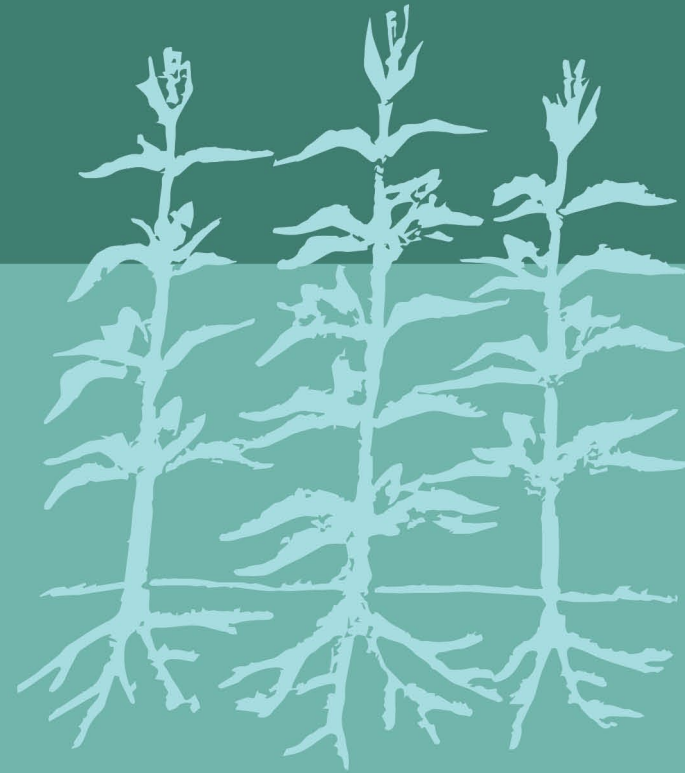


# Economic Survey of Latin America and the Caribbean **2024**

## Low-growth trap, climate change and employment trends



ECLAC

# Structure of this presentation

## **A. Latin America and the Caribbean and the low-growth trap**

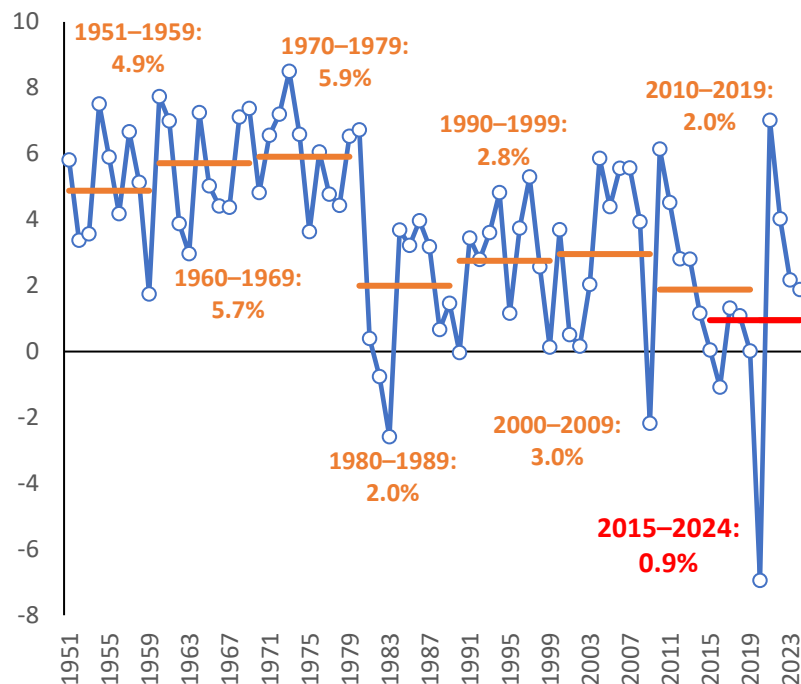
- I. Trends in main macroeconomic variables
- II. Uncertain global environment
- III. Limited macroeconomic policy space

## **B. Impact of low growth and climate change on employment trends**

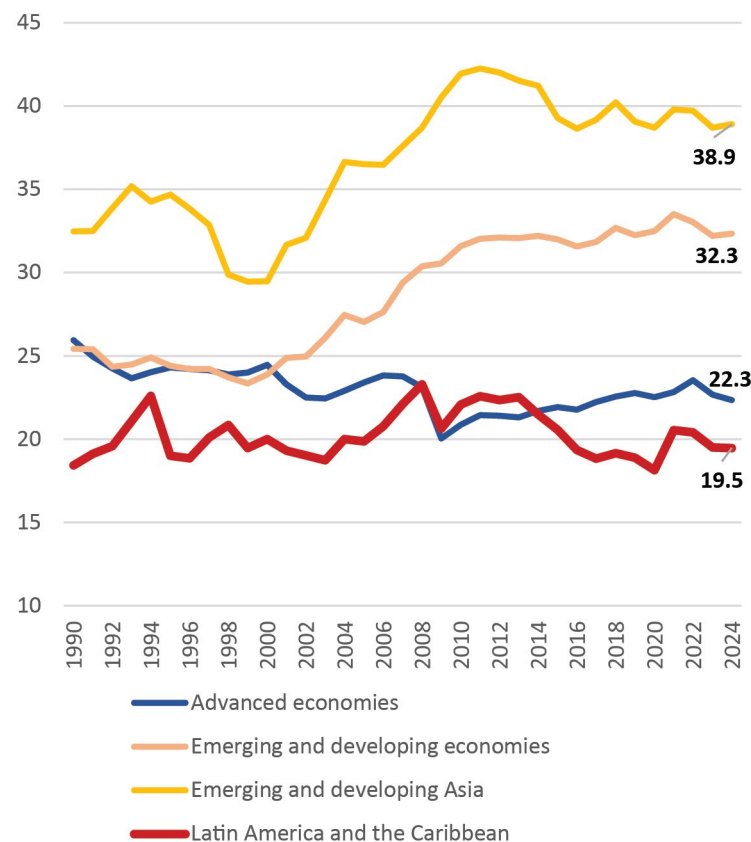
# **Latin America and the Caribbean mired in a low-growth trap amid global uncertainty**

# Low-growth trap combined with stagnating investment and low job creation

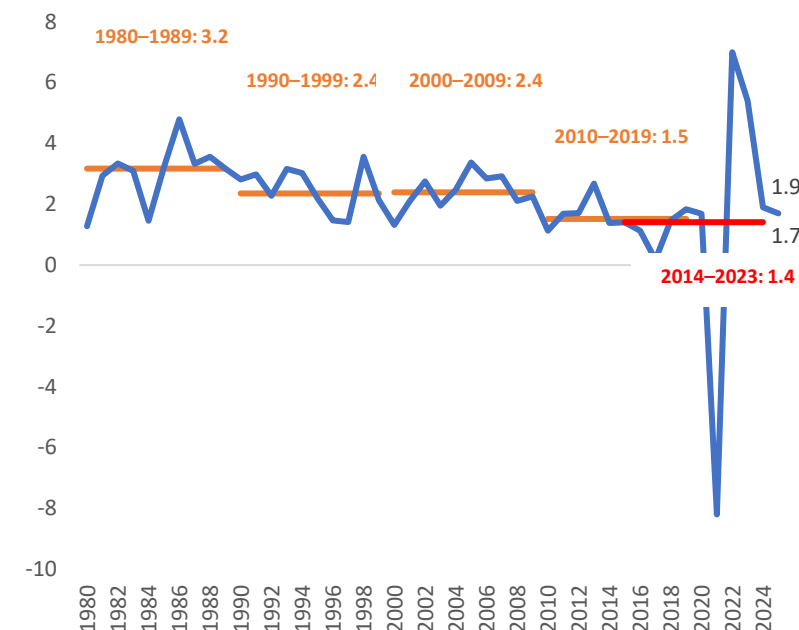
**Latin America and the Caribbean: GDP growth, annual average and by decade, 1951–2024**  
(Percentages)



**Investment by region, 1990–2024**  
(Percentages of GDP)



**Latin America (17 countries):<sup>a</sup> growth in the number of employed, annual average and by decade, 1980–2024**  
(Percentages)

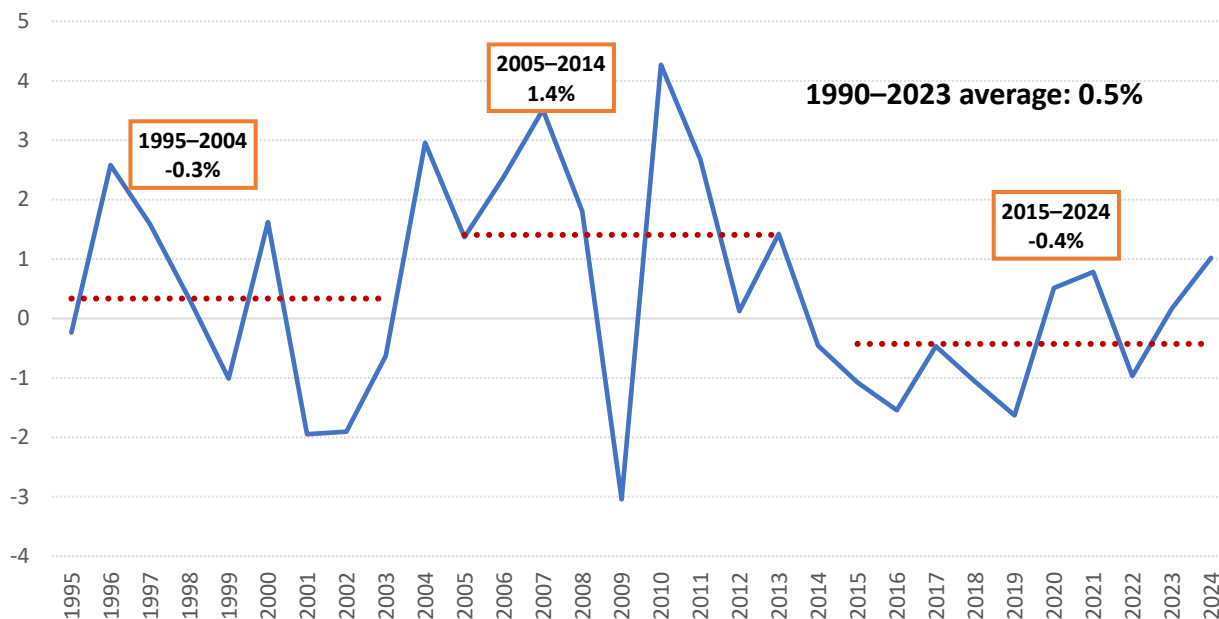


**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures from University of Groningen, Penn World Table [online database] <https://www.rug.nl/ggdc/productivity/pwt/>; International Labour Organization (ILO) and International Monetary Fund (IMF), WEO 2024.

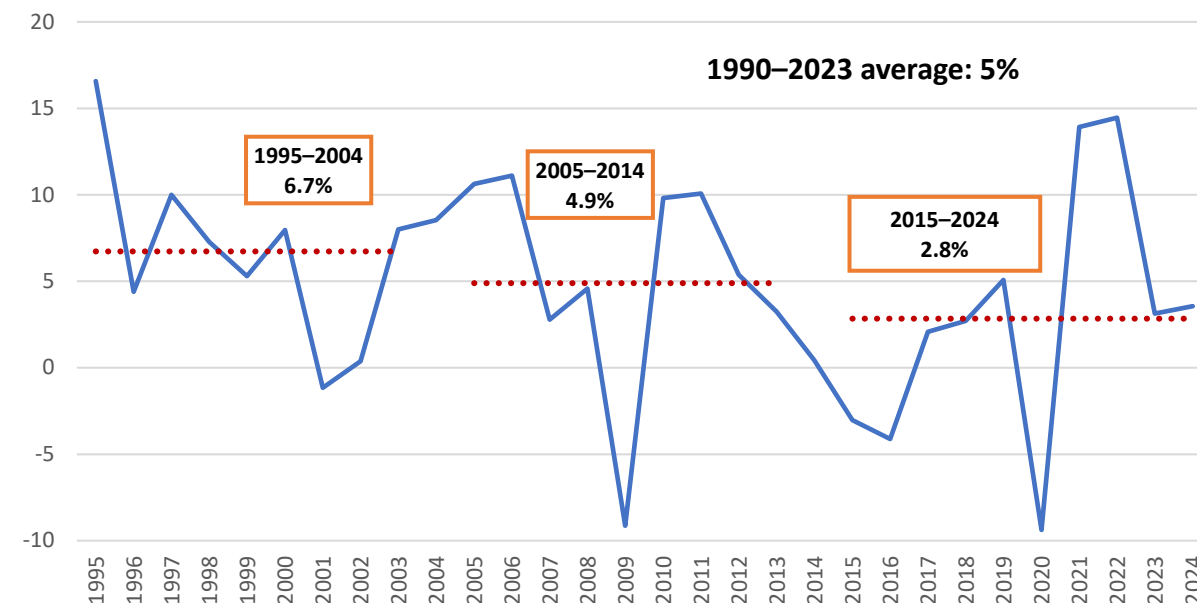
<sup>a</sup> Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Plurinational State of Bolivia and Uruguay.

