Latin America: Current Economic Situation

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November 2004
Main Sources:
Economic Commission for Latin America (ECLA)
International Monetary Fund (IMF)
A Little Bit of History

- Economic Performance: poor growth record overall, very variable.
- Social Indicators/ Poverty/Inequality: most do not show sustained improvement.
- Development approach:
  50-70’s: Import Substitution Industrialization
  80-90’s: opening, privatizations, large K-inflows, crisis (Mexico 95, Brazil 99, Argentina 2001)
GDP Growth rates: annual averages

1951-1960
1961-1970
1971-1980
1981-1990
1991-1997
1998-2002
2003
2003-04

- Substantial Improvement.
- Good international conditions: China, US, Japan are growing, favorable export prices.
- Argentina is planning to get out of the default (early 2005), should stimulate K-inflows.
- China is playing a major role in trade and investment.
Positive Growth Estimates for 2004 are Widespread

Graph showing annual growth rates for several countries in Latin America and the Caribbean, with Venezuela at 12% and the region as a whole at 4.5%.
Annual GDP Growth Rates

- Argentina
- Brazil
- Chile
GDP Annual Growth Rate

Colombia
Venezuela
Mexico
Exports drive recovery but domestic demand improving
Capital Inflows are recovering
Unemployment still high but employment rate improving
Good performance of trading partners benefit region

GROWTH RATES 2003-2004

- United States: 2.9, 4.0
- Japan: 2.6, 4.1
- European Union: 0.7, 1.5
- China: 9.1, 7.5
Latin America’s largest exporters to China

Exports in billions of dollars

- Brazil: 6,180 billion
- Argentina: 2,700 billion
- Chile: 1,200 billion
- Peru: 600 billion
- Costa Rica: 400 billion

Total Latin American and Caribbean exports: US$ 14.927 billion
LATIN AMERICA AND THE CARIBBEAN: PRICES OF COMMODITY EXPORTS
(index: 1997=100)
Growth of intra block exports

- Latin America and Caribbean: 5.3%
- Andean Community: 16.2%
- MERCOSUR: 31.4%
- Central American Common Market: 17.2%


- South America: 20.7%
- Central America and Caribbean: 4.3%
- Mexico: 10.5%
- Total: 15.1%
Improvement in Current Account

LATIN AMERICA: CURRENT ACCOUNT AND TRADE BALANCE

As a percentage of GDP


Current account
Trade balance

-0.1 -1.5 -2.7 -3.3 -2.3 -2.2 -3.3 -3.3 -4.4 -3.1 -2.3 -2.7 -0.3 0.8
External savings are still negative. Gross investment / GDP is at its lowest level since 1970.
Fiscal situation improving
Red: Primary Balance of Central Gov.
Blue: Overall Gov. Balance
LATIN AMERICA: POVERTY AND INDIGENCE, 1990–2003 a/

Source: ECLAC, on the basis of special tabulations of data from household surveys conducted in the relevant countries.

a/ Estimates for 19 countries of the region. The figures appearing above the light-coloured bars represent the total number of poor people (indigent plus non-indigent poor).

b/ The figures for 2003 are projections.