2021

Economic Survey
of Latin America and the Caribbean

Labour dynamics and employment policies
for sustainable and inclusive recovery
beyond the COVID-19 crisis

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The *Economic Survey of Latin America and the Caribbean* is issued annually by the Economic Development Division of the Economic Commission for Latin America and the Caribbean (ECLAC). The 2021 edition was prepared under the leadership of Daniel Titelman, Chief of the Division, and coordinated by Daniel Titelman and Ramón Pineda Salazar.

Comments and suggestions were received from Alicia Bárcena, Mario Cimoli and Vianka Aliaga, and the Economic Development Division was assisted by the Statistics Division, the Division of International Trade and Integration, the Division for Gender Affairs, the ECLAC subregional headquarters in Mexico City and Port of Spain, and the Commission's country offices in Bogotá, Brasilia, Buenos Aires, Montevideo and Washington, D.C.

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The chapters of part II entitled "Labour dynamics and employment policies for sustainable and inclusive recovery beyond the COVID-19 crisis", were coordinated by Daniel Titelman, Sonia Gontero and Ramón Pineda Salazar. They were prepared with inputs by Claudio Aravena, Sonia Gontero, Ramón Pineda Salazar and Jürgen Weller, and with the collaboration of Sonia Albornoz, Emanuel Menendez and ECLAC subregional headquarters and national offices. Inputs prepared by Cristina Fernández, Matías Gómez, Angel Martín Caballero, Jesisbé Mejía, Javiera Ravest, María Eugenia Rodríguez, Juan Manuel Salazar-Xirinachs, Evelyn Vezza and Omar Zambrano were also used.

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United Nations publication
ISBN: 978-92-1-122075-9 (print)
ISBN: 978-92-1-005567-3 (pdf)
ISBN: 978-92-1-358310-4 (ePub)
Sales No: E.21.II.G.2
LC/PUB.2021/10-P/Rev.1
Distribution: G

Printed at United Nations, Santiago
S.21-00607

Explanatory notes:

- Three dots (...) indicate that data are not available or are not separately reported.
- A dash (-) indicates that the amount is nil or negligible.
- A full stop (.) is used to indicate decimals.
- The word "dollars" refers to United States dollars, unless otherwise specified.
- A slash (/) between years (e.g. 2013/2014) indicates a 12-month period falling between the two years.
- Individual figures and percentages in tables may not always add up to the corresponding total because of rounding.

This publication should be cited as: Economic Commission for Latin America and the Caribbean (ECLAC), *Economic Survey of Latin America and the Caribbean, 2021* (LC/PUB.2021/10-P/Rev.1), Santiago, 2021.

CONTENTS

Tables

Figures

Boxes

Presentation and executive summary

Presentation

The 2021 edition of the *Economic Survey of Latin America and the Caribbean*, its seventy-third issue, consists of three parts. Part I outlines the region's economic performance in 2020 and analyses trends in the early months of 2021, as well as the outlook for growth for 2021 and 2022. It examines the external and domestic factors that have influenced the region's economic performance in 2020, trends for 2021, and how these factors will affect economic growth in the coming years.

Part II of this edition analyses the impact of the crisis caused by the coronavirus disease (COVID-19) pandemic on the region's labour markets, with a comparison of historical trends, and particular emphasis placed on the disproportionate effect of the pandemic on female and youth employment. It also presents the outlook for regional labour markets amid profound technological transformations, highlighting the policy challenges arising therefrom, and examining the risks and opportunities related to the introduction of new technologies. It also looks at the challenges and characteristics of digital platform work and teleworking. Lastly, it gives an overview of the labour policies implemented since the start of the crisis and identifies the main policy challenges for the region if it is to achieve a transformative recovery with decent work.

Part III of this publication may be accessed on the website of the Economic Commission for Latin America and the Caribbean (www.eclac.org). It contains the notes relating to the economic performance of the countries of Latin America and the Caribbean in 2020 and the first half of 2021, together with their respective statistical annexes. The cut-off date for updating the statistical information in this publication was 30 July 2021.

Executive summary

A. The economic situation and outlook for 2021 and 2022

Global growth is projected at close to 6% for 2021 and 4.5% for 2022. However, the economic outlook shows growing divergences between countries, reflecting significant asymmetries in access to vaccines —which significantly hinders a rapid normalization of economic activity— and asymmetries in countries' capacity to maintain expansionary fiscal and monetary policies. As long as the severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2) continues to circulate globally, recovery remains uncertain, even in countries with high vaccination rates.

In 2021, the group of developed economies is expected to grow by 5.5%, with the United States growing by almost 7%. The eurozone should grow by 4.7%, Japan by almost 3% and the United Kingdom by about 7%. In the group of emerging economies, which are expected to grow by 6.2% this year, China and India should be in the forefront with growth of 8.4% and 9.2%, respectively. However, some developing subregions such as the Middle East and North Africa (4% growth) and sub-Saharan Africa (3.4%) are expected to be less buoyant.

In 2022, the world economy is expected to grow by an average of 4.5%. Developed economies are forecast to grow by 4.2% owing to rapid progress with vaccination and increased fiscal stimulus in the United States, while emerging economies are expected to expand by 5.0%, once again led by emerging and developing Asia (6.4%), including China and India.

The growth in developed economies is owed more to the significant fiscal efforts made in 2020 and the continuation of stimulus packages in 2021 than to improvements on the health front. In 2020, the advanced economies mobilized US$ 6.3 trillion in spending and tax relief measures and US$ 5.2 trillion in liquidity instruments (an average of 12.7% and 11.3% of GDP, respectively) to mitigate the economic and social effects of the pandemic. In emerging countries, meanwhile, the fiscal policy response was smaller, at only 4% of GDP in additional spending and tax relief.[1]

The fiscal packages approved in developed economies have sought not only to mitigate the effects of the pandemic in the short term but also to lay the foundations for recovery and subsequent growth. The European Union approved a Multiannual Financial Framework worth 1.8 trillion euros for the period 2021–2027, which is about double the resources of the previous Multiannual Financial Framework. The 2021–2027 framework includes a new temporary facility (NextGenerationEU) to finance an ambitious economic recovery plan worth roughly 750 billion euros. The United States approved the American Rescue Plan Act of 2021, which involves stimulus funding of US$ 1.9 trillion to pay for immunization, strengthen health-care networks, provide economic relief for families, extend unemployment insurance benefits and maintain support for businesses. This stimulus plan, on top of those implemented in 2020, brings the United States fiscal response to COVID-19 to about 25% of GDP.[2]

The effects of the COVID-19 pandemic crisis have also been far from symmetrical. While more than 140 million jobs were lost globally in 2020, global wealth grew by 7.4% owing to burgeoning stock markets, rising real estate values, low interest rates

[1] See Economic Commission for Latin America and the Caribbean (ECLAC), *Fiscal Panorama of Latin America and the Caribbean, 2021* (LC/PUB.2021/5-P), Santiago, 2021 and International Monetary Fund (IMF), *Fiscal Monitor: A Fair Shot*, April 2021.

[2] In addition, there is a US$ 1.2 trillion bipartisan infrastructure deal, which includes US$ 550 billion in new spending, outlining a plan for investment over the next eight years. At the time of writing, the bill was still under debate.

and unplanned savings resulting from the lockdown periods. However, the increase was not uniform: while wealth grew by 12.4% in Canada and the United States, 9.2% in Europe and 4.4% in China, it fell by 4.4% in India and by 11.4% in Latin America and the Caribbean. There are also marked differences between countries in access to vaccines, with vaccine procurement highly concentrated in the more developed countries, as reflected in 53.0% of the population in the United States and Canada and 55.6% in the European Union having completed their vaccination schedule as of 22 August 2021, compared to a global figure of just 24.5%. In the case of Latin America and the Caribbean, the figure was 24.8% (26.8% in South America, 22.4% in Central America and Mexico and just 5.8% in the Caribbean).[3]

Global economic growth is subject to uncertainties that could have direct effects on growth in Latin America and the Caribbean. Added to the unknowns related to the evolution of the pandemic, such as the slow roll-out of vaccination worldwide —which could leave room for further mutation of the virus making it difficult to control— are those that could result in an adjustment of expansionary policies in developed countries. Financial conditions could be tightened on the back of a reassessment of the monetary policy outlook in advanced economies should inflation expectations rise more rapidly than anticipated. These factors would imply greater restrictions in the economies of the region, limiting their recovery capacity.

World trade mirrored global GDP trends and grew at double-digit year-on-year rates in the first four months of 2021, mainly because the same months of 2020 provide a very low base for comparison. For this reason, these rates are expected to moderate over the course of the year, with trade volumes projected to grow by an average of 8% in 2021.

The recovery in trade is being accompanied by rising prices for the region's commodity exports, with prices some 38% higher on average in 2021. Energy —primarily oil —prices are projected to be 58% higher in 2021 than their averages in 2020; the same goes for metal and mineral prices and agrifood prices, which are expected to be up 38% and 20%, respectively, in 2021. Their dynamics are largely explained by higher global demand and, in the case of agricultural products, also by supply-side issues.

So far this year, financial markets have been bolstered by improved global economic activity, increased fiscal stimulus and progress in pandemic control and vaccination, particularly in the United States and Europe.

Global liquidity has remained high; central banks in the major developed economies have kept rates at historically low levels and continued their asset purchase programmes, thereby expanding their balance sheets, albeit at a slower pace in recent months. As a result, global liquidity continued its upward trend in 2021, to the benefit of equity and bond markets, which have consolidated their position as the main provider of cross-border liquidity globally (53% of the total in the last quarter of 2020).

The greater importance of the private capital market has its counterpart in an increase in external government and non-financial corporate sector debt in developing economies, including those in Latin America and the Caribbean. This leaves them vulnerable to changes in international conditions, in particular in perceptions of risk and variations in nominal exchange rates. In Latin America and the Caribbean, as in other developing regions, there is currency mismatch in the non-financial corporate sector, and more than 30% of firms (based on a sample of 23,820 firms) are in a financially fragile position.

Capital markets are highly sensitive to international financial conditions and to perceptions of risk in issuing countries, making them extremely volatile and liable

[3] As of 22 August or latest figures available, calculated on the basis of information from Our World in Data [online] www.ourworldindata.org.

to sudden reversals. The countercyclicality displayed by capital markets may not last through time, leaving Latin America and the Caribbean in a more vulnerable position.

In this context, multilateral action has a key role to play in reducing asymmetries and bolstering prospects for inclusive and sustainable growth. Equitable access to vaccines is one area of multilateral cooperation; another is facilitating concessional financing without conditionalities for financially constrained economies, including middle-income countries, to access global liquidity. The International Monetary Fund (IMF) allocation of special drawing rights (SDRs) equivalent to US$ 650 billion, that became effective in August, will help to increase global liquidity in a more expeditious and sustainable manner that is less costly and available to all IMF member countries, as it is intended to increase reserve assets for all countries and alleviate liquidity constraints.

The new SDR issue was distributed to IMF members according to their quota shares, meaning that developed countries received 58% (US$ 375 billion), with the remainder going to developing and emerging economies. In this regard, the new SDR issue will strengthen the external position of developing countries and, in the case of Latin America and the Caribbean, the smaller and more debt-burdened economies, including some Caribbean countries. In order to balance the quota-based distribution, it has been proposed to recycle SDRs from developed to developing economies.

The new SDR issue should be accompanied by institutional reform of the multilateral debt architecture with the creation of a multilateral debt restructuring mechanism and the establishment of a multilateral credit rating agency, innovative instruments that link countries' repayment capacity to their exposures and vulnerability to natural disasters (such as the case of hurricane clauses) or to the ups and downs of the business cycle (such as income-linked bonds or GDP), and the issuance of social and sustainable bonds by emerging economies. Added to these are initiatives such as the proposal by Costa Rica to create a solidarity fund financed by high-income countries, to be called the Fund to Alleviate COVID-19 Economics (FACE).

Growth projections for 2021 for the countries of Latin America and the Caribbean, as in other countries around the world, have been revised upwards. After having registered the largest contraction since 1900 (-6.8%) and the worst performance of any developing region in 2020, Latin America and the Caribbean should see a growth rate of 5.9% for 2021 and of 2.9% for 2022. While the region's growth pattern in 2021 can be attributed to improved external conditions, the gradual opening of economies and the easing of physical distancing measures, it primarily reflects the low basis for comparison due to the fall in 2020.

A growth rate of 5.9% in 2021 will not be sufficient to bring GDP back to the level recorded in 2019: this would be achieved in only 9 of the 33 countries in the region; with a projected average growth rate of 2.9% for 2022, a further 5 countries would regain 2019 levels. Beyond the growth expected in 2021, one of the great challenges for the region is the ability to maintain sustainable and inclusive growth in the coming years. This is no small challenge considering the already low growth in the region prior to the crisis: in 2014–2019, growth averaged 0.3%, one of the weakest six-year runs since records began, comparable only to those that spanned World War I and the Great Depression. Furthermore, the underlying structural problems that have hindered growth over the last four decades persist.

Negligible growth prior to the crisis, coupled with the contraction of 2020, resulted in record declines in employment, unprecedented increases in unemployment, falling incomes and increases in poverty and inequality that further exacerbated the region's pre-existing structural problems. The 2020 crisis also accentuated the region's uneven production structure, and led to numerous closures of micro-, small and medium-sized enterprises and the destruction of human capital and employment, compounding the region's poor performance in investment.

Investment has been falling steadily in the region, reaching its lowest level in the last three decades in 2020 (17.6% of GDP). As a share of GDP, investment is lower in Latin America and the Caribbean than in any other developing region or developed country. In the second quarter of 2020, total investment fell by 23.4% year-on-year in real terms. This slump was widespread in the region and persisted through the second and third quarters of that year. The increase observed in the first quarter of 2021 is explained mainly by the positive variation in stocks, which have accumulated owing to lack of demand. The challenges for investment involve not only increasing its level, but also targeting employment-intensive sectors that contribute to environmental sustainability and productivity gains.

The upturn in 2021 has been driven by more flexible domestic supply-side conditions in countries as the easing of restrictions has led to greater mobility of people; higher domestic demand, thanks to fiscal and monetary policy; and positive global economic trends, particularly in the United States and China, as well as the significant rebound effect given the low basis for comparison in 2020.

Remittances have contributed significantly to the region's growth. Migrant remittance flows to the region rose by 32% in the first few months of 2021 compared to the same period in 2020. This is a result of the ongoing economic recovery in the major economies of origin, and of a reduced inflow of remittances during the second quarter of 2020. Taking this into account, the growth rate can be expected to slow over the course of the year. In Mexico, remittances to June 2021 were up 22% year-on-year.

As a result of commodity price trends, the terms of trade are also expected to increase in 2021 for commodity exporters. In the South American subregion, which is a net exporter, these are projected to grow by almost 12%, while the opposite is true for Central America, a net importer of fuels and also —in some countries— of food, where the terms of trade are expected to worsen by 1% this year. In the Caribbean (excluding Trinidad and Tobago), a decrease of 4% is expected, since this subregion is also a net importer of energy and food.

In the first quarter of 2021, total financial flows to the region rose compared to the previous quarter, in line with the favourable global financial conditions. Positive flows are also expected for the second quarter of the year in the region. This is explained by lower financial volatility, a greater appetite for risky assets and relatively greater control of the pandemic and its economic effects.

In 2020, total bond issues in international markets by Latin American countries grew by 22.5%, driven by sovereign issues (45% of the total), while corporate sector issues accounted for 26% of the total in 2020. In the first half of 2021, bond issues grew by 3% compared to the year-earlier period, with sovereign bond issues reflecting modest growth and corporate bond issues doubling. This highlights the growing importance of social and sustainable bond issues to finance social and green projects, which will result in interest rate hikes if their medium- and long-term goals are not achieved.

The dynamism in sovereign bond issues reflects good financial conditions with low sovereign risk, which allow for lower interest rates. Indeed, the sovereign risk index, as measured by the Emerging Markets Bond Index (EMBI), has declined to values similar to those recorded before the pandemic. After rising in the early months of the pandemic, the EMBI has declined steadily to 380 basis points in June 2021 for Latin America. There is a large group of countries in the region with EMBI values below 500 basis points.

By the first quarter of 2021, 41% of the economic activity lost in 2020 had been recovered. Economic activity recorded the biggest drop in the second quarter of 2020, when it declined by 15.4% year-on-year, while the first quarter of 2021 shows a contraction of just 0.2% year-on-year.

The pace of recovery in the countries of the region has been very mixed. While some continued to reflect declines in the first quarter of 2021 compared to the same quarter of 2020, others recorded positive GDP growth rates. Growth was negative in the first quarter of 2021 in 5 of 18 Latin American economies, increased slightly in 8 (growth of less than 3%) and exceeded 3% in just 5.

Sectors such as hotels, restaurants and other services have been hard hit by the crisis, which also had a very intense, but mixed, impact on wholesale and retail trade. Lockdown measures also implied a drastic decrease in activity for part of the transport sector, although essential services remained active. Some sectors, such as agriculture and basic services, were extremely resilient, and others, such as manufacturing, recovered quickly from downturns. These were the only sectors to show positive year-on-year growth rates in the first quarter of 2021.

Investment was the only component of spending that contributed to GDP growth in the first quarter of 2021. By contrast, in the same quarter, total consumption continued to weigh on growth given its decrease of 1.6% compared to the year-earlier period, which indicates five quarters of negative growth rates. This poor performance derived from the slow recovery of jobs lost, as 12.3 million jobs have yet to be recovered to return to pre-pandemic employment levels, and from declining real wages. In the same period, investment reflected a significant and widespread increase, up 11% over the same quarter of the previous year, because of the resumption of construction work in spite of lockdowns, and the increase in the use of machinery and equipment, which has led to growth in demand.

As discussed in part two of this *Economic Survey*, the COVID-19 pandemic crisis had a much greater impact on the labour market than previous crises, with bigger job losses, declines in labour participation and increases in unemployment. For various reasons, the crisis weighed most heavily on female employment and on the most vulnerable groups, such as young people, migrants and less educated workers. Between 2019 and 2020, the number of people in employment fell by almost 25 million, including about 13 million women. This resulted in a female unemployment rate of 11.9%, up from 9.3% in 2019. Meanwhile, the unemployment rate for men in 2020 was 9.3%, compared with 6.9% in 2019. These unemployment levels would have been higher if many workers had not withdrawn from the labour market. The female participation rate fell from 51.4% in 2019 to 46.9% in 2020, while the male participation rate decreased from 74.7% to 69.6%. This decline in the female participation rate brought it back to a level similar to that of 2001.

Despite the increase in the number of employed, by the first quarter of 2021 the region had only recovered 58% of the jobs lost during the crisis. For 2021 as a whole, the labour participation rate is expected to rise by 3.4 percentage points, from 57.7% in 2020 to 61.1% in 2021. However, this increase is expected to be greater for men than for women: while participation among men is projected to return to levels similar to those seen prior to the crisis, among women these rates are expected to be similar to those recorded in 2008, equivalent to 49%.

The slow increase in employment levels and higher participation rates suggest that unemployment will be higher in 2021, with the rate forecast to rise to 11%, than in 2020 (10.5%). As with participation rates, when broken down by sex, women appear to be worse off, since their unemployment rate is 12.7%, three percentage points higher than that of men (9.7%).

As already noted, beyond the recovery in 2021, economic growth is likely to remain sluggish in the coming years, which will not support a rapid recovery in employment or improvements in employment quality. Therefore, policies to drive the creation of

high-quality jobs will be essential. These should focus on strengthening employment among the groups most affected during the crisis, including women, young people and migrants. It is also necessary to support the productive sectors with the greatest potential for job creation and labour market formalization. In the medium term, these challenges will be even bigger if the region fails to break the pattern of weak growth seen before the COVID-19 crisis.

In 2020, fiscal policy proved to be a key economic policy tool to address the crisis caused by the COVID-19 pandemic. The countries of the region announced major fiscal packages, averaging 4.6% of GDP, to strengthen public health systems, support household incomes and protect the production structure. These efforts pushed public spending up to historic levels in Latin America. At the same time, public revenues contracted sharply, as a result of shocks to private consumption and gross national income. Taken together, these trends led to large fiscal deficits and a significant increase in public debt.

There have been signs of improvement in the region's fiscal situation in 2021. The revival of economic activity and higher prices for non-renewable natural resources are driving a recovery in public revenues in Latin America, which is reflected in an increase in receipts for the main taxes, such as value added tax and income tax, in the first half of 2021. In some countries, particularly where mining is a major industry, tax revenues from non-renewable natural resources have boosted total revenues considerably. In the Caribbean, government revenues are also projected to improve in 2021.

Official country projections indicate weaker growth in public spending as a percentage of GDP for Latin America. In the first half of 2021, spending on current transfers and subsidies declined. At the same time, the countries of the region have announced their intention to boost public investment in order to revive economic activity and create jobs, which has translated into higher capital spending in several countries. Although interest payments are expected to remain stable on average, pressure is growing for some countries. Meanwhile, in the Caribbean, official estimates point to continued growth in public spending during the year, particularly in public investment. However, this capital spending will depend, in part, on the resources available to the countries of this subregion, particularly grants.

Based on official projections of revenue and public spending trends, fiscal balances in Latin America are expected to improve. At the end of 2021, the overall central government balance is expected to be equivalent to -5.5% of GDP, on average, compared to -6.9% of GDP in 2020. The primary balance is forecast to come to -2.9% of GDP this year, compared with -4.2% of GDP in 2020. In the Caribbean, balances are projected to improve, with an overall balance of -6.2% of GDP, compared with -7.3% of GDP in 2020, and a primary balance of -3.1% of GDP, compared with -4.6% of GDP in 2020. Although smaller than in the previous year, these deficits in the region are likely to put pressure on financing and on public debt service coverage. Thus, central government debt levels will remain high.

The fragility of the recovery and the need for economic and social transformation underscore the catalytic role that the public sector must play in Latin America and the Caribbean. However, strengthening the fiscal capacity of the State poses significant challenges. It requires a strategic reorientation of public spending to make it an instrument of development. In this regard, actions taken to address the emergency must be linked to medium- and long-term strategic measures. In the short term, emergency social transfer programmes and support for productive sectors must be maintained in order to prevent the widespread bankruptcy of micro-, small and medium-sized enterprises (MSMEs) and to promote policies for high-quality employment. Another priority is focusing public spending on the universalization of social protection systems, health, care and education, and creating the fiscal space to make them financially sustainable.

Investment must also be boosted in order to reverse its persistent decline, which has led to Latin America and the Caribbean recording the lowest rate in comparison with other regions. There is also a need to incorporate the gender perspective into fiscal policy by analysing the distributive effects of applying this approach to revenue, spending and investment policies, and to the budget cycle.

Creating the fiscal space needed to sustain an expansionary spending policy requires measures to access financing, reduce tax losses in the short term and strengthen tax revenues gradually over the medium term. In the short term, it is essential to eliminate tax evasion, which represented US$ 325 billion in lost revenues in 2018 (equivalent to 6.1% of regional GDP). Tax expenditure, which accounted for forgone revenue equivalent to 3.7% of GDP, also needs to be reassessed. In the medium term, tax revenue must be progressively increased to make public spending sustainable. This requires consolidating income taxes, extending the scope of property and wealth taxes, progressively reviewing and updating royalties on the exploitation of non-renewable resources, and considering taxes relating to the digital economy, the environment and public health.

The sustainability and orientation of fiscal policy require new social and fiscal compacts that contribute synergistically to the revival of economic activity, investment and employment, and to equality, the closure of gender gaps and climate action. These compacts are needed to create the social, political and economic conditions for an expansionary horizon for fiscal policy and thus avoid premature demands for consolidation and austerity that would slow down the recovery.

Financing for development and international cooperation must play a key role in improving countries' ability to maintain short-term expansionary fiscal policies and to strengthen the debt architecture so that it is more conducive to sustainable economic development. However, the financing made available by international financial institutions to the international community has been less than that provided during the global financial crisis. IMF has lent the equivalent of US$ 113 billion to developing economies. Excluding flexible credit lines, the total financing provided by this institution stands at US$ 67 billion. This amount is less than IMF financing commitments during the 2008–2009 global financial crisis, which amounted to US$ 75 billion between January and September 2009.

In order to respond to the increased financing needs of developing countries, including those in the region, the IMF Executive Board approved a new issue of special drawing rights (SDRs) in August 2021. The resulting increase in international reserves will provide an important financial cushion by reducing risk and strengthening countries' external financial position. This issue of SDRs should be complemented by mechanisms for SDR recycling from developed to developing countries. Developing countries could use SDRs allocated for financial stability while developed countries could lend their SDRs to multilateral and regional trust funds for the provision of public goods.

Liquidity can also be redistributed by creating multilateral funds, such as the Fund to Alleviate COVID-19 Economics (FACE) proposed by the Government of Costa Rica, and by strengthening regional cooperation with an increase in the lending and response capacity of regional, subregional and national development banks and other regional institutions.

Access to increased financing should be complemented by policy measures aimed at reforming the international debt architecture. This would include the creation of a multilateral debt restructuring mechanism and the establishment of a multilateral credit rating agency. The scope of the Debt Service Suspension Initiative (DSSI) of the Group of 20 (G20) should be broadened to include all relevant stakeholders (the private sector and multilateral institutions) and vulnerable middle-income countries. Furthermore, the

initiative should be extended beyond 2021. This should be accompanied by increased use of different innovative instruments aimed at avoiding debt distress and improving countries' capacity to repay and service debt.

The large contraction in aggregate demand due to the effects of the COVID-19 crisis drove regional inflation to historically low levels in 2020. At the close of 2020, average inflation in the economies of Latin America and the Caribbean was 3.0%, 0.1 percentage points lower than in 2019. Inflation declined in a total of 21 economies in 2020, in 9 of them by more than 1 percentage point.

The pattern of inflation varied greatly over the year, falling heavily in the first half of 2020 —given the sharp contraction in domestic aggregate demand— and climbing from May onwards, driven by rising prices for food, energy and other productive inputs whose trade processes had been disrupted since the beginning of the pandemic, as well as by greater exchange-rate volatility.

However, in 2021 inflation has remained relatively low, with core inflation at rates similar to pre-crisis levels, reflecting the persistent weakness of aggregate domestic demand.

