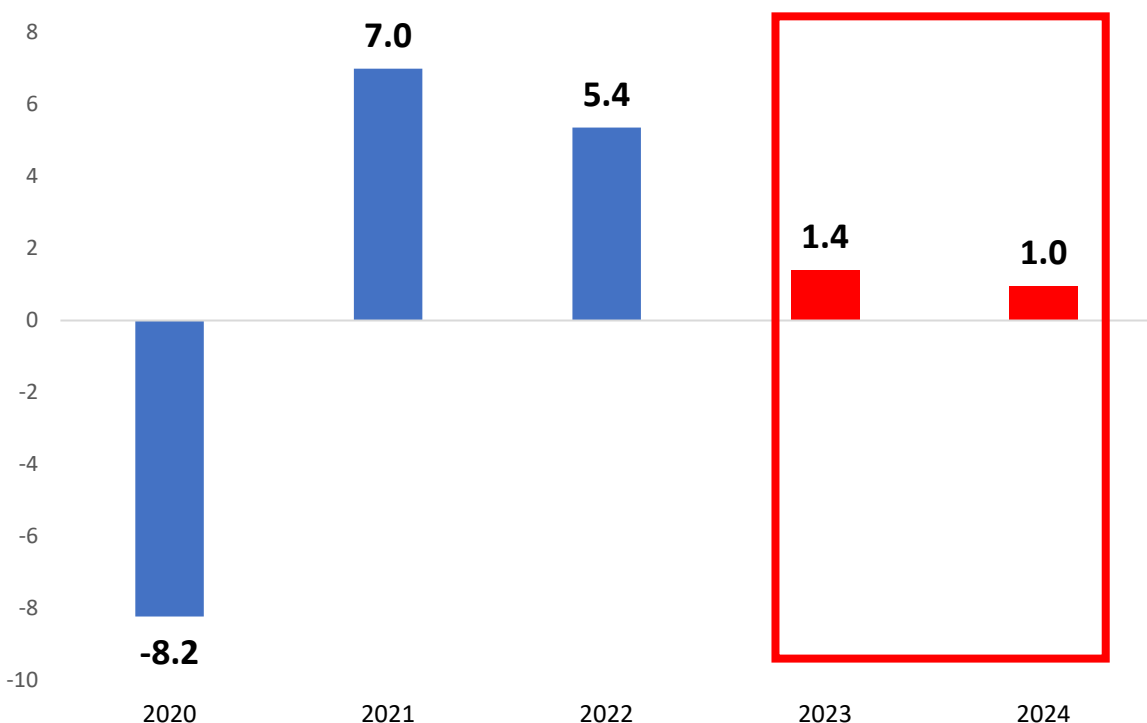


Source: ECLAC, on the basis of official figures.

# Slow growth is resulting in lower job creation and lower labour force participation

Latin America and the Caribbean (24 countries):<sup>a</sup> year-on-year changes in the number of employed, 2020–2022 and projections for 2023 and 2024

(Percentages)

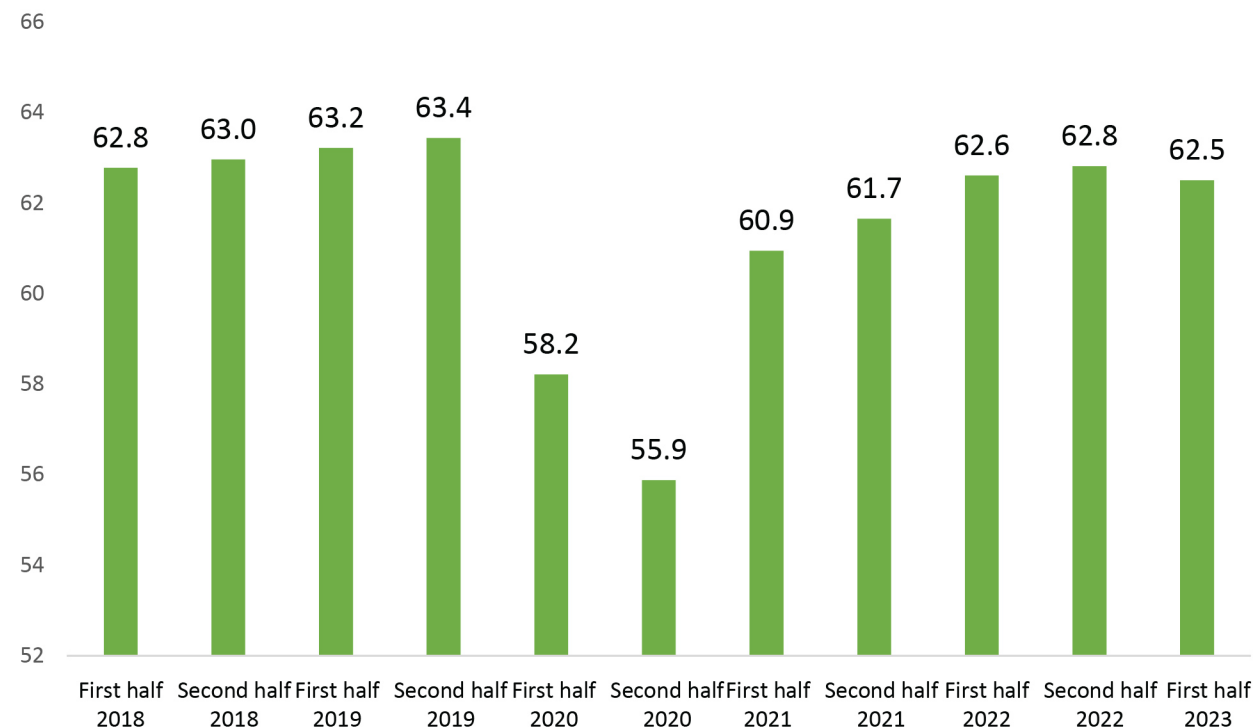


Source: ECLAC, on the basis of official figures.

<sup>a</sup> Argentina, Bahamas, Barbados, Belize, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Grenada, Honduras, Jamaica, Mexico, Nicaragua, Panama, Peru, Paraguay, Plurinational State of Bolivia, Saint Lucia, Trinidad and Tobago, and Uruguay.

Latin America and the Caribbean (15 countries):<sup>a</sup> labour force participation rate, first half of 2018–first half of 2023

(Percentages)

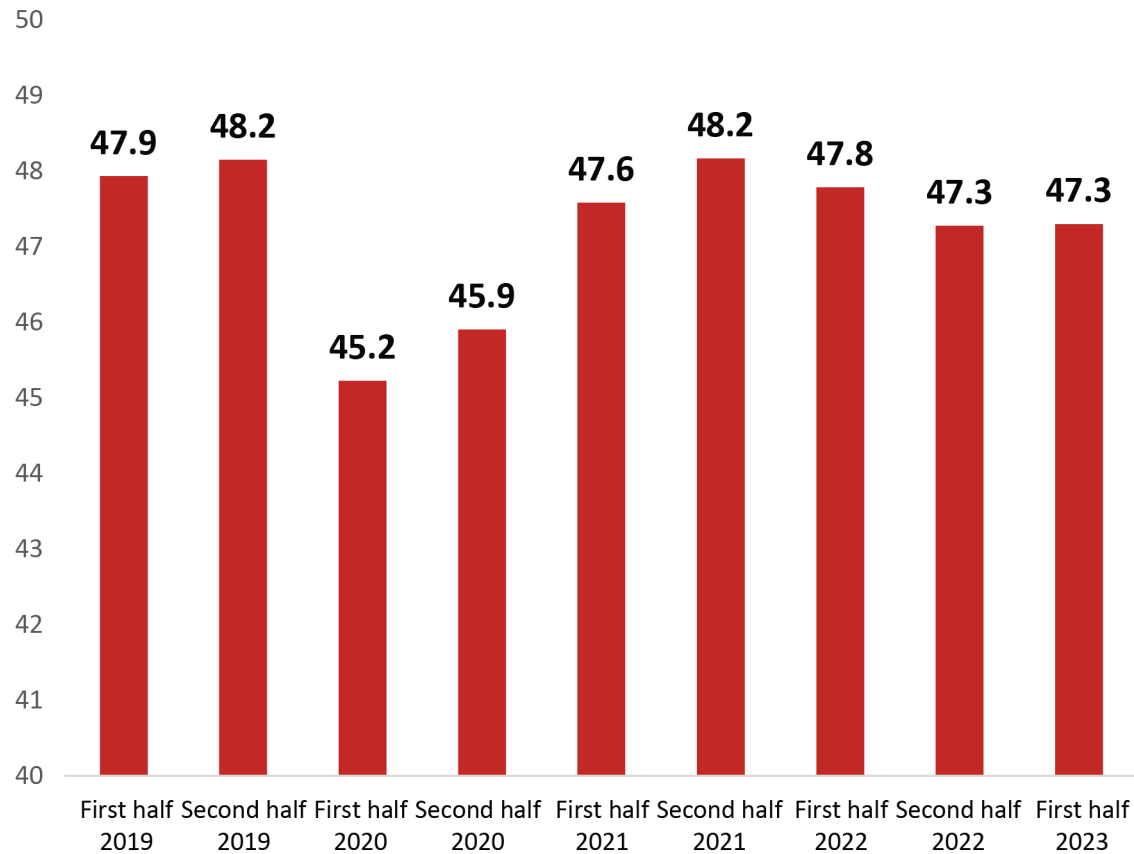


Source: ECLAC, on the basis of official figures.

<sup>a</sup> Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, Jamaica, Mexico, Nicaragua, Paraguay, Peru, the Plurinational State of Bolivia, Trinidad and Tobago and Uruguay.

# Labour informality remains high and gender gaps are persistently large

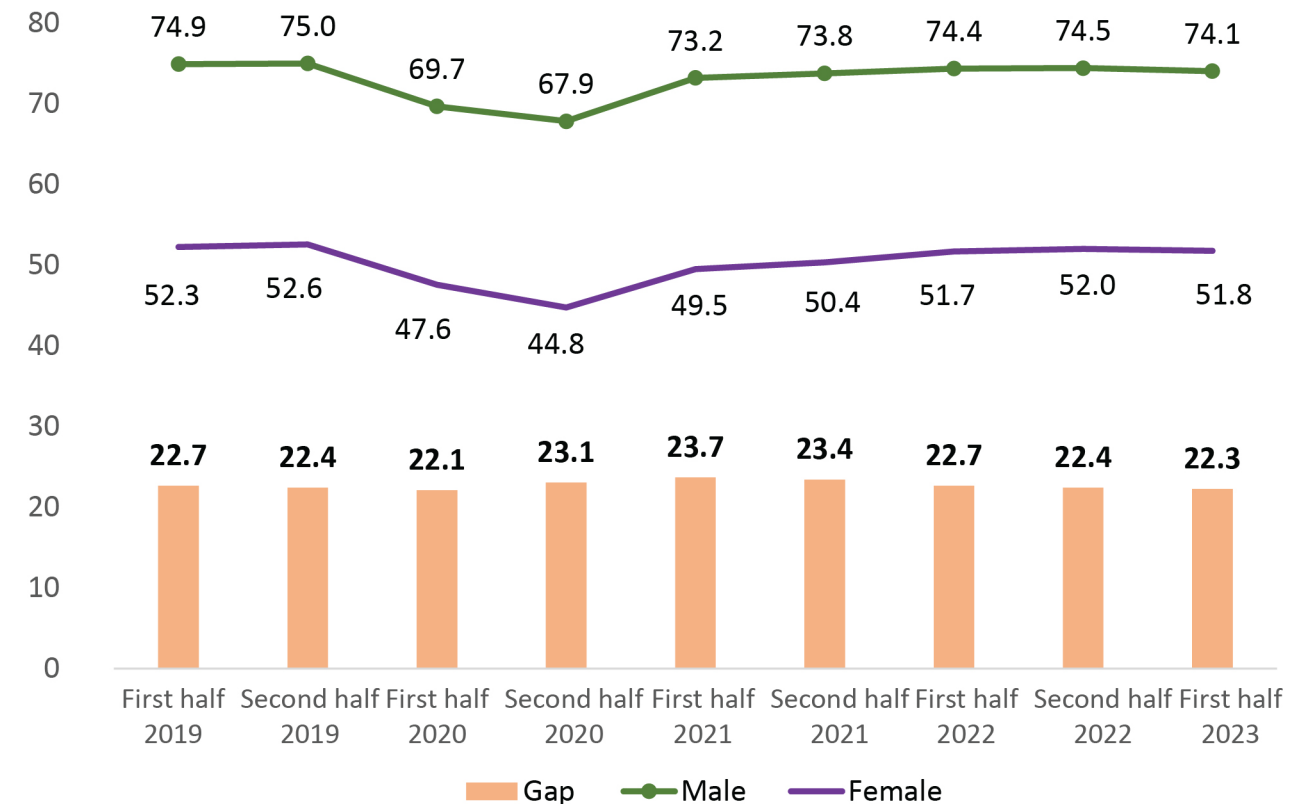
Latin America and the Caribbean (11 countries):<sup>a</sup> informal employment rate, first half of 2019–first half of 2023  
(Percentages)



Source: ECLAC, on the basis of official figures.