# Labour productivity and exports also remained weak

Latin America and the Caribbean (25 countries): annual variation in labour productivity, by decade, 1995–2024  
(Percentages)



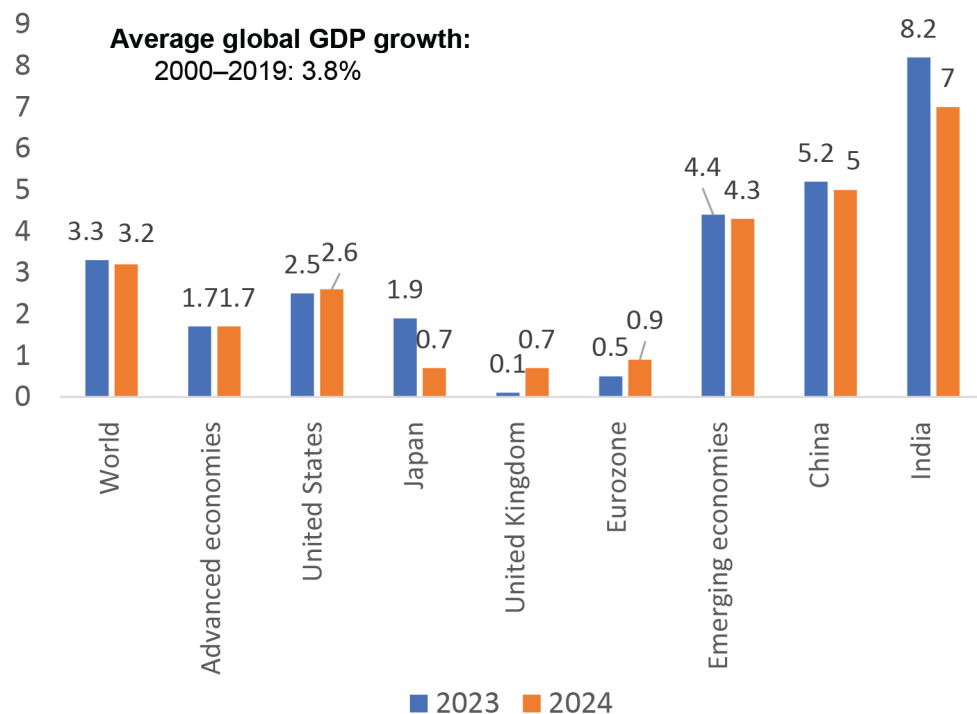
Latin America and the Caribbean (25 countries): Annual growth in value of exports, by decade, 1995–2024  
(Percentages)



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

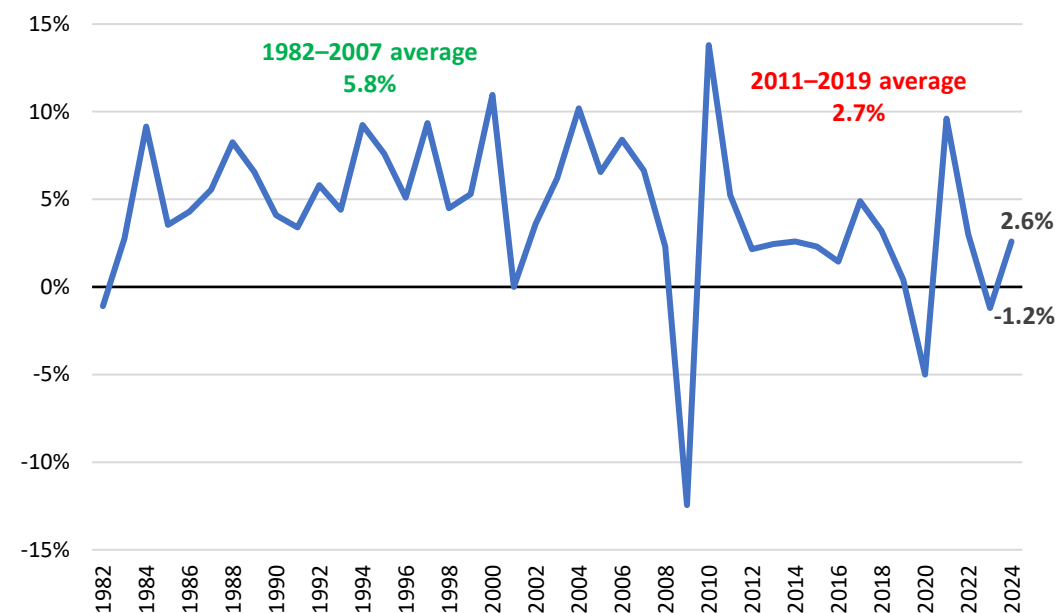
# Sluggish growth in global economy and global trade

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



**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of International Monetary Fund (IMF), *World Economic Outlook, April 2024*.  
In the case of India, the figures are for the fiscal year beginning in April and ending in March the following year.

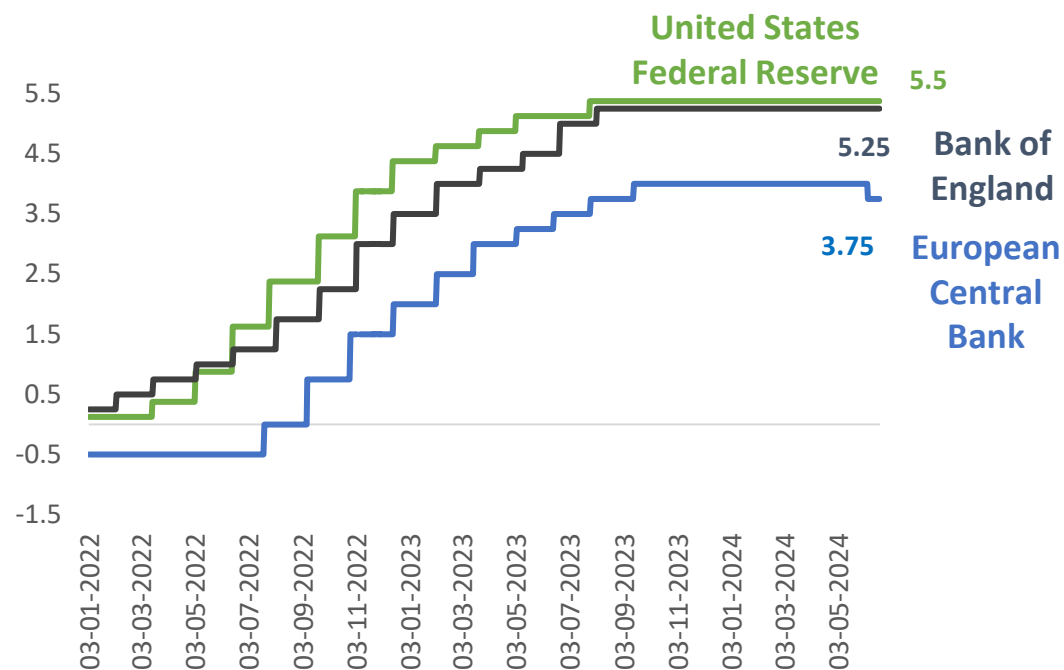
**Year-on-year variation in world goods trade by volume, 1982–2024<sup>a</sup>**  
(Percentages)



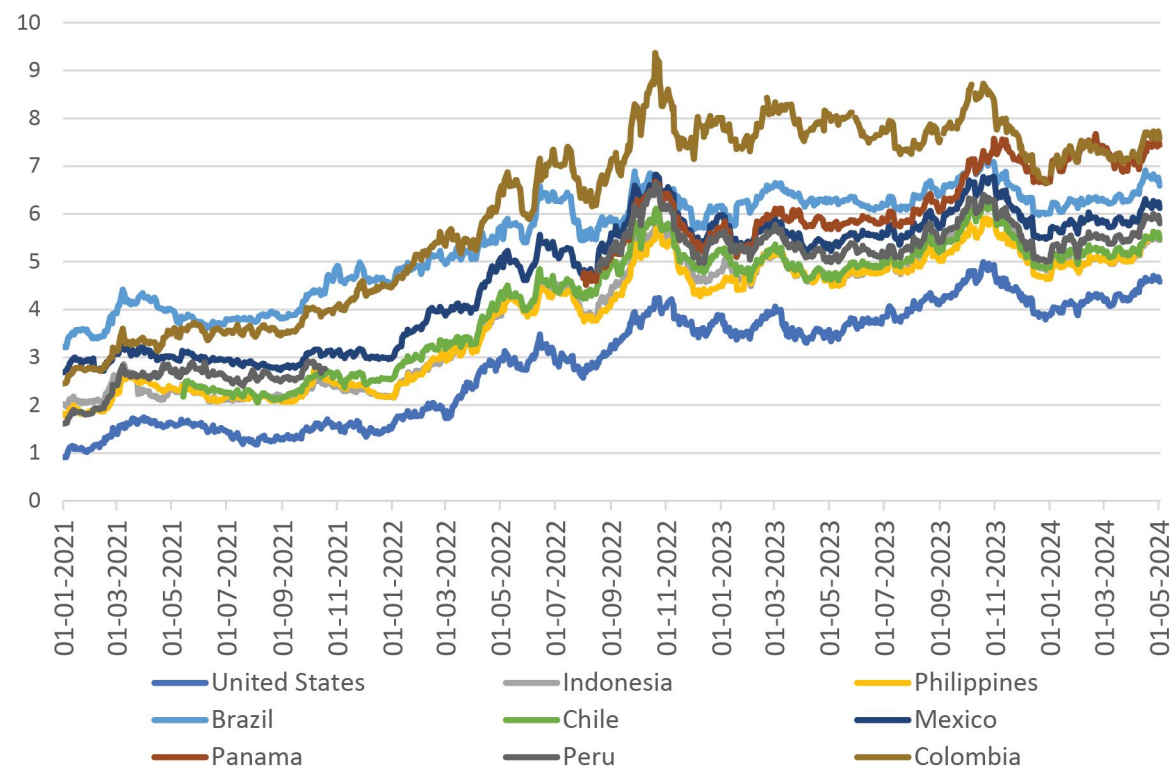
**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of data from the World Trade Organization (WTO).  
<sup>a</sup> Data for 2024 are projections.

# Despite lower sovereign risk in the region, financing costs remain high

**Monetary policy interest rates of major central banks**  
(Percentages)



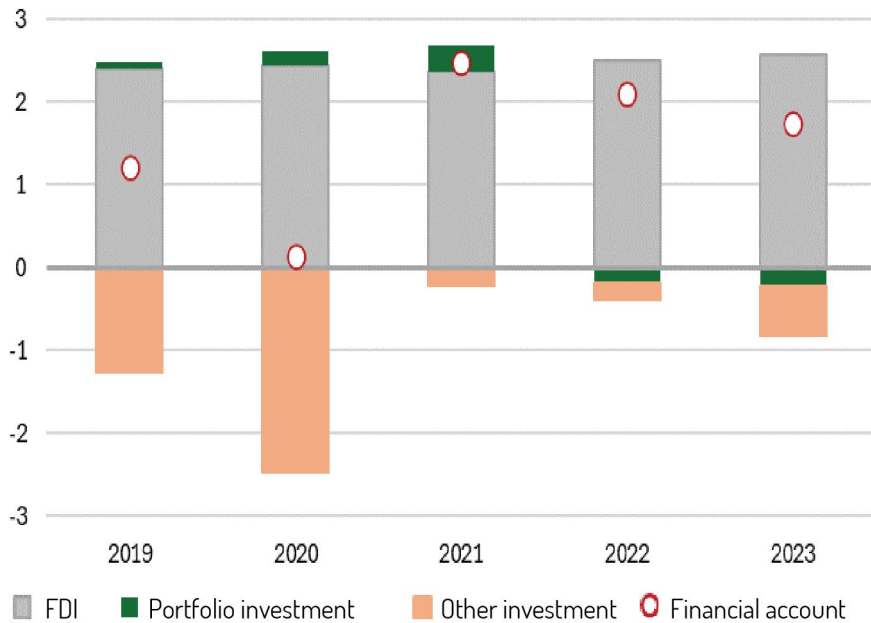
**United States and selected emerging countries: dollar-denominated 10-year sovereign bond rates**  
(Percentages)



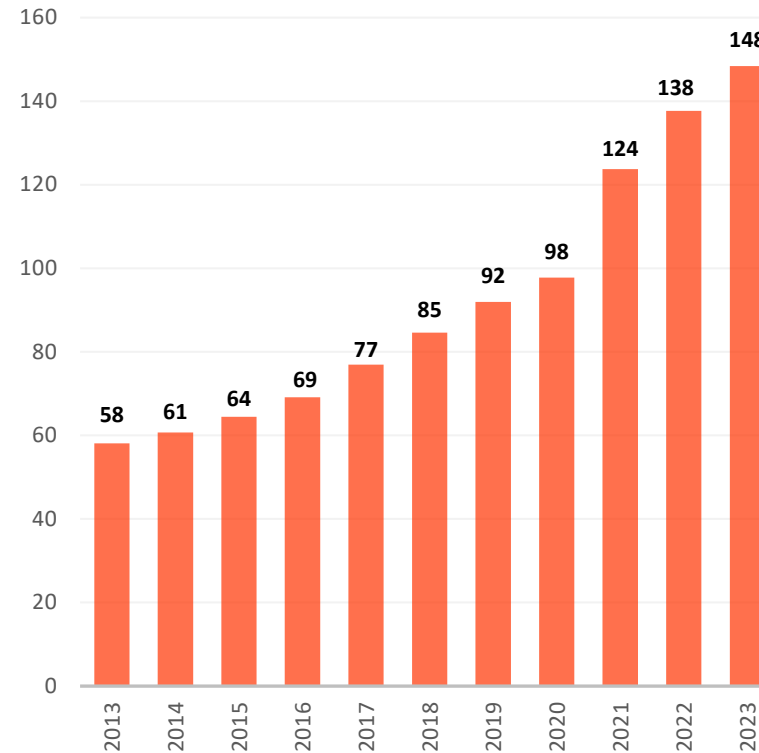
**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of data from Bloomberg. For the United States, the ceiling of the inflation target range (5.25%–5.50%) is used.