In this context, in 2020, most central banks in the region adjusted their monetary policy instruments to stimulate the sluggish economic activity amid the pandemic. On the one hand, low inflation levels and poorer growth prospects led to interest rate cuts by central banks that use these as their main policy tool, and to increases in primary issuance and reductions in reserve requirements by banks that use monetary aggregates as their policy tools. The region's central banks also employed "non-conventional" instruments to expand credit to both the private and public sectors, including the outright purchase of securities held by banks, the establishment of financing programmes for firms and households jointly with the Treasury, as well as the increased use of direct financing to the region's governments.

The efforts of monetary authorities led to a fall in lending rates, which declined in 2020 in the vast majority of the region's economies from the end-2019 level, with annual average lending rates coming down in 23 of the 26 economies for which information is available. The situation shifted during the first four months of 2021, and lending rates rose by an average of 2.2 percentage points in 14 economies in the region. Even with this increase, however, lending rates as of April 2021 remain lower than those of December 2019 in 20 of 26 economies for which information is available.

Lending stimulus measures had a positive impact on real short-term credit to the private sector, which rose at an increased rate in the second or third quarter of 2020 in 18 economies of the 25 for which data are available. However, this momentum has slackened, and real credit to the private sector fell year-on-year in 15 countries between the first and second quarters of 2021. This slower lending growth could be reflecting weaker signals from credit programmes and reduced capacity or willingness on the part of firms and individuals to continue incurring debt amid expectations that the crisis will be prolonged.

At the start of 2020, central banks had to deal with critical episodes of massive and sudden capital outflows, excessive currency fluctuations and rising risk premiums, while attempting to prevent the collapse of economic activity. In such adverse circumstances, the region's monetary authorities deployed a comprehensive battery of macroprudential tools to preserve macroeconomic and financial stability in the face of high risks multiplying in the real, financial and external sectors. These efforts included managing international reserves to respond quickly, pragmatically and flexibly to potentially destabilizing factors that could heighten exchange-rate volatility, trigger capital flight or increase the chances of banking crises. To this end, the region's monetary authorities strengthened their international liquidity position, increasing reserves by 4.6% during 2020, or US$ 39.318 billion in total.

In addition, monetary and financial authorities adjusted their pre-crisis prudential rules in order to allow financial institutions to absorb losses and prevent a credit crunch, as often occurs during recession. The monetary authorities made extensive use of macroprudential flexibilities to allow banks to operate below capital requirements and other countercyclical capital buffers, including by modifying risk weightings, and by allowing certain credits linked to support programmes to be excluded from the calculation of capital requirements or of banks' leverage limits. Stronger measures were also taken to increase the liquidity of financial institutions, such as changes of different types to legal reserve requirements —for example, in the rate, in the currency (local or foreign), or in terms of specific deposits— or changes in liquidity coverage ratios.

Macroprudential and capital controls policies will have to be strengthened over the short and medium terms to avoid permanent stigmas that could undermine the recovery of economic activity with sustained, inclusive and job-creating growth.

B. Labour dynamics and employment policies for a sustainable and inclusive recovery beyond the COVID-19 crisis

The second part of the *Economic Survey* analyses the challenges that the countries of the region are expected to face as they work to revive the labour market, recover the jobs lost during the crisis, reduce informality and build labour markets that provide decent employment.

The coronavirus disease pandemic triggered an unprecedented crisis in the region's labour markets, with historic declines in the number of employed persons (9.0%) and in participation (4.9 percentage points), and equally historic increases in unemployment rates (2.5 percentage points). The combination of a demand shock (external and domestic) and a supply shock (mainly domestic) deriving from lockdown measures and restrictions on certain activities seriously disrupted economic activity and roiled the region's labour markets.

In 2020, the crisis prompted the largest GDP contraction in the past 100 years and a decline in employment not seen in the past seven decades. An important point to remark is that policy efforts afforded protection mostly to formal labour markets, so that job destruction was greater in the region's informal sector, which increased the risk of inequality becoming sharper.

Because of the crisis, labour participation in the region has declined markedly, especially among women, bringing an end to more than 30 years of continuous growth. The noticeable impact of the crisis on women's labour market participation stems from their strong presence in activities that were highly restricted during the pandemic, such as commerce and tourism, but also from the greater burden of unpaid work linked to household care (children, older persons and the sick) that falls on women.

Before the crisis, the pace of employment growth in the region was already slowing, given that 2010–2019 produced the most sluggish growth in the number of employed since 1950. Latin America and the Caribbean is one of the regions with the slowest employment growth, which indicates certain structural limitations that hinder job creation. The economic recovery expected in 2021 is also projected to boost employment in the region. However, neither economic activity nor employment is expected to return to pre-crisis levels in 2021.

The COVID-19 pandemic may accelerate structural changes in the region's labour markets, driven by innovation and automation processes involving medium- and long-term changes in the output-employment ratio, which may then lead to labour underutilization. Hence, in the current context, the countries of the region must promote policies that foster a transformative recovery with investment aimed at the incorporation of technological innovations, the energy transition, and the creation of more and better jobs, increasing the space for the expansion of micro-, small and medium-sized enterprises, as these play a central role in a development strategy for inclusive growth.

The nature and scale of the current crisis pose a major challenge for policymakers in the region and require serious efforts to formulate and implement policies to mitigate the immediate impact on the population, especially the traditionally most vulnerable groups, and to promote a transformative recovery with stronger economic growth and more high-quality jobs. In this regard, comprehensive policies must be adopted that, in the short term, support jobs and the productive fabric and protect the income of the most disadvantaged, and that aim for a productive transformation capable of creating and maintaining high-quality jobs. This requires the design of new labour policies to upgrade workers' skills, coordinate the process of matching labour supply and demand, and foster the creation of productive jobs. In accordance with this comprehensive vision, countries must implement training measures, public employment programmes, employment subsidies and support programmes for self-employment and micro-entrepreneurship, and provide employment services and labour intermediation infrastructure. Such policies are widely used in member countries of the Organisation for Economic Co-operation and Development (OECD) and have proven to be very effective in increasing employment, improving equity, labour mobility and job quality, and reducing poverty.

Accordingly, the second part of this edition of the *Economic Survey* examines the impact of the COVID-19 crisis on the region's labour markets, comparing historical trends in these markets. Labour market reactions to the current context are contrasted with the dynamics observed during previous (systemic or specific) crises to compare the main features of crises past and present, and also to characterize how economic activity recovered and how the labour market performed during those times. Special emphasis is placed on the disproportionate effect of the pandemic on the employment of women and young people. While they tend to suffer the most in economic crises, some particularities of the current crisis have made them especially vulnerable.

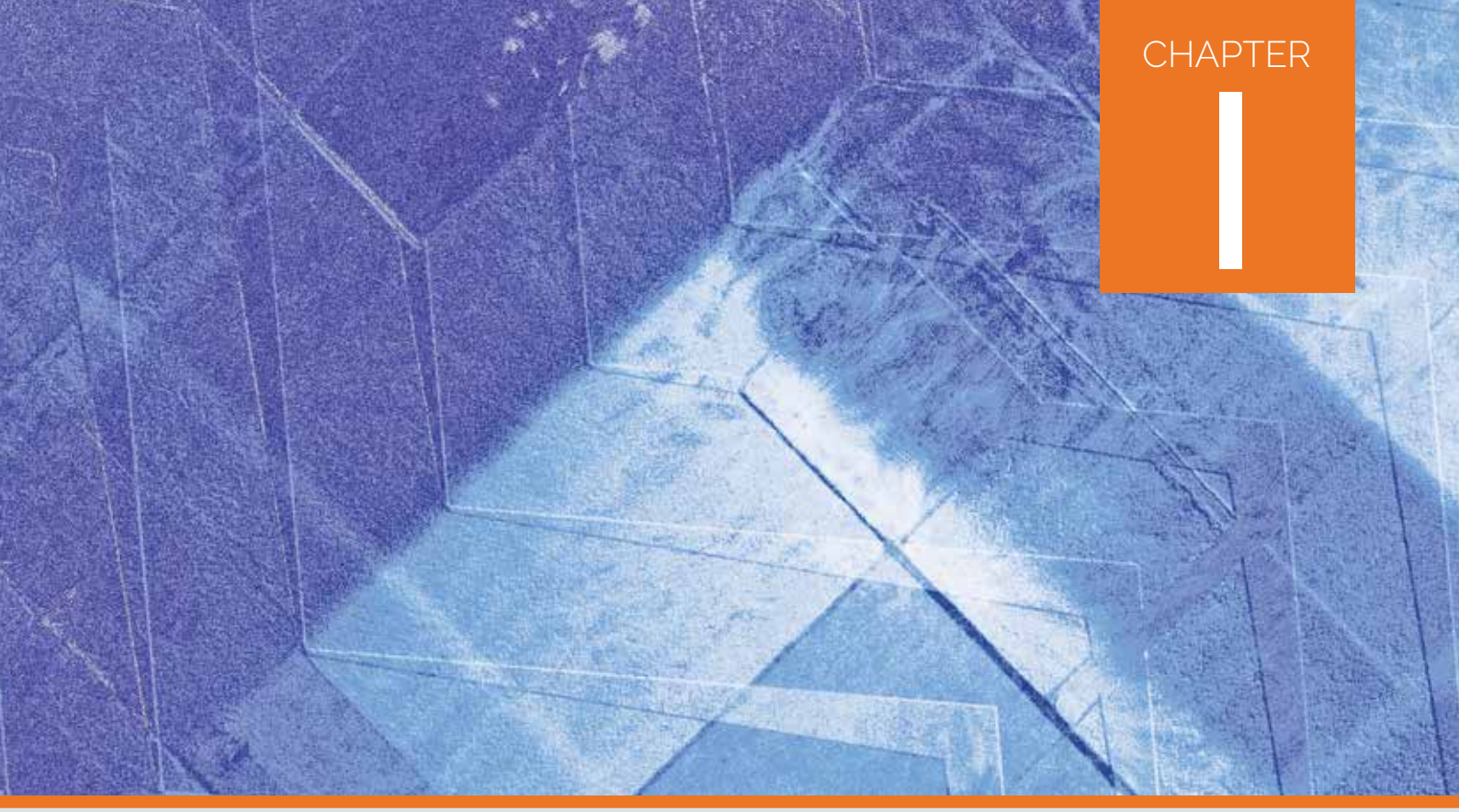
The outlook for regional labour markets amid profound technological, economic and social transformations is also analysed, highlighting the relevant policy challenges. To this end, this edition examines the risks and opportunities related to the introduction of new technologies, as well as the challenges and characteristics of digital platform work and teleworking. This part of the *Economic Survey* gives an overview of the main labour policies implemented since the start of the crisis to mitigate its impact on the region's labour markets.

Informality, low productivity and new trends that could compromise job creation have negatively affected labour markets. This calls for comprehensive policies, including monetary and fiscal policies to boost demand and support businesses, and active industrial and labour market policies that foster quality employment and increase productivity. In this regard, support for micro-, small and medium-sized enterprises (MSMEs) must be the cornerstone of strategies to save jobs, stimulate the labour market and drive up average productivity in economies.

PART

I

The economic situation and the outlook for 2021 and 2022



CHAPTER I

Regional overview

A. The international context

1. The coronavirus disease (COVID-19) pandemic has exposed asymmetries in the different countries' capacity to respond to the crisis

In fiscal policy, countries have differed widely in their ability to implement expansionary measures to mitigate the effects of the crisis and lay the foundations for recovery. In 2020, the advanced economies mobilized US$ 6.3 trillion in spending and tax relief measures and US$ 5.2 trillion in liquidity instruments (an average of 12.7% and 11.3% of GDP, respectively) to mitigate the economic and social effects of the pandemic (ECLAC, 2021a). In emerging countries, meanwhile, the fiscal policy response was smaller, at only 4% of GDP in additional spending and tax relief (IMF, 2021a).

Many advanced economies have approved packages of measures aimed at sustaining economic activity in both the short and the medium term. The European Union, for example, has approved a Multiannual Financial Framework worth 1.8 trillion euros for the period 2021–2027, which is about double the resources of the previous Multiannual Financial Framework. The 2021–2027 Framework includes a new temporary facility (NextGenerationEU) to finance a wide-ranging economic recovery plan worth around 750 billion euros. Another example is the American Rescue Plan Act of 2021 in the United States, which involves stimulus funding of US$ 1.9 trillion to pay for immunization, strengthen health-care networks, provide economic relief for families, extend unemployment insurance benefits and maintain support for businesses. This stimulus plan, on top of those implemented in 2020, brings the United States fiscal response to COVID-19 to about 25% of GDP (ECLAC, 2021a).

The crisis has exacerbated the inequality that already existed both between and within countries. In 2020, in the context of a global crisis in which more than 140 million jobs were lost, global wealth increased by 7.4% because of rising stock markets, real estate appreciation, low interest rates and unanticipated savings as a result of lockdowns (ECLAC, 2021b). However, the increase in wealth was not uniform: while it grew by 12.4% in Canada and the United States, 9.2% in Europe and 4.4% in China, it fell by 4.4% in India and by 11.4% in Latin America and the Caribbean. Thus, in keeping with the historical pattern, the richest 1% of people held nearly 50% of the world's wealth (Credit Suisse Research Institute, 2021).

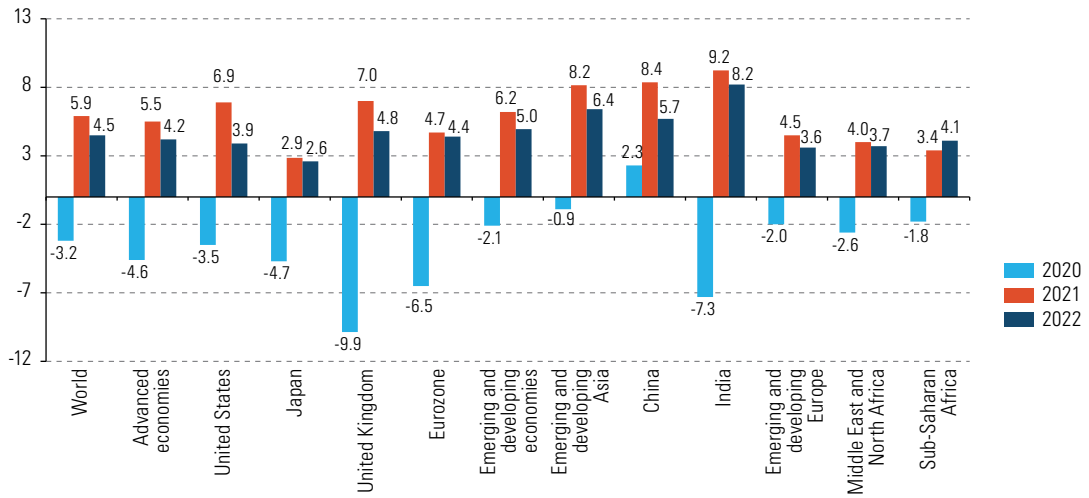
Lastly, the crisis also highlighted the differences in countries' access to vaccines as an infection control mechanism. Despite unprecedented scientific and technological breakthroughs in the development of several different COVID-19 vaccines, there are marked differences between countries in access to these vaccines and in the effective vaccination rates they can achieve. In particular, there has been a marked concentration of vaccine procurement by the most developed countries, with the result that, for example, 53.0% of the population in the United States and Canada and 55.6% in the European Union had completed their vaccination schedule by 22 August 2021, compared to a global figure of just 24.5%. In the case of Latin America and the Caribbean, the figure was 24.8% (26.8% in South America, 22.4% in Central America and Mexico and just 5.8% in the Caribbean).[1]

[1] As of 22 August or latest figures available, calculated on the basis of information from Our World in Data [online] www.ourworldindata.org.

2. After the world economy suffered its worst downturn for decades in 2020 (-3.2 %), growth of almost 6% is expected for 2021

In 2021, the group of developed economies is expected to grow by 5.5%, with the United States growing by almost 7%.[2] The eurozone should grow by 4.7%, Japan by 2.9% and the United Kingdom by about 7%. In the group of emerging economies, which are expected to grow by 6.2% this year, China and India should be in the forefront with growth of 8.4% and 9.2%, respectively. On the other hand, some developing subregions such as the Middle East and North Africa (4.0% growth) and sub-Saharan Africa (3.4%) are expected to be less buoyant (see figure I.1).

Figure I.1
Selected regions and countries: GDP growth rates in 2020 and projections, 2021–2022
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of Organization for Economic Cooperation and Development (OECD), *OECD Economic Outlook*, vol. 2021, No. 1, Paris, OECD Publishing, May 2021; International Monetary Fund (IMF), "World Economic Outlook Update", July 2021 [online] https://www.imf.org/en/Publications/WEO/Issues/2021/07/27/world-economic-outlook-update-july-2021; World Bank, *Global Economic Prospects*, Washington, D.C., June 2021; and European Commission, *European Economic Forecast: Summer 2021*, Luxembourg, July 2021.
Note: In India, the fiscal year begins in April and ends in March the following year.

In 2022, the world economy is expected to grow by an average of 4.5%. Developed economies are forecast to grow by 4.2% owing to rapid progress with vaccination and increased fiscal stimulus in the United States, while emerging economies are expected to grow by 5.0%, once again led by emerging and developing Asia (6.4%), including China and India.

What has been characterizing growth in 2021 are the variations in the speed of recovery between different countries and also between different sectors of activity within economies. As mentioned, not only have the pandemic and vaccination processes evolved differently, but economies have differed, and still differ, in their capacity for implementing policies to mitigate the economic and social damage resulting from the health crisis.

The disparity in recovery processes between and within countries jeopardizes their ability to sustain growth in the medium term, beyond whatever is projected for 2021 and 2022. This disparity implies not only less of a virtuous circle between production and external demand on the part of economies, but potential disruption of normal flows in supply chains and a possible increase in protectionist tendencies in trade. Uneven recovery processes for the different sectors and population groups affected within countries are further exacerbating the inequities and social tensions that exist in a number of regions (El-Erian, 2021).

[2] With the passage in March of a fiscal stimulus package worth US$ 1.9 trillion (about 9% of GDP), growth forecasts for the United States economy were raised by about 3 percentage points from the projections current in December 2020.

3. After a 5.4% drop in 2020, world trade volume is recovering strongly, and the World Trade Organization (WTO) anticipates growth of 8% in 2021

In 2020, trade in goods fell 5.4% by volume, a smaller figure than originally expected by WTO, which in April that year had predicted a decline of up to 32% in its most pessimistic scenario.

One reason for the smaller than expected decline were the fiscal and monetary stimulus packages implemented by many governments. These were much larger in magnitude and geographical scope than those adopted during the 2008 global crisis and helped forestall a larger decline in global demand and trade (WTO, 2021).

In addition, travel restrictions and border closures produced a substitution effect, with spending shifting from these services to goods. At the same time, rapid adaptation by firms and households to teleworking and the recovery of production chains sustained income generation and demand. Lastly, the great majority of protectionist measures imposed at the beginning of the pandemic, which would have led to a greater contraction of trade in goods, were withdrawn over time (WTO, 2021).

In the first five months of 2021, world trade grew at double-digit year-on-year rates (see figure I.2.A), mainly because the same months of 2020 provide a very low base for comparison. For this reason, these rates are expected to moderate over the course of the year, with WTO expecting trade volumes to grow by an average of 8% in 2021. At the level of regions and countries, the strongest growth in the first four months of the year was in China, where trade was 28% higher than in the same period the previous year (see figure I.2.B). This was due to both the base effect and a rise to record levels. In terms of categories, those that have benefited from higher demand because of the shutdown of activities continue to show greater dynamism. In particular, exports of electronics, furniture and toys, for example, are almost 30% above pre-pandemic levels, while exports of goods such as automobiles, by contrast, have been essentially stagnant for six months (Capital Economics, 2021a).

As regards services, WTO projects that these will not recover to pre-crisis levels until the pandemic is over (in 2020, commercial services exports fell by 20% in current dollar terms, travel services by 63% and transport services by 19%).

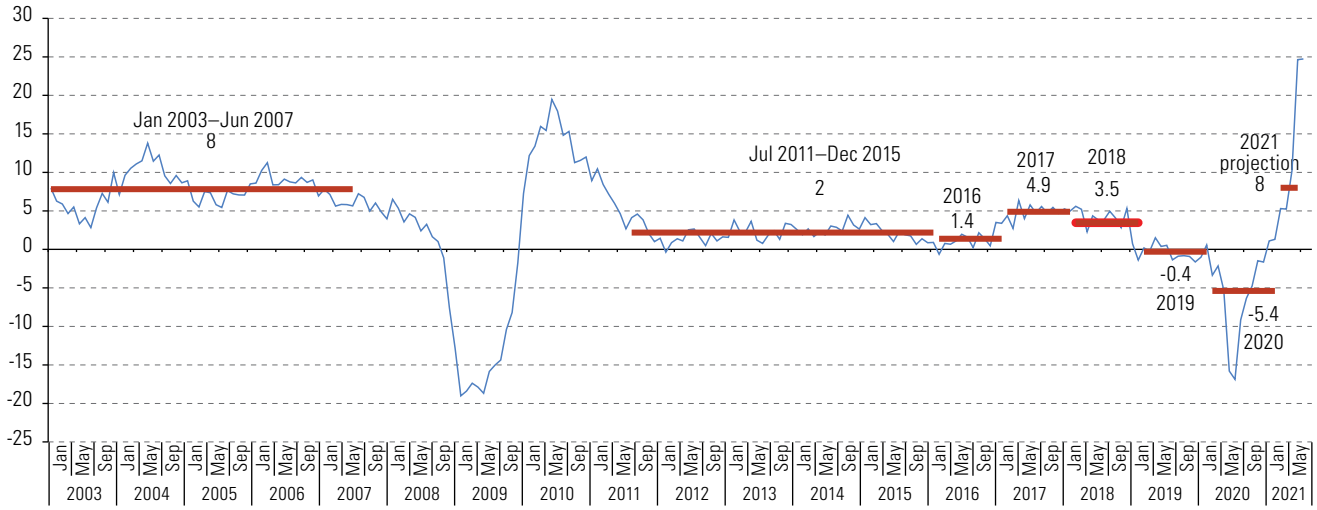
WTO forecasts a moderation in the rate of trade volume growth to 4% in 2022, in line with the expected moderation in the growth of global economic activity. According to WTO, both this year's and next year's projections carry a downside risk due mainly to factors related to the evolution of the pandemic (insufficient production and distribution of vaccines, or the spread of vaccine-resistant COVID-19 variants).

Despite the rapid return to growth, world trade has faced a number of supply-side risks in 2021. These are related to shortages of some commodities and goods, bottlenecks in logistics infrastructure and channels, disruption of transport flows, the lack of availability of workers due to the pandemic, and the extension of transport times owing to new health regulations and historically high freight rates. These imbalances could continue into 2022 and, in some cases, cause a dent in demand.[3]

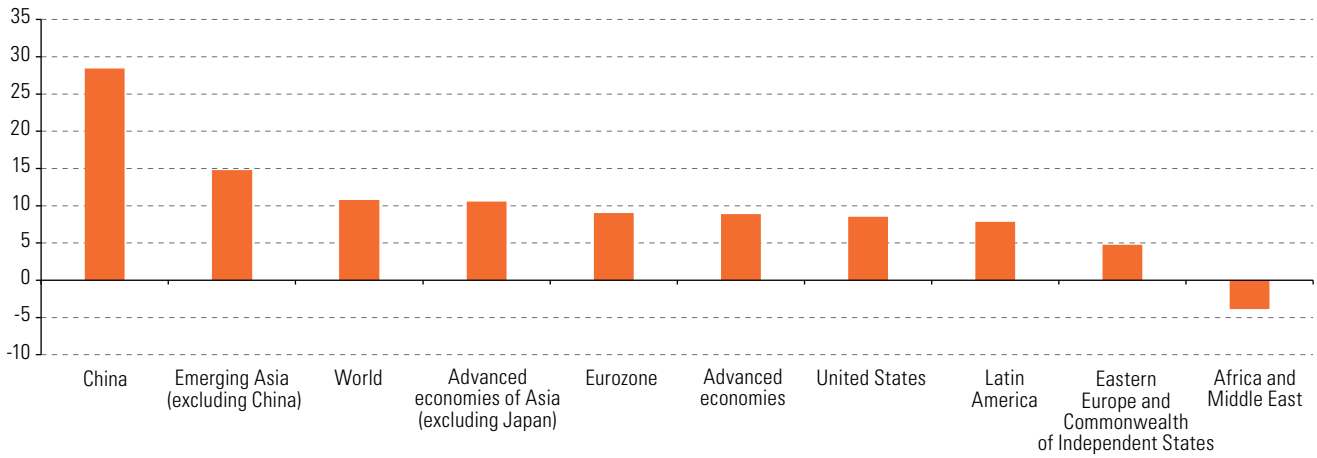
[3] See Capital Economics, Global Trade Monitor, 25 August 2021; C. Barría, "Nunca había visto algo así": la gran escasez de productos que afecta al mundo (y por qué puede producirse un ´efecto látigo´)", BBC News mundo, 13 August 2021 [online] https://www.bbc.com/mundo/noticias-58080678; and J. Hoffmann, "How to cushion consumers from high maritime freight rates", United Nations Conference on Trade and Development (UNCTAD), 27 July 2021 [online] https://unctad.org/news/how-cushion-consumers-high-maritime-freight-rates.

Figure I.2
World trade volumes
(Percentages, on the basis of a seasonally adjusted index)

A. Year-on-year rate of change, January 2003–May 2021



B. Selected subregions and countries: cumulative change from January–May 2021 relative to January–May 2020



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of Netherlands Bureau for Economic Policy Analysis (CPB), World Trade Monitor [online database] https://www.cpb.nl/en/worldtrademonitor.