<sup>a</sup> Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, Mexico, Paraguay, Peru and Uruguay.

Latin America and the Caribbean (15 countries):<sup>a</sup> gap between male and female participation rates, first half of 2019–first half of 2023  
(Percentages and percentage points)

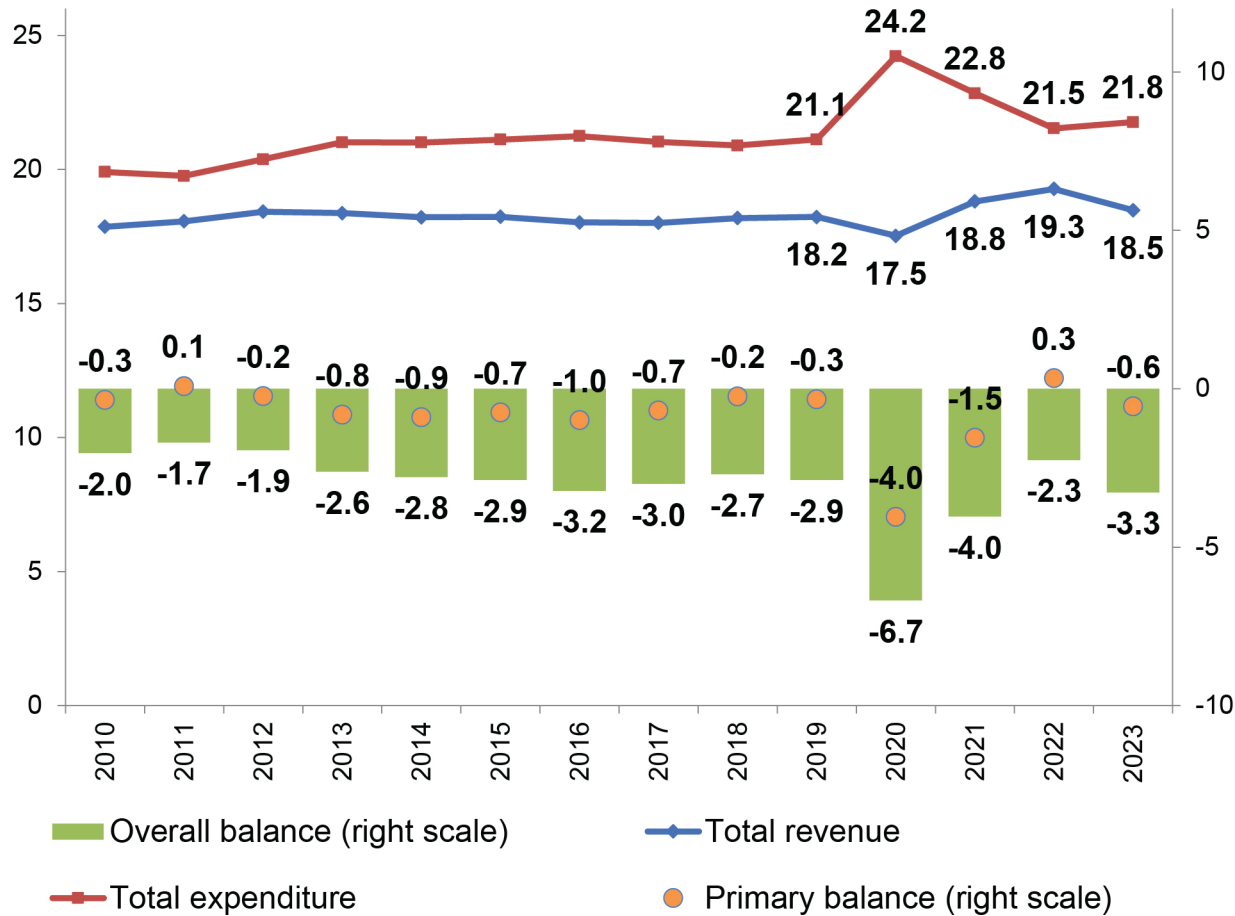


Source: ECLAC, on the basis of official figures.

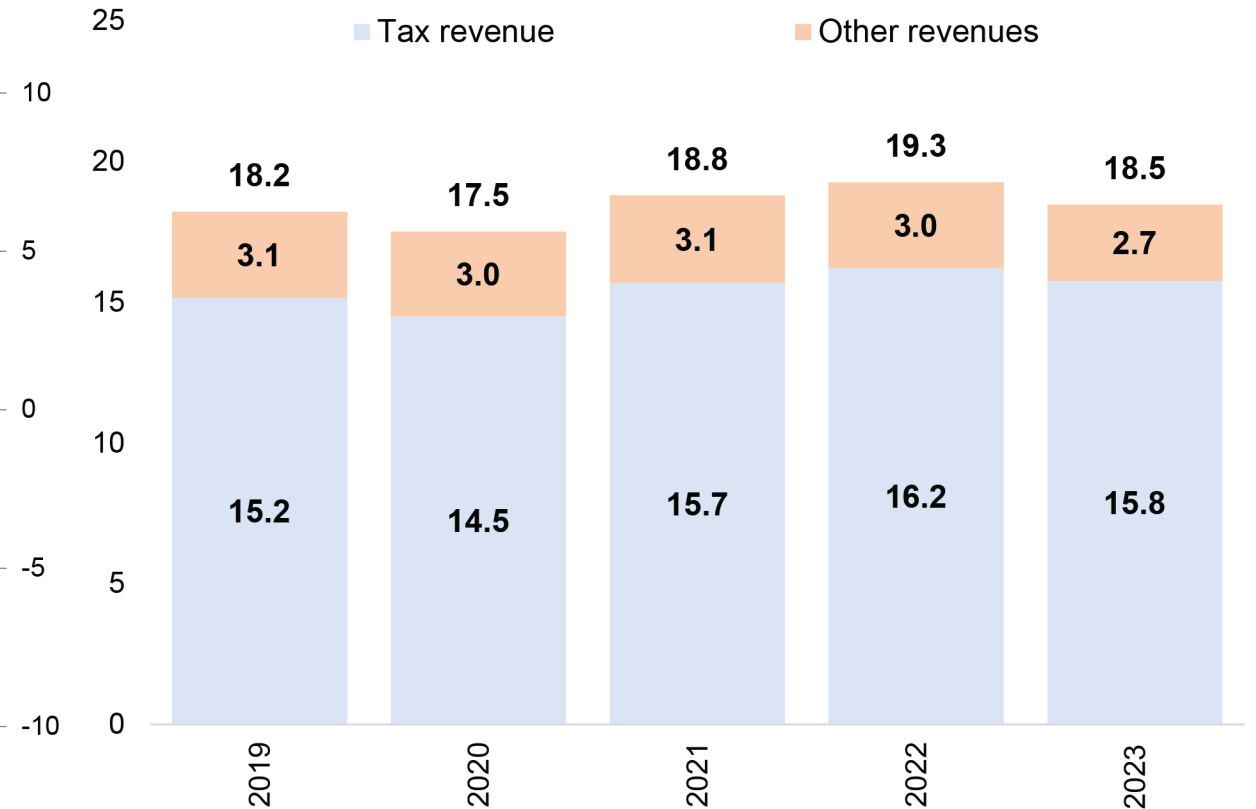
<sup>a</sup> Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, Jamaica, Mexico, Nicaragua, Paraguay, Peru, the Plurinational State of Bolivia, Trinidad and Tobago and Uruguay.

# Fiscal space in Latin America remains limited

Latin America (16 countries):<sup>a</sup> central government fiscal indicators, 2010–2023  
(Percentages of GDP)



Latin America (16 countries):<sup>a</sup> central government total revenue, by component, 2019–2023  
(Percentages of GDP)

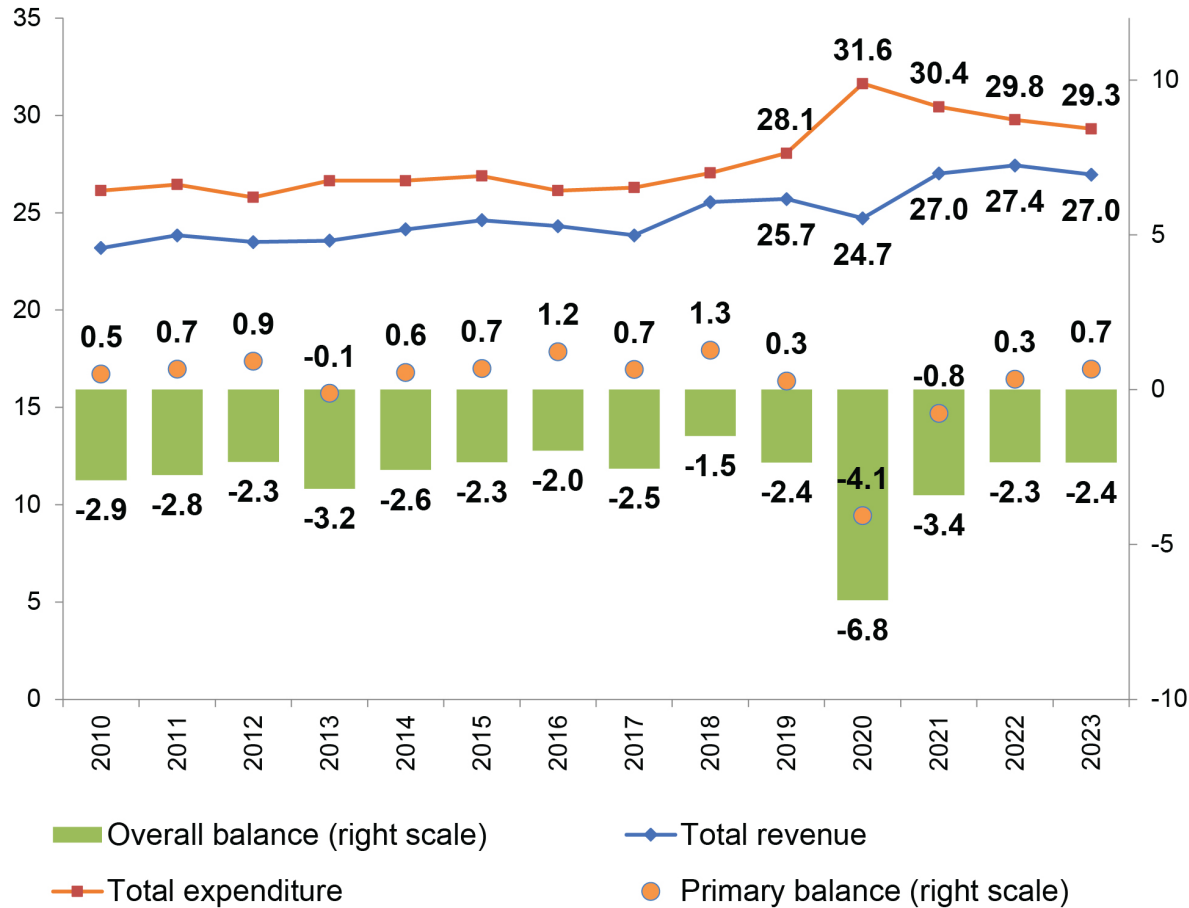


Source: ECLAC, on the basis of official figures.