# FDI and remittances played a key role in the region's external financing

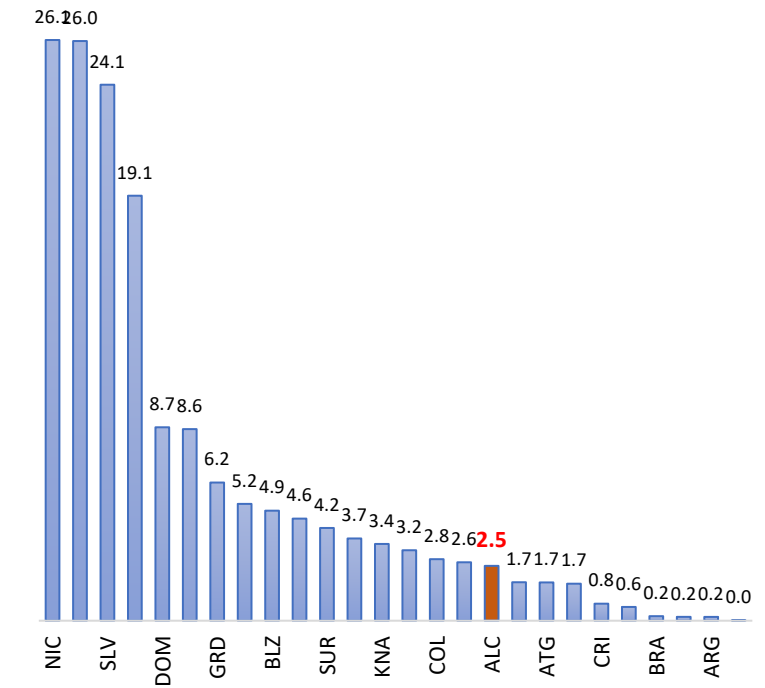
Latin America: financial account, by component, net balances, 2019–2023  
(Percentages of GDP)



Latin America and the Caribbean (25 countries): remittance inflows, 2013–2023  
(Billions of dollars)



Latin America and the Caribbean (25 countries): remittances, by country, 2023  
(Percentages of GDP)



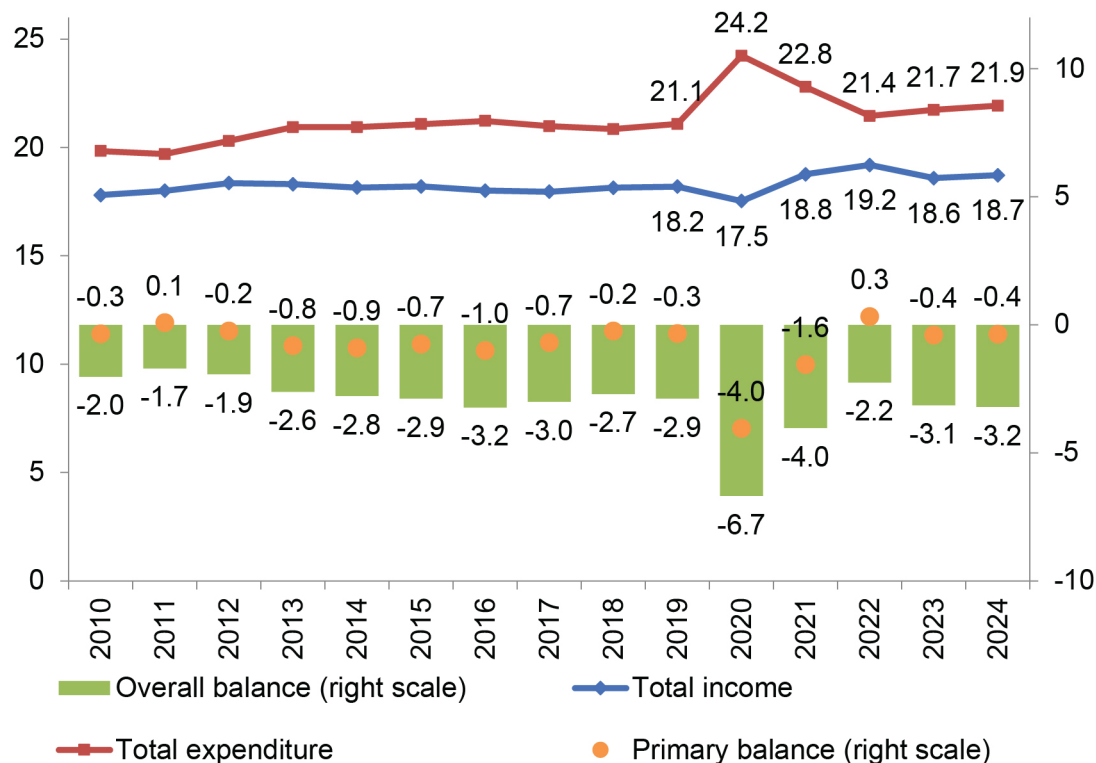
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.



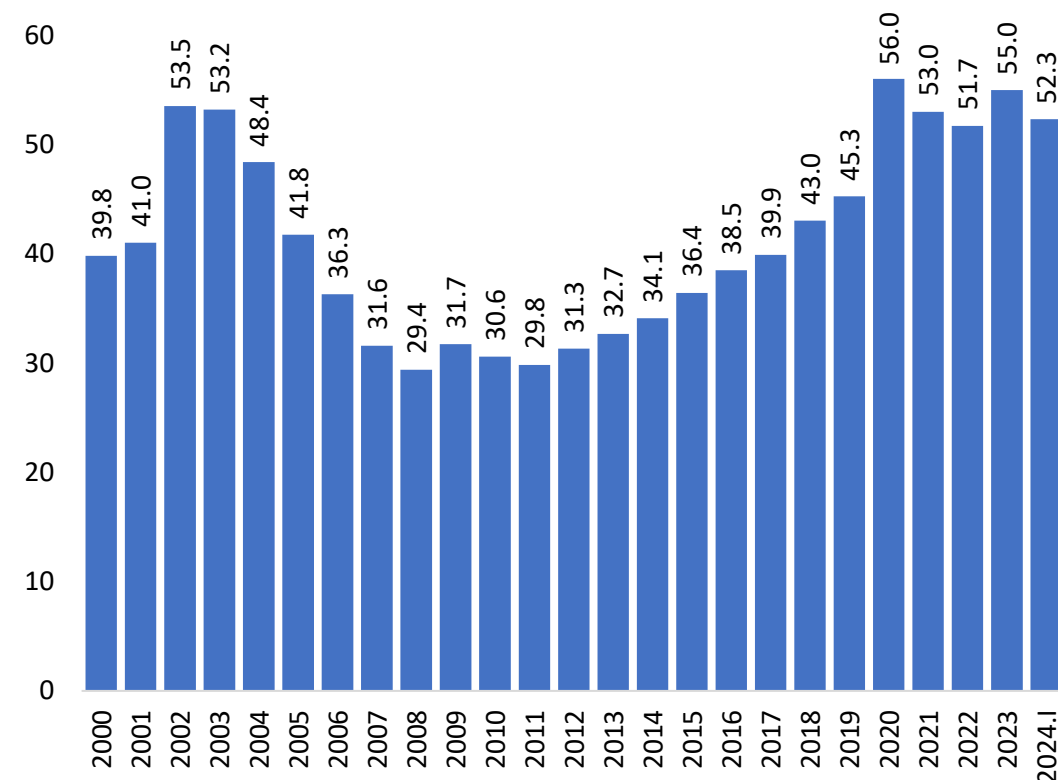
# Limited macroeconomic policy space in the region

# Fiscal space remains limited in Latin America

**Latin America (16 countries): central government fiscal indicators, 2010–2023 and projections for 2024**  
(Percentages of GDP)



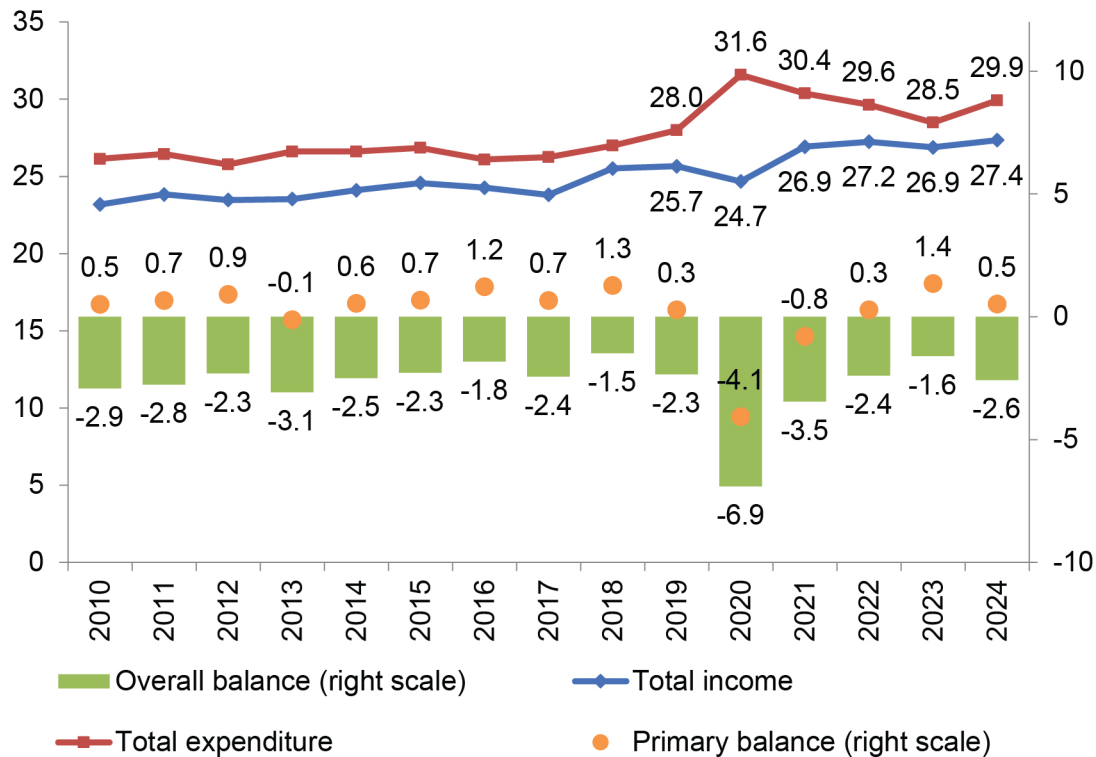
**Latin America (16 countries): central government public debt, 2000–March 2024**  
(Percentages of GDP)



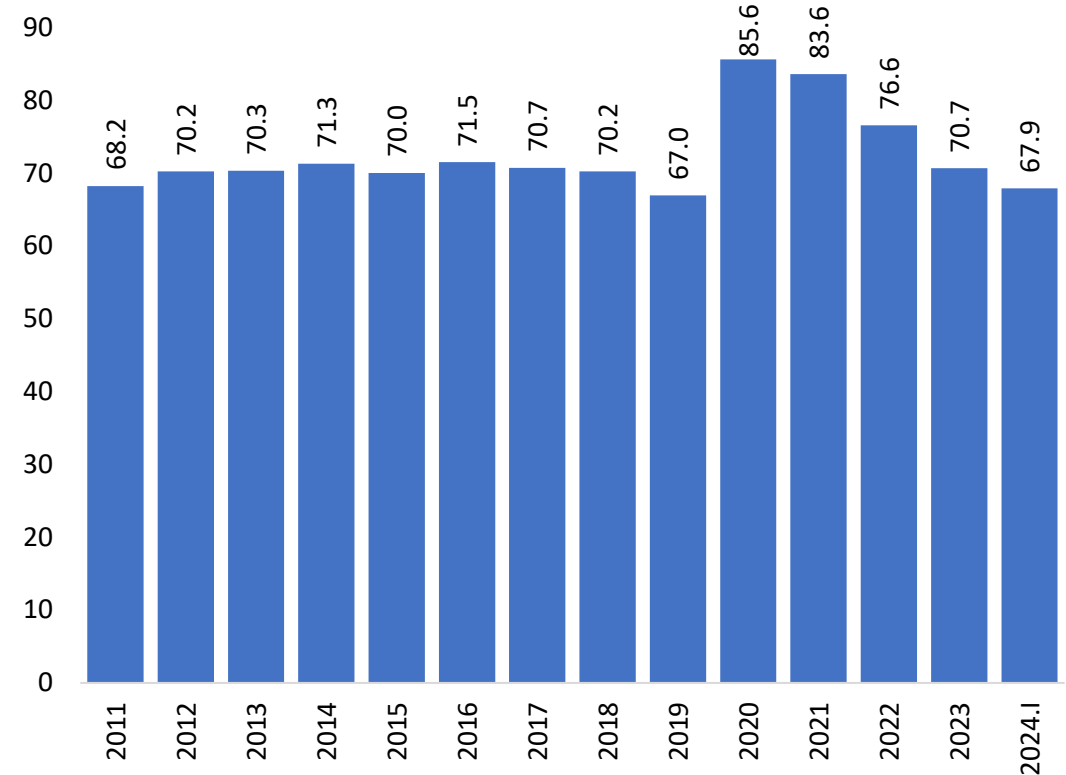
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

# The same is true in the Caribbean

**The Caribbean (12 countries): central government fiscal indicators, 2010–2023 and projections for 2024**  
(Percentages of GDP)



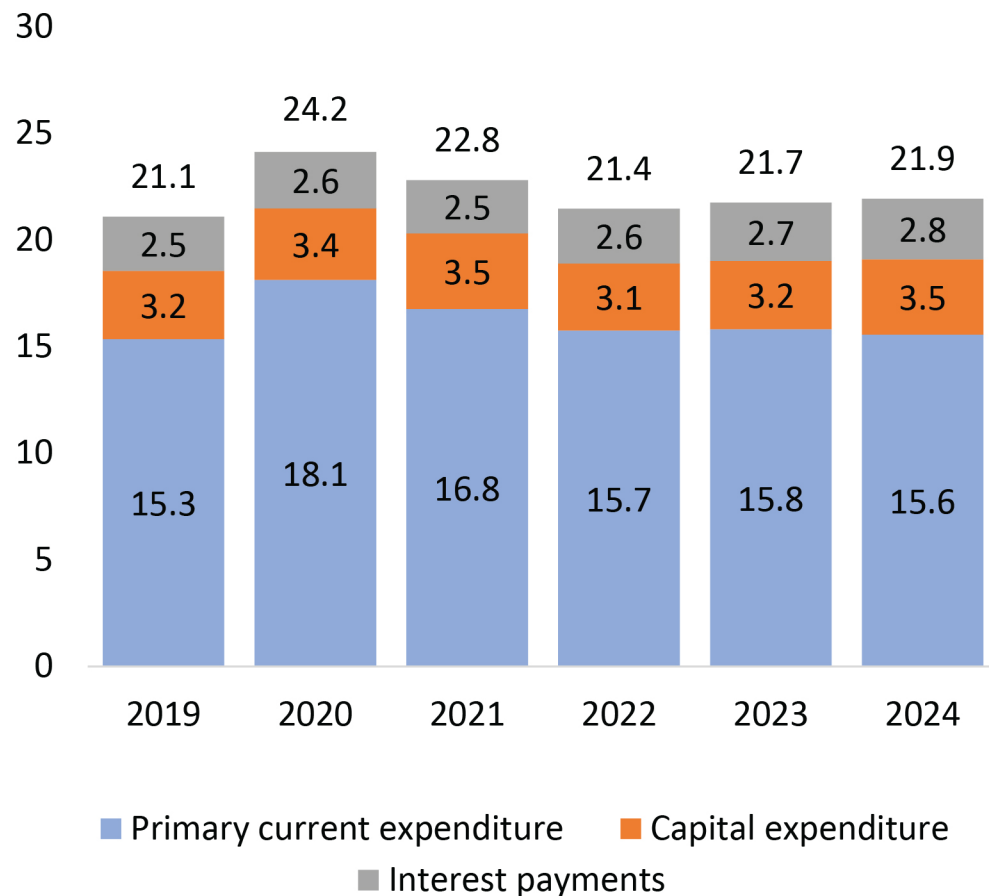
**The Caribbean (13 countries): central government gross public debt, 2011–March 2024**  
(Percentages of GDP)