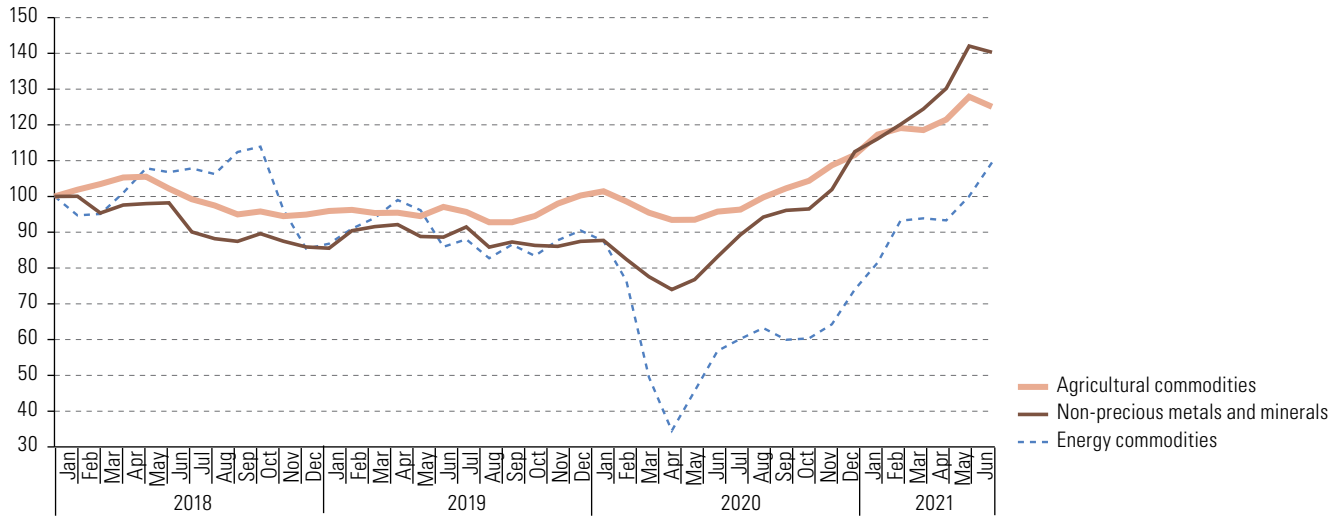
4. The recovery in trade is being accompanied by rising commodity prices, which are expected to be an average of 38% higher in 2021

Commodity prices have risen sharply since April 2020 (see figure I.3).

Energy prices, metal and mineral prices and agrifood prices are projected to be 58%, 38% and 20% higher in 2021, respectively, than their averages in 2020.[4] Their dynamics are largely explained by higher global demand and, in the case of agricultural products, also by supply shocks.

[4] In particular, coffee, soybean, wheat and maize prices are expected to incorporate the negative effects on harvests of an accumulation of extreme weather conditions (droughts and frosts) in Brazil, the United States, Argentina and Ukraine. In some cases, furthermore, adverse conditions are being combined with rising demand (see Capital Economics, 2021b and 2021c).

Figure I.3
International commodity price indices, January 2018–June 2021
(Baseline January 2018=100)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of World Bank, "World Bank Commodities Price Data (The Pink Sheet)", 2 July 2021 [online] https://thedocs.worldbank.org/en/doc/5d903e848db1d1b83e0ec8f744e55570-0350012021/related/CMO-Pink-Sheet-July-2021.pdf.

Table I.1
Projected year-on-year changes in international commodity prices, 2021
(Percentages)

Commodities	38
Commodities (excluding energy)	30
Agrifood commodities	20
Metals and minerals	38
Energy commodities[a]	58

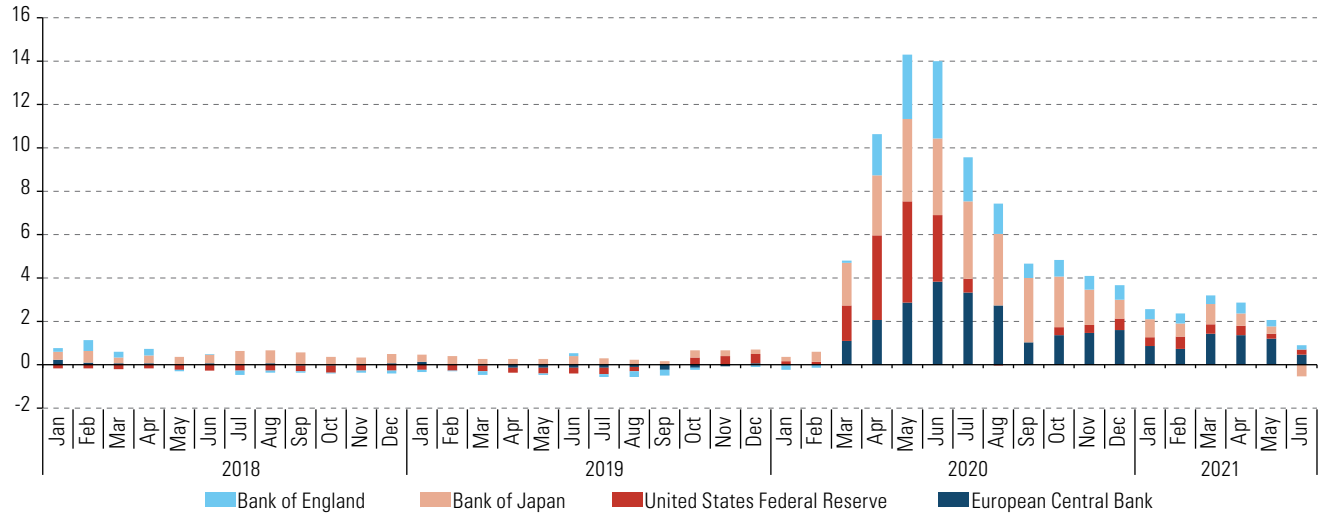
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of World Bank, *Commodity Markets Outlook: Causes and Consequences of Metal Price Shocks,* Washington, D.C., April 2021; International Monetary Fund (IMF), World Economic Outlook Database, April 2021 [online] https://www.imf.org/en/Publications/WEO/Issues/2021/03/23/world-economic-outlook-april-2021; The Economist Intelligence Unit, "CountryData" [online] https://store.eiu.com/product/countrydata; United States Energy Information Administration, *Short Term Energy Outlook*, 6 July 2021; Banco de Chile, *Informe de Política Monetaria: junio 2021,* Santiago, 2021; and data from Bloomberg and the Chilean Copper Commission (COCHILCO).

[a] This category includes oil, natural gas and coal.

5. So far this year, financial markets have been supported by improved global economic activity, increased fiscal stimulus in individual countries and progress in pandemic control and vaccination, particularly in the United States and Europe

Global liquidity has remained high (see figure I.4). Central banks in the major developed economies have kept rates at historically low levels and continued their asset purchase programmes, thereby expanding their balance sheets, albeit at a slower pace in recent months.

Figure I.4
Monthly changes in balance sheets, January 2018–June 2021
(Percentages of GDP)



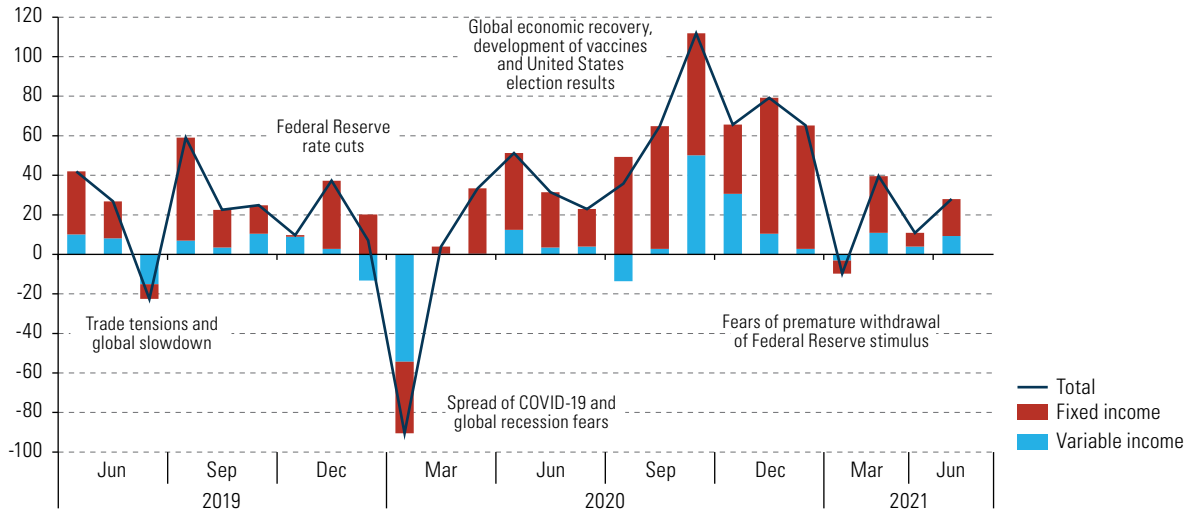
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of Bloomberg.

The above, together with the improvement in global economic activity, has resulted in low levels of financial volatility (see figure I.5) and an increase in demand for riskier assets, while demand for assets perceived as safer has declined. As a result, capital flows to emerging market economies have remained positive, especially those going into bond markets (see figure I.6).

Figure I.5
VIX index of financial market volatility, January 2020–July 2021

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of Bloomberg.
Note: The VIX index, compiled by the Chicago Board Options Exchange (CBOE), measures expected volatility over the next 30 days and is derived from the prices of call and put options on the S&P 500 index.

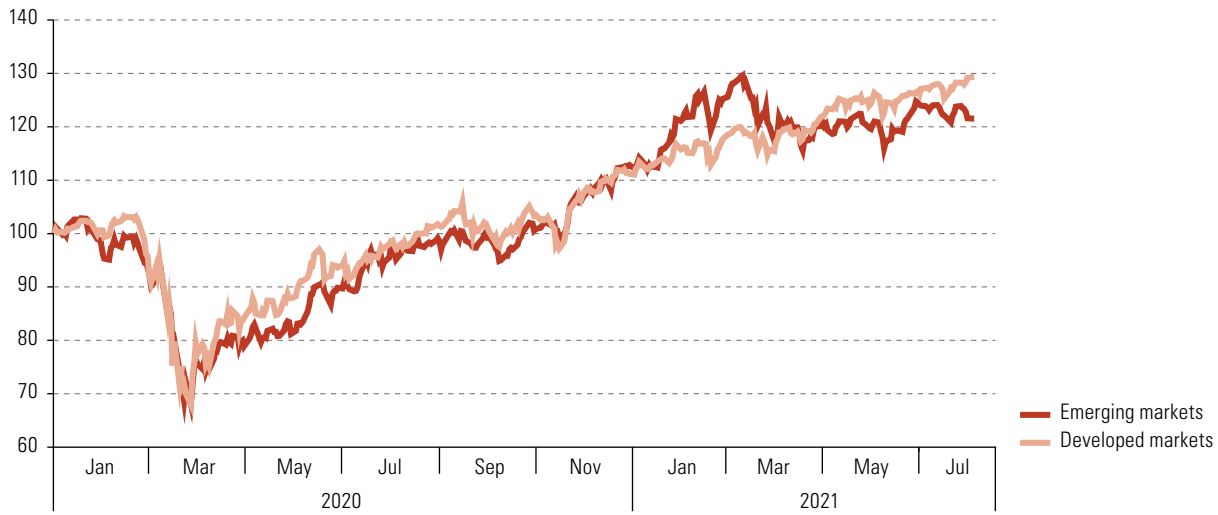
Figure I.6
Non-resident portfolio capital flows to emerging markets, June 2019–June 2021
(Billions of dollars)



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

Overall, equity markets have continued their upward trend (see figure I.7) and in some cases reached record levels. The German and United States stock markets are at historic highs, while Japan's is at its highest since 1990 (Central Reserve Bank of Peru, 2021). In the case of emerging economies, stock markets have benefited from increased risk appetite and higher prices for commodities, of which many are exporters.

Figure I.7
Equity market indices, January 2020–July 2021
(MSCI developed and emerging market indices, baseline 1 January 2020=100)



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

6. Higher inflation in developed countries has been reflected by rising yields on the long-term sovereign bonds of safe haven countries, mainly the United States

Higher inflation in developed countries is the result of increased domestic demand, higher oil and other commodity prices, and some supply constraints. On the demand side, there has been an increase in spending by those who continued to earn wages during the pandemic but did not have the opportunity to consume as usual, thus generating higher savings. In addition, the fiscal stimulus packages launched by governments, in particular the one approved in March by the United States Government, have a large component of income transfers to citizens in order to stimulate consumption. This increased demand, in turn, is tending to come up against certain constraints on the supply side, which has sustained damage during the crisis in the form of company closures and the destruction of productive capacity, putting upward pressure on prices. Lastly, production costs have increased as a consequence of the rise in commodity prices and in international transport costs.

As a result, inflation in the United States is at its highest since 2008 and there has been a rise in yields on long-term United States bonds, reflecting expectations that the monetary authority may begin to withdraw its monetary stimulus sooner than expected (see figure I.8).[5]

Figure I.8
United States: ten-year sovereign bond yields, January 2018–July 2021
(Percentages)

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

The possible increase in United States interest rates would have an impact on emerging markets by reducing the attractiveness of investments in currencies other than the dollar, putting pressure on exchange rates and also on bond prices in these markets. In any event, United States Treasury bond yields remain low by historical

[5] At its meeting of 15 and 16 June 2021, the Federal Reserve left the policy rate unchanged but left open the possibility of assessing the programme at future meetings in the light of developments in the economy.

standards, and widespread capital flight from emerging markets does not appear to be a risk in the short term.[6]

Looking ahead, however, the risk of a new phase of heightened risk aversion can never be ruled out. This would increase the demand for "safe" securities and have a negative effect on financial flows to emerging economies, including those in Latin America and the Caribbean.

Such a situation, moreover, would find these economies more vulnerable owing to the build-up of debt, which for some companies, and even governments, could become unmanageable.

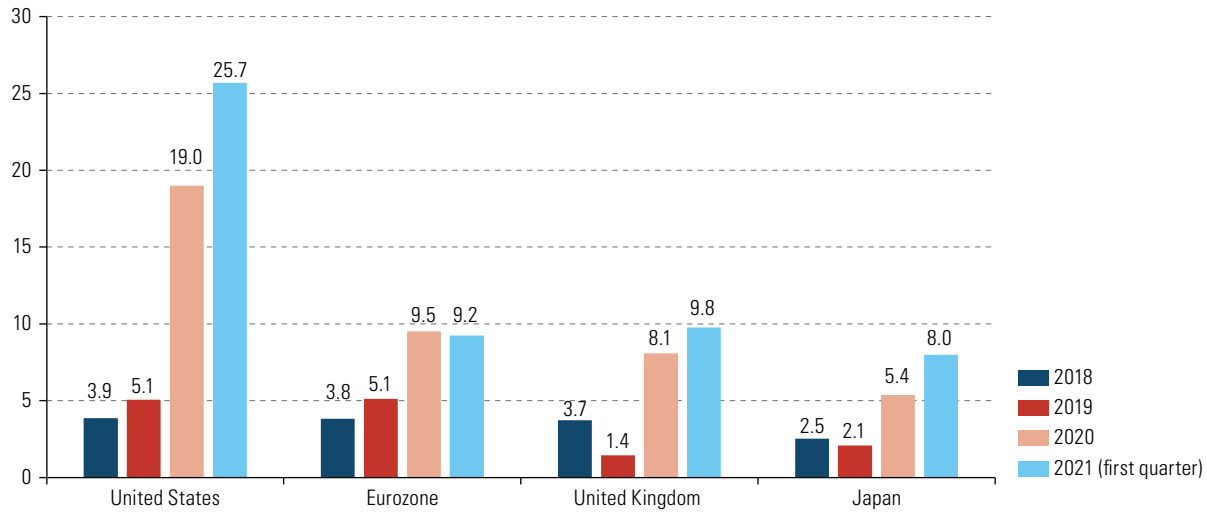
6 In addition, the risk of higher short-term rates in the United States has been reduced by the change to the average inflation targets that the United States Federal Reserve introduced into its policy in August 2020, allowing inflation to rise above the 2% target after periods in which it has been below it (see Board of Governors of the Federal Reserve System, 2020). In July 2021, the European Central Bank (ECB) also announced an easing of its monetary policy; it will tolerate temporary price increases in excess of 2%.

B. Global liquidity trends

1. In 2021 the developed countries doubled down on their efforts to increase liquidity through a continuous expansion of central bank balance sheets

In 2021, most of the world's leading central banks reinforced the expansionary monetary policy stance adopted in 2020 to address the effects of the pandemic. Between 2020 and the first quarter of 2021, the growth rate of the broad money supply accelerated from 19.0% to 25.7% in the United States, from 8.1% to 9.8% in the United Kingdom and from 5.4% to 8.0% in Japan. In contrast money supply growth in the eurozone slackened slightly from 9.5% to 9.2% in the same period (see figure I.9).

Figure I.9
Selected regions and countries: rate of growth of the broad money supply, annual averages based on quarterly data, from 2018 to the first quarter of 2021
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of Federal Reserve Bank of St. Louis, Federal Reserve Economic Data (FRED), 2021 [online database] https://fred.stlouisfed.org.

The trend of liquidity is explained mainly by the extraordinary expansion of central bank balance sheets. The United States Federal Reserve balance sheet stood at US$ 8 trillion in July 2021, equivalent to roughly 38% of the country's gross domestic product (GDP) —twice the level recorded after the global financial crisis.[7] Following the adoption of quantitative easing policies in response to the global financial crisis between 2008 and 2013, the Federal Reserve's balance sheet was equivalent to 18% of GDP. Moreover, according to information available as of December 2020, the balance sheets of the European Central Bank (ECB), the Bank of England and the Bank of Japan represented 59%, 40% and 127% of the respective GDPs.

[7] Since March 2020 when COVID-19 was declared a pandemic by the World Health Organization (WHO), the Federal Reserve's balance sheet expanded by US$ 3.1 trillion.

2. Balance sheet expansion has made it possible to sustain a strongly expansionary fiscal policy

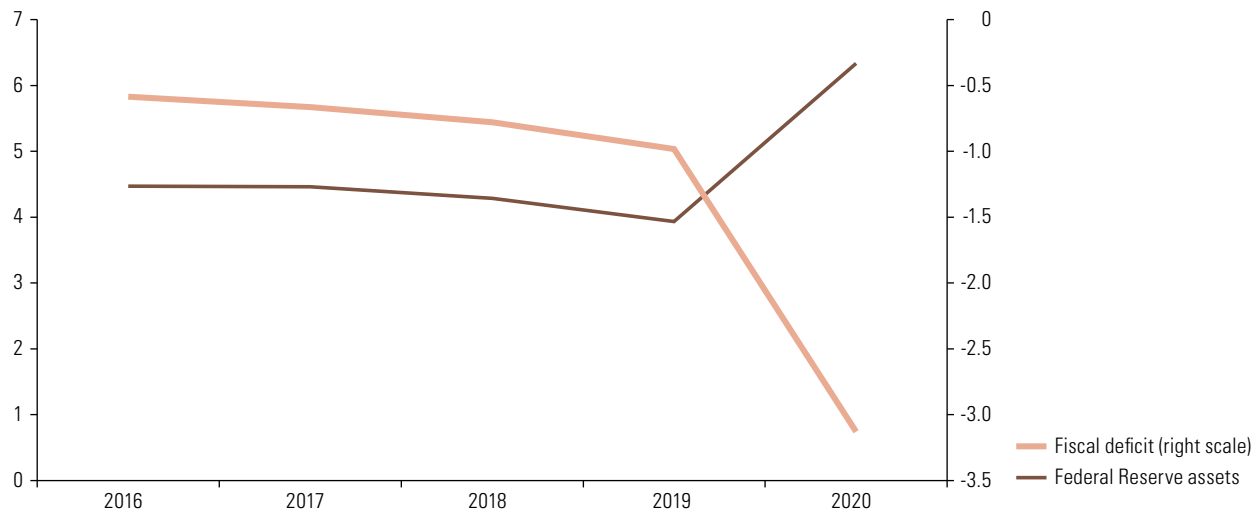
The balance sheet expansion in the United States mainly reflects the purchase of public debt securities issued by the federal government (government papers and long-term Treasury bonds). In July 2021 these represented 69% of the Federal Reserve's total asset portfolio of US$ 8 trillion. Emergency liquidity support programmes, as such, to meet the financing needs of households and businesses, are equivalent to US$ 88 billion.[8]

This trend has differed greatly from that observed in the global financial crisis, when, between 5 December 2007 and 24 June 2009, the Federal Reserve only increased its holdings of bonds and Treasuries by US$ 116 billion, or by about 25%. During the same period, the Fed expanded its total portfolio from US$ 920 billion to US$ 2.1 trillion, a total increase of US$ 1.2 trillion. Much of the increase resulted from the purchase of mortgage-backed securities and the implementation of new programmes to mitigate the economic slowdown.

In the case of the euro area, government debt securities account for over 50% of the total assets of the European Central Bank (ECB, 2021).

Monetary policy has made it possible to lower the cost of borrowing for developed country governments and enables them to pursue an expansionary fiscal policy on a scale not seen since World War II. In March and December 2020 and again in March 2021, the United States Congress legislated fiscal support equivalent to almost US$ 5.8 trillion, representing approximately 28% of GDP (Clarida, Duygan-Bump and Scotti, 2021). As shown in figure I.10, in the case of the United States, the expansion of the Federal Reserve's balance sheet starting in 2019 (from US$ 3.9 trillion in that year to US$ 6.3 trillion in 2020) is closely correlated with the increase in the fiscal deficit (which grew from US$ 1.0 trillion in 2019 to US$ 3.1 trillion in 2020, representing 4.6% and 14.9% of GDP, respectively).[9]

Figure I.10
United States: federal reserve assets and federal government fiscal deficit, 2016–2020
(Trillions of dollars)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of Federal Reserve Bank of St. Louis, Federal Reserve Economic Data (FRED), 2021 [online database] https://fred.stlouisfed.org.

[8] Most of these programmes —including the Commercial Paper Funding Facility (CPFF), the Primary Dealer Credit Facility (PDCF), the Money Market Mutual Fund Liquidity Facility (MMLF), the Primary Market Corporate Credit Facility (PMCCF), the Secondary Market Corporate Credit Facility (SMCCF), and the Term Asset-Backed Securities Loan Facility (TALF), the Main Street Lending Program, the Municipal Liquidity Facility (MLF), and the Paycheck Protection Program Liquidity Facility (PPPLF)— were in place until December 2020, March 2021, or June 2021, depending on the specific financing programme (Clarida, Duygan-Bump, and Scotti, 2021).

[9] Figure I.10 does not display the fiscal deficit relative to GDP, as is usually the case, because the deficit may be overestimated owing to the fall in GDP that occurred in 2020. However, the fiscal deficit relative to GDP is included in the text for reference purposes.

It should be noted that the purchase of Treasury securities spans a range of maturities, which, together with the traditional management of monetary policy through the short-term interest rate (the federal funds rate), means that the Federal Reserve's monetary policy is being implemented not only from the two extremes of the yield curve, but along the entire range of the different maturities. In short, the monetary policy implemented in response to the pandemic crisis innovates not only because it has allowed for an unprecedented fiscal expansion in a context of low interest rates, but also because it may give the Federal Reserve implicit control over the yield curve.

Control of the yield curve implies the announcement of interest rate targets with a certain maturity or maturity interval. This monetary policy seeks to control not only the different interest rates but also the spreads between them. Should the policy of controlling the yield curve materialize, it would reinforce the trends observed in terms of the accommodating stance of monetary relative to fiscal policy and the objective of expanding aggregate demand.

3. Monetary policy has benefited the stock and bond markets, which have consolidated their position as the main providers of international liquidity

The policy of expanding the balance sheets of the main central banks, increasing the money supply and reducing interest rates has not been matched by an increase in bank credit. In the United States, the growth of commercial bank credit has been faltering since the second quarter of 2020, easing from 11% to 6% in the second quarter of 2021. The rate of growth of cross-border dollar lending declined from 2.7% to 0.6% between the second and fourth quarters of 2020. In the eurozone, cross-border lending has barely recovered, posting growth rates of -0.9% in the second quarter of 2020 and just 0.4% in the last quarter.

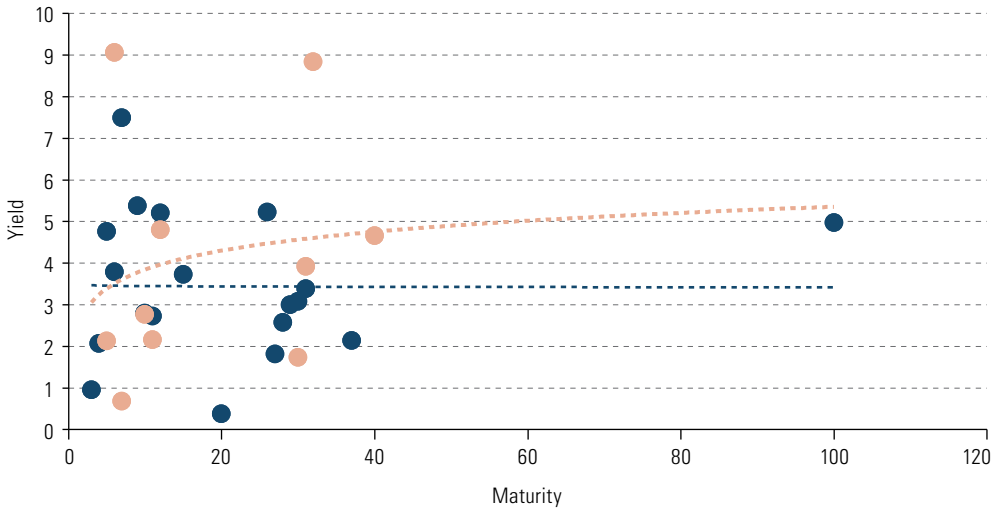
The monetary policy stance has benefited both the stock and bond markets. As noted in ECLAC (2020), monetary policies based on expanding balance sheets and lowering longer-term interest rates firstly helped to counteract the initial slide in stock markets that occurred as a result of the outbreak of COVID-19 on a global scale in March 2020, and to boost the growth of securities traded on the stock market. From March 2020 to July 2021, monetary policies had the effect of boosting the value of financial assets, which enabled stock markets in developed countries to keep rising without major interruptions, setting new record levels almost continuously.

At the same time, the fall in long-term interest rates has increased the present value of bonds, generating a capital gain for their holders and, in general, fuelling demand for this instrument. On the other hand, the generalized low level of interest rates and yields has caused private investors to seek higher returns by investing in emerging markets and developing countries.