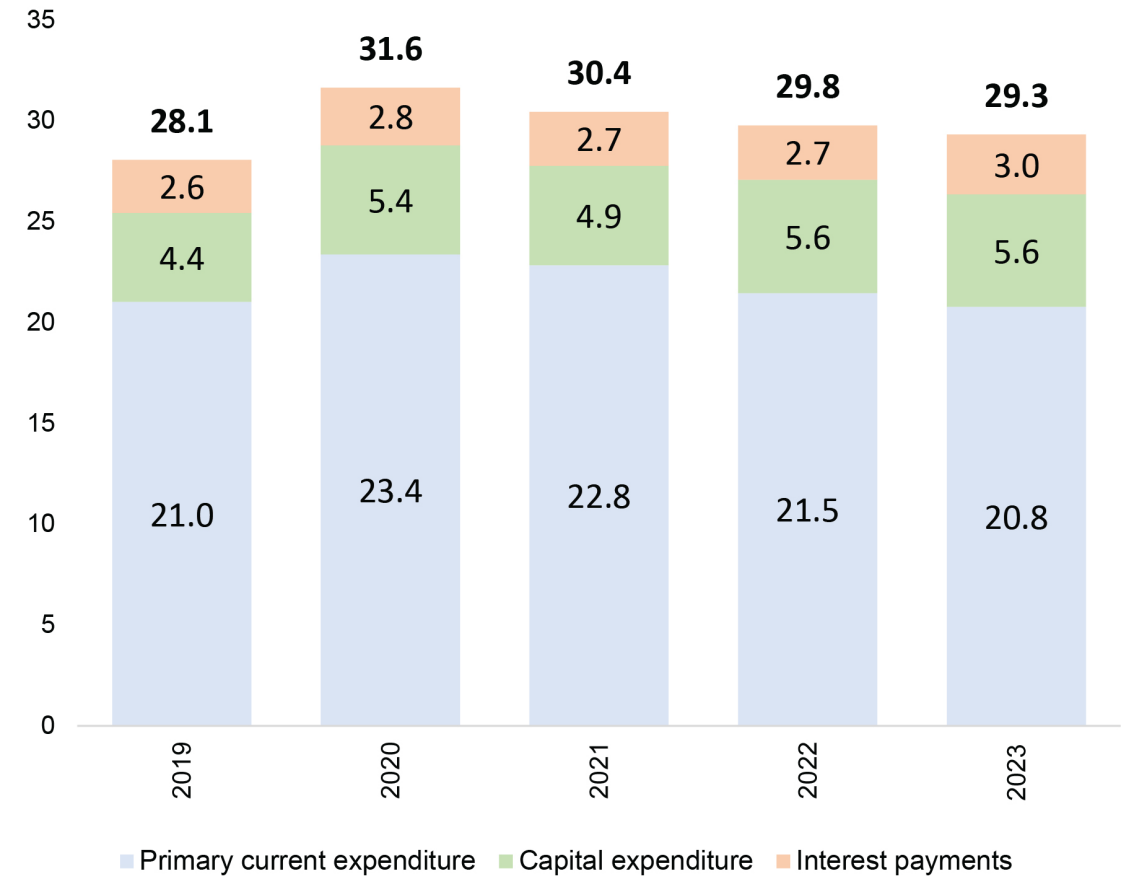
<sup>a</sup> Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru and Uruguay.

# Higher primary surplus expected in the Caribbean

The Caribbean (12 countries):<sup>a</sup> central government fiscal indicators, 2010–2023<sup>b</sup>  
(Percentages of GDP)



The Caribbean (12 countries):<sup>c</sup> central government total expenditure, by component, 2019–2023  
(Percentages of GDP)



Source: ECLAC, on the basis of official figures.

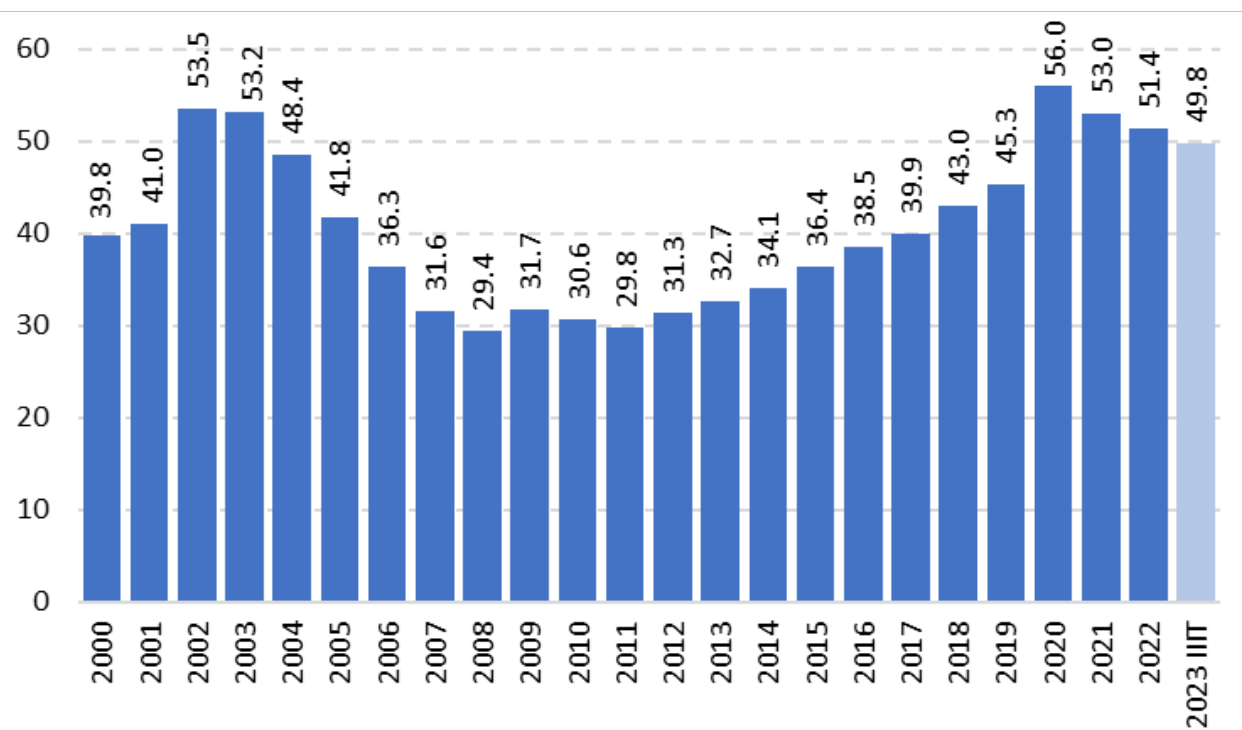
<sup>a</sup> Antigua and Barbuda, Bahamas, Barbados, Belize, Grenada, Guyana, Jamaica, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname, and Trinidad and Tobago.

<sup>b</sup> Simple averages. The figures for 2023 are official estimates for the year. The figures for Barbados refer to the non-financial public sector, and those for Saint Kitts and Nevis figures refer to the federal government.

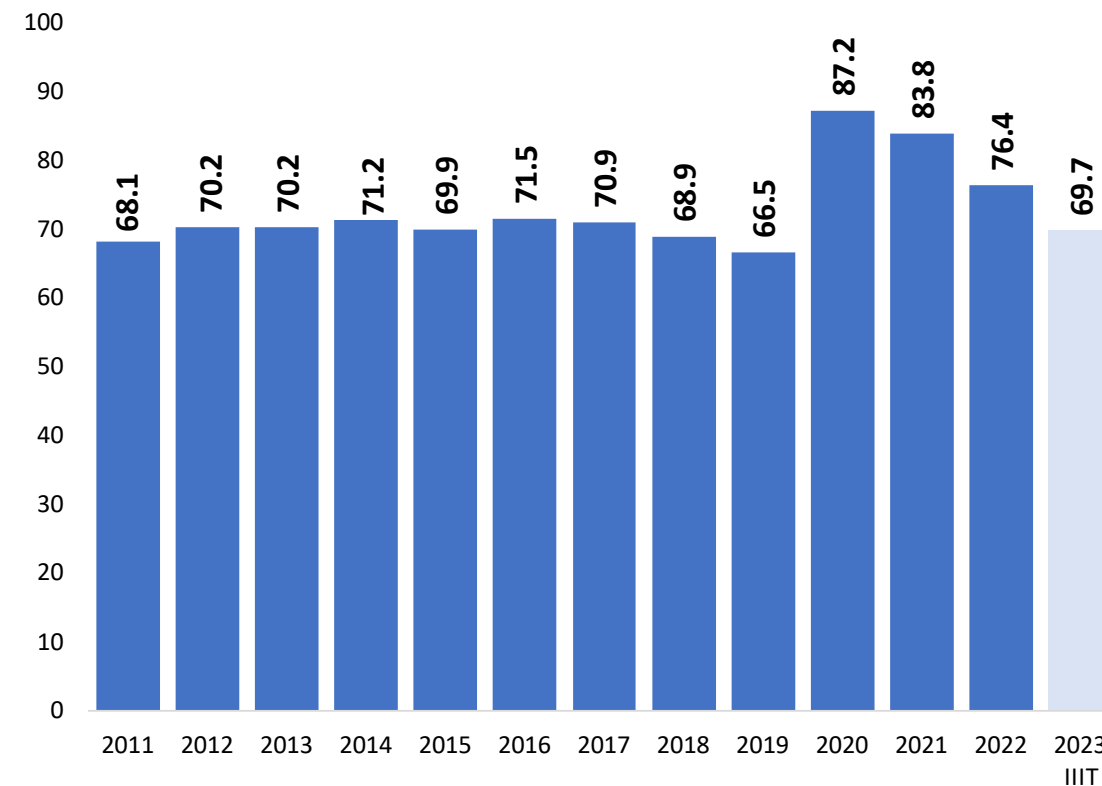
<sup>c</sup> Antigua and Barbuda, Saint Kitts and Nevis, Grenada, Suriname, Barbados, Belize, Trinidad and Tobago, Saint Vincent and the Grenadines, Saint Lucia, Jamaica, Guyana.

# Public debt remains high in Latin America and the Caribbean

Latin America (16 countries):<sup>a</sup> central government gross public debt, 2000–September 2023<sup>b</sup>  
(Percentages of GDP)



The Caribbean (13 countries):<sup>a</sup> central government gross public debt, 2011–September 2023<sup>b</sup>  
(Percentages of GDP)



Source: ECLAC, on the basis of official figures.

<sup>a</sup> Argentina, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Dominican Rep., Uruguay.

<sup>b</sup> In the case of Brazil, the figures refer to the general government.

<sup>c</sup> The figures for Colombia, Ecuador, Honduras and Nicaragua refer to January–July.