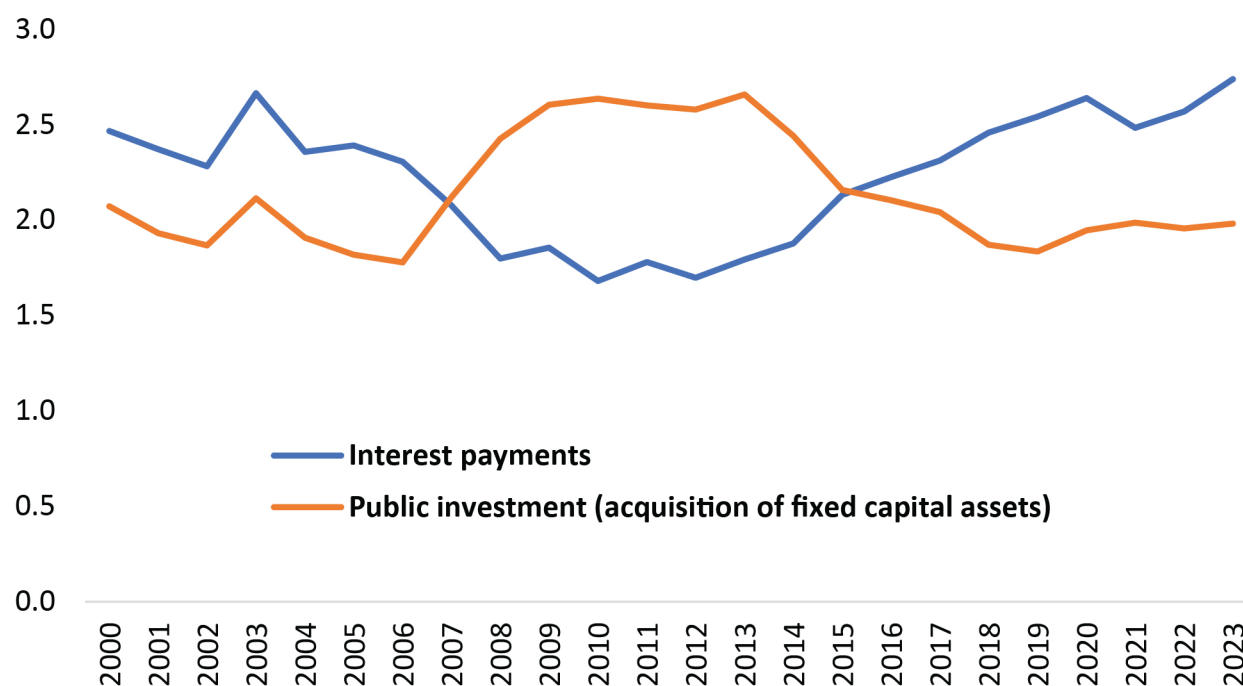
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

# Increase in interest payments on public debt limits fiscal space

**Latin America (16 countries): total central government expenditure, 2019–2024**  
(Percentages of GDP)



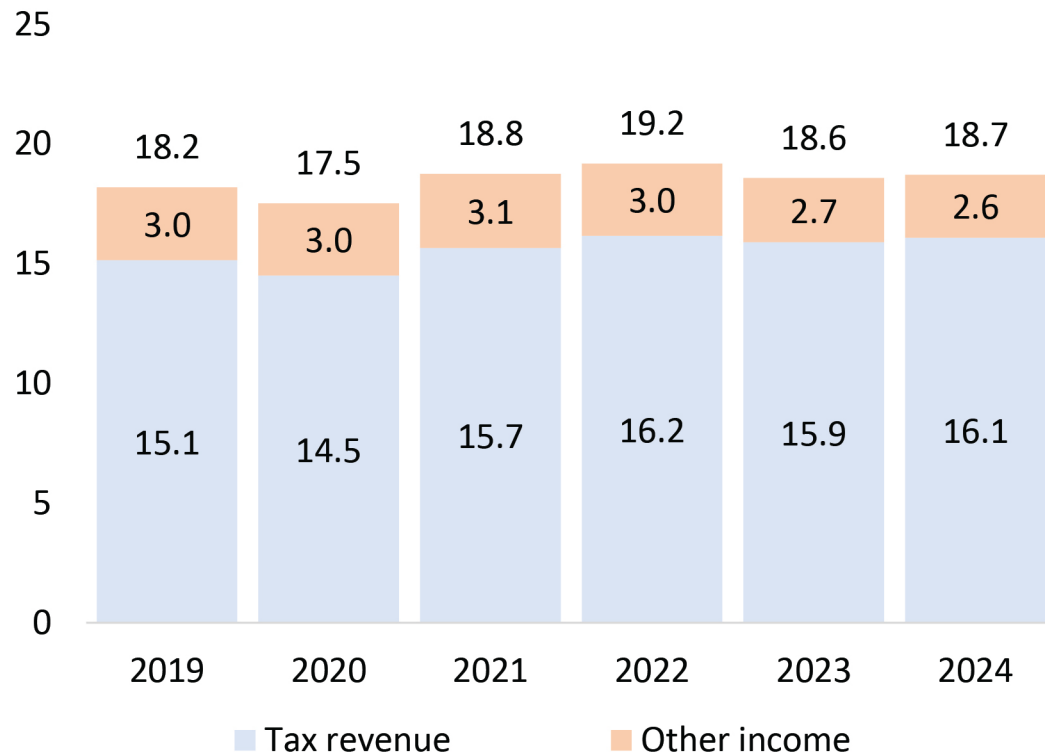
**Latin America (16 countries): central government interest payments and public investment, 2000–2023**  
(Percentages of GDP)



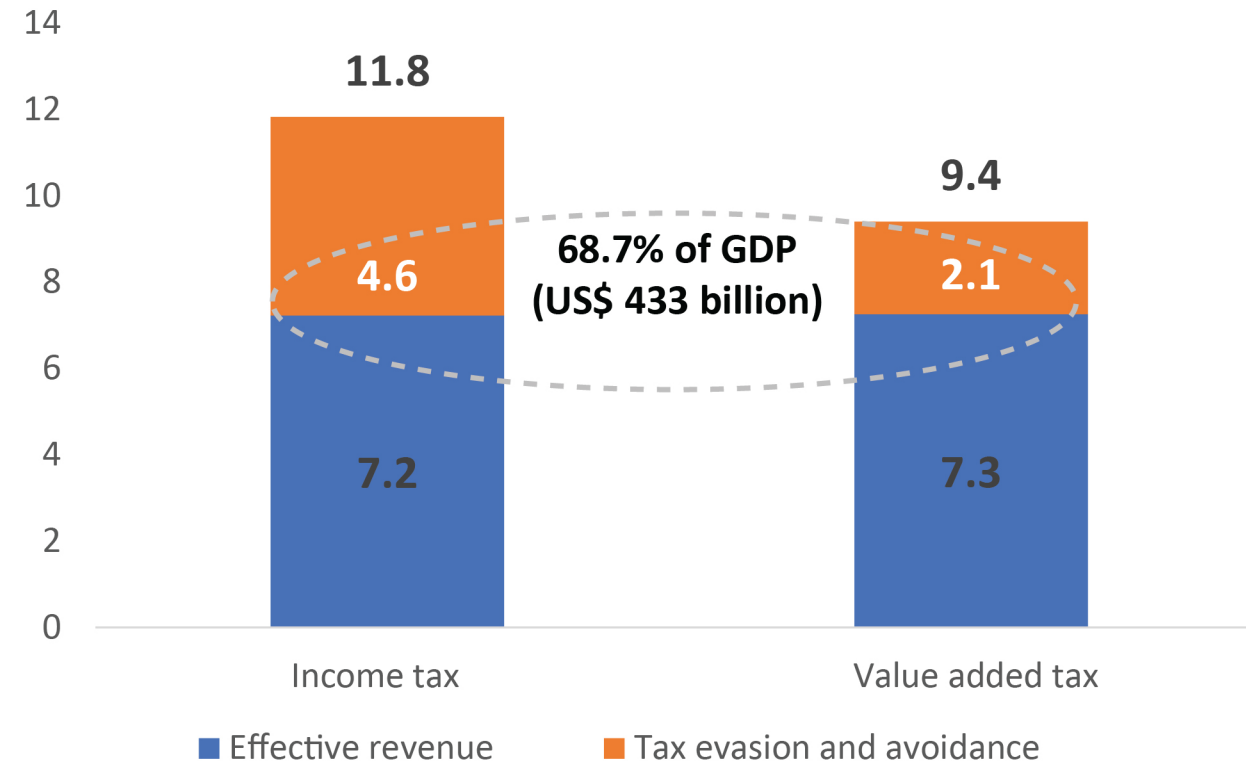
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

# Tax evasion and avoidance increase pressure on already low tax revenues

Latin America (16 countries): total central government income and tax revenue, 2019–2023 and projections for 2024  
(Percentages of GDP)



Latin America (17 countries): evasion and avoidance of income tax and value added tax, 2023  
(Percentages of GDP)

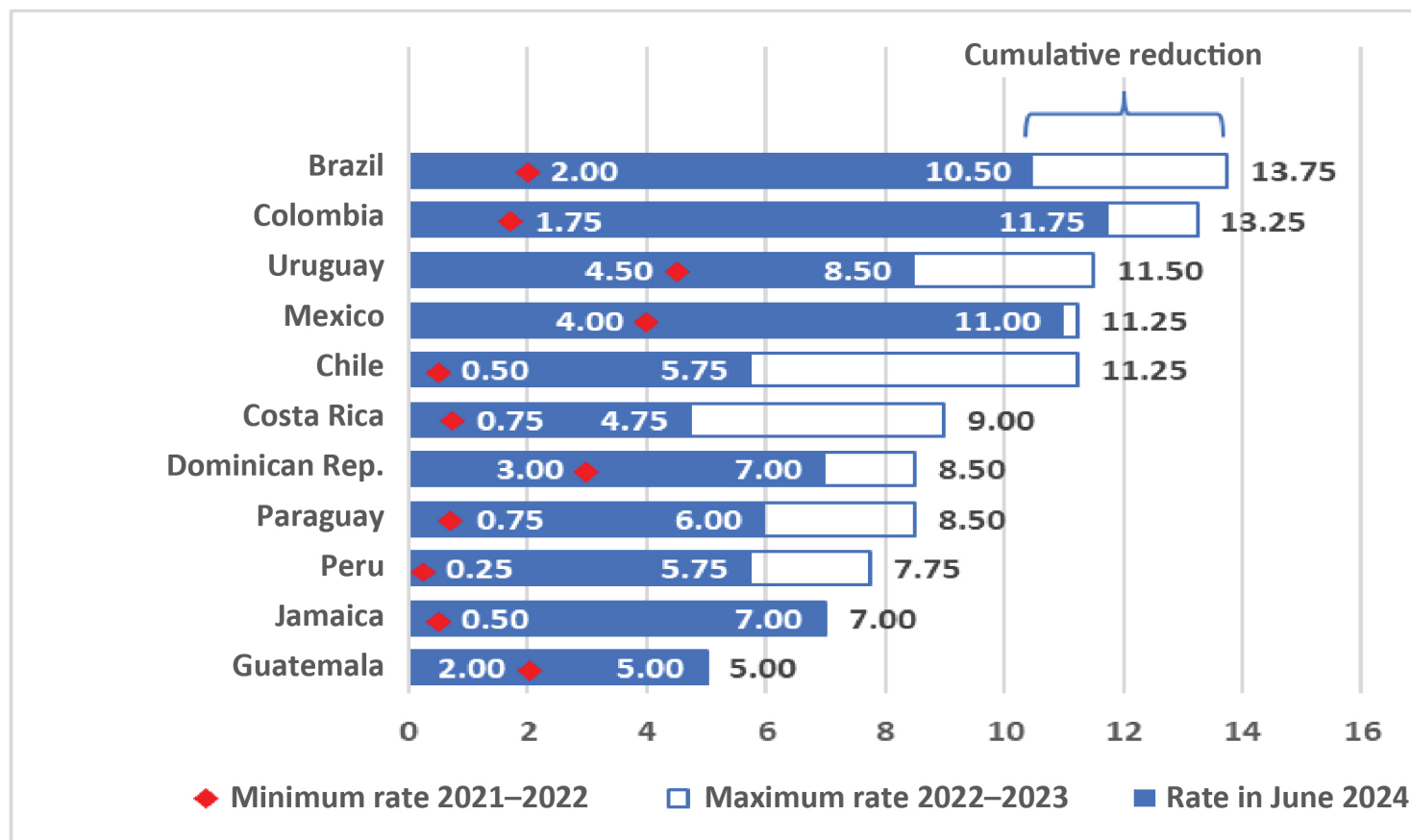


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

Note: Estimates are based on national studies of income tax and value added tax (VAT) non-compliance. The figures represent a weighted average based on GDP in dollars at current prices.

# Despite reductions in monetary policy rates, they remain high

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



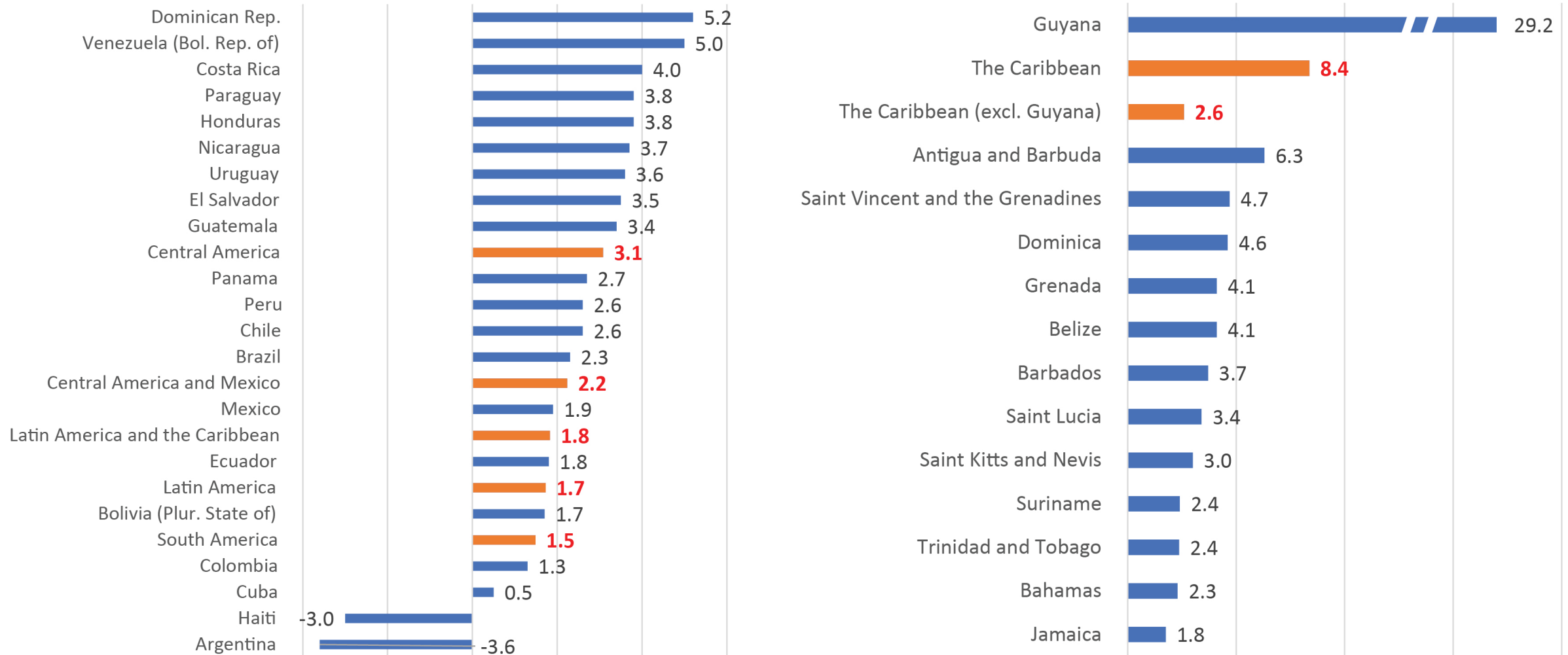
The restrictive stance has resulted in a slowdown in domestic credit since the third quarter of 2022.