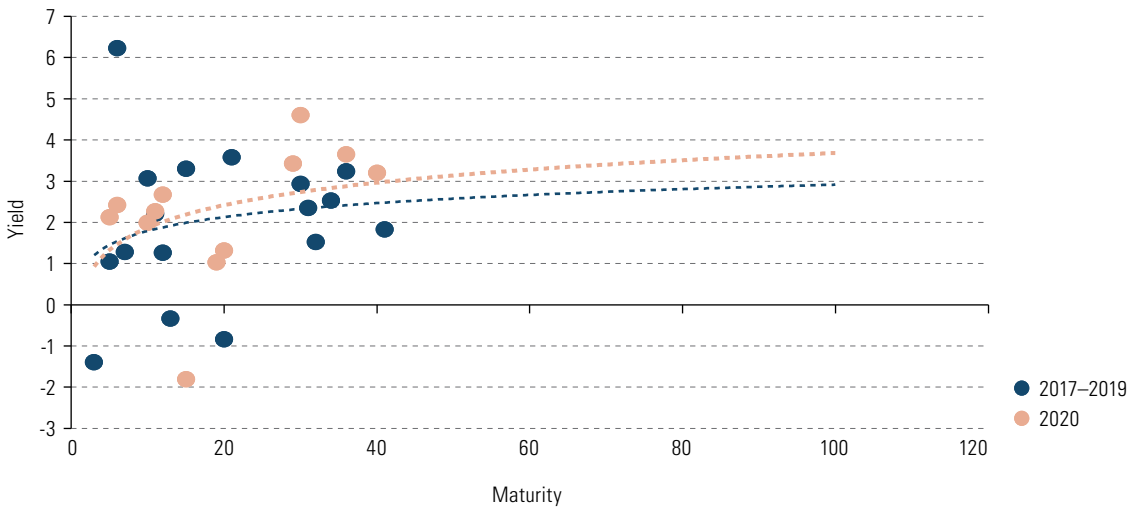
The available data on sovereign debt issuance, relative to securities classified as high yield (high risk) and investment grade, in the case of Latin America and the Caribbean, show that yields for investors increased in 2020 compared to 2017–2019. Yield is determined indirectly by calculating the spread between the interest rate on debt issues in the international capital market and the risk-free interest rate on ten-year United States Treasury bonds (see figure I.11).

Figure I.11
Latin America and the Caribbean: yield curve for sovereign debt issues classified as high yield and investment grade, 2017–2019 and 2020
(Percentages and number of years)

A. Issuance of sovereign debt rated high-yield



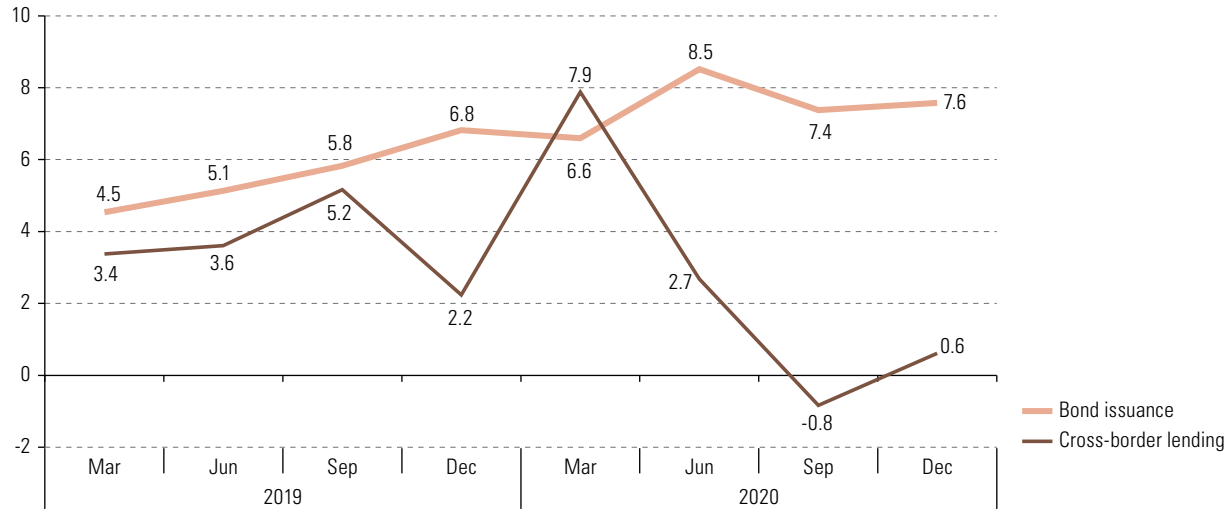
B. Issuance of sovereign debt rated investment-grade



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of ECLAC, *Economic Survey of Latin America and the Caribbean, 2020* (LC/PUB.2020/12-P), Santiago, 2020.
Note: The yield is calculated as the spread between the interest rate on the sovereign bonds and the risk-free interest rate on ten-year United States Treasury bonds.

These factors explain why the stock of bonds issued on the international market trended clearly up, expanding from 6.6% to 7.6% between the third and the last quarters of 2020. This contrasts with the trend in cross-border lending, where (as mentioned above) growth rates slowed sharply and in some cases turned negative owing to the effects of the pandemic. As a consequence of the impact of COVID-19, the rate of growth in lending fell from 7.9% to 0.6% between the first and last quarters of 2020 and turned negative (-0.8%) in the third quarter of that year (see Figure I.12).

Figure I.12
Global trend of the growth of cross-border lending and international bond issuance, 31 March 2019–31 December 2020
(Percentages)



Source: Bank for International Settlements (BIS), Global Liquidity Indicators, 2021 [online database] https://www.bis.org/statistics/gli.htm.
Note: Average rate of growth of cross-border lending and bond issuance in the international bond market in dollars, euros and yen.

Private financing to emerging and developing economies behaved similarly. The growth rate of cross-border lending was 2.0% in the second quarter of 2020, but slipped to 1.0% in the third quarter and to -1.4% in the fourth quarter of the same year. The increase in bond issuance on the international capital market averages 12.0% in the second quarter of 2020, before plummeting to 1.0% in the third quarter and to -1.4% in the fourth quarter of the same year.

The bond market has thus consolidated its position as the main provider of cross-border liquidity globally (accounting for 53% of the total in the last quarter of 2020). This market is also the main provider of international liquidity for the emerging economies.

An analysis by developing regions of the world shows that, in the case of Africa and the Middle East, bond issuance is concentrated in the government sector (with 64% of the total recorded in Q1 2021); and, in the case of Asia and the Pacific, the financial sector (with 60%). In Latin America and the Caribbean, the government and non-financial corporate sectors are the main bond issuers (accounting for 64% and 23% of the total in the first quarter of 2021, respectively) (see table I.2). In the latter case, the comparison between 2019 and 2020 also indicates that debt issuance by the government increased by 60%.

Table I.2
Developing regions of the world: gross debt issuance by institutional sector, 2018–first quarter of 2021
(Billions of dollars)

Region	Institutional sector	2018	2019	2020	2020 (first quarter)	2021 (first quarter)
Emerging and developing economies	**Total**	**93.9**	**130.8**	**131.7**	**137.6**	**144.6**
	General government	36.8	49.0	62.7	52.8	63.9
	Financial sector	38.6	54.6	37.1	50.4	53.4
	Non-financial corporate sector	18.5	27.2	31.6	34.5	27.5
Africa and the Middle East	**Total**	**13.7**	**33.8**	**38.5**	**31.4**	**45.3**
	General government	9.3	23.1	13.0	22.7	29.3
	Financial sector	3.2	8.1	9.3	8.5	13.2
	Non-financial corporate sector	1.1	2.6	1.6	0.16	2.8
Asia and the Pacific	**Total**	**53.8**	**59.7**	**50.8**	**49.7**	**51.5**
	General government	11.0	13.0	18.5	4.5	5.0
	Financial sector	29.8	34.6	34.4	31.6	30.8
	Non-financial corporate sector	13.0	12.0	7.8	13.5	15.7
Latin America and the Caribbean	**Total**	**12.7**	**25.7**	**19.7**	**37.8**	**34.0**
	General government	5.1	9.0	14.4	15.2	21.7
	Financial sector	4.4	9.8	1.1	4.4	4.4
	Non-financial corporate sector	3.3	6.9	4.3	18.3	7.9

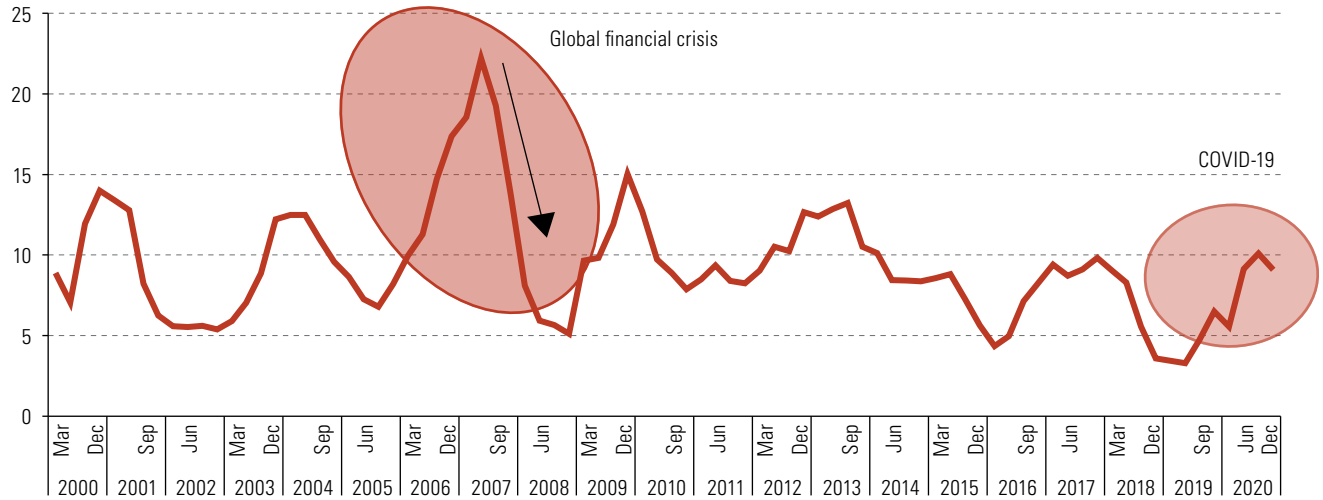
Source: Bank for International Settlements (BIS), Debt Security Statistics, 2021 [online database] https://www.bis.org/statistics/secstats.htm?m=6%7C33%7C615.

4. The international monetary and financial context has enabled the international capital market to behave countercyclically during the pandemic

The current behaviour of the international bond market differs from the pattern seen in other crises. According to the information available for 2000–2020, financing through the international bond market declined sharply during the systemic crisis prior to the pandemic (the 2008–2009 global financial crisis) and also in other previous crisis episodes (see figure I.13).

Thus, the behaviour of the international bond market during the pandemic period contrasts both with past experience and the procyclical behaviour usually expected of financial flows. Given the importance of the international bond market in providing global liquidity, the countercyclical nature of this market means it has smoothed the volatility of the business cycle while the pandemic has been unfolding.

Figure I.13
Trend in the rate of growth of issuance on the international bond market, 31 March 2000–31 December 2020
(Percentages)



Source: Bank for International Settlements (BIS), Debt Security Statistics, 2021 [online database] https://www.bis.org/statistics/secstats.htm?m=6%7C33%7C615.

5. The greater importance of the private capital market has its counterpart in an increase in both external and domestic debt

The counterpart of the more active role of the international bond market, together with increased risk appetite among private investors and their orientation towards emerging markets and developing countries, in the context of the COVID-19 pandemic, is an increase in external debt. As shown in table I.3, all developing regions of the world have seen their external debt rise between 2019 and 2020, either as a percentage of exports of goods and services or as a percentage of GDP. Moreover, the cost of that debt (in other words, external debt service as a percentage of exports of goods and services) has risen in all cases considered.

Table I.3
External debt indicators for emerging market and developing economies, 2019–2020
(Percentages)

Region	External debt as a percentage of exports of goods and services		External debt as a percentage of GDP		External debt service as a percentage of exports of goods and services	
	2019	2020	2019	2020	2019	2020
Emerging markets and developing economies	116.6	136.4	…	…	42.1	48.2
Emerging and developing economies in Asia	86.0	95.7	18.8	19.5	47.2	50.1
Emerging and developing economies in Europe	120.9	141.9	46.8	51.7	42.5	49.8
Latin America and the Caribbean	192.6	226.7	47.9	56.3	50.9	59.0
Middle East and Central Asia	125.0	176.6	46.8	53.9	22.2	31.8
Sub-Saharan Africa	172.5	228.1	42.6	46.1	28.5	35.9

Source: International Monetary Fund (IMF), World Economic Outlook Database, April 2021 [online] https://www.imf.org/en/Publications/WEO/Issues/2021/03/23/world-economic-outlook-april–2021

With the exception of Sub-Saharan Africa, Latin America and the Caribbean is the developing region with the highest level of external debt, measured as a percentage of its exports of goods and services (226.7%). It also faces the highest cost for this level of debt (59% of its exports of goods and services).

External financial conditions have allowed countries with access to the private capital market to finance their debt with sovereign issues. In 2007–2020, an average of 11 Latin American and Caribbean economies issued sovereign debt on international markets; and they have been able to do so at historically low rates with longer maturities (even up to 50 years for principal repayment). Longer maturities make it possible, in principle, to avoid the debt restructurings that can occur with shorter maturities and heighten country risk. Nonetheless, longer maturities and lower interest rates increase the present value of the debt.

Even so, the current debt levels may give rise to liquidity and sustainability issues. Stabilizing public debt levels necessarily means that economic growth exceeds the real interest rate. What is important is not how low the interest rate is in absolute terms, but the relationship between the interest rate and the economy's growth rate.[10]

Credit ratings can aggravate a country's financial vulnerability. An analysis of sovereign ratings from the three major credit rating agencies (Moody's, Standard & Poor's and Fitch) shows that more than half of the world's developing economies for which data are available are classified as high and very high-risk (see table I.4). This obviously affects access to the international financial markets and raises the cost of debt issuance.

Table I.4
Selected developing regions: credit risk ratings, 2021
(Number of countries and percentages)

Risk	Africa		Asia		Middle East		Latin America and the Caribbean	
	Number of countries	Percentage of total	Number of countries	Percentage of total	Number of countries	Percentage of total	Number of countries	Percentage of total
Very low	0	0	0	0	0	0	0	0
Low	0	0	10	23	4	21	1	21
Medium	3	6	13	30	5	26	5	26
High	24	48	15	34	7	37	17	37
Very high	23	46	6	14	3	16	4	16
Total	**50**	**100**	**44**	**100**	**19**	**100**	**27**	**100**

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of CountryRisk.io, 2021 [online] https://www.countryrisk.io/platform.

[10] Based on the budget constraint, the increase in debt is explained either by a real interest rate that exceeds the growth rate or by a larger primary deficit. This can be expressed formally as follows:

$$\dot{d}=(r-\dot{y})\,d+\frac{(G-T)}{Y} \quad (1)$$

Where d = ratio of public debt to GDP; r = real interest rate; $\dot{y}$ = real GDP growth rate; G = total government spending; T = tax revenue; and Y = level of GDP. stability of the debt-to-GDP ratio implies that debt relative to GDP (d) is equal to the ratio of the primary deficit $((G-T)/Y)$ and the difference between the interest rate (r) and the growth rate (y). That is:

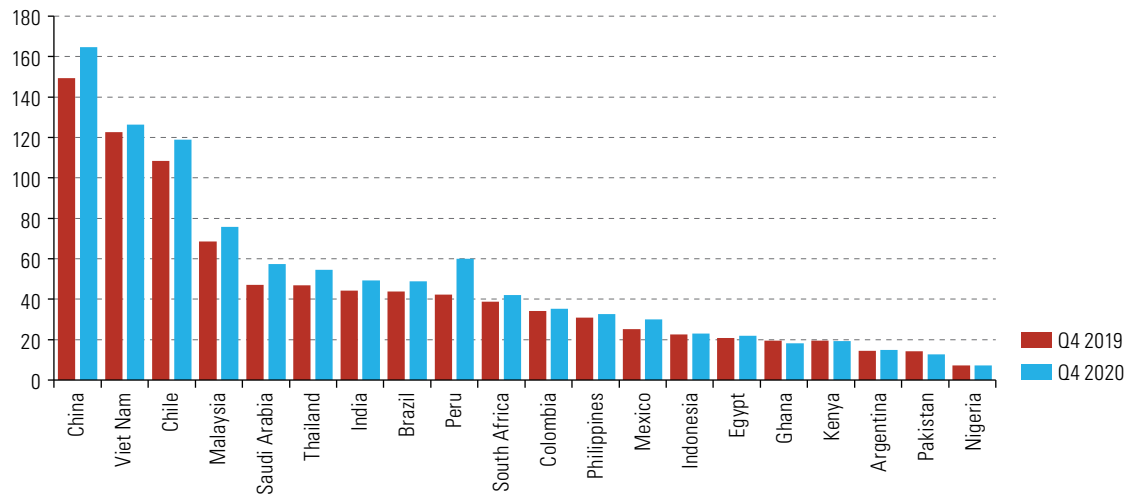
$$d=\frac{(G-T)/Y}{\{r-\dot{y}\}} \quad (2)$$

Since both r_i and $\dot{y}$ have small values, any change in either of these variables will have a much larger effect than any change in the primary deficit $((G-T)/Y)$ (Taylor and others 2012). Moreover, countries in the region may be unable control the r_i term, owing basically to the existence of a risk premium, which reinforces the idea that the most viable way to significantly reduce the (steady-state value of debt relative to GDP is to increase the growth rate.

6. Non-financial corporate sector debt has also trended up

Non-financial corporate borrowing has also risen in all regions of the developing world. In emerging and developing economies as a whole, non-financial corporate sector debt grew from 100.9% to 103.4% of GDP between the first quarters of 2020 and 2021. By region, outstanding debt rose from 127.3% to 129.3% of GDP in emerging Asia; from 69.3% to 72.6% of GDP in the emerging economies of Europe; from 44.3% to 49.1% of GDP in Africa and the Middle East. and from 41.7% to 43.9% of GDP in the Latin America and the Caribbean region. A more detailed analysis by country shows that the increase in non-financial corporate sector debt has been widespread (see figure I.14).

Figure I.14
Selected developing countries: stock of non-financial corporate sector debt, fourth quarters of 2019 and 2020
(Percentages of GDP)



Source: Institute of International Finance (IIF). "Global Debt Monitor: chipping away at the mountain?", 17 February 2020 [online] https://www.iif.com/Portals/0/Files/content/Global%20Debt%20Monitor_Feb2021_vf.pdf.

The share of the total debt that is denominated in foreign currency varies from country to country: 23.3% in Brazil, 43.5% in Chile, 15.4% in Colombia and 25.6% in Mexico, according to information available for the Latin American countries.[11]

External debt exposes the financial position of firms (as well as the government sector) to the effects of variations in the nominal exchange rate and in perceptions of country risk and corporate risk. These transmission mechanisms are particularly important in the case of the non-financial corporate sector, where currency mismatch is common (in other words, foreign currency liabilities are not fully covered by foreign currency assets (BIS, 2019)). This means that changes in international conditions, such as a rise in the external interest rate or a depreciation of the nominal exchange rate, may increase debt service costs and the burden of the debt, thus increasing credit risk and worsening the financial position.

Even if the debt is denominated in local currency, both firms and the government may be exposed to vulnerabilities arising from changes in the external interest rate, exchange rate or country risk. The issue is not the currency in which the debt is denominated, but whether the debt is held by local or foreign investors. If the debt

[11] Data are for the first quarter of 2021. See IIF (2021a).

is issued in domestic currency but held by foreign investors, an actual or expected depreciation may have a similar effect on the economy as if the debt were issued in foreign currency. It may generate an expectation of capital losses among foreign investors holding debt denominated in domestic currency. This will result in capital outflows and heightened risk perceptions; and, if the latter affect the exchange rate, this mechanism could provide the basis for a cumulative process.[12]

7. The effects of the pandemic could aggravate financial fragility among firms and increase the proportion of firms with at-risk debt

Financial fragility refers to a situation in which rising indebtedness generates increasing debt payment commitments that will eventually outweigh real income flows.[13] One indicator of the degree of financial fragility is the interest coverage ratio (defined as a firm's earnings before interest and taxes divided by its interest expenses).

This indicator reflects the ease with which a firm can pay interest on its outstanding debt, and the extent to which it relies on short-term debt to discharge its obligations. Although there is no absolute threshold for the interest coverage ratio, a useful benchmark is whether the ratio is above or below 1. Values close to or below 1 may be an indication of a weaker financial position compared to those above 1.[14]

Information available for selected Latin American countries shows that more than a quarter of a sample of 23,820 firms have an interest coverage ratio equal to or less than 1; and 37% of the debt of those firms has an associated interest coverage ratio equal to or less than 1.

Table I.5
Latin America (selected countries): proportion of firms and corporate debt with an interest coverage ratio of 1 or lower, 2020
(Percentages)

Country	Proportion of firms with interest coverage ratio equal to or less than 1	Proportion of corporate debt with interest coverage ratio equal to or less than 1
Panama	53.8	39.6
Argentina	52.4	46.6
Brazil	46.3	41.0
Chile	39.8	16.9
Bolivia (Plurinational State of)	35.3	34.6
Peru	29.3	23.3
Colombia	25.0	20.0
Uruguay	21.1	51.4
Latin America	**27.9**	**37.0**

Source: R. Taliercio, "Sesión 1: Mesa de Diálogo 'Cambios en la Economía mundial y los desafíos de las Instituciones de Desarrollo ante la Pandemia COVID-19'", presentation at Virtual Meetings of Chief Economists of Development Banks: Challenges Facing Development Banks in Boosting the Region's Economic Recovery and Momentum as a Result of the COVID-19 Pandemic, 6 and 8 April 2021 [online] https://www.alide.org.pe/wp-content/uploads/2021/04/Robert-Taliercio_sesi%C3%B3n-1.pdf.
Note: The sample covers 23,820 firms with a total debt of US$ 19 billion.

12 A similar logic applies to changes in the external interest rate.

13 Financial fragility results from the functioning of an economy in which the supply and demand for loans are based on diminishing margins of safety. As safety margins narrow, economic agents become more dependent on income flows for debt payments and on the "normal functioning of financial markets to refinance positions in long-term assets" (Minsky, 1986). As a result, any disruption to income or to financial markets may make it difficult for economic agents to service their debt (interest or principal), resulting in liquidity constraints and insolvency problems. The robustness or fragility of the financial system depends upon the size and strength of the margins of safety and the likelihood that initial disturbances are amplified (Minsky, 1986). The size and strength of safety margins are "safer" when economic agents can meet their debt commitments (interest and principal) with future cash flows. The size and strength of safety margins are "less safe" when economic agents rely on the expectation of an appreciation of the underlying asset(s) supporting their debt, or a favourable change in underlying economic conditions (for example, an appreciation of the exchange rate when the debt is denominated in foreign currency) to cover their liabilities (interest and principal). In between, there is the case where economic agents expect future income flows to cover interest payments, but not amortization.

14 The interest coverage ratio can also be used as an indicator of liquidity risk.

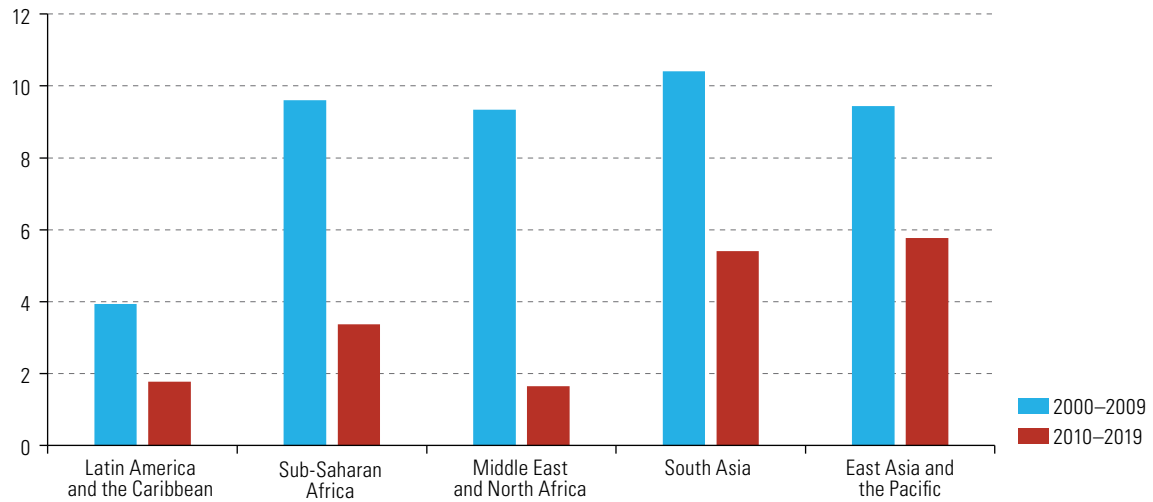
8. Proposals to increase global liquidity

International capital markets are highly sensitive to external financial conditions and to the risk perceptions of the issuing countries, which makes them highly volatile and exposes them to sudden stops. The countercyclicality displayed by capital markets may not last through time.

Moreover, not all countries have the same access to financing and at the same cost. The liquidity provided by international financial institutions has been insufficient for developing countries to meet their financing needs, particularly in the case of upper-middle-income countries. Financial support has gone largely to low-income and lower-middle-income countries.

The preponderance acquired by the international capital market as a financing source, especially since the global financial crisis, has not resulted in increased investment. In fact, the available information points in the opposite direction: the coexistence of rising debt and a decline in the growth rate of gross fixed capital formation between 2000–2009 and 2010–2019 (see figure I.15).

Figure I.15
Developing regions: growth rate of gross fixed capital formation, 2000–2009 and 2010–2019
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of World Bank, World Development Indicators, 2021 [online database] https://databank.worldbank.org/reports.aspx?source=world-development-indicators.