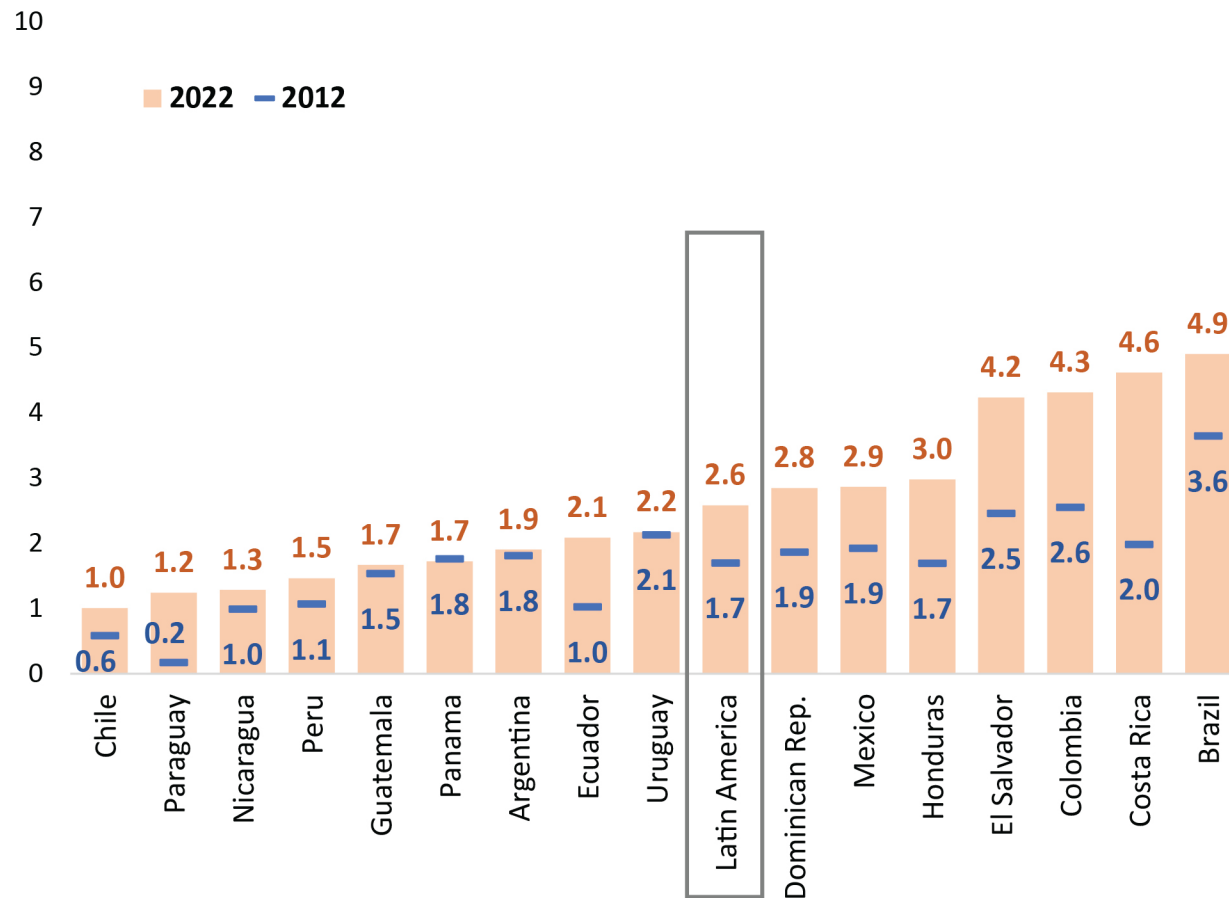
Source: ECLAC, on the basis of official figures.

<sup>a</sup> Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname, and Trinidad and Tobago.

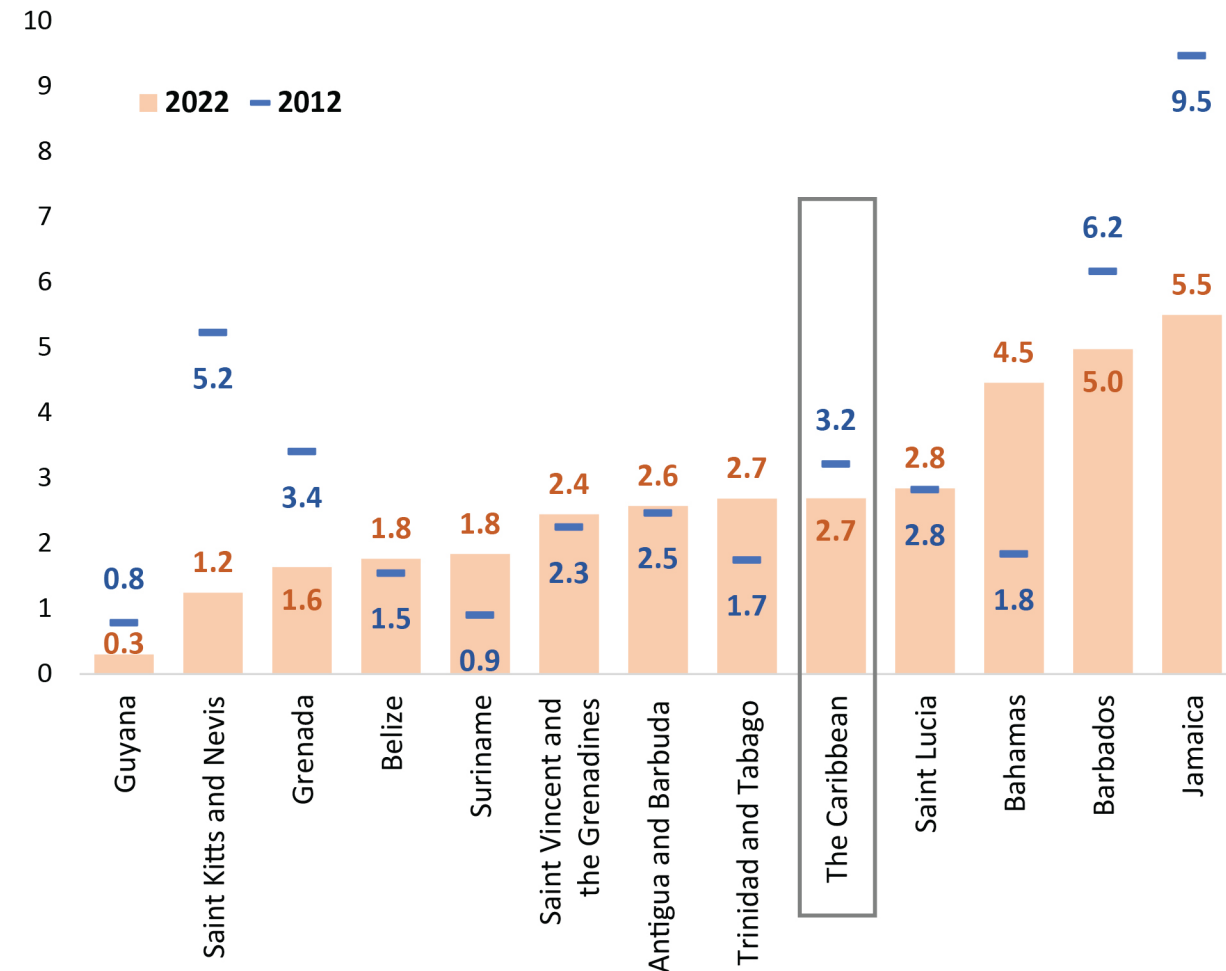
<sup>b</sup> The figures for 2023 refer to September, except as follows: March in the case of Guyana; and June in the cases of Antigua and Barbuda, Dominica, Grenada, Saint Kitts and Nevis, Saint Lucia, and Saint Vincent and the Grenadines. Coverage in the case of Guyana refers to the public sector.

# Rising debt levels in the region have resulted in higher interest payments, reducing fiscal space

**Latin America: central government interest payments, 2012 and 2022**  
(Percentages of GDP)



**The Caribbean: central government interest payments, 2012 and 2022**  
(Percentages of GDP)

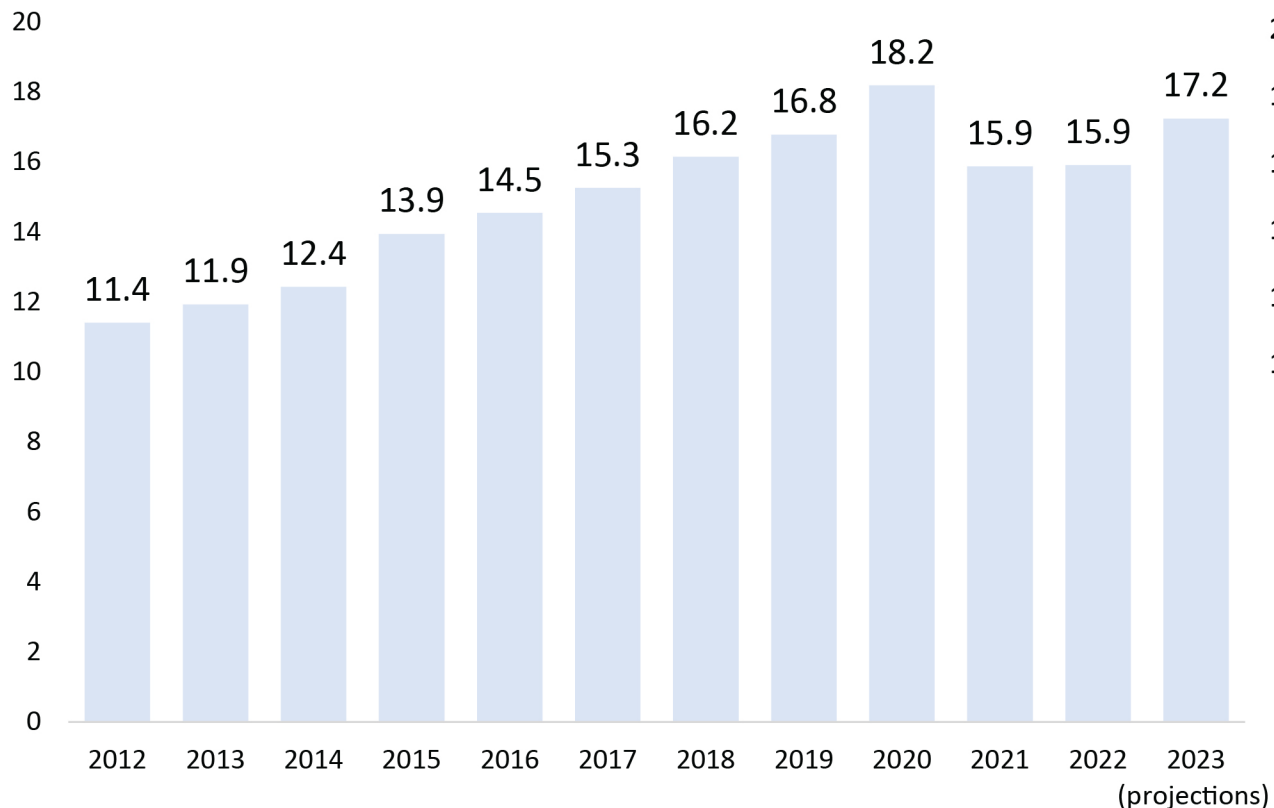


Source: ECLAC, on the basis of official figures

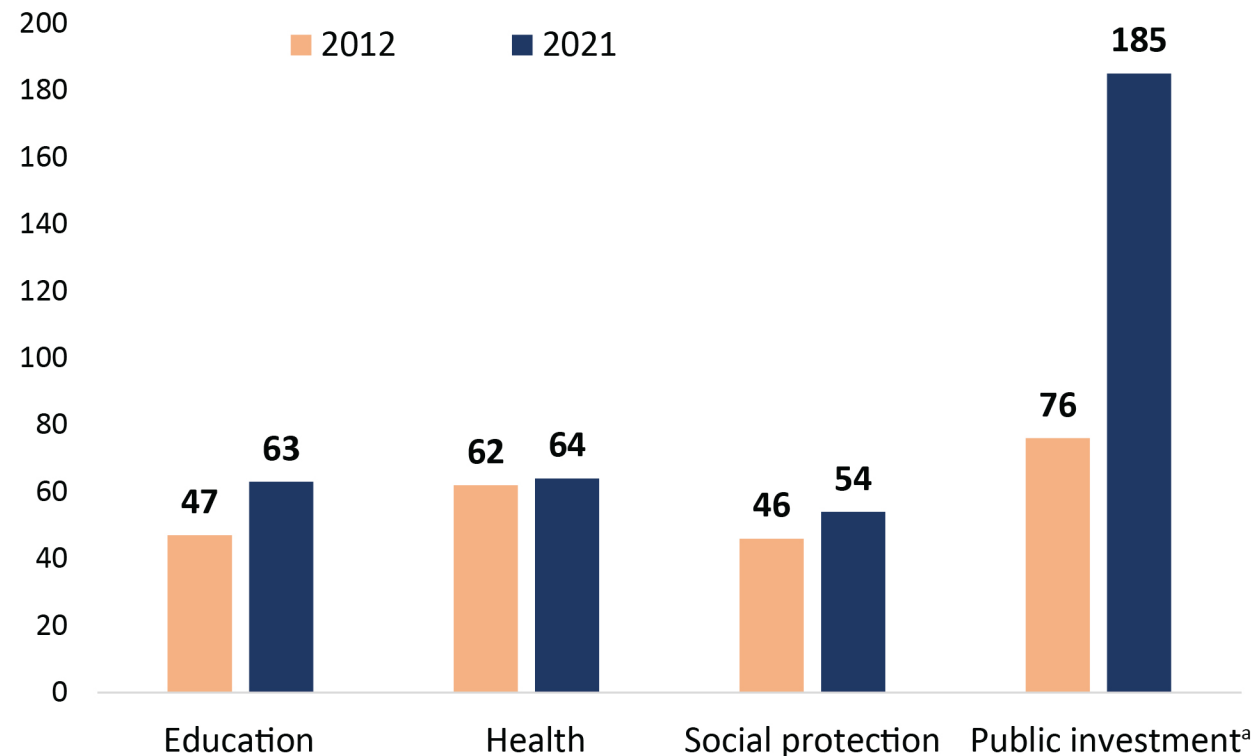


# The increased burden of debt payments is hindering development

Latin America: central government interest payments as a share of tax revenues, 2012–2023  
(Percentages)