United States monetary policy, expected inflation trends in the region and a stronger dollar, as well as each country's cyclical position will limit the policy space in the region.

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

# Growth of 1.8% expected in 2024

## Latin America and the Caribbean: GDP growth, 2024 (Percentages)

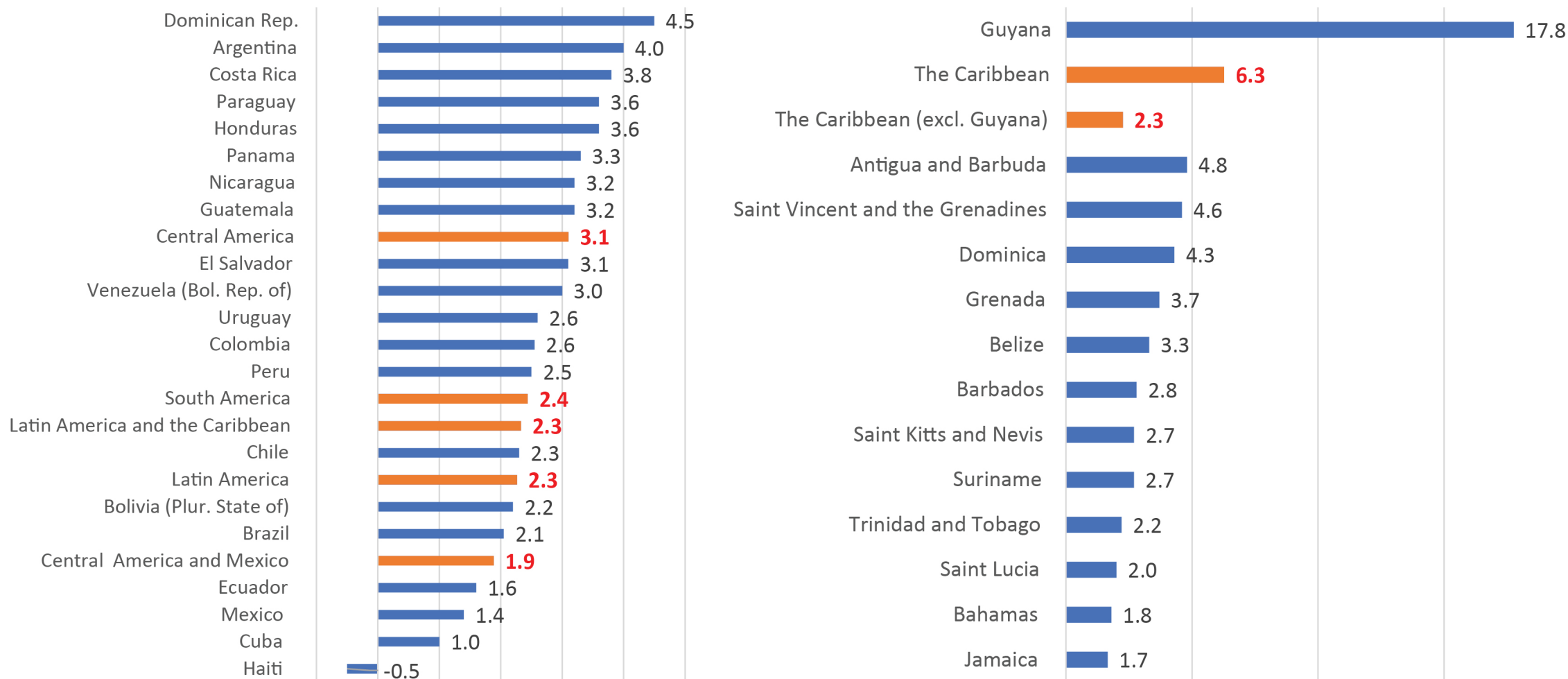


**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

**Note:** Central America includes Cuba, the Dominican Republic and Haiti.

# Growth forecast to edge up, but remain weak in 2025, at 2.3%

**Latin America and the Caribbean: GDP growth, 2025**  
(Percentages)



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

**Note:** Central America includes Cuba, the Dominican Republic and Haiti.



# Low-growth trap and employment trends

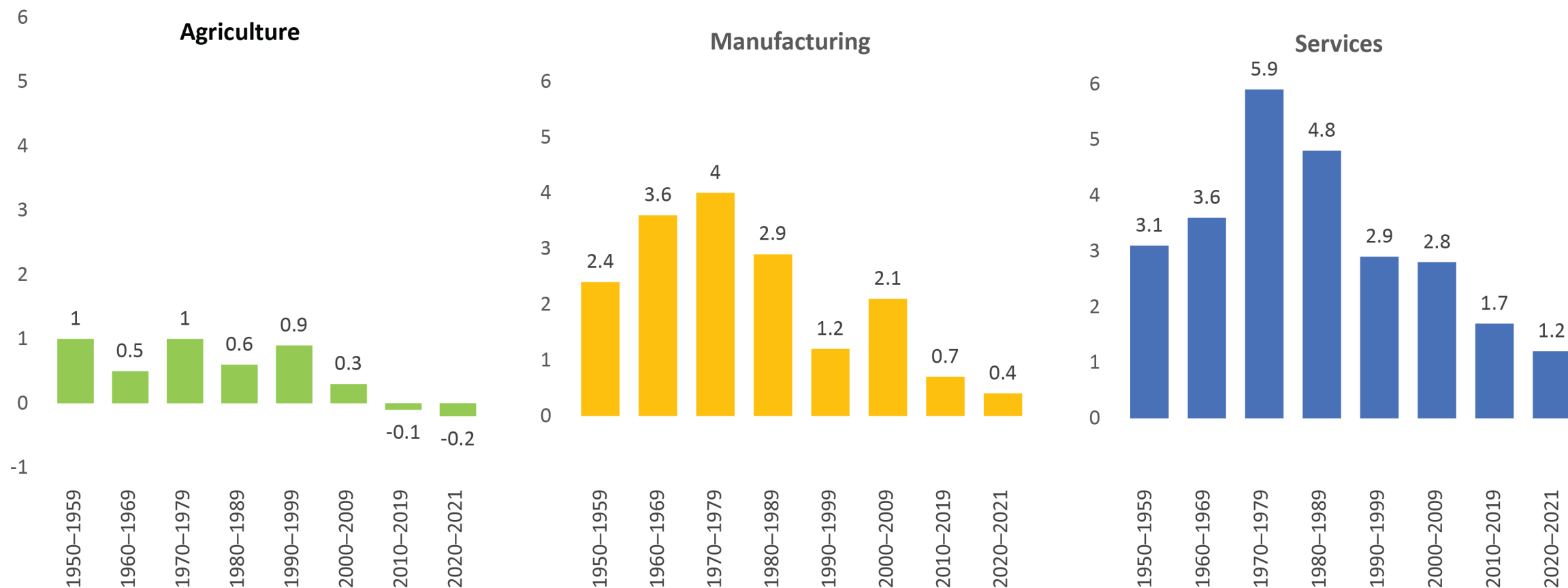
- **Employment growth and sectoral trends**

- Main findings:

- Job creation has fallen
    - Sectors with lowest productivity growth reflect strongest growth
    - Region reflects poor labour productivity

# Services sector accounts for largest share of jobs...

Latin America (17 countries):<sup>a</sup> annual average growth in number of employed persons, by decade and production sector – agriculture, manufacturing and services, 1950–2021 (Percentages)



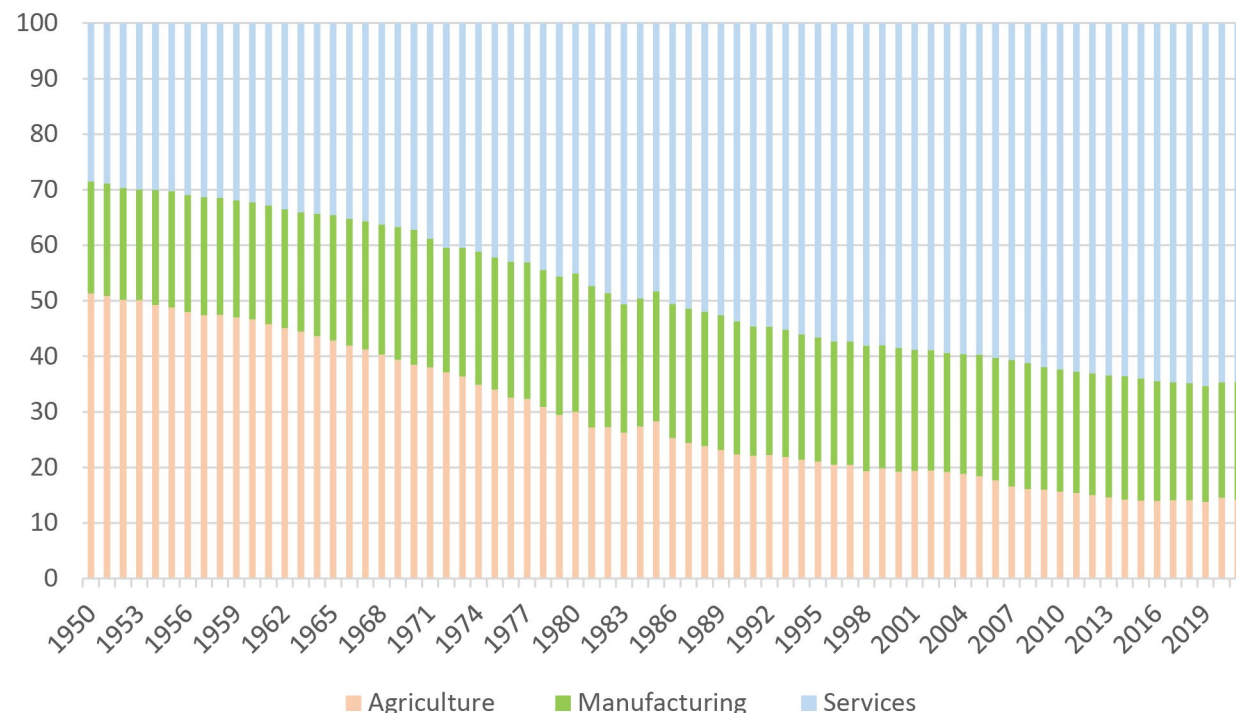
**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures from University of Groningen, Penn World Table [online database]

<https://www.rug.nl/ggdc/productivity/pwt/> and International Labour Organization (ILO).

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

# ...resulting in a larger share of services sector in employment

**Latin America (17 countries):<sup>a</sup> employment by sector, 1950–2021**  
(Percentages)



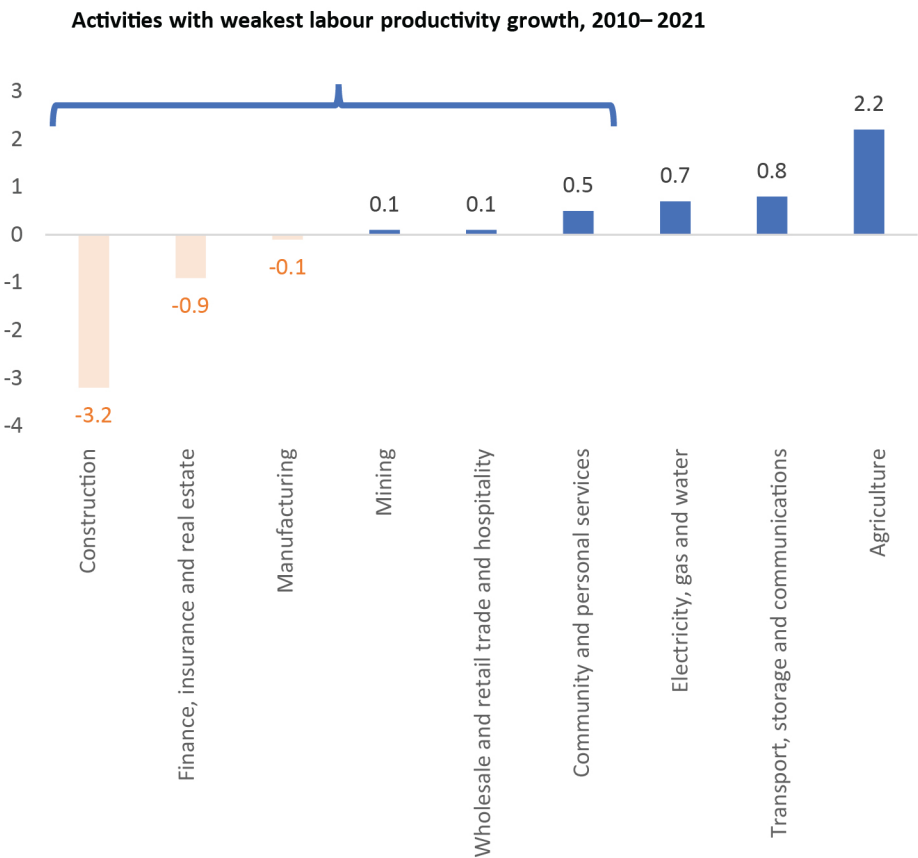
- **Services: from 28.5% in 1950 to 64.7% in 2021**
  - Wholesale and retail trade: from 9.7% in 1950 to 24.7% in 2021
  - Transport, storage and communications: from 4.2% in 1950 to 6.6% in 2021
  - Finance, insurance and real estate: from 1.6% in 1950 to 8.3% in 2021
  - Community and personal services: from 11.8% in 1950 to 25.0% in 2021
- **Manufacturing: from 20.1% in 1950 to 20.8% in 2021**
  - Mining: from 0.7% in 1950 to 0.6% in 2021
  - Manufacturing: from 14.4% in 1950 to 12.3% in 2021
  - Electricity, gas and water: from 1.0% in 1950 to 0.8% in 2021
  - Construction: from 3.3% in 1950 to 7.1% in 2021
- **Agriculture: from 49.1% in 1950 to 14.6% in 2021**

**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures from University of Groningen, Penn World Table [online database] <https://www.rug.nl/ggdc/productivity/pwt/> and International Labour Organization (ILO).