In this context, the International Monetary Fund (IMF) approved a new issue of special drawing rights (SDRs) equivalent to US$ 650 billion in August 2021, as a way to increase global liquidity in a more expeditious and sustainable manner that is less costly and available to all countries.[15] SDRs are an official supplementary reserve asset (foreign currency reserve) created by IMF that can be converted into international reserve currencies by its member countries. SDRs are distributed (allocated) in proportion to each country's quota in the IMF.

[15] There are other proposals for increasing global liquidity, such as the Fund to Alleviate COVID-19 Economics (FACE), which aim to provide exceptional financing to developing countries, including low- and middle-income ones, to mitigate the social and economic impact of the pandemic on households and production sectors. It is also intended to finance economic recovery once the pandemic is over. However, unlike SDRs, the FACE proposal has not yet materialized. The proposal is to finance the fund with resources from developed economies, channelled through multilateral development banks. The fund would consist of US$ 516 billion (3.0% of the GDP of low- and middle-income countries or 0.7% of the GDP of developed countries), which would be used for concessional lending with a 50-year term, a 5-year grace period and an interest rate equivalent to 0% or the current LIBOR rate (ECLAC, 2021c).

Special drawing rights serve as a credit line offering four advantages to the user. First, they are an automatic credit line (up to 100% of the country's quota) and are available to all countries regardless of their income level.

Second, SDRs do not generate debt. The loan does not entail a repayment obligation. In this respect, SDRs differ from all other financial programmes and credit lines provided by the IMF, including emergency facilities to support the fight against the pandemic, such as the Rapid Credit Facility (RCF) or the Rapid Financing Instrument (RFI).

Third, SDRs do not carry any conditionality. All non-pandemic IMF programmes involve conditionalities with high social and economic costs.

Fourth, the use of SDRs generates a very low, below-market, interest rate (0.05%), which is advantageous for countries that have high risk premiums. Similarly, SDRs increase reserve assets without countries having to incur the costs normally associated with reserve accumulation. Reserve accumulation is one of the main countercyclical tools used by developing countries, at least since the Asian crisis (1997-1998), but it is a costly instrument that has major macroeconomic ramifications, such as quasi-fiscal deficits.[16]

In August 2021, the IMF Executive Board made a new issue of US$ 650 billion, which is the maximum amount that the Fund's member states can issue without requiring approval from the United States Congress. The purpose of this issue is to expand global liquidity without adding to the debt burden, thus freeing up much-needed resources for member countries to support the fight against the pandemic, including for vaccination programmes and other urgent measures (IMF, 2021b and 2021d), to strengthen countries' external financial position and broaden access to capital markets, and to mitigate the risks of economic stagnation by helping to stimulate global growth.

The new SDR issue was distributed to IMF members according to their quota shares. Developing and emerging economies received 42% of the new US$ 650 billion issue of SDRs (US$ 275 billion), with the remaining 58% (US$ 375 billion) going to developed countries. Latin America and the Caribbean received the equivalent of US$ 51.5 billion (7.9% of the total and 18.7% of the funds distributed to emerging and developing economies).

In the case of the region, the contribution made by the new SDR issue as a percentage of international reserves (in addition to existing holdings) would range from around 37% in the case of Guyana to 3.0% in the case of Peru. A detailed analysis by country shows that a new SDR allocation would benefit some of the smaller economies in the region. These include the Caribbean small island developing states (SIDS), which are also the most vulnerable, owing to the size of their economies, the structural constraints they face and their exposure to natural disasters.

Guyana and Suriname would benefit the most, with total SDR holdings representing around 37% and 30% of their total international reserves, respectively. Other smaller economies that stand to benefit are the Bahamas, Belize, Ecuador, El Salvador, Haiti, Jamaica, and Saint Lucia.

Some of these economies, such as Belize, Jamaica and Suriname, are also among the most heavily indebted in region. In 2020, central government public debt represented 118.2% of GDP in Belize, 103.3% of GDP in Jamaica and 99% of GDP in the case of Suriname. The resulting increase in the international reserves of these economies would provide a significant financial cushion by reducing risk and strengthening their balance of payments positions.

[16] The interest rate on SDRs is variable and may rise in response to a change in the monetary policy stance of developed countries, and especially that of the Board of Governors of the United States Federal Reserve. However, given the current economic and social conditions, any increase is unlikely to be significant.

IMF is also considering the recycling of SDRs to developing economies, possibly in three tranches. The first tranche would be used to increase funding to the Poverty Reduction and Growth Trust Fund (PRGTF), which is already largely financed by SDR borrowing from developed countries. The second tranche would consist of a trust fund to finance climate change, digital transformation and health-related expenditure. The third tranche would be to support lending by multilateral development banks through the creation of another trust fund (Wolf, 2021).

The United Nations was also in favour of the new SDR issue along with a recycling from developed to developing countries; however, it recognizes that mechanisms such as PRGTF are confined to low-income and lower-middle-income countries. The United Nations has proposed the creation of a new IMF-based trust fund to support all middle-income countries, and Caribbean SIDS in particular, in their pandemic response and economic and social recovery (United Nations, 2021).

C. External sector

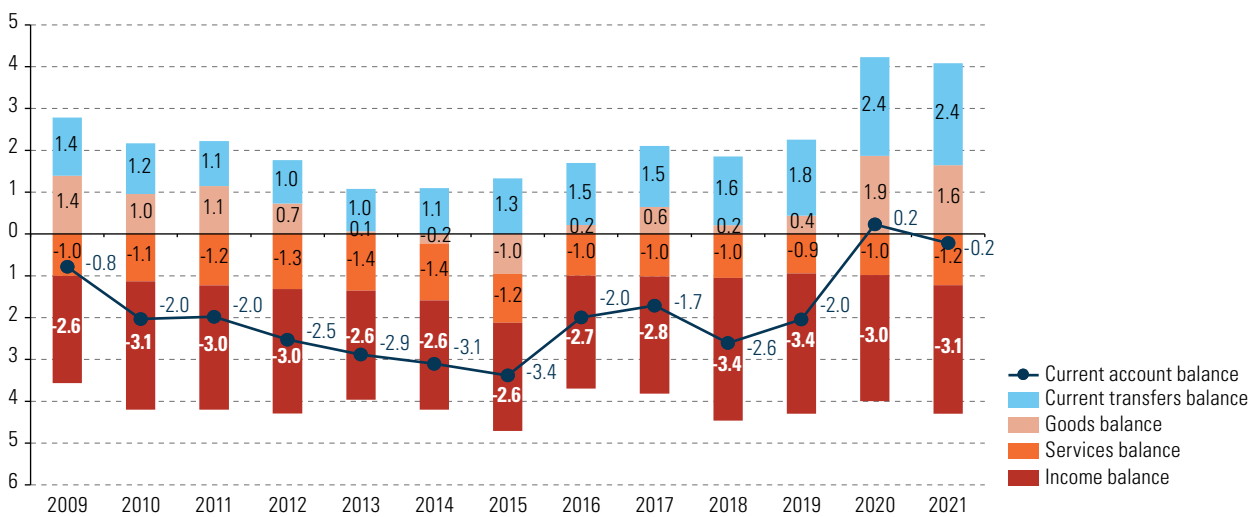
1. After reporting a small surplus in 2020 —something that had not occurred since 2007— the balance of payments current account will once again post a deficit in 2021, albeit a much smaller one than the pre-crisis decade average

In 2021, Latin America's balance of payments current account will report a deficit equal to 0.2% of the region's GDP. This will follow a small surplus (0.2% of GDP) the previous year, something not seen since 2007 (see figure I.16). In any case, this is a small deficit, much lower than those observed in the 2010s, prior to the crisis, when the average deficit was 2.5% of regional GDP.

This year's projected outcome is on account of several factors. On the one hand, there was a strong recovery in imports, in line with the recovery in economic activity; as a result, imports will increase more than exports, although the latter will also show significant dynamism. Thus, the trade balance will remain in surplus, albeit by a smaller amount than in 2020.

The income account, which in Latin America has historically posted deficits, will report a larger deficit this year than in 2020 (3.1% of GDP compared to 3% the previous year). The services account, which also has been historically in deficit in Latin America, will follow suit, rising from a deficit of 1% of GDP in 2020 to a deficit of 1.2% of GDP in 2021. The only account to buck that trend in 2021 is the balance of transfers, where the surplus is expected to increase this year; this effect, however, is attenuated in percentage-of-GDP terms, with the result remaining almost stable in comparison to the previous year.

Figure I.16
Latin America (19 countries): balance-of-payments current account, by components, 2009–2021[a]
(Percentage of GDP)



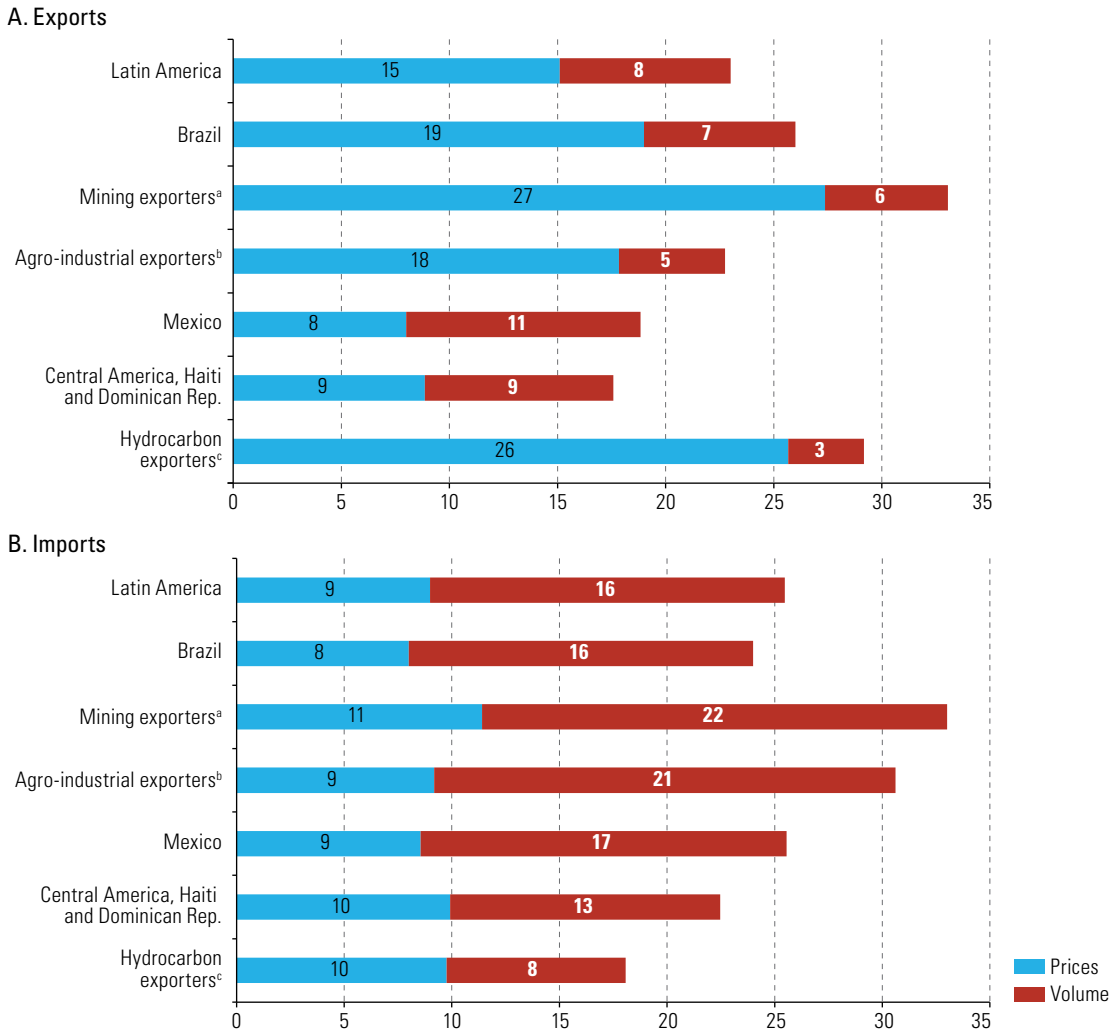
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Figures for 2021 are projections.

2. The goods trade surplus is expected to weaken in 2021, since imports rose more than exports

The uptick in economic activity in the region's countries in 2021 has been accompanied by a sharp increase in goods imports. For the full year these are projected to increase by 27%[17] compared to 2020 (with a 16% increase in import volume and a 9% increase in import prices) (see figure I.17.B)

Although exports are also expected to post double-digit growth, this result is projected to be somewhat lower than the import figure: 24%,[18] on account of an 8% increase in export volumes and a 15% rise in export prices (see figure I.17.A). As a result, the region's goods account is projected to post a slightly smaller surplus than in 2020: 1.6% of GDP, compared with 1.9% the previous year.

Figure I.17
Latin America and the Caribbean (selected countries and groups of countries): projected rate of change in goods exports and imports, by volume and prices, 2021
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC).
[a] Chile and Peru.
[b] Argentina, Paraguay and Uruguay.
[c] Bolivarian Republic of Venezuela, Colombia, Ecuador, Plurinational State of Bolivia and Trinidad and Tobago.

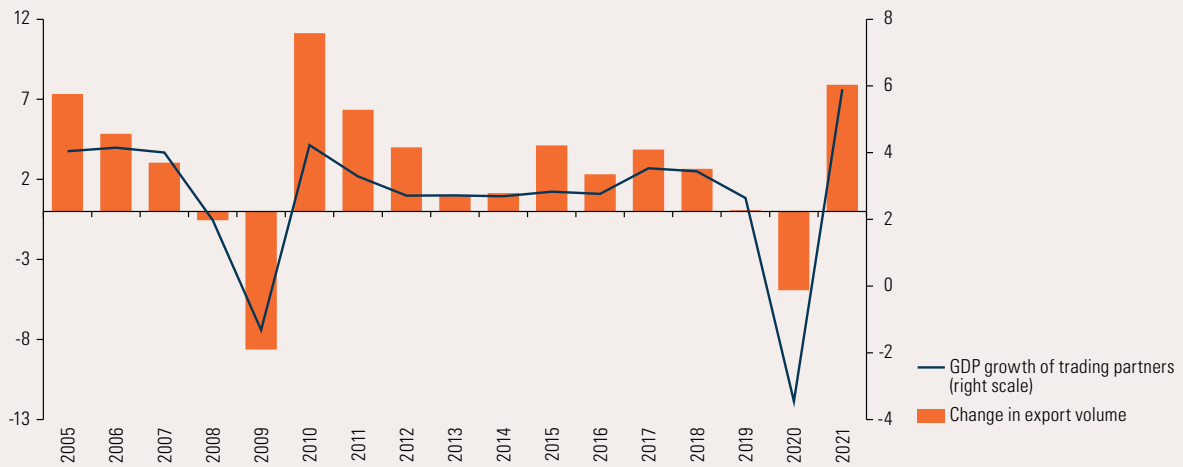
[17] This was calculated using the following formula: (1+value change)=(1+price change)*(1+volume change).
[18] This was calculated using the following formula: (1+value change)=(1+price change)*(1+volume change).

Although the increase in exports recorded this year has an important volume component, in that external demand rose on account of higher growth among the region's trading partners, most of it is explained by price increases (see box I.1). In contrast, the increase in imports is mostly the result of an increase in volumes, as the recovery of domestic demand in the region is fuelling rises in imports of both consumer and investment goods.

Box I.1
Latin America: growth among trading partners and export volume performance

Following the general decline in economic activity among the region's main trading partners in 2020, which was accompanied by a drop of almost 5% in the region's export volumes, growth of almost 6% in the GDP of its trading partners is projected for 2021, together with an average growth of 8% in the region's export of goods volumes.

Latin America (17 countries):[a] GDP growth of trading partners and increase in the volume of goods exports, 2005–2021[b]
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of United Nations, UN Comtrade Database (for trade partner weightings) and International Monetary Fund (IMF), World Economic Outlook Database, April 2021 [online] https://www.imf.org/en/Publications/WEO/Issues/2021/03/23/world-economic-outlook-april-2021 (for the growth of trade partners).

[a] The countries included are 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.

[b] The growth rates have been calculated on a weighted basis using the weight of each partner in the total goods exports of the country under analysis. The weights were calculated for each year. The 2021 figures are projections.

The indicator for trading partners' GDP growth is calculated as a proxy for the level of demand for exports from the region's countries and, in fact, is closely correlated (over 0.8 in the 2000–2020 period) to the variation in the region's export volumes.

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

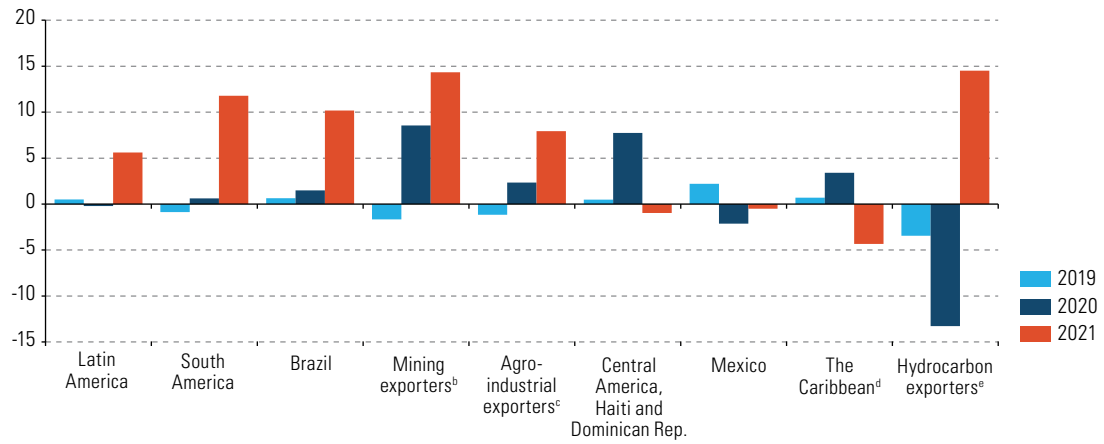
3. Average terms of trade are expected to improve this year for Latin America, although the economies of the Caribbean and Central America are expected to be hit by higher energy prices

As noted in section I.A, average commodity prices are expected to be higher in 2021 than in 2020. As a result, Latin America's average terms of trade will increase by 5.6% this year (see figure I.18), which would be its best performance since 2010.

As is customary, however, the results will vary between subregions. In South America, which is a net exporter of commodities and hence benefits from higher prices there, the terms of trade are up by almost 12%. The opposite is true for Central America, which is a net importer of fuel and —in the case of some countries— also of food, and where the terms of trade will worsen by 1% this year.

In the Caribbean (excluding Trinidad and Tobago), the terms of trade will drop by 4%, because that subregion is also a net importer of energy and food.

Figure I.18
Latin America and the Caribbean (selected countries and groups of countries): rate of change in the terms of trade, 2019–2021[a]
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] The figures for 2021 are projections.
[b] Chile and Peru.
[c] Argentina, Paraguay and Uruguay.
[d] Excludes Trinidad and Tobago.
[e] Bolivarian Republic of Venezuela, Colombia, Ecuador, Plurinational State of Bolivia and Trinidad and Tobago.

4. The services deficit is expected to worsen in 2021, as restrictions on international tourism continue and imports of transport and other services are expected to pick up on account of the economic recovery

The services deficit as a percentage of GDP rose to 1.0% in 2020 (compared with 0.9% in 2019), although measured in dollar terms it fell.[19]

Because of the pandemic, both exports and imports of services shrank by over 30%. Travel services were the hardest hit.[20]

For 2021, the services deficit is expected to widen to 1.2% of GDP, in line with the strong rebound in activity and, by extension, the import of transport and other associated services. Tourism-related services will recover over the course of the year, although they will remain very depressed compared to their pre-pandemic levels. This

[19] This was because the drop in GDP was larger than the deficit's contraction in absolute terms.
[20] According to the World Tourism Organization (UNWTO, 2021), in 2020 international tourism revenues plummeted in Central America (-68.8%), South America (-63.2%) and the Caribbean (-56.5%).

is due to the continued restrictions and precaution surrounding international travel, increased concerns about travelling abroad and a probable shift in business travel patterns over the next few years. These circumstances, together with the persistence of high infection rates in many of the region's countries and the uneven deployment of vaccination programmes, will have a negative impact on Latin America and the Caribbean, a region that has traditionally exported tourism services.[21] According to figures from the World Tourism Organization (UNWTO, 2021), during the first quarter of 2021 there were year-on-year drops in international tourist arrivals in South America (-90.9%), Central America (-76.3%) and, to a lesser extent, the Caribbean (-59.5%).

5. The income balance deficit will rise in 2021, as earnings of foreign companies increase, while the transfer balance, which mainly comprises remittances, will post a higher surplus in 2021

In contrast to the previous year, the income balance deficit will widen in 2021 (3.1% of GDP compared with 3% in 2020), as is usually the case in years that report upticks in commodity export prices and domestic activity. Increased commodity prices translate into higher earnings for foreign companies established in the region, especially for those dedicated to exporting those products. These companies, in turn, tend to return higher earnings to their parent companies abroad. A similar upward trend will be seen in interest payments due to increased levels of debt that the region has assumed to meet the higher spending and financing needs arising from the pandemic.

The current transfers balance, which is structurally in surplus in the region, will increase its surplus by 11%, although in GDP terms, it will remain at a similar percentage as in 2020 (around 2.4% of GDP).[22]

Migrant remittance flows to the region, which are the main component of the current transfers account, rose by 32% in the first few months of 2021 compared to the same period in 2020 (see figure I.19), after rising by 8% in 2020.[23] This is a result of the ongoing economic recovery in the major economies of origin, and of a reduced inflow of remittances during the second quarter of 2020.[24]

At the subregional level, there was a large difference in 2020 between South America —which experienced a major drop in remittances— and Central America and Mexico, where remittances increased (see box I.2). The difference was on account of the greater resilience of migrant remittances from the United States compared to those originating in Europe and the region itself (Harris and Vivanco, 2021). In 2021, this difference between subregions appears to have disappeared and remittances are rising steadily across the region.

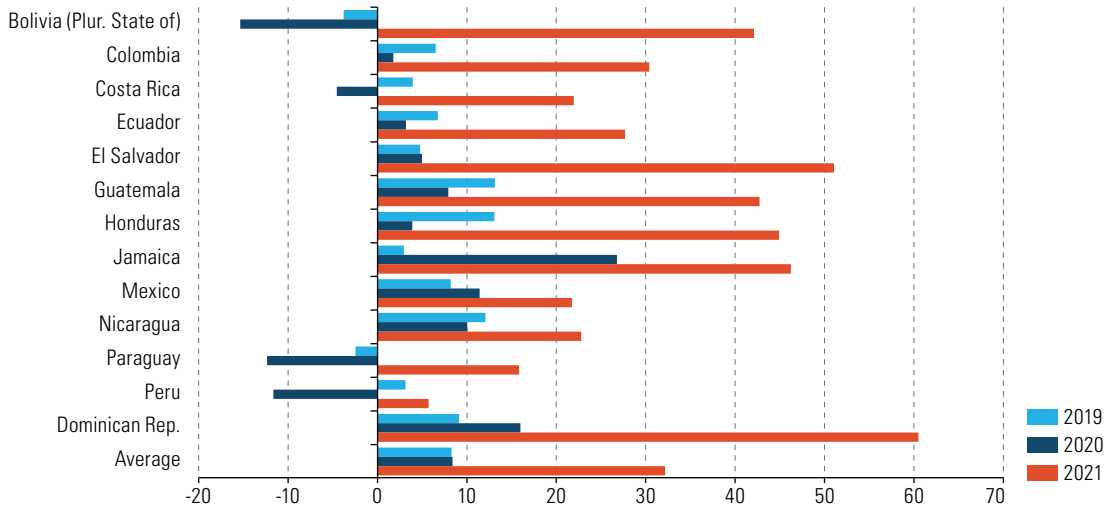
21 In particular, the share of tourism in total service exports fell from 43% in 2019 to 25% in 2020.

22 The surplus in the current transfers account rises year by year; there are exceptions to this, however, such as 2009, when the global economic and financial crisis caused the region's remittance receipts to fall.

23 After the onset of the crisis, when it was predicted that remittances could fall by as much as 20%, several hypotheses have been put forward regarding their resilience in 2020 (see World Bank, 2020). The first idea was that it was on account of the support programmes adopted by the governments of the sending countries, which also benefited migrants in the remittances' countries of origin. The second hypothesis is that migrants had more savings as a result of lessons learned after the 2008 financial crisis (see Harris and Vivanco, 2021). Finally, some observers see the impact of cheaper, digital transfer methods as a substitute for face-to-face transfer services (see Maldonado Gonzáles, Harris and Vivanco, 2021).

24 The United States is the main country of origin for Mexico, Central America and the Caribbean, while certain European countries serve that function in South America (see ECLAC, 2020).

Figure I.19
Latin America and the Caribbean (selected countries): rate of change in migrant remittance revenues, 2019–2021[a]
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] For Guatemala, the 2021 figures cover the period from January to June; for Colombia, the Dominican Republic, El Salvador, Honduras, Mexico and Paraguay, the period from January to May; for Jamaica, Nicaragua and the Plurinational State of Bolivia, the period between January and April; and for Costa Rica, Ecuador and Peru, the period between January and March.

Box I.2
Mexico, Central America and the Caribbean: remittance trends, 2019–2021

In Mexico, Central America and the Caribbean (Cuba, Haiti and the Dominican Republic), where remittances represent a significant share of income, cumulative flows trended upwards in 2020 (10.8%), running counter to predictions at the onset of the pandemic and outpacing growth in 2019 (9.1%). As seen in the table below illustrating the main receiving countries, year-on-year growth in remittances was even stronger in the first half of 2021 —a weighted average of almost 32%— largely driven by the economic and employment recovery in the United States. In the case of Cuba, although no official estimates are available for the years analysed (2020 and 2021), it may be assumed that remittance flows will decline in 2020 and 2021, unlike in other countries in the subregion, not so much as a result of the pandemic but rather owing to the tightening of the restrictions on financial and commercial transactions imposed by the United States.