Latin America and the Caribbean (21 countries):<sup>a</sup> central government interest payments and spending on education, health, social protection and public investment, 2012 and 2021  
(Percentages)



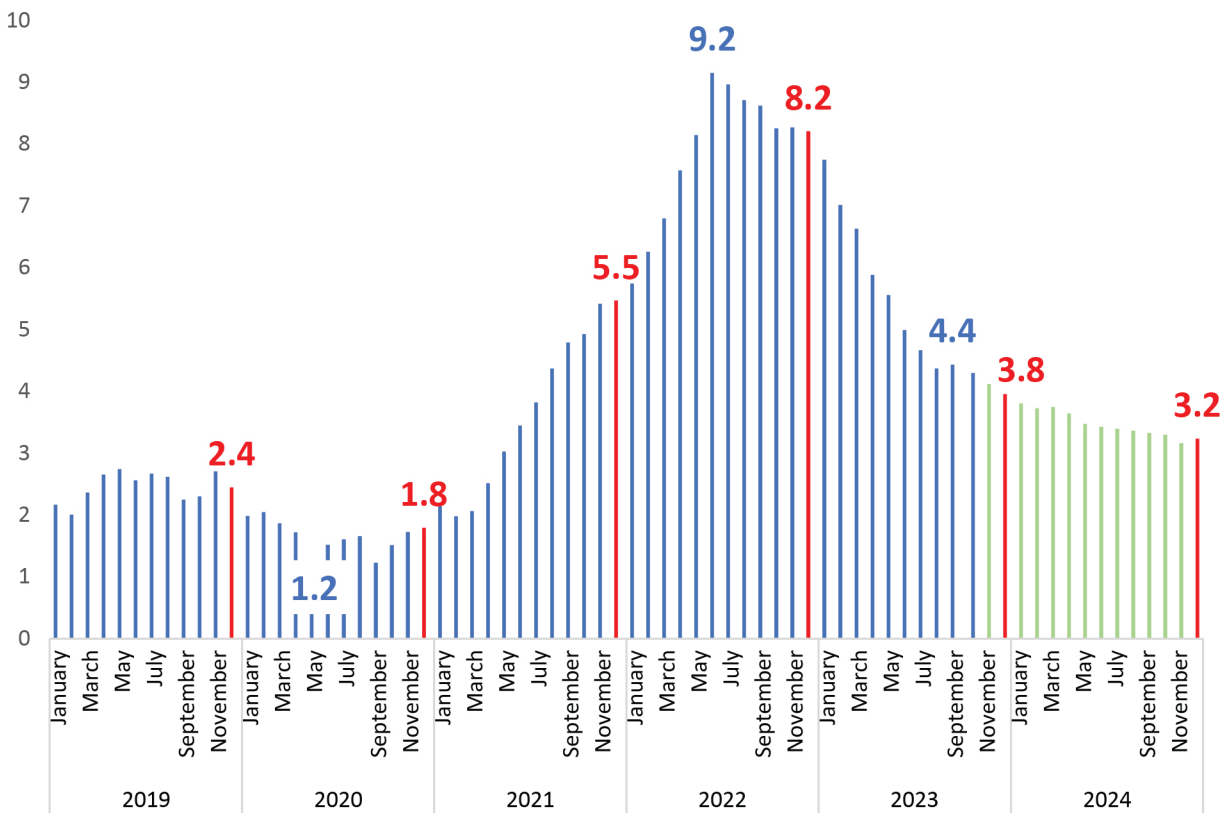
Note: Figures correspond to medians.

<sup>a</sup> Public investment is measured through acquisitions of fixed assets. In all cases, figures for fixed asset acquisitions as a share of interest payments refer to the central government.

Source: ECLAC, on the basis of official figures and ECLAC, *Public debt and development distress in Latin America and the Caribbean* (LC/TS.2023/20), Santiago, 2023.

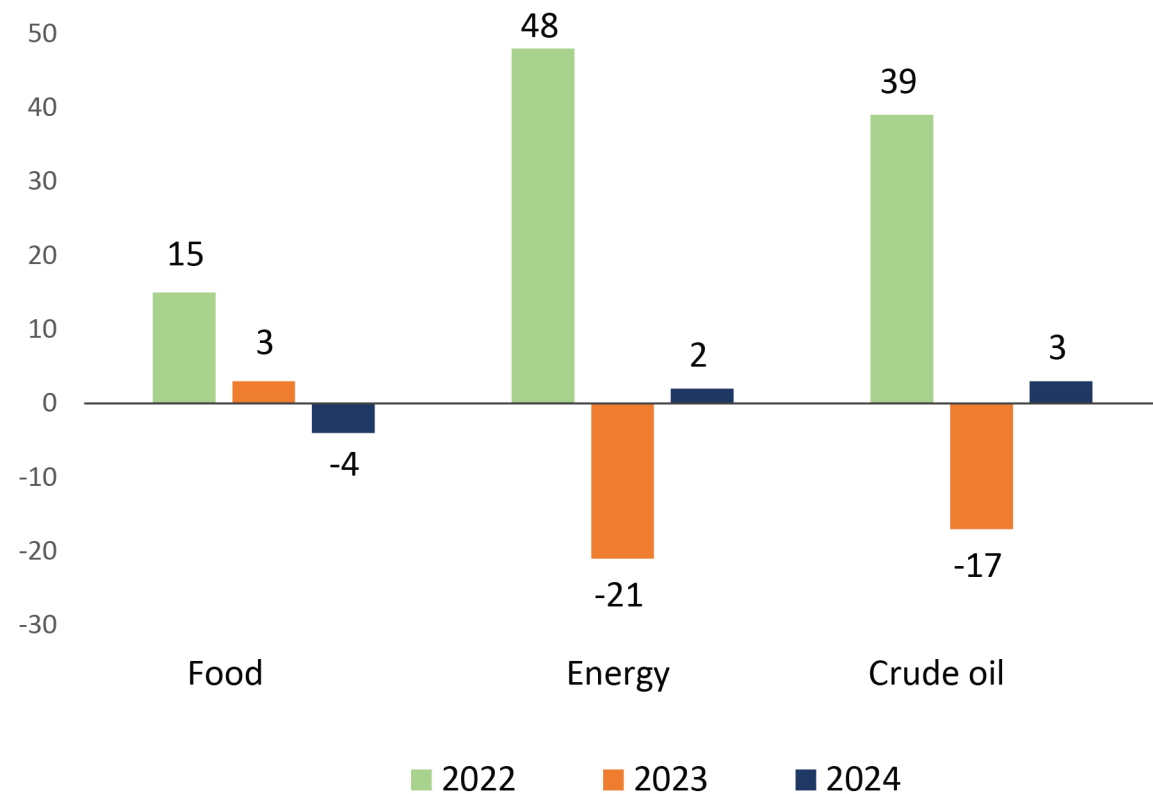
# Decline in inflation continues in 2023 owing to falling commodity prices

**Latin America and the Caribbean: median annual rates of change in the consumer price index, January 2019–September 2023, projections for November 2023–December 2024**  
(Percentages)



Source: ECLAC, on the basis of official figures; Consensus Economics, *Latin American Consensus Forecasts*, and IMF, *World Economic Outlook: Navigating Global Divergences*, Washington, D.C., 2023.

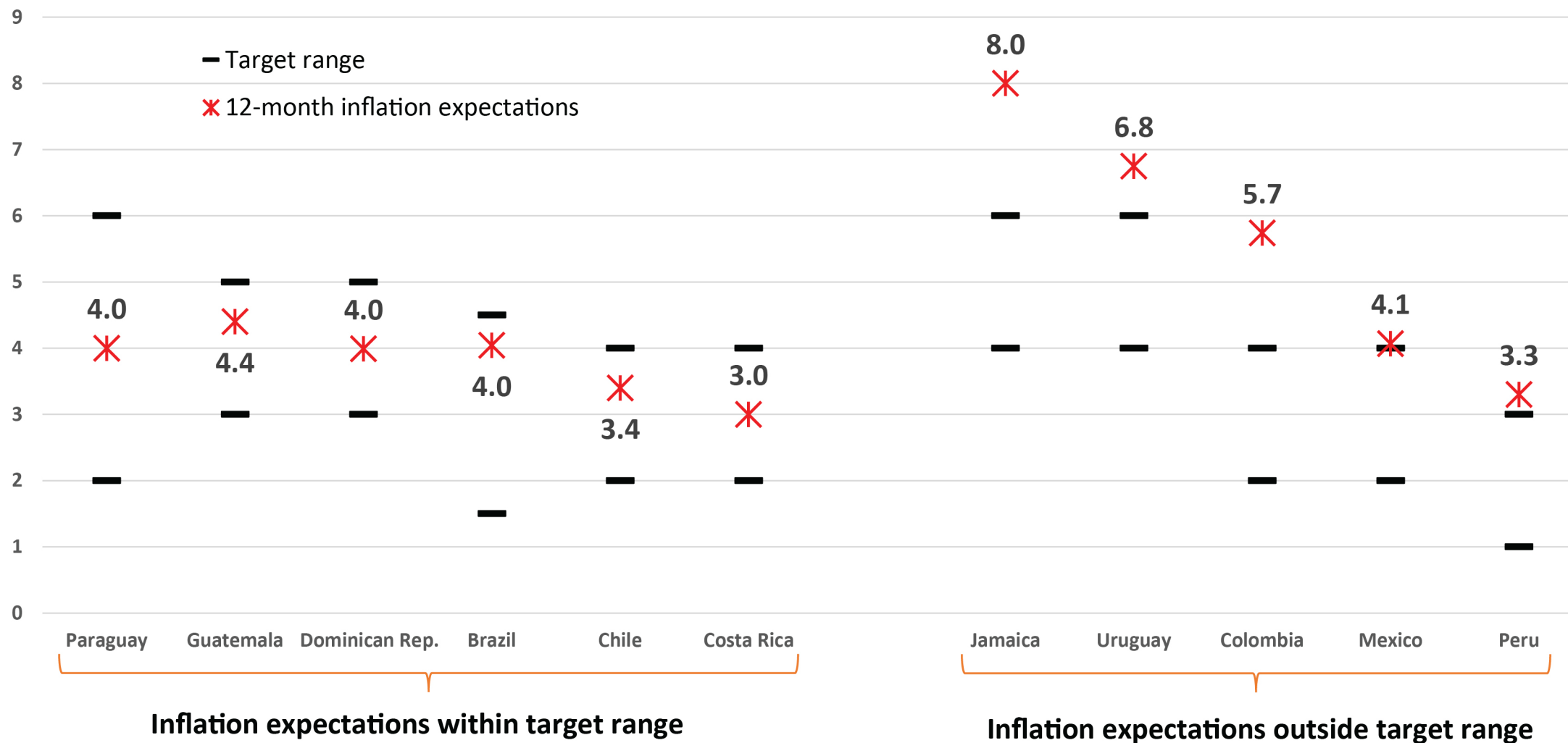
**International commodity price indices: year-on-year change**  
(Percentages)



Source: ECLAC, on the basis of official figures.