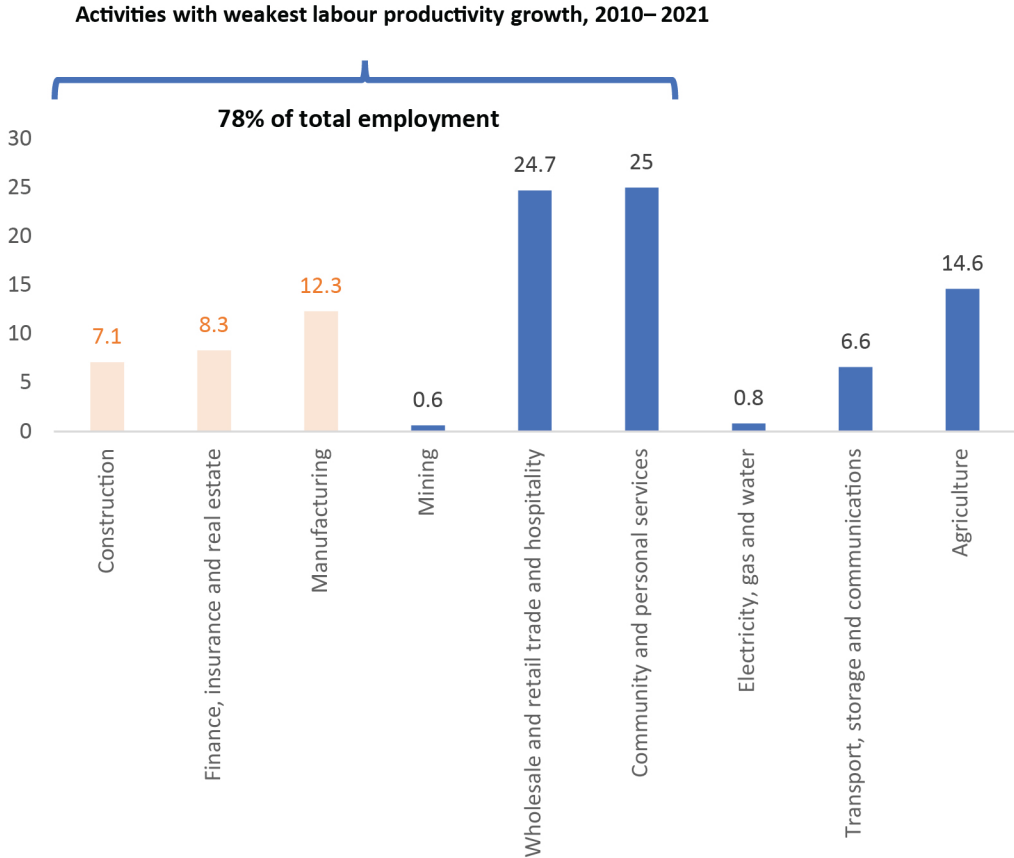
<sup>a</sup> Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay.

# Stronger demand for employment in sectors with lower productivity growth

Latin America (17 countries):<sup>a</sup> annual average labour productivity growth, 2010–2021  
(Percentages)



Latin America (17 countries):<sup>a</sup> share in total employment, 2021  
(Percentages)



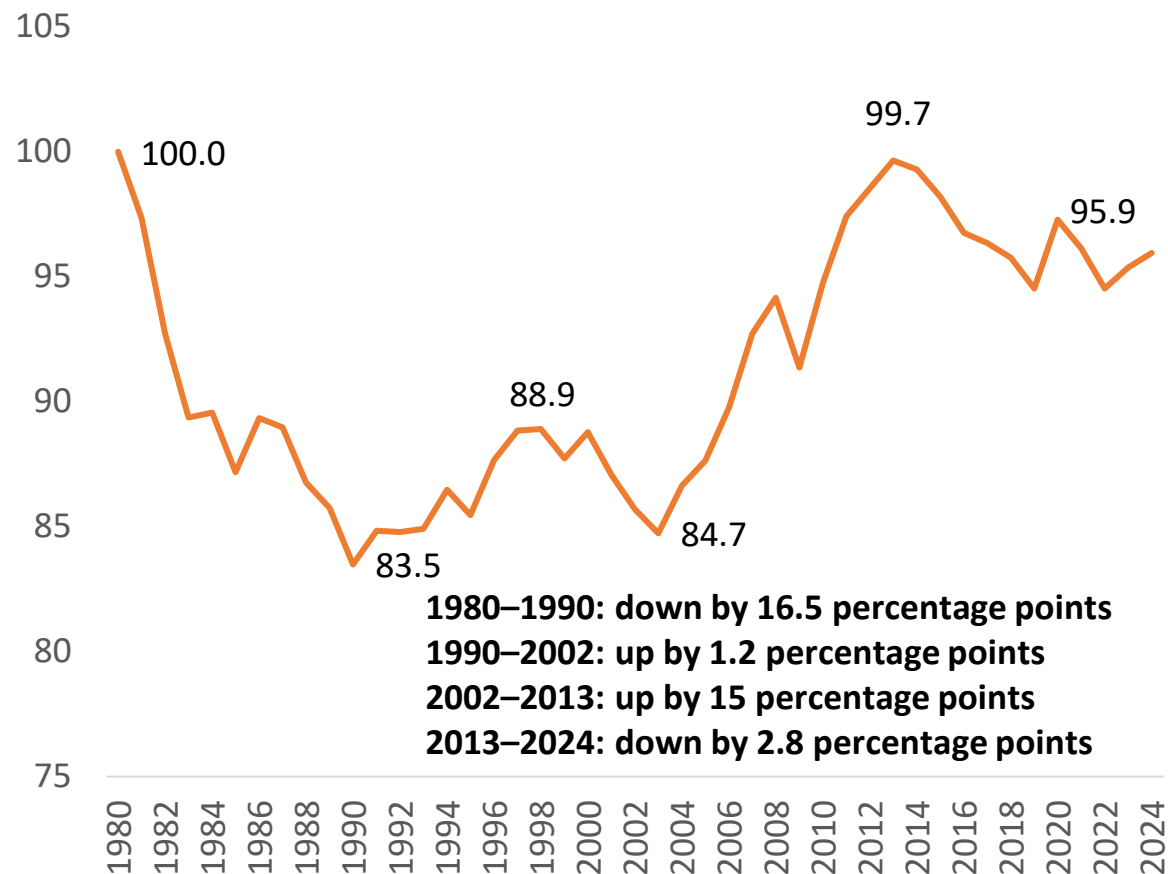
**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures from University of Groningen, Penn World Table [online database] <https://www.rug.nl/ggdc/productivity/pwt/> and International Labour Organization (ILO).

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

# This explains labour productivity trends

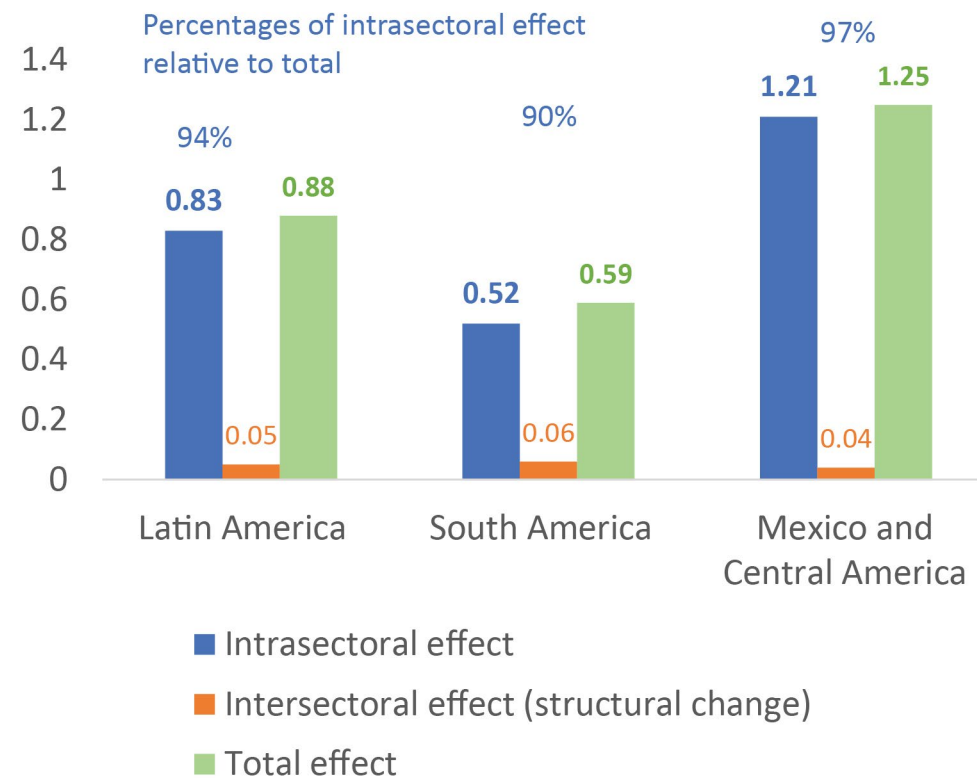
**Latin America: labour productivity, 1980–2024**

(Index: 1980 = 100)



**Latin America: breakdown of labour productivity growth, 1991–2021**

(Percentages)



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

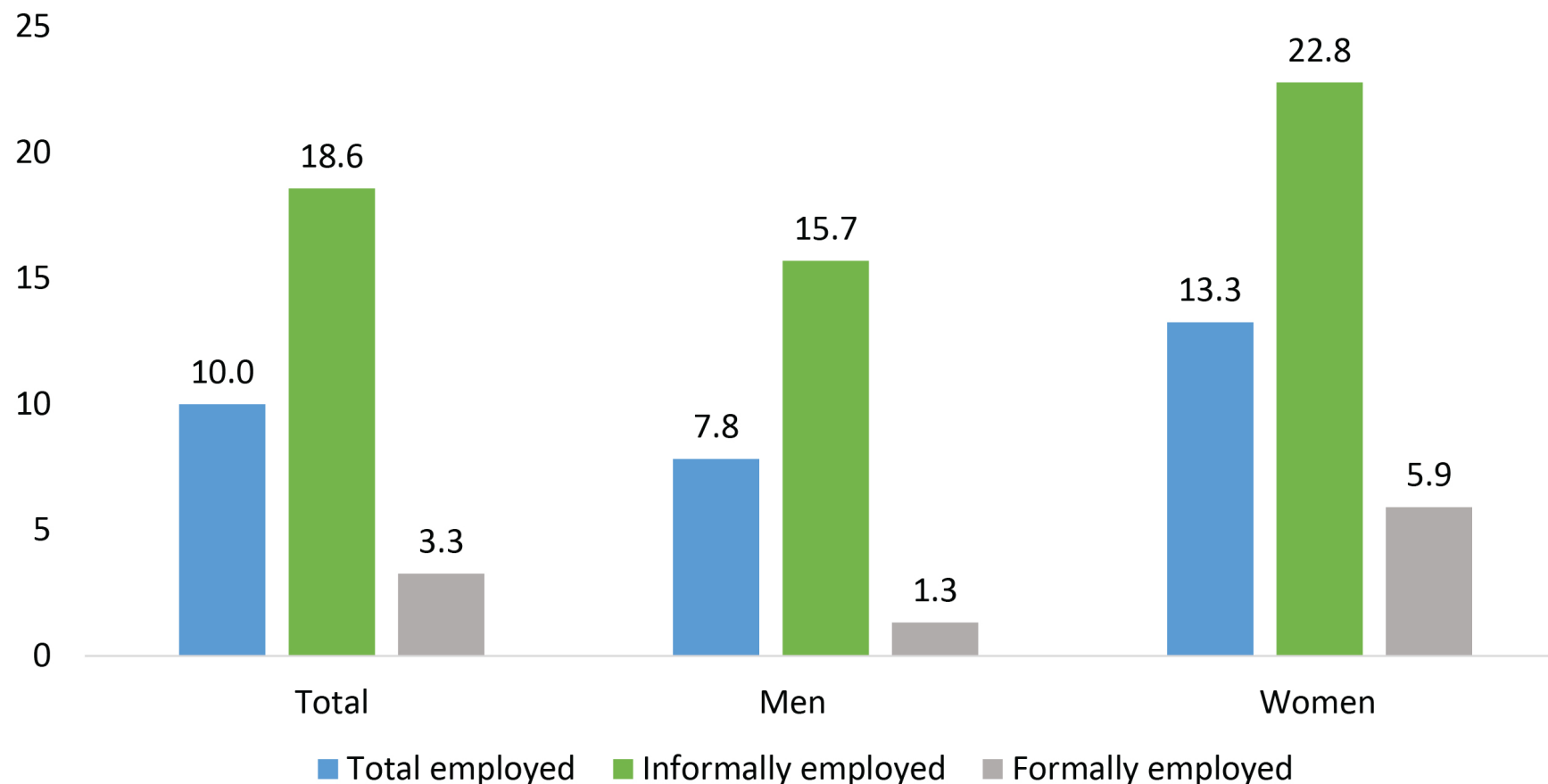
- **Informal employment in Latin America and the Caribbean: trends and determinants**

- Main messages:

- Growth in employment is being driven mainly by the increase in informal employment
- Informality is concentrated in sectors with lower growth in productivity
- Weaker economic growth results in more informality
- Higher education levels reduce the likelihood of being informally employed
- Women living in households with dependents are more likely to be informally employed

# Informal employment is driving job growth

**Latin America (14 countries):<sup>a</sup> cumulative growth in number of employed persons, by formality status and gender, between 2013 and 2022**  
(Percentages)