Mexico, Central America and the Caribbean (selected countries): remittance flows, 2019–2021
(Millions of dollars)

Country	Cumulative annual flows[a]		Accumulated flows January-June[b]		Percentage structure	Percentage variation	
	2019	2020	2020	2021	2020	Total	Weighted
El Salvador	5 649	5 930	2 518	3 658	7.4	45.3	3.3
Guatemala	10 508	11 340	4 880	6 966	14.3	42.7	6.1
Haiti	3 328	4 013	765	1 108	2.2	44.9	1.0
Honduras	5 522	5 737	2 469	3 477	7.2	40.8	3.0
Mexico	36 439	40 601	19 290	23 618	56.6	22.4	12.7
Nicaragua	1 682	1 851	706	858	2.1	21.6	0.4
Dominican Republic	7 087	8 219	3 475	5 263	10.2	51.5	5.2
Total and averages	**70 215**	**77 692**	**34 101**	**44 949**	**100**	**38.5**	**31.8**

Source: Economic Commission for Latin America and the Caribbean (ECLAC) on the basis of official figures.
[a] The figures for Haiti cover the fiscal year (October–September the following year).
[b] Cumulative figures from January to April for Haiti and from January to May for Nicaragua.

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

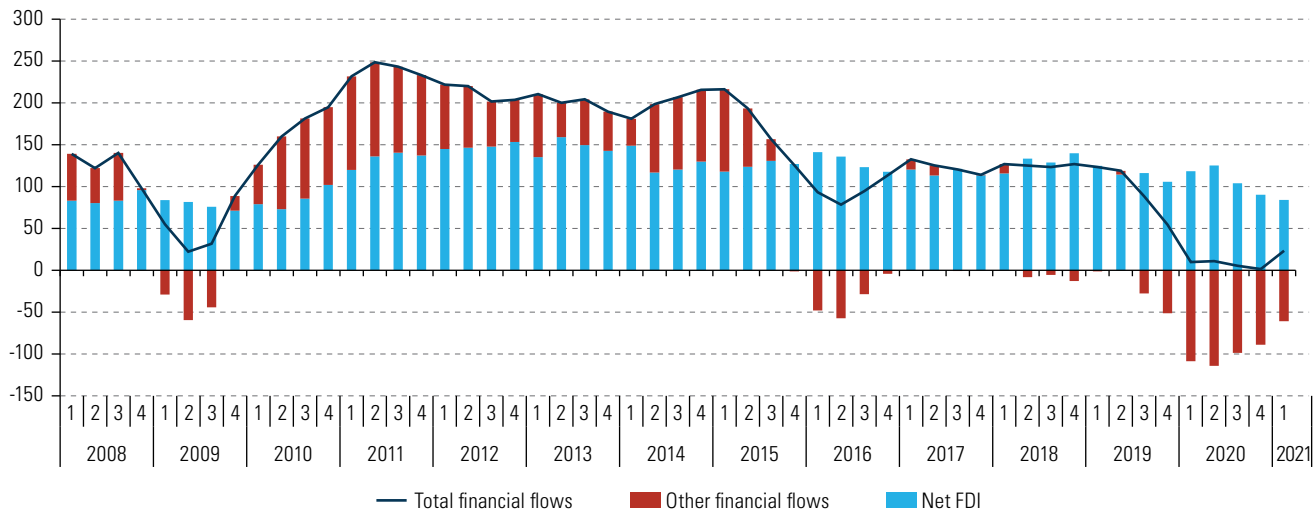
6. Financial inflows to the region have picked up thanks to favourable global economic condition and lower risk aversion

Net financial flows to Latin America have followed a trend similar to that observed in other emerging regions. As economic activity improves in the different regions of the world and risk aversion falls, financial resources are being channelled into riskier assets (see section I.A).

Thus, financial flows into the region, excluding foreign direct investment (FDI), continued to recover during the first quarter of 2021, with a total outgoing amount of US$ 60.7 billion.[25]

Outflows were 32% lower than in the previous quarter, when net financial outflows stood at around US$ 89 billion (see figure I.20). Cumulative foreign investment inflows in the first quarter of 2021 remained stable compared to the previous quarter. This, combined with higher resident investment outflows, reduced net direct investment in the region, which totalled US$ 84 billion. As a result, net FDI more than offset other capital outflows, so this period saw a rebound in total financial flows into the region, which had been severely depleted since the first quarter of 2020 on account of the pandemic crisis.

Figure I.20
Latin America (14 countries): net foreign direct investment, other investment flows and total financial flows, first quarter of 2008–first quarter of 2021
(Billions of dollars, cumulative for four quarters)

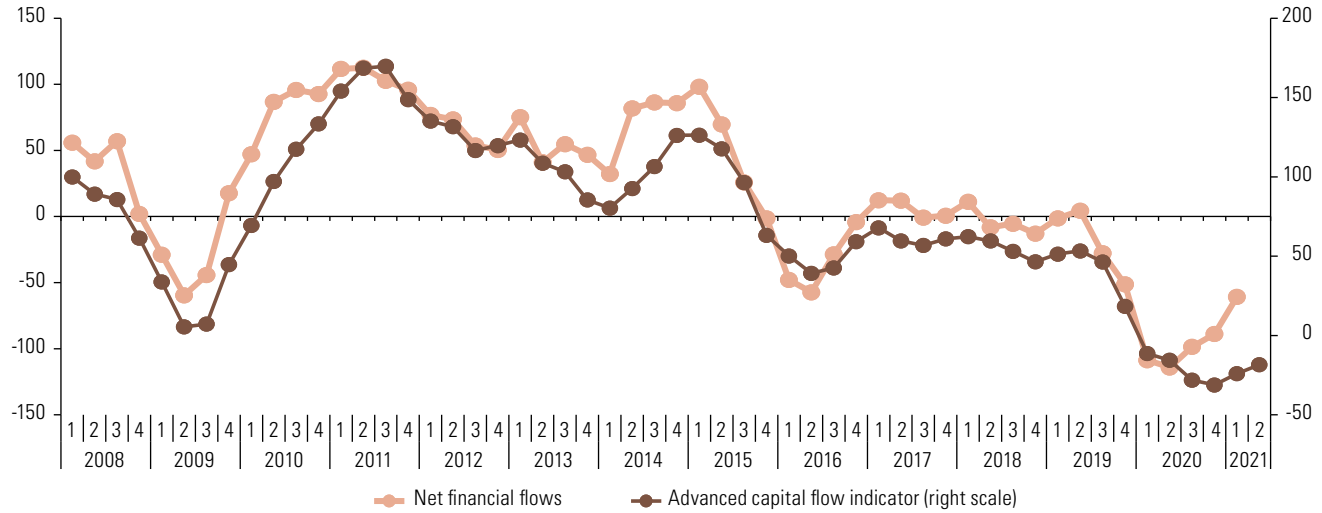


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
Note: Includes available balance-of-payments data for the first quarter of 2021 from Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Honduras, Mexico, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay.

The recovery in financial flows will have continued in the second quarter of the year according to the advance capital flow indicator prepared by ECLAC (see Carvallo and others, 2018) (see figure I.21). As stated above, lower external volatility, the increased appetite for riskier assets and a relatively better control of the pandemic and its economic effects make it possible to foresee that the dynamics of financial flows will maintain a positive trend over the coming quarters.

[25] These are portfolio investments and other investments classified in the balance of payments financial account, accrued over four quarters.

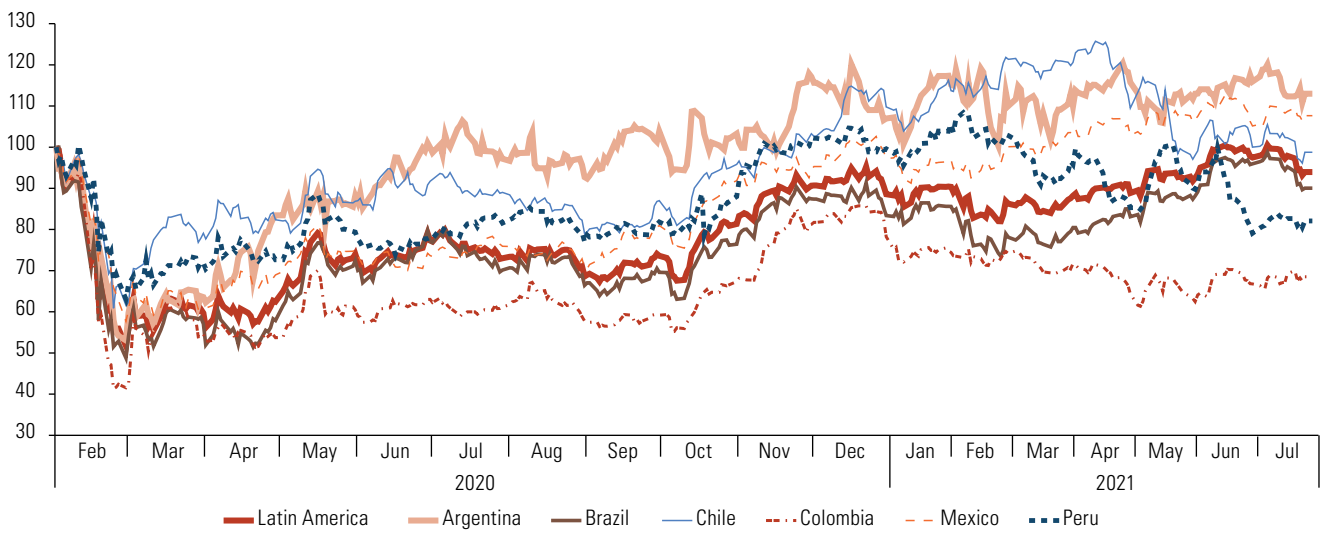
Figure I.21
Latin America: net financial flows (excluding net foreign direct investment) and advanced indicator of financial flows, first quarter of 2008–second quarter of 2021
(Flows in billions of dollars, cumulative for four quarters, and index = 100 as of the first quarter of 2008)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures and P. Carvallo and others, "Metodología para la construcción de un indicador adelantado de flujos de capitales para 14 países de América Latina", *Macroeconomics of Development series*, No. 198 (LC/TS.2018/120), Santiago, Economic Commission for Latin America and the Caribbean (ECLAC), 2018.
Note: The advance capital flow indicator allows predictions of the future behaviour of financial flows, since it is built with monthly inputs. This reveals the dynamics of flows —albeit not their volumes— much earlier than the balance of payments data, which, because they are quarterly, appear with a longer time lag.

The indicators that support the above claim include the market indices of the main Latin American stock exchanges, as measured by the MSCI stock market price index. The Latin American index fell by 44% in the first month after the pandemic was declared (between 24 February and 24 March 2020). Since then, it has been on a slow but steady path to recovery and is now approaching its pre-pandemic levels (see figure I.22).

Figure I.22
Latin America (6 countries): MSCI index, 24 February 2020–9 July 2021
(Index: 24 February 2020 = 100)



Source: Bloomberg.

7. The region's debt issuance on international markets continued to increase in 2021, with a strong acceleration in the corporate segment

Despite a pandemic-induced drop in the first few months of 2020, debt issuance on international markets rose by 22.5% that year, for a total of more than US$ 145 billion (see table I.6). The improved access conditions, primarily in terms of lower rates and reduced risk aversion among international investors, were mainly taken advantage of by national governments, which helped finance fiscal packages and other emergency measures to respond to the consequences of the pandemic. Sovereign issues accounted for 44.8% of the total and, at the same time, this was the sector that grew the most compared to the previous year, with an increase of 53.7%. The volume of debt issued by countries, chiefly intended to finance economic aid plans for addressing the crisis, has increased in recent years, rising from about a third in 2019 to an average of around 45% of the total in 2020 and the first half of 2021.[26]

Corporate debt, despite falling 15.4% over the year, accounted for 25.7% of the total issued in 2020. Debt issuance by supranational entities rose by 27.3% and accounted for 3.4% of the region's total, while issuance by private banks increased by 47.9% and represented 8.5% of the total.

Table I.6
Latin America: debt issues in international markets, by sector, total 2020 and first half of 2021
(Millions of dollars and percentages)

	Banks	Private	Quasi-sovereign	Sovereign	Supranational	Total
Total 2020						
Millions of dollars	12 417	37 369	25 438	65 109	4 953	145 286
Year-on-year growth (percent)	47.9	-15.4	28.6	53.7	27.3	22.5
Share of total (percent)	8.5	25.7	17.5	44.8	3.4	100.0
January–June 2021						
Millions of dollars	4 218	39 124	4 800	39 591	3 607	91 339
Year-on-year growth (percent)	-58.7	115.7	-75.1	3.5	29.3	3.0
Share of total (percent)	4.6	42.8	5.3	43.3	3.9	100.0

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

During the first half of 2021, debt issuance by the region's countries on international markets rose by 3% compared with the corresponding period in 2020. Corporate issuance more than doubled, after the cautious private-sector investment and borrowing that characterized 2020, and thanks to low interest rates. This high rate of growth reconfigured the composition of total debt issuance by sector, with the private sector accounting for 42.8% of the total issued in the first half of 2021. In this sector, Brazilian companies accounted for the bulk of the debt issued, with Vale issuing US$ 1.5 billion in reais and Minerva Foods, Pilgrim's Pride, Natura Cosméticos, JBS and Suzano issuing US$ 1 billion each. Operations by Mexican companies were also notable: América Móvil (2.2 billion euros), CEMEX (US$ 1.75 billion in January and US$ 1 billion in June) and FEMSA (two operations, worth 500 million euros and 700 million euros).

Sustainability-linked bonds (SLBs) accounted for 10% of total corporate issuance. Issues of this kind, which also correspond to issuances made by Mexican and Brazilian companies, use medium- and long-term targets that apply to the entire company. If the debtor company does not meet the established sustainability goals, according to a series of defined parameters, the interest rate on the bond rises.

With slower year-on-year growth of 3.5% over the first half of 2021, sovereign issues continue to account for the majority of debt issued in international markets. During that period, governments issued debt totalling US$ 39.591 billion. Of that total, 78% (almost US$ 31 billion) was issued by "investment grade" governments, according to

[26] For a full and detailed analysis of debt issuance in international markets, see ECLAC (2021d).

the risk ratings prepared by the major credit agencies.[27] Countries in general continue to benefit from favourable borrowing conditions, with low sovereign risk, which allows them access to financing at low rates. Similarly, in general terms, the issues have aroused great interest among investors. In many cases, the sovereign issues are intended to finance aid programmes for alleviating the impact of the economic crisis, as well as to restructure debt on better terms.

Chile, Mexico and Colombia accounted for 54% of total sovereign debt issued in the first half of 2021. In particular, the three issues made by Chile total US$ 7.75 billion and consist of several sustainable bonds (to finance social and ecological projects), one of which is the largest issue of its kind made in Latin America (see table I.7). Mexico also carried out three operations, for a total of US$ 7.676 billion, aimed at liability management. Notable among the issues made by Colombia was the one in April, worth US$ 3 billion, the largest in the country's history. In general, Colombia's objective with debt issuances has been to improve its credit profile and save on interest payments.

Finally, Peru has also been active in international debt markets. It secured a major achievement in November 2020 with the issuance of 100-year debt. In March 2021, it issued low-rate debt for a total of US$ 5 billion, which was oversubscribed by a factor of two.

Table I.7
Latin America: sovereign debt issues

Date	Country	Amount *(millions of dollars)*	Interest rate *(percent)*	Oversubscription *(by factor)*[a]
4 January 2021	Mexico	3 000	3.75	3.33
12 January 2021	Colombia[b]	2 840	3.47	-
13 January 2021	Dominican Republic[b]	2 500	4.98	4.00
14 January 2021	Mexico[b]	2 176	1.75	3.78
20 January 2021	Chile[b]	4 250	2.08	-
20 January 2021	Panama[b]	2 450	3.04	-
20 January 2021	Paraguay[b]	825	3.47	6.00
4 February 2021	Peru	1 000	5.63	2.50
3 March 2021	Peru[b]	5 000	2.76	2.50
31 March 2021	Chile	1 500	3.50	2.30
6 April 2021	Mexico	2 500	4.28	5.00
19 April 2021	Colombia[b]	3 000	3.54	3.40
4 May 2021	Chile[b]	2 000	3.00	3.20
13 May 2021	Uruguay[b]	1 250	6.70	2.48
8 June 2021	Dominican Republic[b]	2 053	8.44	-
23 June 2021	Panama[b]	2 000	3.79	-
29 June 2021	Brazil[b]	2 250	4.08	-

Source: Economic Commission for Latin America and the Caribbean (ECLAC).
[a] Oversubscription is measured as the number of times the amount demanded exceeds the amount offered in the issue.
[b] Issued in several tranches.

8. The sovereign risk of the region's countries is falling, to approach pre-pandemic levels

Sovereign risk in Latin America closed at 380 basis points on 30 June 2021 (see table I.8). That was the lowest figure recorded since the beginning of the pandemic and is close to the levels recorded before the global health crisis. This indicator —which measures the risk spread in the payment of debt obligations compared to safe-haven United States Government assets— remained stable over the first half of 2021, in contrast to the situation the previous year. When the COVID-19 pandemic crisis first arose, the markets reacted by seeking refuge in low-risk areas; as a result, this indicator soared from 346 basis points at the close of 2019 to a high of 827 on 23 March 2020. However, the swift reaction of governments

[27] The investment grade criteria used are those of Standard & Poor's and Fitch (rated BBB- or higher) and Moody's (Baa3 or higher). The region's countries that are currently rated investment grade are Chile, Colombia (only by Moody's, after Standard & Poor's cancelled the country's sovereign debt investment grade in May), Mexico, Panama, Peru, Uruguay and Trinidad and Tobago (Standard & Poor's only).

and financial institutions in developed markets produced a significant calming effect, as evidenced by the rapid fall in the Emerging Markets Bond Index (EMBI) in the months that followed. Thus, after remaining above 700 basis points in March and April, it began a sustained reduction and reached 552 basis points in June, 476 in September and closed 2020 at 386. As noted above, the figure remained stable during the first half of the year.

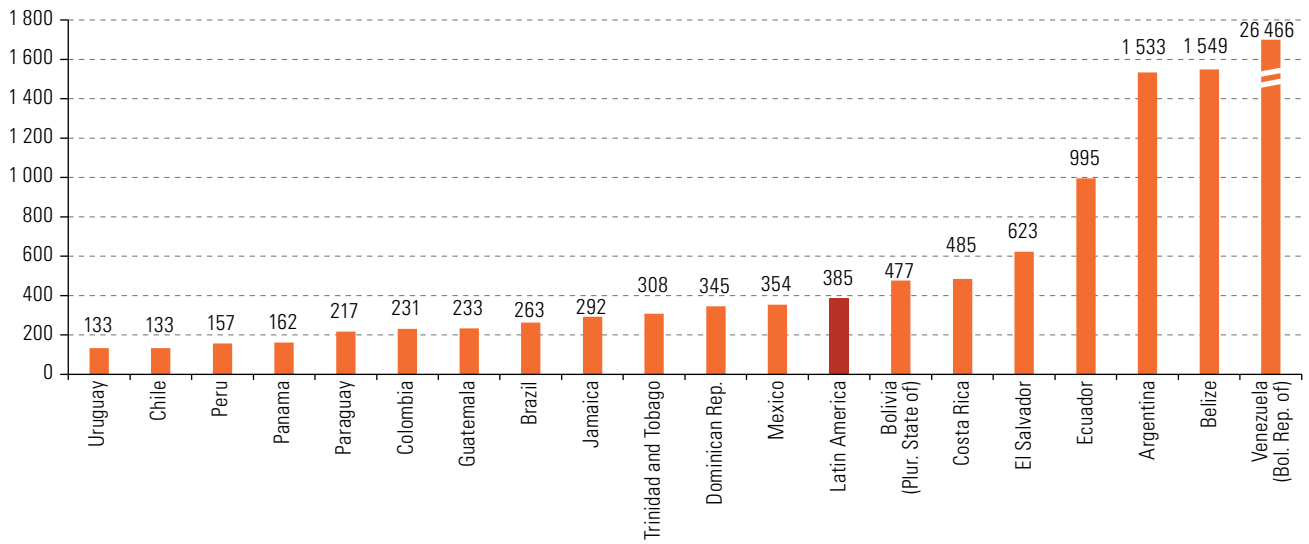
Table I.8
Latin America: sovereign risk index as measured by the J. P. Morgan Emerging Markets Bond Index (EMBI), 2018–2021
(Basis points)

	2018	2019	March 2020	June 2020	September 2020	December 2020	March 2021	June 2021
Argentina	817	1 744	3 803	2 495	1 300	1 368	1 589	1 596
Bolivia (Plurinational State of)	378	218	645	630	622	461	501	481
Brazil	273	212	389	373	334	250	272	256
Chile	166	135	301	211	183	144	122	135
Colombia	228	161	376	293	262	206	216	247
Ecuador	826	826	4 553	3 373	1 015	1 062	1 201	776
Mexico	357	292	653	526	501	361	351	348
Panama	171	114	283	212	193	149	155	170
Paraguay	260	203	429	312	267	213	212	216
Peru	168	107	265	182	170	132	152	163
Uruguay	207	148	298	215	186	135	125	129
Venezuela (Bolivarian Republic of)	6 845	14 740	19 270	30 757	29 608	24 099	26 168	31 091
Latin America	**568**	**346**	**703**	**552**	**476**	**386**	**390**	**380**

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

Some differences notwithstanding, the individual realities of the region's countries are similar to the aggregate figure. For example, Chile and Uruguay reported the lowest risk levels during this period: both countries averaged 133 basis points, with no major variations from one month to the next (see figure I.23). They were followed by Peru and Panama, stable at around 160 basis points, and a large group of countries, all below 500 basis points. Argentina and Ecuador, while reporting high levels, are down sharply from their peaks of 3,800 and 4,500 basis points, respectively, in March 2020.

Figure I.23
Latin America: sovereign risk index as measured by the J. P. Morgan Emerging Markets Bond Index (EMBI), average January–June 2021
(Basis points)



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

D. Domestic performance

1. The prolongation of the pandemic and its intensification in the early months of 2021 have prevented a strong economic recovery from taking hold

As of the first quarter of 2021, only 41% of the level of economic activity lost in 2020 had been recovered, since the combination of factors that caused the collapse of output in that year is still partially present: supply shortages, which disrupt firms' production chains; population lockdown and its consequences; and the restrictions imposed on the operation of certain activity sectors to curb the spread of COVID-19.

The intensification of the pandemic in the first few months of 2021 occurred at a time when firms were already severely weakened after a long period of slack activity. Difficulties in carrying out service activities on a normal basis have been prolonged. These are the hardest hit sectors of the economy, as they depend on personal interactions (which fuel an increase in contagion), and are therefore more affected by the restrictions imposed by the authorities.

The steepest decline in economic activity (-15.35% an annual basis) occurred in the second quarter of 2020. Starting in the third quarter, Latin America's gross domestic product (GDP) began to recover relative to its second quarter level; but, in the first three months of 2021, it was still contracting (- 0.17%) (see figure I.24).