## Inflation expectations also trending downward as a result

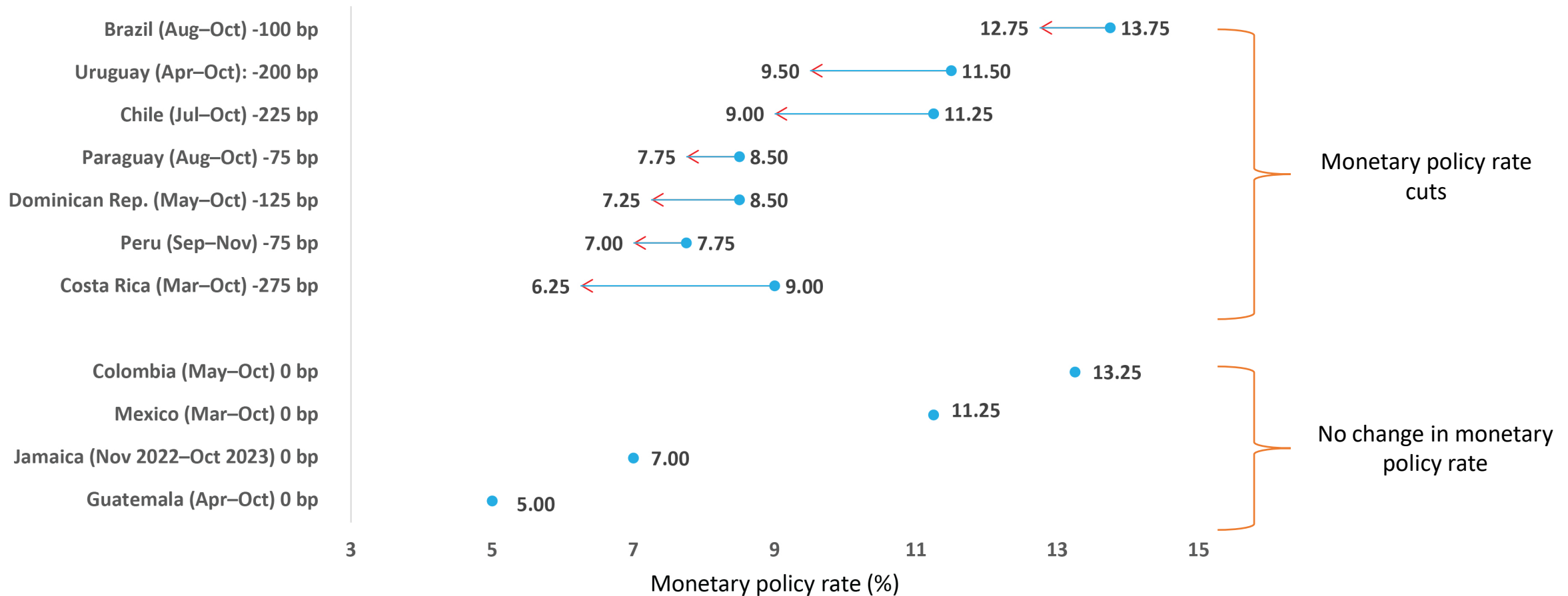
**Latin America and the Caribbean (selected countries): inflation targets and 12-month inflation expectations, October 2023**  
(Percentages)



Source: ECLAC, on the basis of official figures.

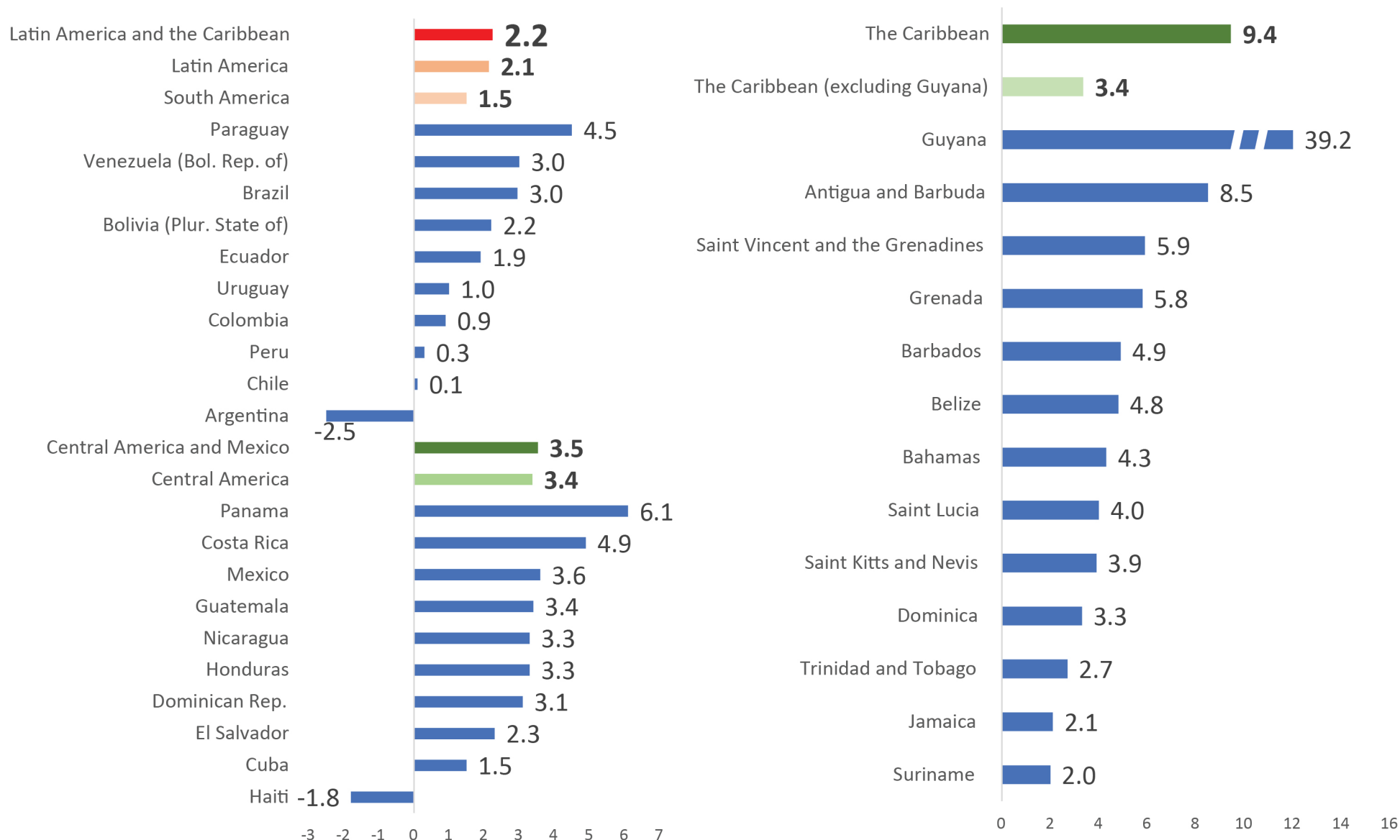
# Monetary policy stance remains restrictive with cautious approach to rate cuts maintained in 2023

Latin America and the Caribbean (selected countries): changes in monetary policy rate, March–November 2023  
(Basis points and percentages)



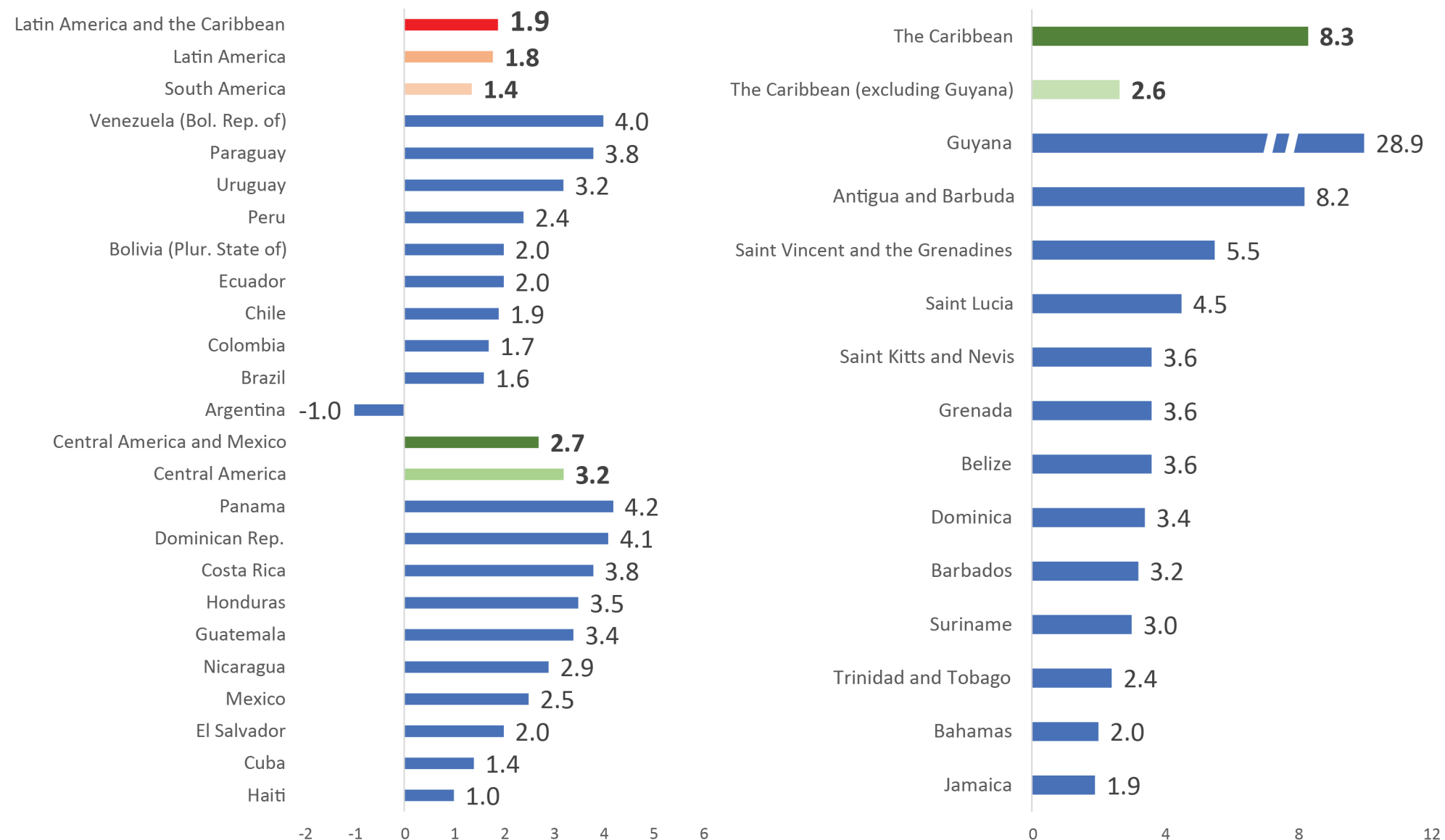
Source: ECLAC, on the basis of official figures.

# Latin America and the Caribbean: projected GDP growth rates, 2023



Source: ECLAC, on the basis of official figures.