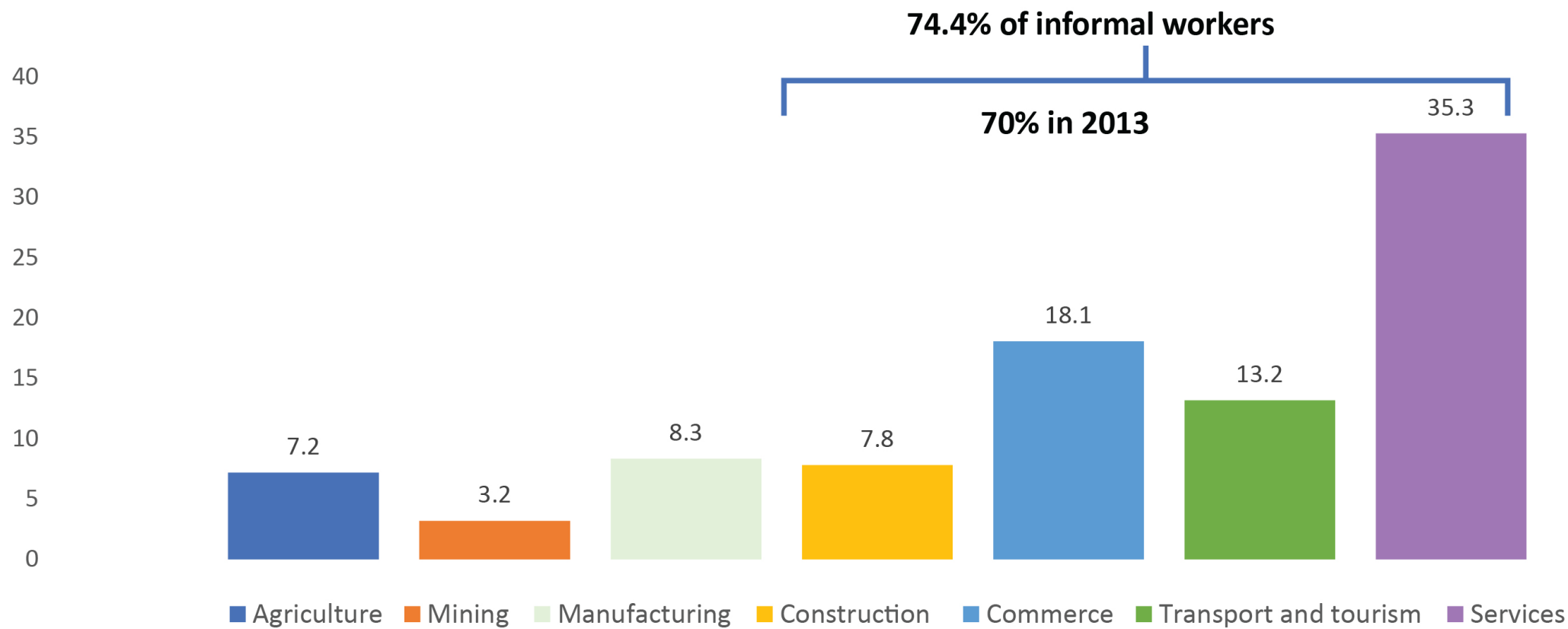
**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

<sup>a</sup> Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Mexico, Panama, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay.



# Informal employment, like total employment, is concentrated in sectors with lower productivity growth

Latin America (14 countries):<sup>a</sup> informal employment, by economic sector, 2022  
(Percentages)



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

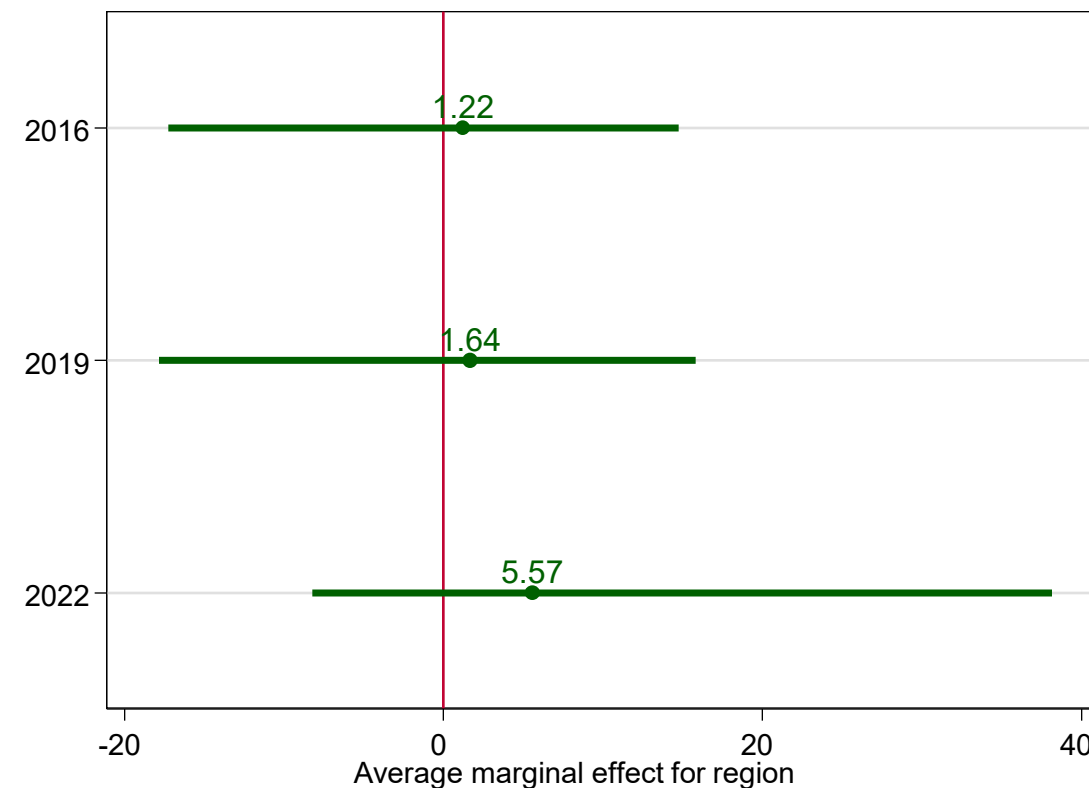
<sup>a</sup> Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Mexico, Panama, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay.

# Slowdown in GDP increases likelihood of informality

**Latin America (17 countries):<sup>a</sup> variation in GDP  
and number of employed persons, 2004–2022**  
(Percentages)

	Variation in number of employed persons			Variation in GDP
	Total	Informales	Formales	
2004–2008	2.0	0.4	4.2	4.9
2009–2014	1.4	0.5	2.4	3.5
2015–2022	1.7	2.0	1.4	0.9

**Changes in likelihood of informal employment in 2016, 2019  
and 2022, compared with 2013**

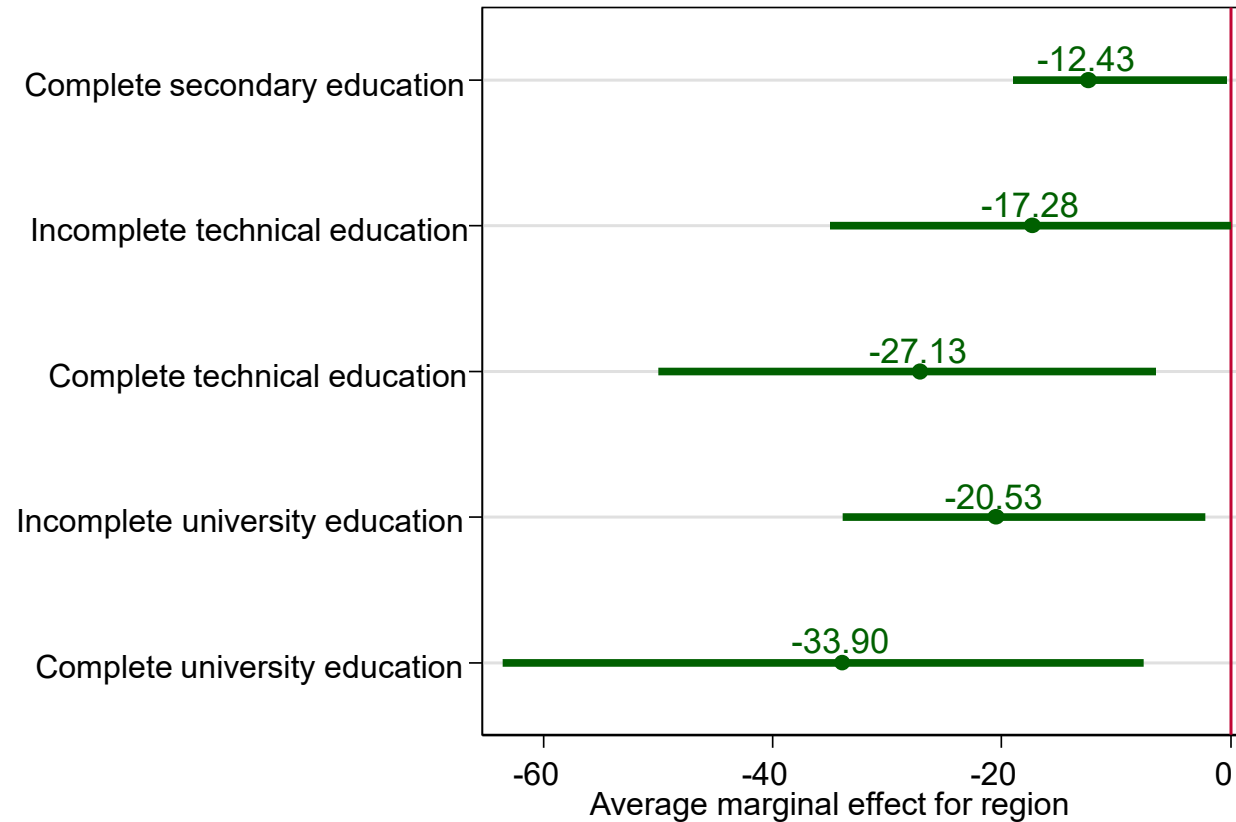


**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

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

# University and technical education reduce likelihood of informal employment

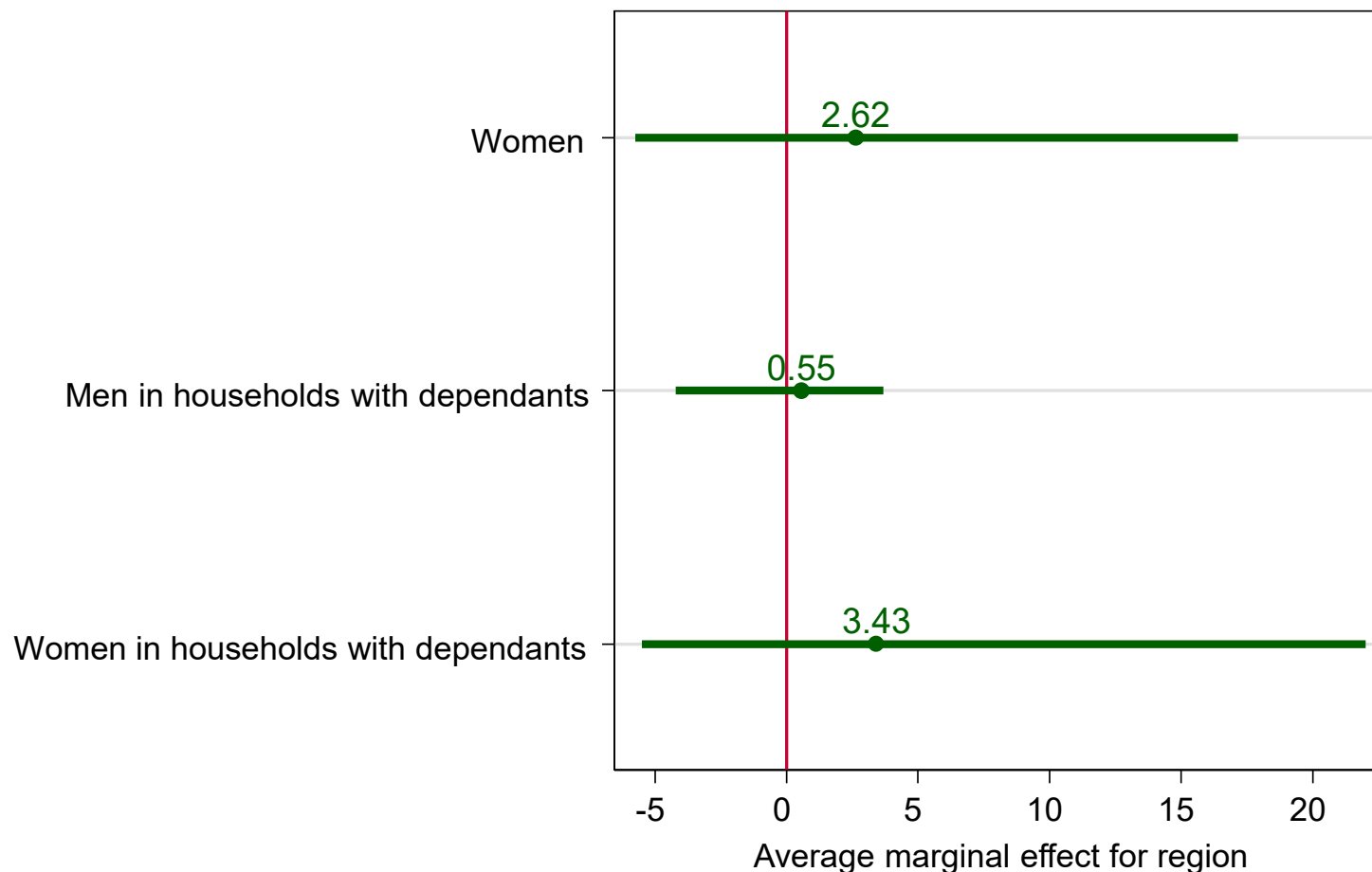
**Likelihood of informal employment on basis of education level, compared with likelihood for persons with incomplete secondary education**  
(Percentages)