Figure I.24
Latin America: growth rate and level of GDP, 2018–first quarter of 2021
(Percentages and dollars at constant 2010 prices)

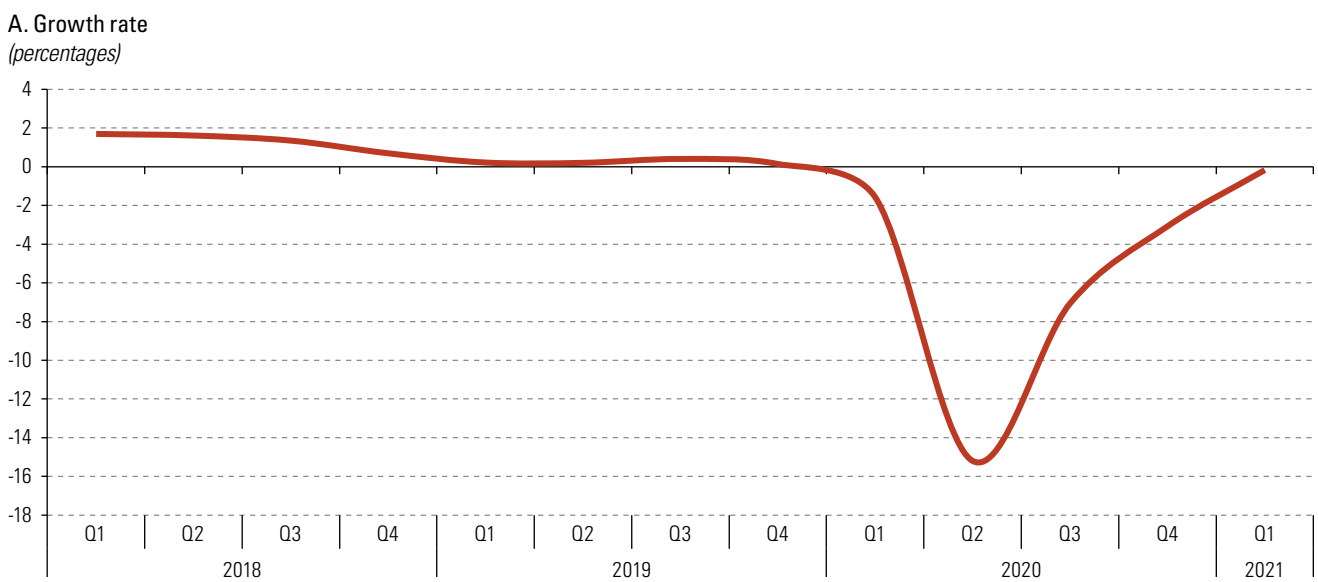
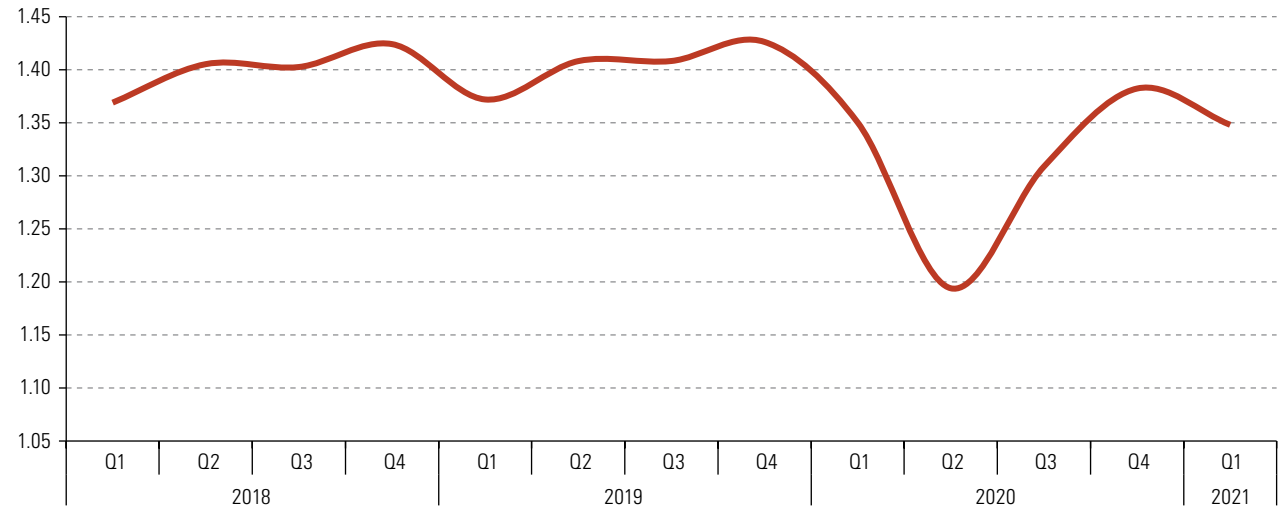


Figure I.24 (concluded)

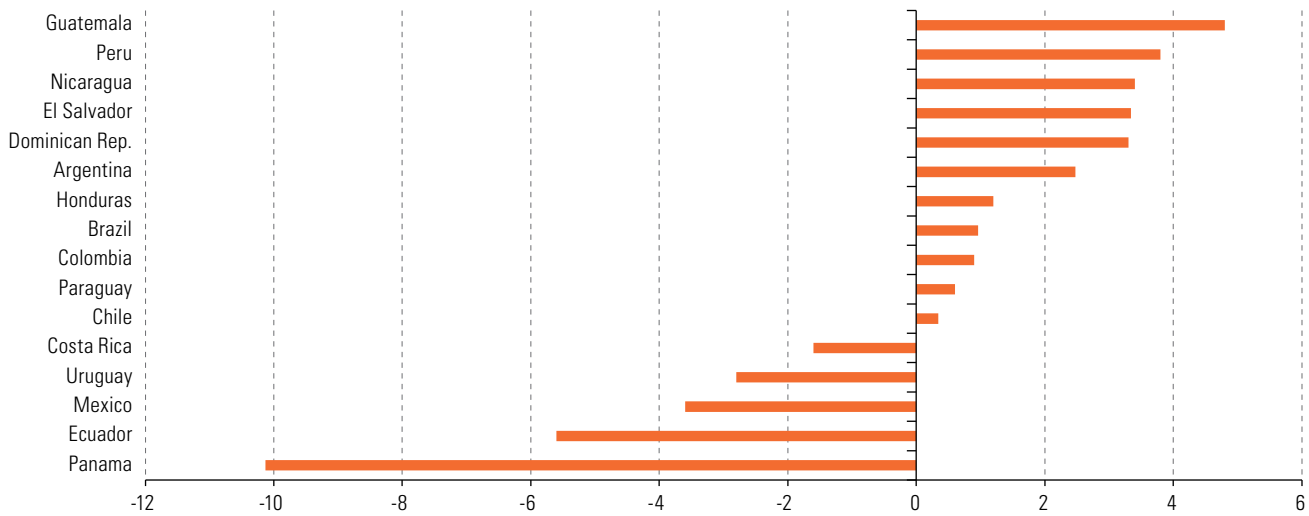
B. Level of GDP
(Trillions of dollars at constant 2010 prices)



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

Recovery has proceeded unevenly between countries: while some continued to contract sharply in the first quarter of 2021 relative to the same quarter of 2020, others display positive GDP growth rates (see figure I.25). This depends largely on the specialization of each country and the degree to which its trading partners have been affected. The countries of the region have felt the effects of the trend of external demand, as well as the domestic effects of health measures and government assistance to contain the pandemic, which have either diminished or boosted domestic demand.

Figure I.25
Latin America (16 countries): GDP growth rates, first quarter 2021
(Percentages, base: constant 2010 dollars)



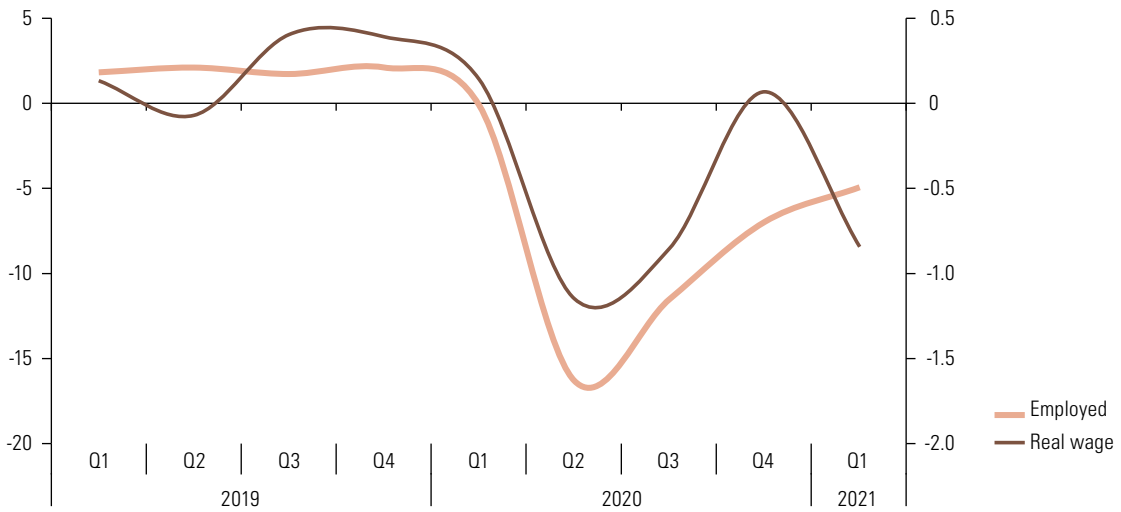
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

2. The COVID-19 crisis has generated shock to both supply and demand, undermining economic activity, employment and real wages

The lack of input supply to firms has prevented a normally functioning production process, causing a supply shock that has led to price hikes and lower production levels. Similarly, at different times, many economic activities, mainly services considered non-essential, have been prohibited or have only been able to re-establish their activities partially, depending on COVID-19 infection levels. Moreover, opportunities for teleworking are scarce in many occupations involving manual labour, or those for which physical presence at the workplace is essential.

This has been compounded by a demand shock caused by the restrictions imposed on personal mobility in order to slow the rate of infection, which has resulted in lower consumption and a decline in investment —both in the short term (owing to the standstill imposed on ongoing projects) and in the medium term (as economic expectations deteriorate in a context of high uncertainty). The combination of both types of shock has undermined production, employment and real wages (see figure I.26).

Figure I.26
Latin America: rates of variation in the number of persons employed and real wages, 2019–first quarter of 2021
(Percentages)



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

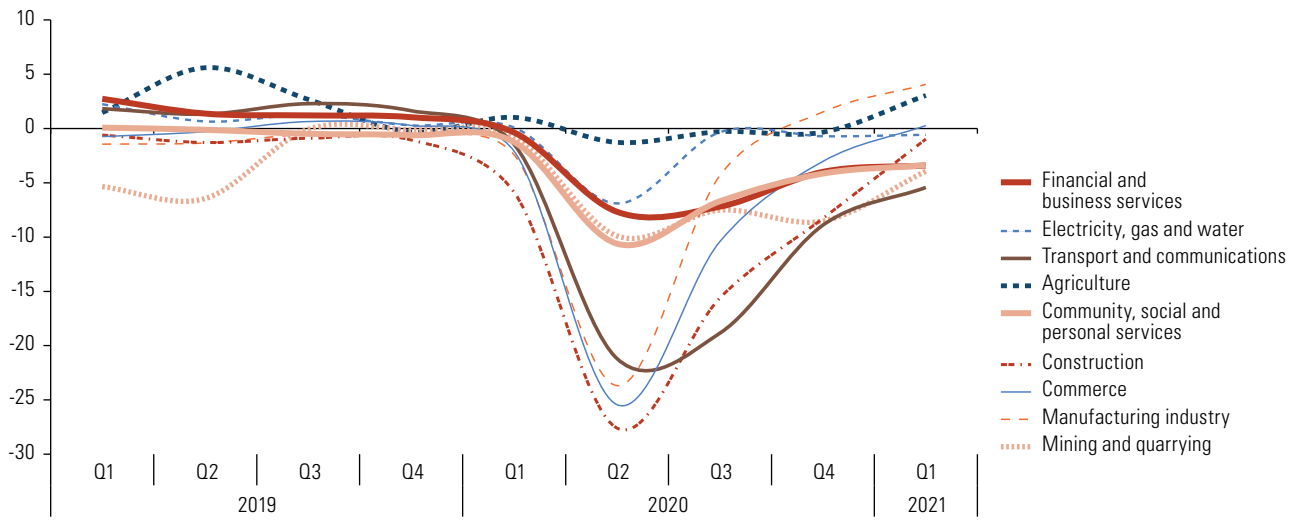
3. The economic impact of COVID-19 reflects the intensity of the activity slowdown and the duration of the crisis, with both variables differing greatly between branches of activity

In some activities, such as hotels, restaurants and other services, production has been brought to a virtual halt. The impact has also been very intense, albeit heterogeneous, in wholesale and retail trade: in some cases, forced closure has meant a 100% drop in activity, whereas others (those related to essential activities) have hardly suffered at all. In transportation, the lockdown measures have also led to a drastic slump, although

those providing services to essential activities have continued to operate. Sectors such as agriculture and basic services proved extremely resilient, and others, such as manufacturing recovered quickly from the downturn.

Agriculture was the sector that contracted least during the worst of the pandemic; and its production is already increasing in 2021. The strong performance of this sector can be explained by the fact that food supply for domestic consumption and exports was maintained even during the worst months of the pandemic, except in specific cases. Agriculture and manufacturing industry were the only two sectors of economic activity in which output grew in the first quarter of 2021, while activity in the other sectors declined (see figure I.27).

Figure I.27
Latin America: growth rate of value-added by sector of economic activity, 2019–first quarter of 2021
(Percentages)



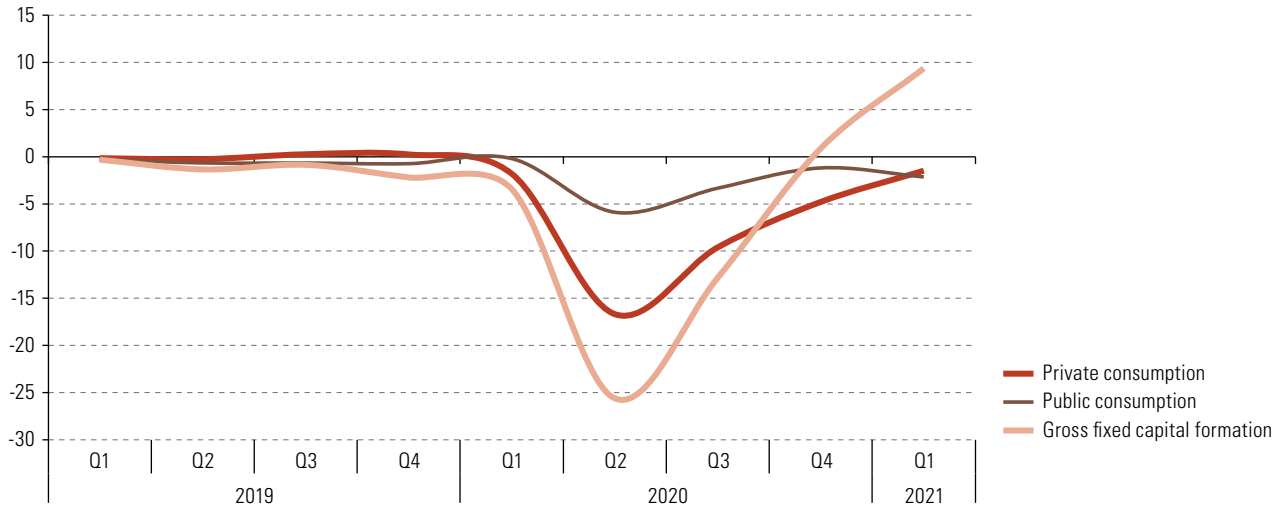
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

4. Consumption continues to decline, while investment is the only expenditure component that is contributing to GDP growth

In the first quarter of 2021, investment was the only component of expenditure that contributed positively to GDP growth. Total consumption maintained its negative contribution and has now posted five quarters of negative growth rates (see figures I.28 and I.29). Its weak performance has been caused by the slow recovery of lost jobs (employment is still 12,300,000 jobs short of pre-pandemic levels), and by a reduction in real wages.

In the case of public consumption, with the pandemic persisting, most Latin American countries announced new emergency fiscal plans. These efforts seek to maintain relief mechanisms for the most vulnerable segments of society, such as lower-income families; and they include numerous programmes of direct cash transfers to households, which are of similar scope to the equivalent programmes implemented in 2020. Since this form of assistance entails income transfers, it is recorded in private consumption, which means the real increase in public consumption is underestimated. An unprecedented fiscal package averaging 4.6% of GDP was announced in 2020 (ECLAC, 2021a).

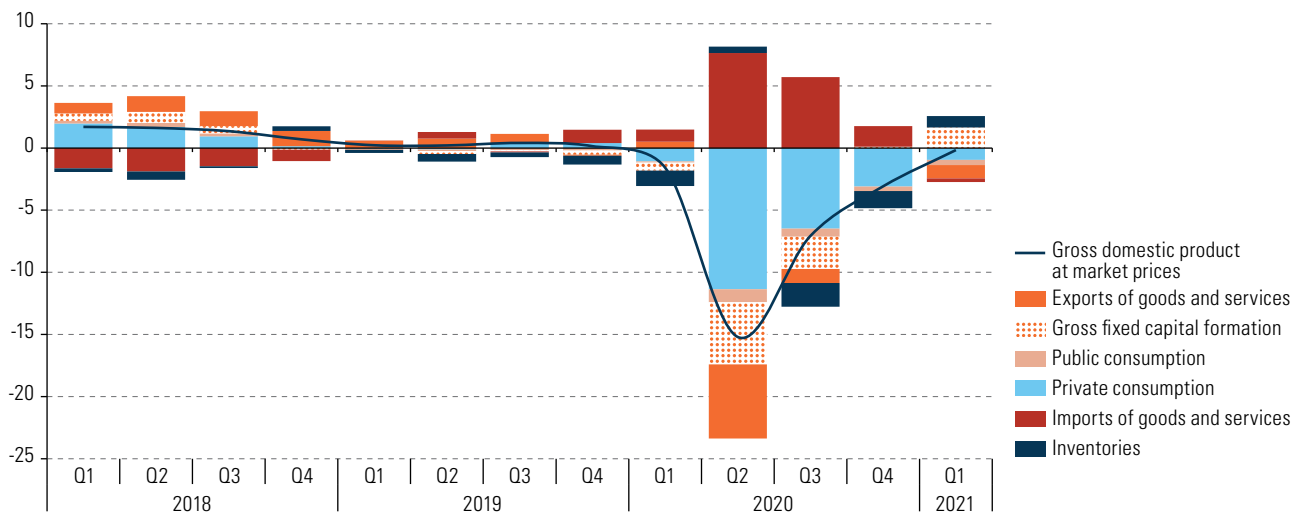
Figure I.28
Latin America: contribution of private and public consumption and investment to GDP growth, 2019–first quarter of 2021
(Percentages)



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

In the first quarter of 2021, investment staged a significant and widespread recovery of 11% relative to the year-earlier quarter, thanks both to the reactivation of construction works, which are starting to coexist with lockdowns, and to greater use of machinery and equipment, which has boosted demand for them. However, investment projects that are not considered essential remain on hold, given the need for firms to overcome short-term financing difficulties. Inventory levels also rose in the first quarter (see figure I.29); but this does not reflect positive expectations that would justify an increase in production in the short term (anticipating production capacity constraints in response to an upturn in in demand) but rather a lack of current demand that has produced a build-up of excess production.

Figure I.29
Latin America: GDP growth and contribution to growth made by the components of aggregate demand, 2018–first quarter 2021
(Percentages)



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

5. Following a sharp fall in the first half of 2020, inflation has since been trending up

The sharp contraction in aggregate demand caused by the COVID-19 crisis pushed regional inflation down to historically low levels in 2020. At year-end, inflation in the Latin American and Caribbean economies averaged 3.0% —0.1 percentage points lower than a year earlier.[28] This trend in regional average inflation was driven mainly by the economies of South America and the Caribbean, where inflation rates fell, respectively, by 0.3 percentage points (from 3.3% recorded in 2019) and by 1.2 points (from 3.4%). In the grouping comprising Central America and Mexico, inflation rose by 0.3 percentage points (see table I.9).

Table I. 9
Latin America and the Caribbean: year-on-year rates of variation in the consumer price index (CPI), December 2019–June 2021
(Percentages)

	December 2019	December 2020	June 2020	June 2021
Latin America and the Caribbean (excluding countries with chronic inflation)	**3.1**	**3.0**	**2.1**	**5.4**
South America (excluding countries with chronic inflation)	**3.3**	**3.0**	**1.8**	**5.5**
Bolivia (Plurinational State of)	1.5	0.7	1.4	0.2
Brazil	4.3	4.5	2.1	8.3
Chile	3.0	3.0	2.6	3.8
Colombia	3.8	1.6	2.2	3.6
Ecuador	-0.1	-0.9	0.2	-0.7
Paraguay	2.8	2.2	0.5	4.5
Peru	1.9	2.0	1.6	3.3
Uruguay	8.8	9.4	10.4	7.3
Central America and Mexico (excluding countries with chronic inflation)	**2.7**	**3.0**	**2.7**	**5.2**
Costa Rica	1.5	0.9	0.3	1.9
Cuba[a]	1.3	18.5	1.1	...
Dominican Republic	3.7	5.6	2.9	9.3
El Salvador	0.0	-0.1	-0.2	2.6
Guatemala	3.4	4.8	2.4	3.9
Honduras	4.1	4.0	2.7	4.7
Mexico	2.8	3.2	3.3	5.9
Nicaragua	6.5	2.6	3.8	4.1
Panama[b]	-0.1	-1.6	-1.6	1.9
The Caribbean	**3.4**	**2.2**	**2.1**	**2.9**
Antigua and Barbuda	0.7	2.8	1.0	0.6
Bahamas[c]	1.4	1.2	-0.4	1.4
Barbados[b]	7.2	1.3	2.4	1.6
Belize	0.2	0.4	0.2	3.0
Dominica[d]	0.1	-0.7	-1.2	1.8
Grenada[d]	0.1	-0.8	-0.9	0.3
Guyana[b]	2.1	1.3	0.5	3.8
Jamaica[b]	6.2	4.5	5.6	5.0
Saint Kitts and Nevis[d]	-0.8	-0.8	-1.4	-0.4
Saint Lucia[d]	-0.7	-0.4	-3.0	1.5
Saint Vincent and the Grenadines[d]	0.5	-1.0	-0.8	-0.1
Trinidad and Tobago	0.4	0.4	0.7	1.1
Argentina	52.9	34.1	41.3	48.3
Haiti[d]	20.8	19.2	24.8	17.2
Suriname	4.2	60.7	35.2	43.6
Venezuela (Bolivarian Republic of)	9 585.5	2 959.8	2 354.8	2 719.5

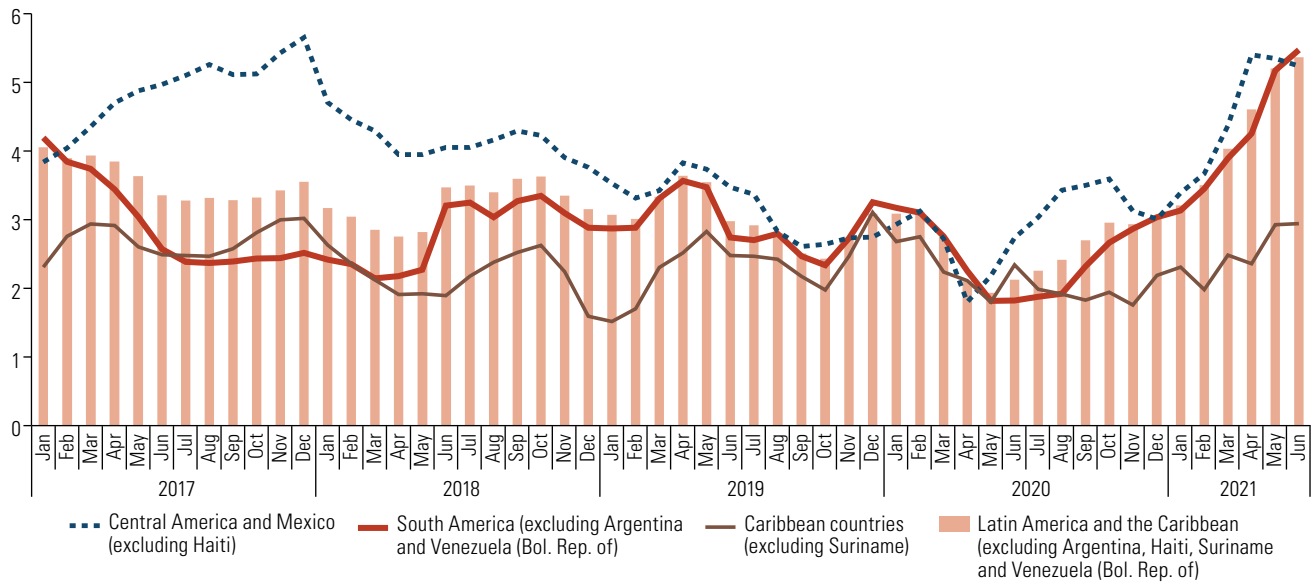
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
Note: Regional and subregional averages weighted by population size. The regional and subregional averages do not include data for economies experiencing chronic inflation (Argentina, the Bolivarian Republic of Venezuela, Haiti and Suriname).
[a] Data at December 2020.
[b] Data at May 2021.
[c] Data at February 2021.
[d] Data at March 2021.

[28] The regional and subregional averages exclude Argentina, the Bolivarian Republic of Venezuela, Haiti and Suriname because they are experiencing chronic inflation processes (Pazos, 1991). Inclusion of the data from these countries would make the regional average less representative.

In total, 21 economies reported lower inflation in 2020; and, in nine of these, the rate fell by more than one percentage point. In addition, nine of the region's economies reported deflation in 2020 —generally those with fixed exchange rates. In contrast, inflation gathered pace during the year in 12 economies, including Cuba, Guatemala and the Dominican Republic, which saw rates rise by more than one percentage point.

Figure I.30 displays the monthly trend of average year-on-year inflation in the region's economies. The rate fell sharply in the first half of 2020: in May of that year, average inflation in the region ended the month at 1.9%, the lowest level recorded since 2006. The figure also shows that this pattern was widespread across all three subregions of Latin America and the Caribbean. In the first half of 2020, the sharp contraction in domestic aggregate demand and lower energy prices fed through to the inflation figures for that period, as the inflation rate fell by more than one percentage point in 14 of the region's economies between December 2019 and April 2020.

Figure I.30
Latin America and the Caribbean:[a] year-on-year rates of variation of the consumer price index (CPI), weighted average, January 2017–June 2021
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Data for economies experiencing chronic inflation (Argentina, Haiti, Suriname and the Bolivarian Republic of Venezuela) are not included in the regional and subregional averages.

Since May 2020, however, inflation has been rising on the back of stronger domestic aggregate demand and higher prices of energy, foods and other productive inputs, for which marketing processes had been hampered during the initial months of the pandemic. Figure I.30 also shows how inflation has been gathering pace since the second half of 2020: in June 2021, average inflation in the economies of Latin America and the Caribbean was among the highest since 2016. Between June 2020 and June 2021, inflation increased in 24 countries in the region, and the regional average (5.4%) was up by 3.2 percentage points relative to its year-earlier level (see table I.9).

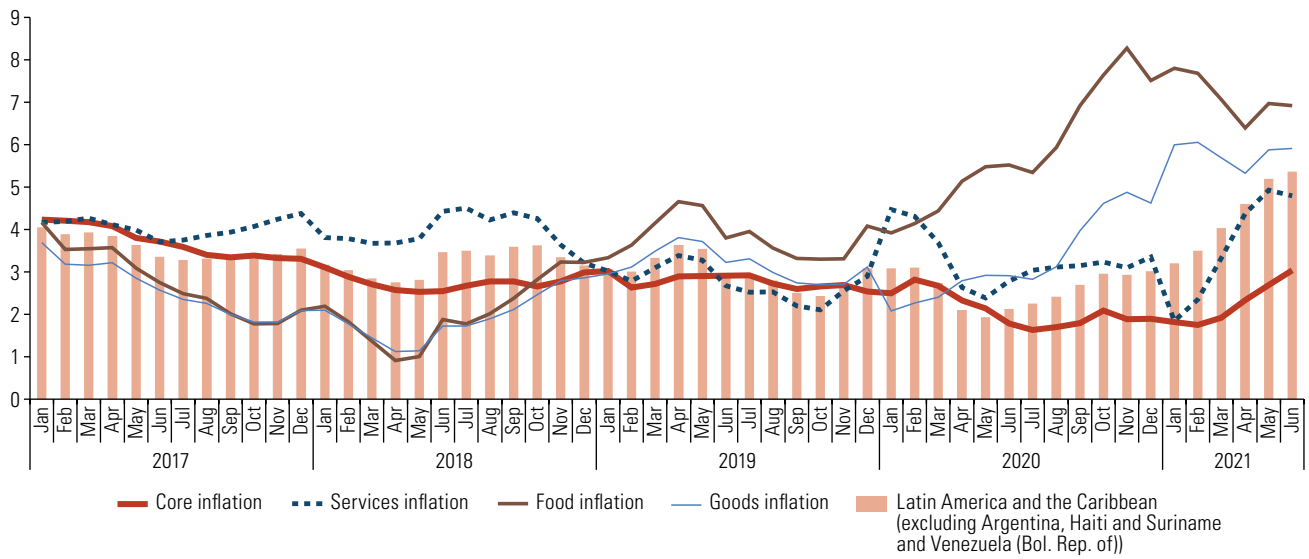
Although inflation has picked up across the region, the countries that experienced the steepest increases in the twelve months to June 2021 were those of the Central America and Mexico grouping (+2.5 percentage points) and South America (+3.6 percentage points).