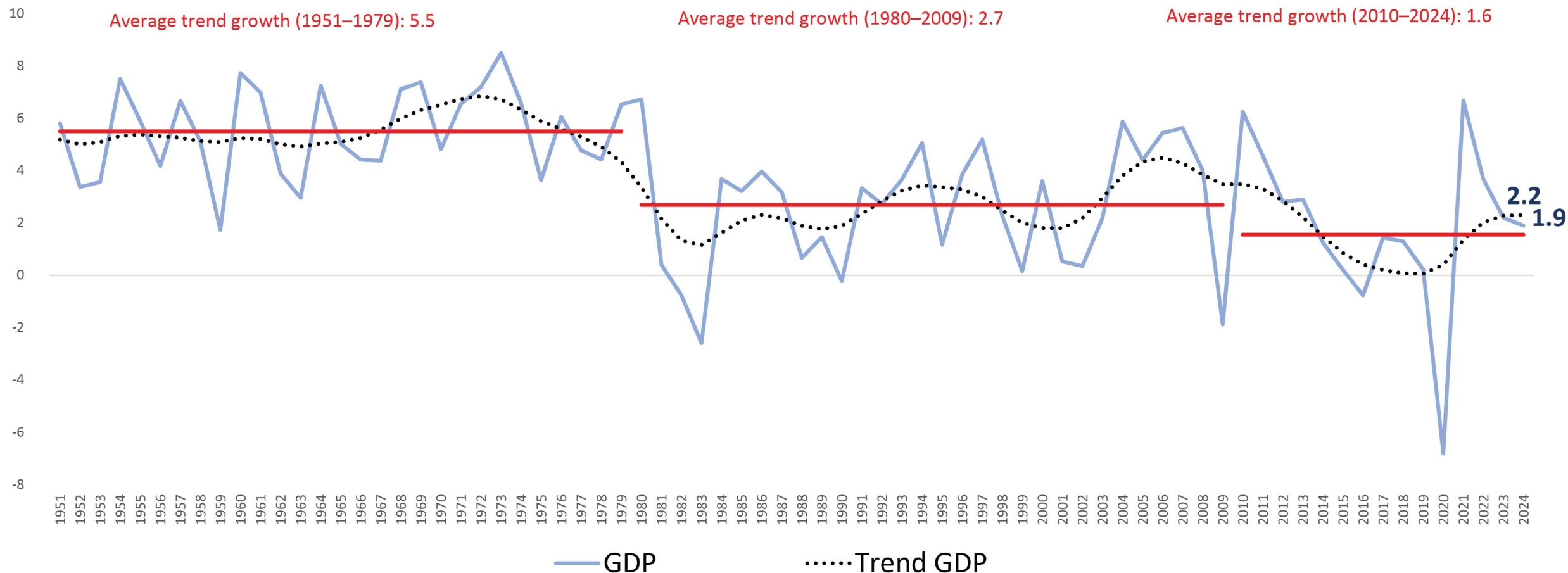
# Latin America and the Caribbean: projected GDP growth rates, 2024



Source: ECLAC, on the basis of official figures.

# Weak growth expected in 2023 and 2024 not only a short-term issue; reflects weaker trend growth of regional GDP

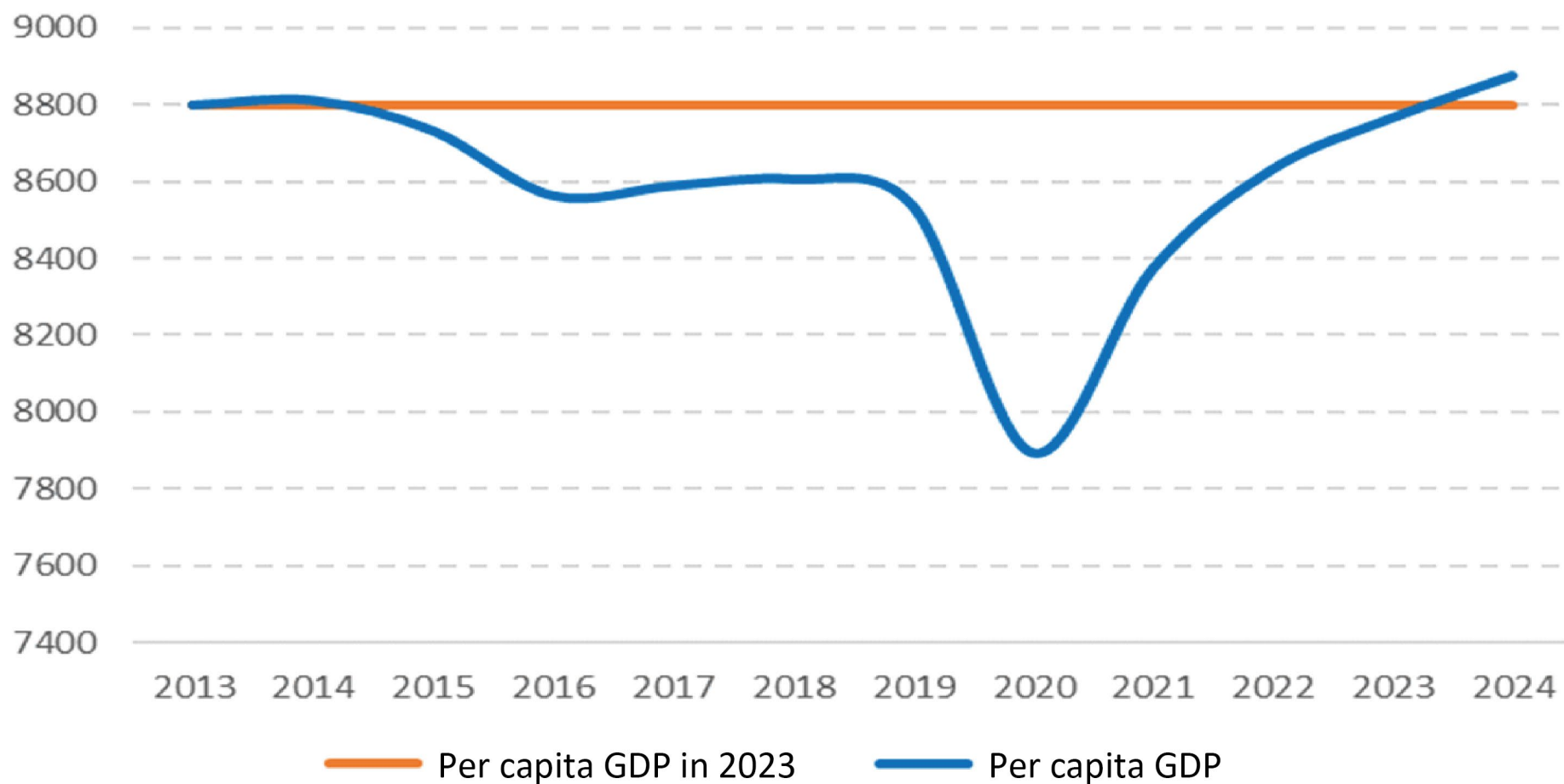
Latin America and the Caribbean: growth in GDP and trend GDP, 1951–2024  
(Percentages on the basis of constant dollars at 2018 prices)



Source: ECLAC, on the basis of official figures.

## Per capita GDP in 2023 to equal 2013 levels owing to weak growth

Latin America and the Caribbean: per capita GDP, 2013–2024  
(Constant dollars at 2018 prices)

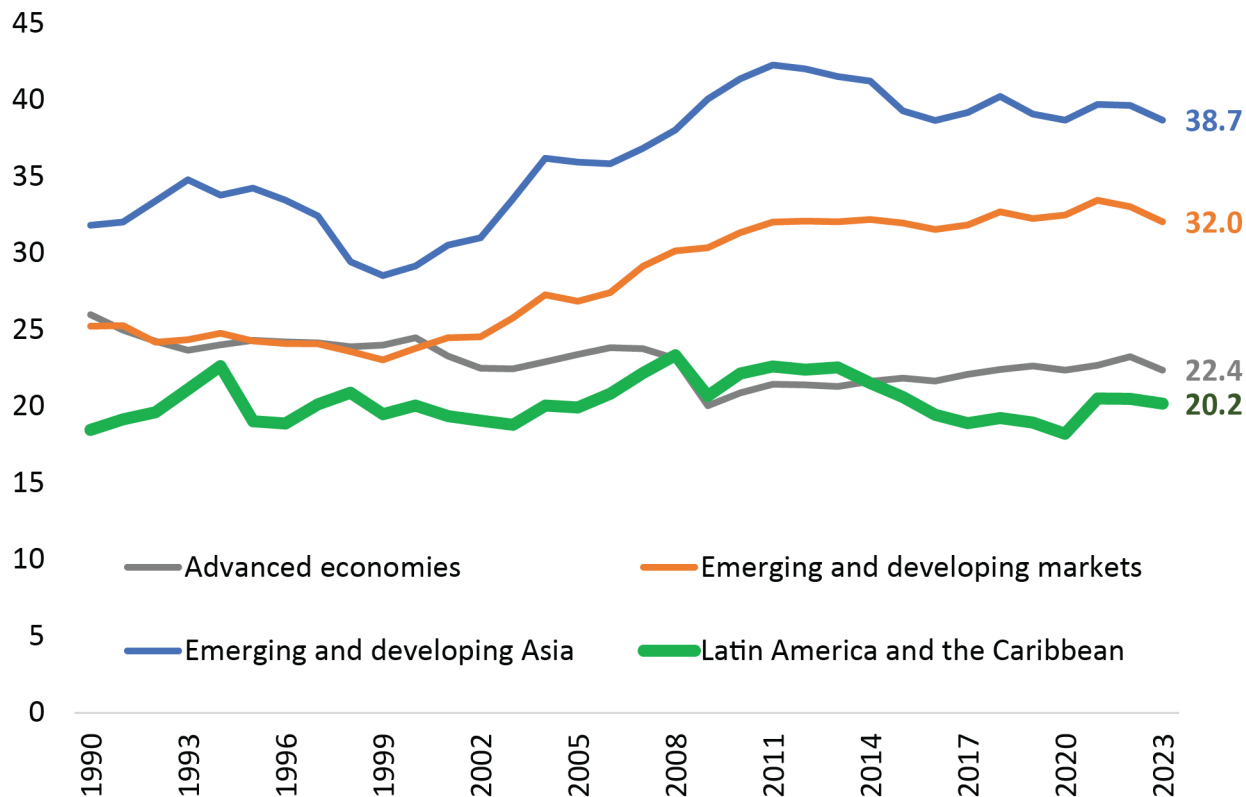


Source: ECLAC, on the basis of official figures.



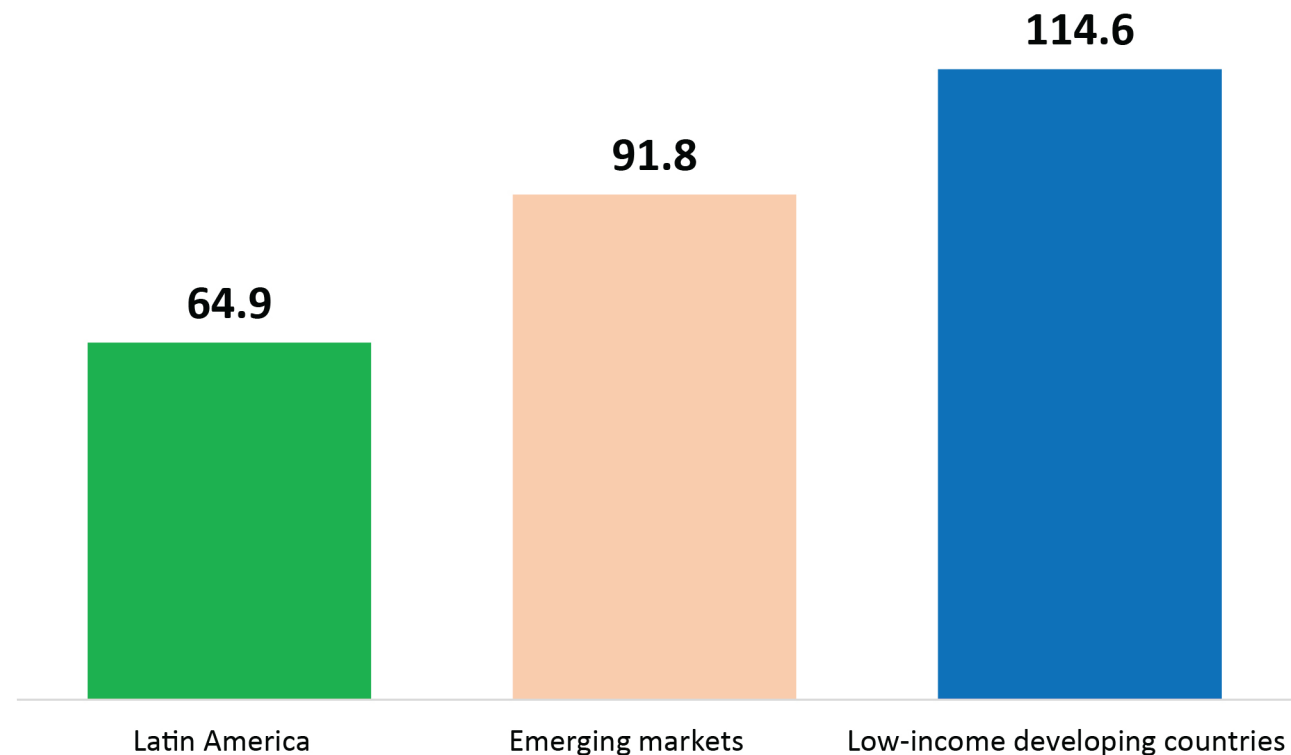
# Latin America and the Caribbean is the region with the lowest rate of investment and the smallest public capital stock

**Selected regions: total investment, 1990–2023**  
(Percentages of GDP)



Source: ECLAC, on the basis of IMF, *World Economic Outlook: Navigating Global Divergences*, Washington, D.C., 2023.  
Note: Figures for 2023 are projections.