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

# Women living in households with dependants are more likely to be informally employed

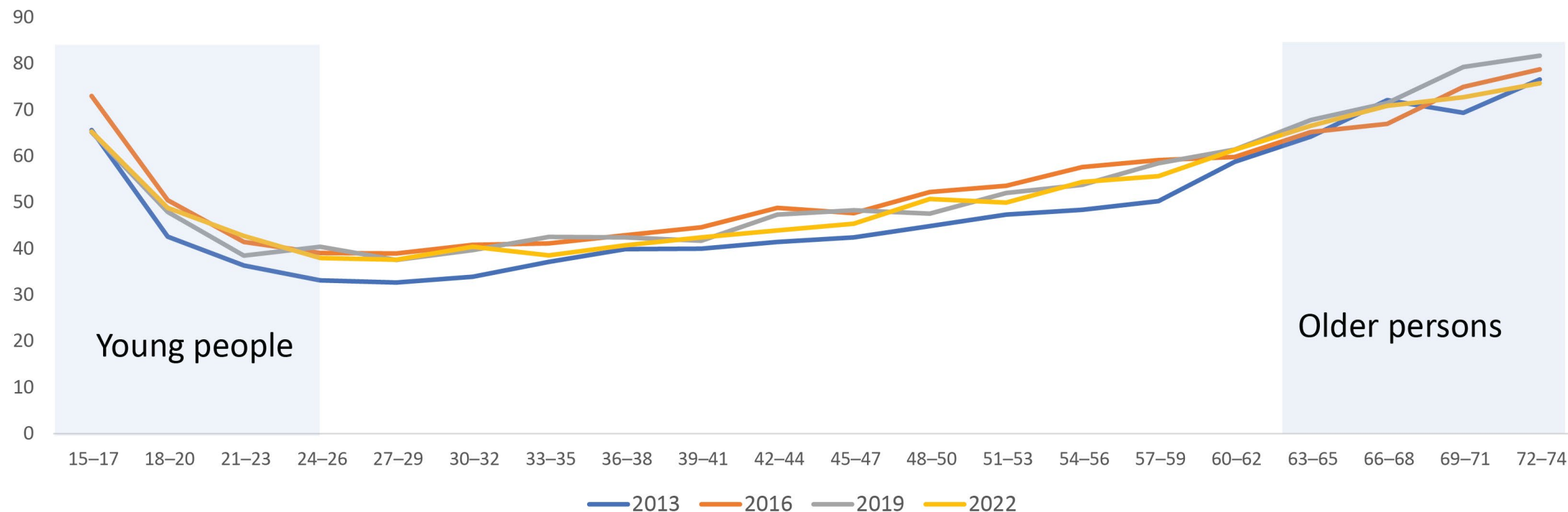
Impact of gender and presence of dependants in household on likelihood of informal employment, compared with likelihood for men in households without dependants



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

# Informality is highest among young and older persons

Latin America (14 countries):<sup>a</sup> informal employment, by age group  
(Percentage)

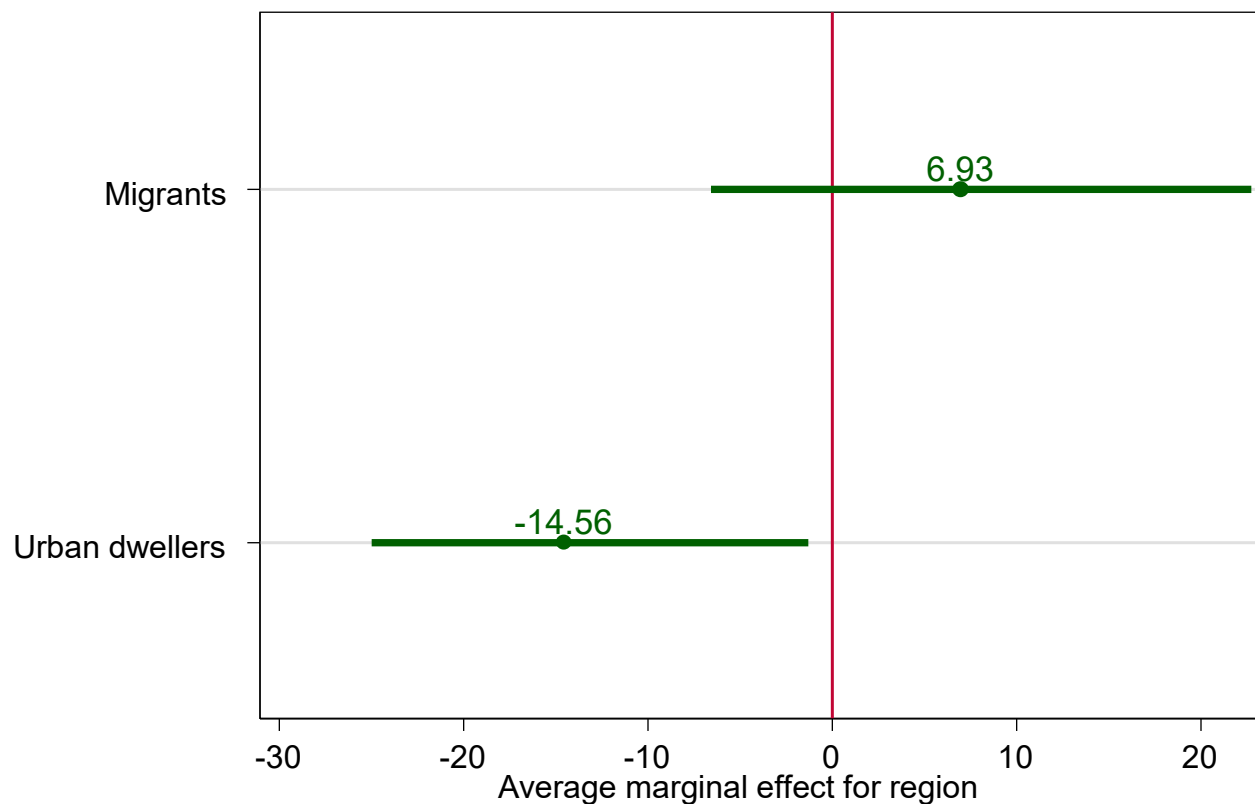


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

<sup>a</sup> Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Mexico, Panama, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay.

# Informal employment less likely among urban dwellers, but more likely among migrants

Effect of migration status and location of dwelling  
on probability of informal employment



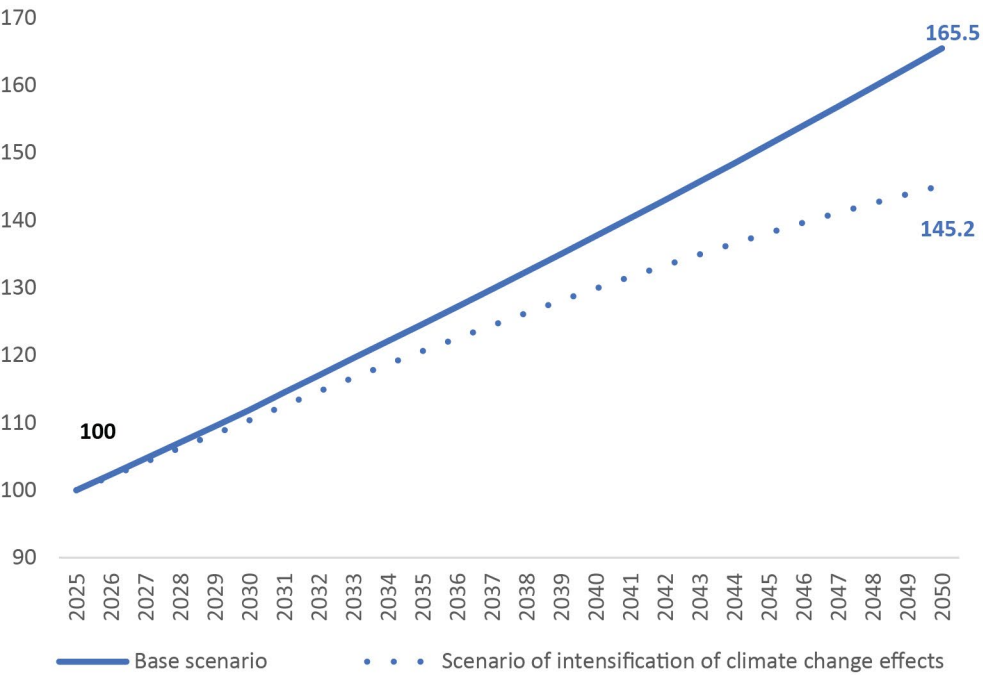
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

# Impact of climate change on job creation

# In absence of compensatory policies, negative impact on growth would lead to loss of roughly 43 million jobs (10% of labour force)

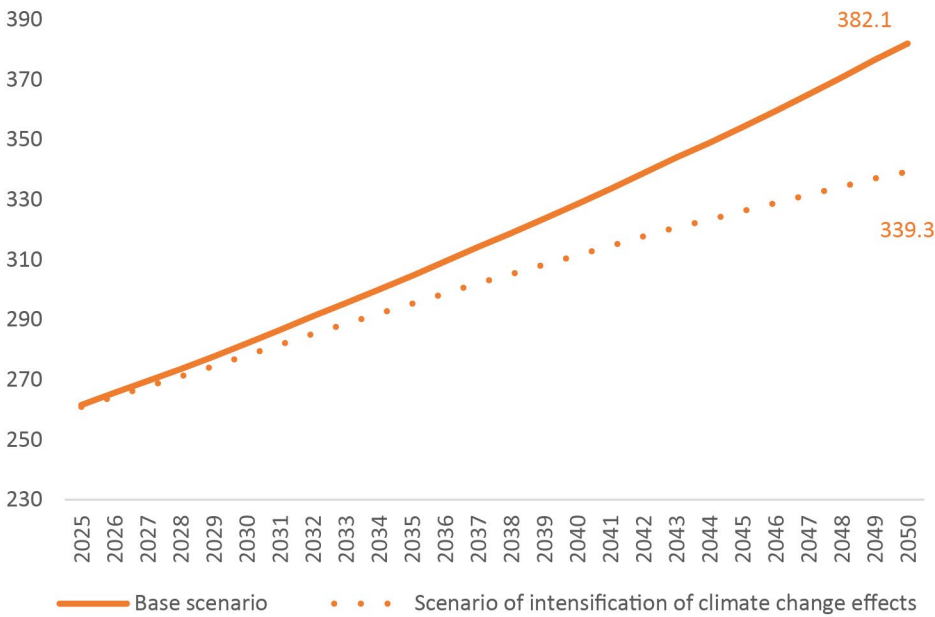
Latin America (17 countries):<sup>a</sup> climate change effects on GDP, 2023–2050  
(Index: 2025 = 100)

Relative GDP loss of 12.3% compared to base scenario



Latin America (17 países):<sup>a</sup> climate change effects on employment, 2023–2050  
(Millions of employed persons)

Relative job loss of 11.2% compared to base scenario  
42.7 million jobs



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

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



# Policy recommendations

# Addressing growth trap, increasing employment and creating higher-productivity jobs requires stronger development policies

Productive development policies aim for sophistication, diversification and virtuous structural change to boost productivity and establish more productive, inclusive and sustainable development patterns

Productive structure (sectors, chains, clusters, micro-, small and medium enterprises, and companies)

Science, technology  
and innovation

Technology extension  
services

Digital transformation

Entrepreneurship

Closure of gaps  
in human capital

Business cycle financing

Investment, including foreign  
direct investment

Specific infrastructure  
and other public goods

Specific regulatory agenda

Internationalization

Productive development with a territorial approach

Governance for productive development

**Source:** J.M. Salazar-Xirinachs and M. Llinás, “Towards transformation of the growth and development strategy for Latin America and the Caribbean: the role of productive development policies”, *CEPAL Review*, No. 141 (LC/PUB.2023/29-P), Santiago, Economic Commission for Latin America and the Caribbean (ECLAC), 2023.

# ECLAC has identified a portfolio of sectors to drive productive transformation resulting in more productive, inclusive and sustainable growth

## Industry

Pharmaceutical and life sciences industry

Medical devices manufacturing industry

Advanced manufacturing

## Services

Modern or ICT-enabled services exports

Care society

Labour-intensive services

e-government

## Big push for sustainability

Energy transition: renewable energies, green hydrogen and lithium

Electromobility

Circular economy

The bioeconomy: sustainable agriculture, genetic resources and bioindustrialization

Agriculture for food security

Sustainable water management

Sustainable tourism

Geographical rearrangement of production and value chains worldwide

**Source:** J.M. Salazar-Xirinachs and M. Llinás, “Towards transformation of the growth and development strategy for Latin America and the Caribbean: the role of productive development policies”, *CEPAL Review*, No. 141 (LC/PUB.2023/29-P), Santiago, Economic Commission for Latin America and the Caribbean (ECLAC), 2023.

# Productive development policies must be complemented by macroeconomic, labour and climate change adaptation and mitigation measures

## Macroeconomic policies

- Expand and strengthen macroeconomic policy space
- Tax policy: advance towards progressive tax structures, reduce tax evasion and improve quality and allocation of spending
- Monetary policy: complementary use of policy instruments (monetary, exchange-rate and macroprudential)

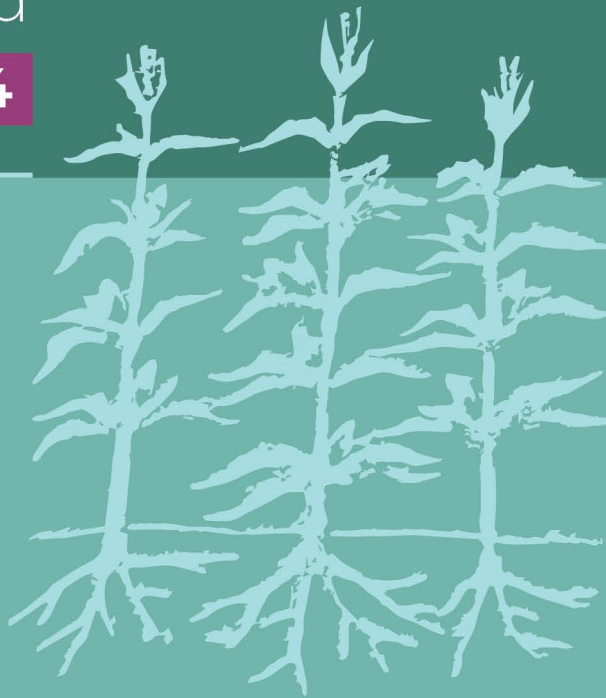
## Employment/sectoral policies

- Foster structural transition towards higher-productivity sectors
- Technical and university education that facilitate transition towards higher-productivity sectors
- The care economy harbours considerable potential to create formal jobs and spur growth
- Social programmes and active labour market policies for labour inclusion

## Climate action policies

- Environmental push and adaptation require leap in investment
- Adaptation policies with front-loaded investments
- Mitigation measures that favour energy transition
- Mobilization of timely financing at sustainable costs

# Economic Survey of Latin America and the Caribbean **2024**



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