**Selected country groupings and regions: general government capital stock, 2015<sup>a</sup>**  
(Percentages of GDP)

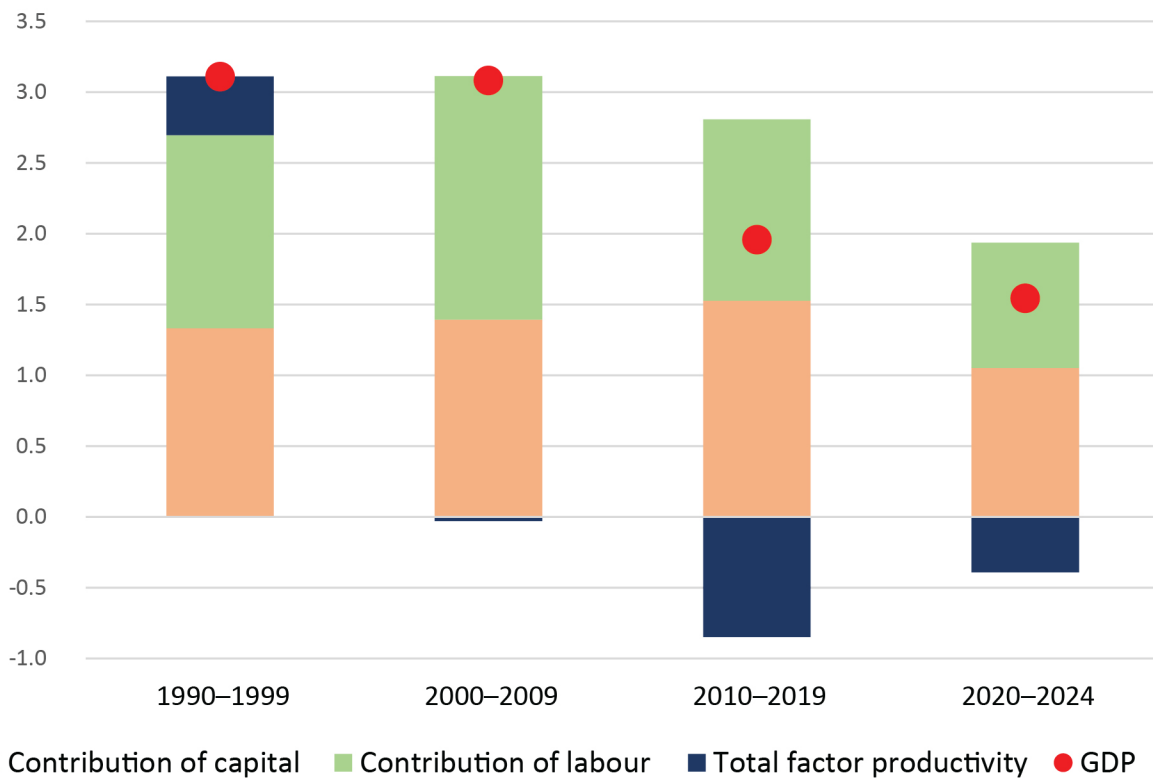


Source: ECLAC, on the basis of IMF, "Investment and Capital Stock Dataset (ICSD)" [online] <https://data.imf.org/?sk=1ce8a55f-cfa7-4bc0-bce2-256ee65ac0e4>.  
<sup>a</sup> Weighted averages, based on GDP in purchasing power parity (PPP) international dollars at current prices.

# Contribution of total factor productivity to the region's GDP growth has been negative, and labour productivity is below 1980 levels

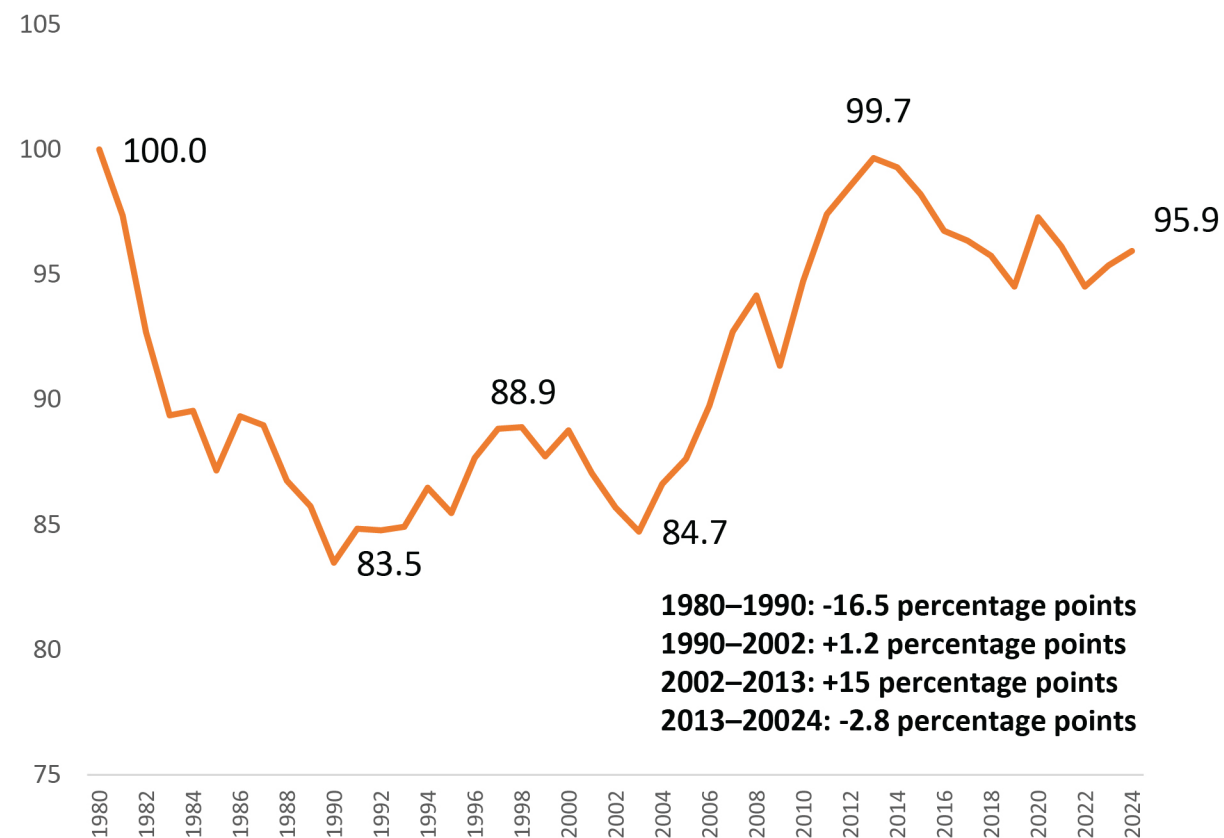
Latin America: breakdown of GDP growth, and contributions of capital, labour and total factor productivity to regional growth, 1990–2024

(Percentages)



Latin America: labour productivity, 1980–2024

(Index 1980 = 100)



Source: ECLAC, on the basis of official figures.

## A call to action: policies to drive inclusive and sustainable growth

- Scale up productive development policies focusing on strategic sectors
- Adopt policies to boost public and private investment
- Expand fiscal and monetary policy space for resource mobilization
- Reform the international financial and tax architecture to expand policy space and domestic resource mobilization in the countries of the region

# ECLAC has identified the sectors that drive sustainable growth and productive transformation

(1) Energy transition: renewable energies, green hydrogen and lithium

(2) Electromobility

(3) Circular economy

(4) The bioeconomy: sustainable agriculture, genetic resources, bioindustrialization

(5) Geographical rearrangement of production (GSC reconfiguration)

(6) Pharmaceutical and life sciences industries

(7) Medical device manufacturing industry

(8) Modern or ICT-enabled services exports

(9) Advanced manufacturing

(10) Gender equality and the care society

(11) Sustainable water management

(12) Sustainable tourism

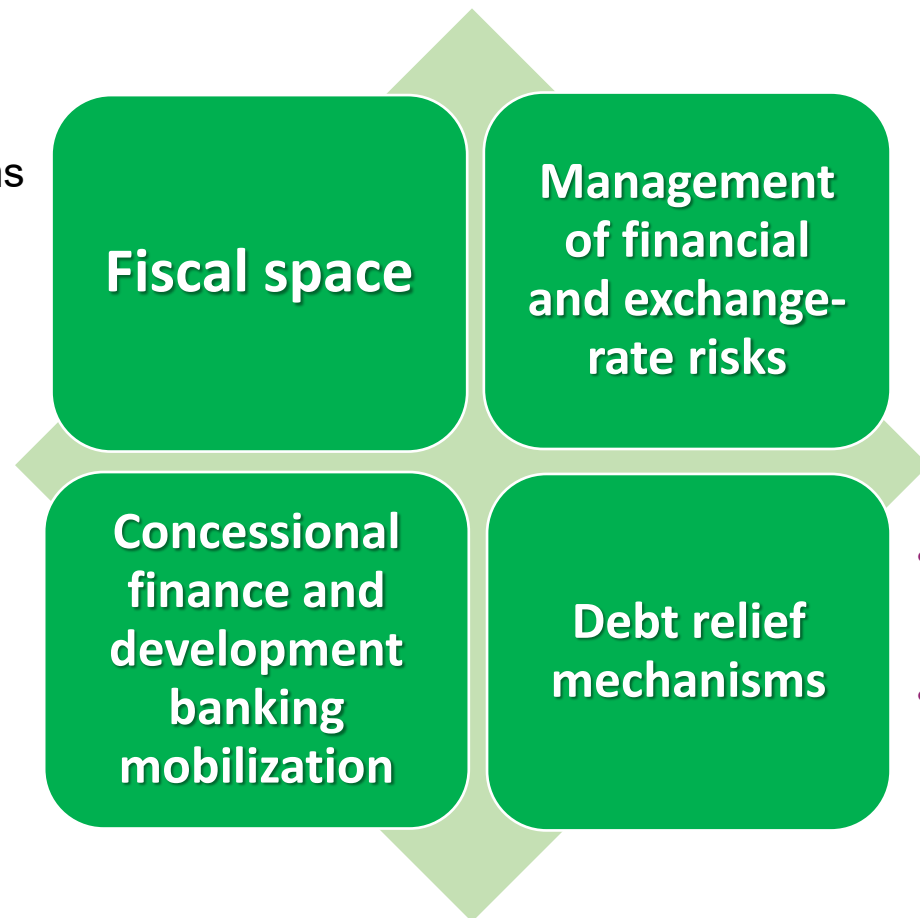
(13) E-government

(14) Food security

# Macroeconomic and financial policy framework

- Strengthen the collection and progressivity of the tax structure
- Green public procurement
- Access to new financing mechanisms (thematic bonds)

- Increase climate financing through multilateral, regional and national development banks
- Foster climate-related ODA flows



- Macroprudential policy options:
  - Manage exchange-rate and financial risks
  - Incentives for sustainable investment allocation

- Establish institutional mechanisms for debt restructuring and debt relief
- Support the inclusion of disaster- and hurricane- linked and climate goal compliance clauses

## In brief

- The economies of the region are set to experience slower growth in 2023 and 2024. The decline in the region's trend growth must be reversed.
- This calls for productive development policies that foster investment and productivity.
- Productive development policies require wider fiscal and monetary space for domestic resource mobilization.
- Reform of the international financial and tax architecture have significant potential to mobilize resources and expand policy space.
- Virtuous circle between growth, social inclusion and addressing climate change.

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years

Working for  
a productive, inclusive  
and sustainable future