Of the countries not included in the regional and subregional averages, both Argentina and the Bolivarian Republic of Venezuela saw inflation cool in 2020; in Haiti it remained broadly stable, while in Suriname it accelerated sharply. In Argentina, inflation eased from 52.9% in 2019 to 34.1% in 2020, and in the Bolivarian Republic of Venezuela it dropped from 9,585% to 2,959.1% in the same period. In contrast, the rate in Suriname rose from 4.2% in 2019 to 60.7% in 2020. As of June 2021, Argentina was the only country in this group where inflation was up from its December 2020 level.

6. The uptick in headline inflation mainly reflects a sharp rise in non-core inflation, especially in the food category, while core inflation remains below pre-crisis levels

First, and as noted in ECLAC (2020), the core inflation rate has been trending down from its May 2016 peak of 4.8%. The sharp contraction in aggregate demand accentuated the downward trend in the first half of 2020; and, between February and July of that year, the region's average core inflation dropped from 2.9% to 1.7%, the lowest rate recorded in the last decade. However, as with the general price index, core inflation has tended to edge up since then, rising by 1.2 percentage points between June 2020 and June 2021 (see figure I.31). At the subregional level, the economies of South America have seen the steepest rise in the core rate of 1.6 percentage points (from 1.2% in July 2020 to 2.8% in the following June), whereas in the economies of Central America and Mexico core inflation rose by 0.4 percentage points, from 3.2% to 3.6% over the same period.

Figure I. 31
Latin America and the Caribbean: year-on-year rates of variation in the consumer price index (CPI) by type of inflation, weighted average, January 2017–June 2021
(Percentages)



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

The behaviour of core inflation is a good indicator of the space available to the monetary authorities to sustain expansionary monetary policies. This is because it isolates the direct impact on inflation of the most price-volatile components of the consumer price index (CPI) basket, such as food and energy. The downward trend in core inflation until July 2020 reflected the sharp contraction in aggregate demand throughout the region. However, while the uptick in core inflation since July 2020 points to a minor recovery in aggregate demand, the fact that this variable remains below pre-pandemic levels shows that the recovery is weak. Consequently, there is still room to sustain expansionary monetary policies.

In the case of food and non-alcoholic beverage prices, the rising trend that had been seen since April 2018 continued (see figure I.31). Thus, as of December 2020, the regional average for food inflation closed at 7.5%, up by 3.4 percentage points over the end-2019 rate. Once again, the greatest boost to regional food inflation came from the economies of South America, which in the 12 months to December 2020 saw inflation in this category increase by 4.1 percentage points —more than in the economies of Central America and Mexico, where food inflation rose by 2.2 points.

The factors driving food prices higher have included problems in input supply chains, accentuated exchange rate volatility, changes in consumption patterns, increased fiscal stimulus and climate issues. In general, all of these factors have become more pronounced as a result of the isolation measures adopted to deal with the COVID-19 pandemic. In 2021, food inflation has been weakening, although it remains significantly above the headline rate, which stood at 6.9% and 5.4%, respectively, in June 2021.

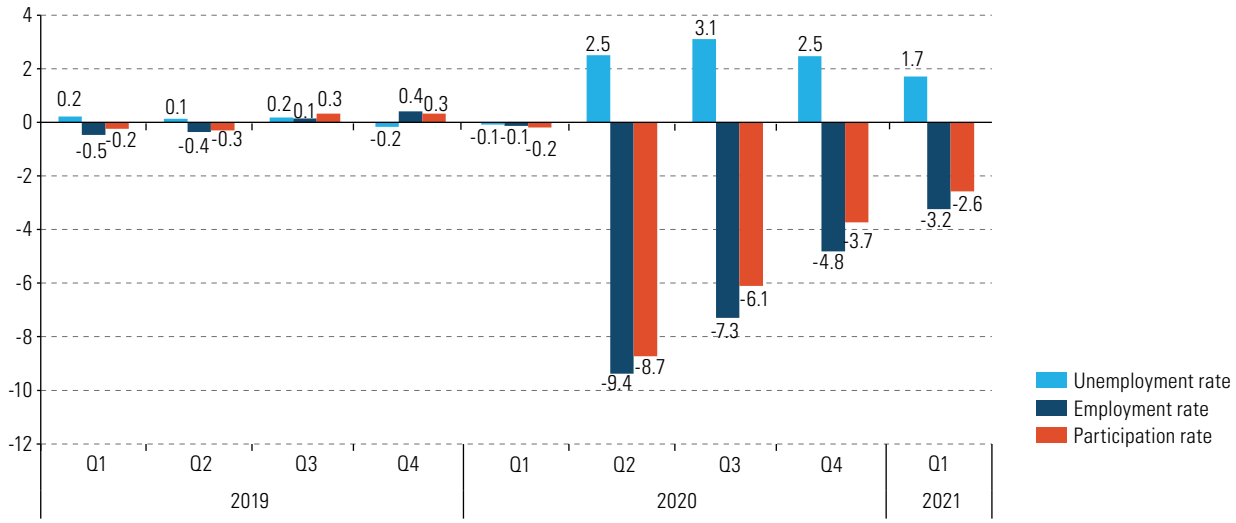
Mobility restrictions have severely hampered the normal functioning of the region's service sector. This situation has caused sharp reductions in both activity and inflation in this sector. Between December 2019 and December 2020, services inflation fell by 1.3 percentage points, from 2.9% to 1.6%. In regional terms, the economies of South America saw services inflation ease by 1.4 percentage points, while the economies of Central America and Mexico saw a 1-point reduction. In 2021 thus far, services inflation has picked up sharply (up 3.2 percentage points from December 2020), again reflecting an increase in aggregate demand and the reopening of economies, but also the impact of the significant uptick in fuel prices combined with the appreciation of the dollar on international financial markets. At the subregional level, in South American economies, services inflation increased by 3.1 percentage points between December 2020 and June 2021, while in Central American economies and Mexico the increase was 3.4 percentage points over the same period.

7. Key labour market indicators recovered in the first quarter of 2021; but they remain below pre-pandemic levels, and the gender gap has deepened

The first few months of 2021 saw workers gradually return to the labour market, following their massive withdrawal during the early months of the pandemic. However, in the first quarter of 2021, the labour force participation rate in the 14 countries of the region with information available was still 2.6 percentage points lower than in the first quarter of 2020 (see figure I.32). Employment has been even slower to recover; in the first quarter of 2021 it was still 3.2 percentage points below the year-earlier level. This brought the average regional unemployment rate to 10.7% —1.7 percentage points higher than at the start of 2020. Unlike previous crises, the unemployment rate only partially reflects the difficulties in the labour market, given the scale of the withdrawal

from the labour force. The employment rate is also only a partial reflection of the major impact of this crisis: in some cases, while the employment relationship was maintained, the number of hours worked was reduced considerably. The International Labour Organization (ILO) estimates that Latin America and the Caribbean suffered the greatest reduction in working hours of any region in the world —a loss of around 16.2% between 2020 and 2019, almost double the 8.8% estimated for the world as a whole (ILO, 2021; Maurizio, 2021).

Figure I.32
Latin America and the Caribbean (14 countries):[a] year-on-year variation in the employment, participation and unemployment rates, 2019–first quarter of 2021
(Percentage points)



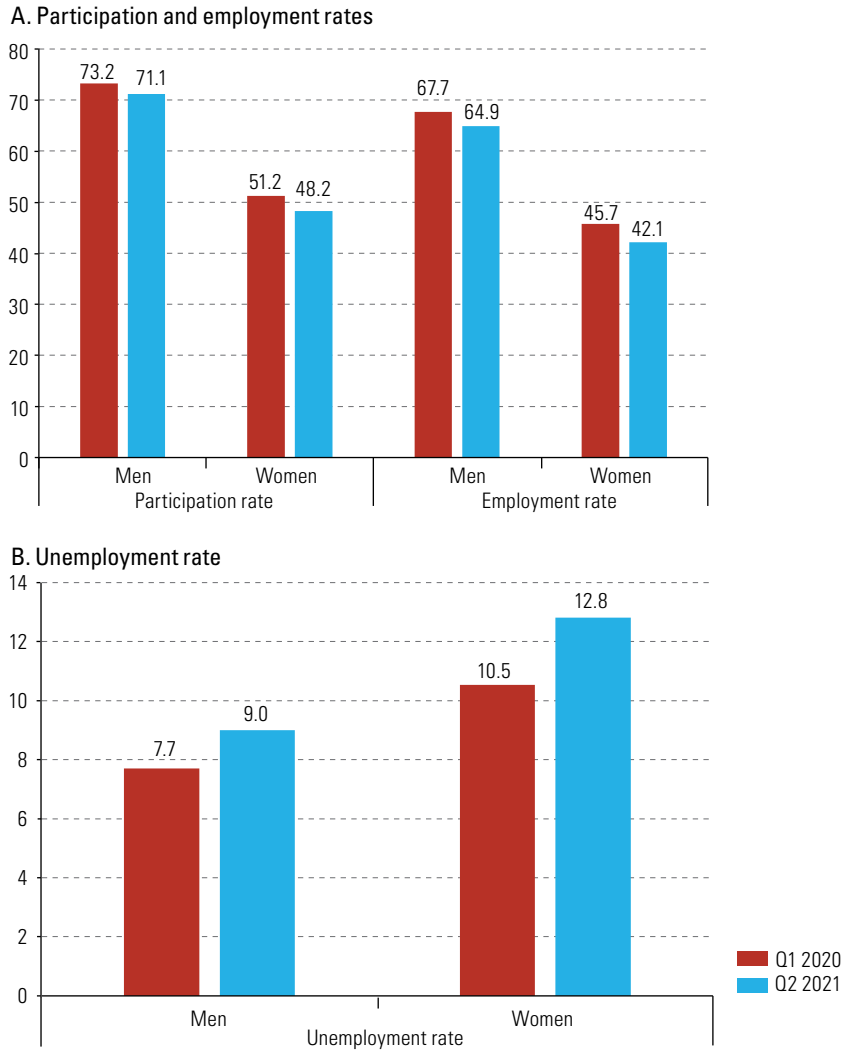
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, Mexico, Nicaragua, Jamaica, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay.

Gender-sensitive labour market indicators continued to display disadvantages for women during the early months of 2021. In 14 countries with information available, the female participation rate in the first quarter of 2021 averaged 48.2%, or 3.3 percentage points lower than a year earlier; while the equivalent male rate dropped to 71.1%, down by some 2.1 percentage points (see figure I.33A). This is mainly explained by the large-scale withdrawal of women from the labour market, caused both by the current restrictions and fewer employment alternatives and compounded by care needs in the midst of the pandemic.

In terms of the employment rate, in the first quarter of 2021, female employment was some 3.6 percentage points lower than a year earlier, while the rate for men was down by 2.8 percentage points. The steeper rate of job loss among women stems mainly from their greater representation in occupational categories such as self-employment, paid domestic work and unpaid family work, as well as in sectors, such as commerce, that were severely affected by pandemic restrictions.

As a result of these trends, the unemployment rate rose by relatively more in the case of women, which meant the gender gap in this indicator widened. In the first quarter of 2021, the female unemployment rate was 12.8%, compared to a male rate of 9%. The unemployment gender gap widened from 2.8 percentage points in the first quarter of 2020 to 3.8 points in the same period in 2021 (see figure I.33B).

Figure I.33
Latin America and the Caribbean (14 countries):[a] participation, employment and unemployment rates, by gender, first quarters of 2020 and 2021
(Percentages)

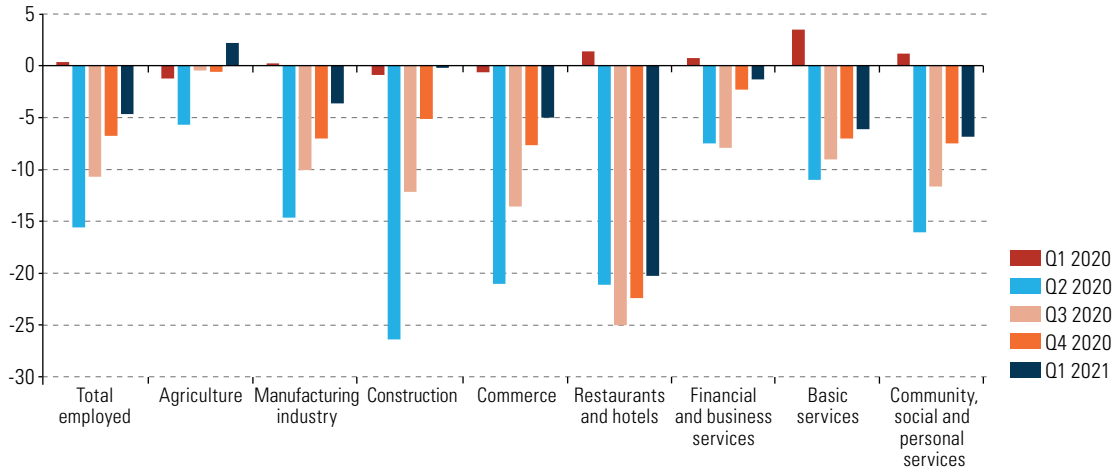


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Simple average of the following countries: Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, Mexico, Nicaragua, Jamaica, Paraguay, Peru, the Plurinational State of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

8. Employment has recovered unevenly in the different sectors: while construction has regained its previous employment levels, sectors associated with accommodation and restaurants still show a deep contraction

In 2020, there was a generalized reduction in employment across all sectors. In the second quarter of the year, the most affected sectors were construction, commerce and those associated with tourism, such as hotels and restaurants. In the ensuing quarters, the sectoral recovery has been uneven. By the first quarter of 2021, employment in construction had regained pre-pandemic levels; financial and business services were also recovering strongly, and employment in the agriculture sector had also expanded. Jobs in commerce also picked up in that quarter, possibly reflecting an increase in self-employment (see figure I.34). However, the recovery is slower in sectors related to hotels and restaurants: during the first quarter of 2021 the employment rate in those sectors was still 20.2% lower than in early 2020. The service sectors also show employment rates about 6% below pre-pandemic levels.

Figure I.34
Latin America (12 countries):[a] year-on-year variation in employment by industry, 2020–first quarter of 2021
(Percentages)

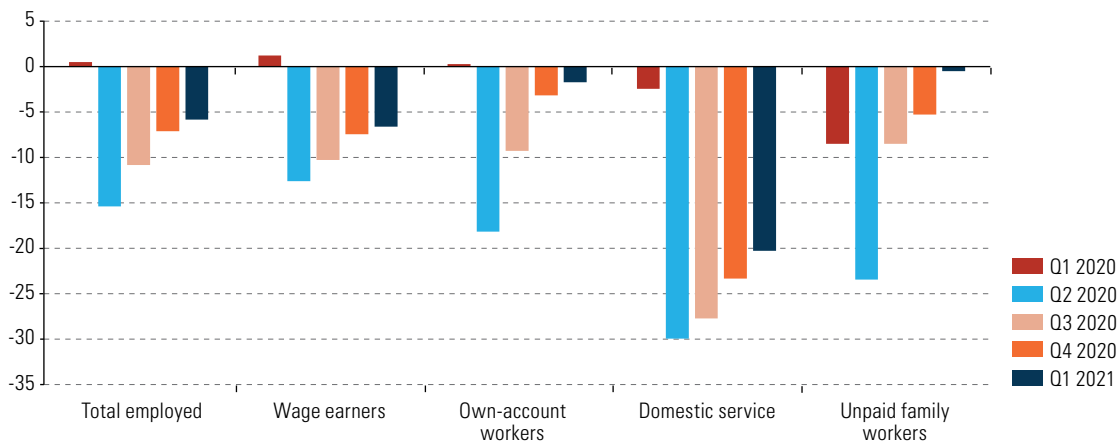


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Simple average of the following countries: Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, Mexico, Nicaragua, Jamaica, Paraguay, Peru and the Plurinational State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

9. Recovery biased towards lower-quality jobs

All occupational categories saw job losses in the second quarter of 2020; but they were relatively greater among paid domestic workers, unpaid family workers and the self-employed. Over subsequent quarters, the recovery has been relatively stronger in the lower-quality job categories, such as self-employment and unpaid family work. During the first quarter of 2021, employment levels in these two categories were 1.7% and 0.5% lower than a year earlier (see figure I.35). The exception has been paid domestic work, where employment levels are still 20.3% below the pre-pandemic levels. This highly feminized category has suffered both from the characteristics of the work as such and from the loss of income among many employer households.

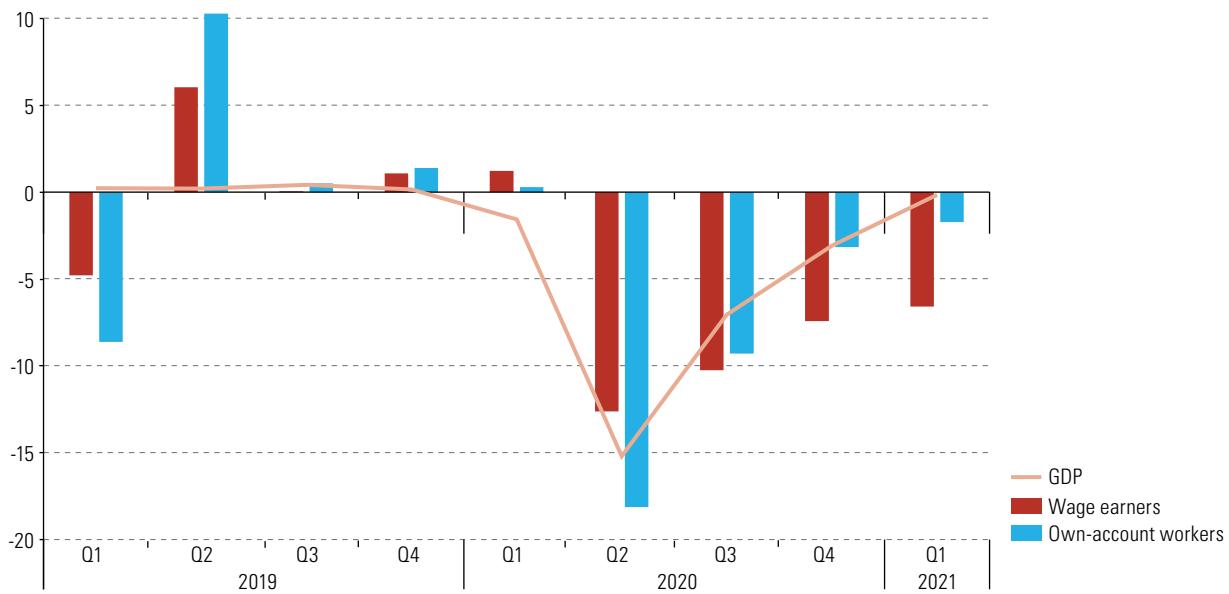
Figure I.35
Latin America (11 countries):[a] year-on-year variation in employment by occupational category, 2020–first quarter of 2021
(Percentages)



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

Thus far, the recovery in output observed in the second half of 2020 and the first quarter of 2021 has not been matched by the creation of quality jobs. In the first quarter of 2021, wage-earning employment, generally associated with higher-quality jobs, remained 6.6% below their year-earlier levels (see figure I.36). Estimates in some of the region's countries show that during the first quarter of 2021 the number of workers who were temporarily absent but still employed was declining, and hours worked were picking up. This may indicate the need for new hiring if economic recovery conditions continue.

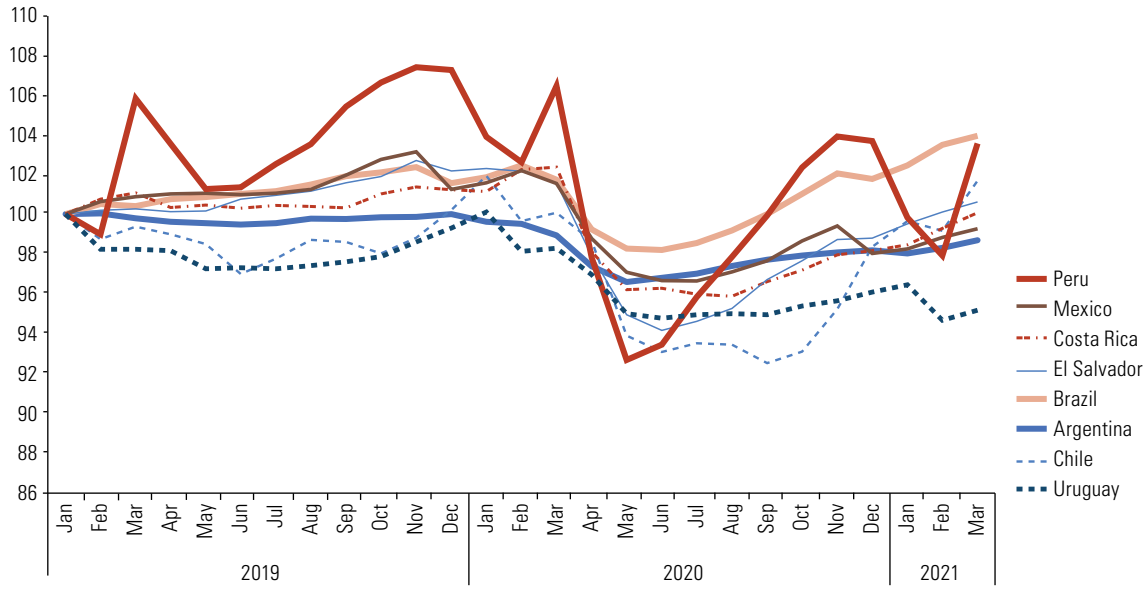
Figure I.36
Latin America (11 countries): economic growth and year-on-year growth of employment, by employment category, 2019–first quarter of 2021
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
Note: The data on employees and self-employed workers refer to the following countries: Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Mexico, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay. The GDP data correspond to Latin America.

The trend of registered employment also shows that quality employment is slowly recovering. In the countries with information available, the level of formal employment stabilized in June after having fallen in April and May 2020. In some countries, such as Chile and Costa Rica, the reduction in formal employment persisted until August and September 2020, respectively (see figure I.37). However, the increase in the number of registered wage earners during the ensuing months was very weak, reflecting the fact that the economic recovery has been slow and, in terms of employment, measures such as reincorporating temporarily absent workers and increasing hours worked prevailed over hiring or rehiring unemployed workers.

Figure I.37
Latin America (7 countries): registered employment, January 2019–March 2021
(Index: January 2019=100)



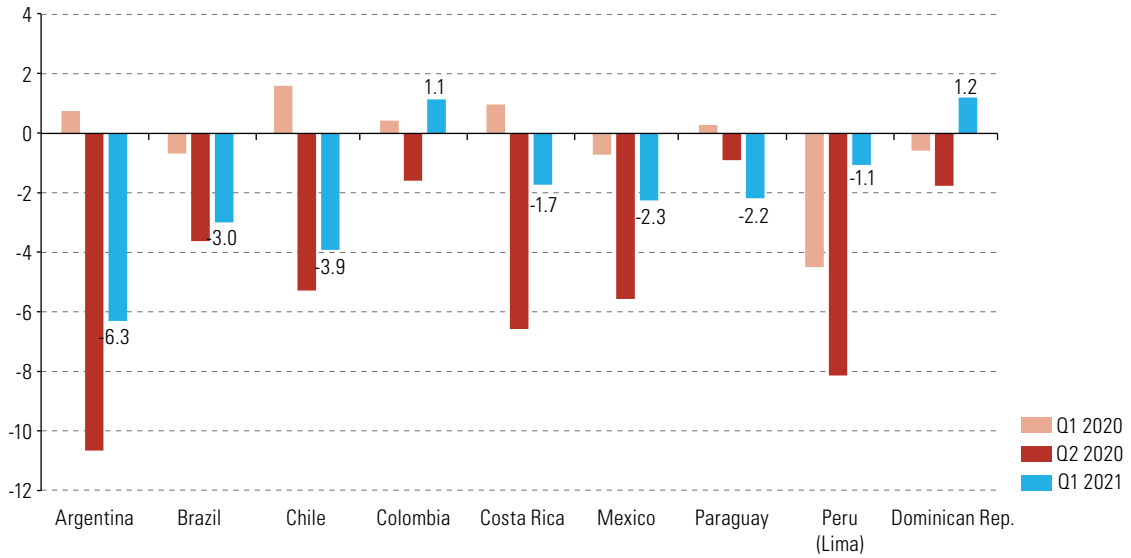
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

10. The major contraction of informal employment and jobs among less educated workers reveals the shortcomings of employment quality indicators such as the informality rate and real wages

In situations of restricted mobility, many informal workers found it impossible to perform their tasks and, in the absence of mechanisms that would allow them to maintain their employment relationship (such as unemployment insurance), they withdrew from the labour market. Unlike what happened in other crises, informal workers were unable to mitigate the loss of household income; informal jobs contracted even more sharply than formal ones (ECLAC/ILO, 2021). Thus, between the second quarters of 2019 and 2020, job quality indicators such as the informality rate fell significantly (see figure I.38). However, this does not reflect progress in formalization, but instead the fact that informal activities were more affected by the lockdown measures.

As of the first quarter of 2021, the informality rate continued to decline, albeit much more moderately, in Argentina, Brazil, Chile, Colombia, Costa Rica, Mexico, Paraguay and Metropolitan Lima; but it was increasing in Colombia and the Dominican Republic. With total employment still below the pre-pandemic levels, this minor reduction in the informality rate confirms that employment has recovered mainly in conditions of informality.

Figure I.38
Latin America (selected countries and cities): year-on-year variation in the labour informality rate, 2019–first quarter of 2021
(Percentage points)



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

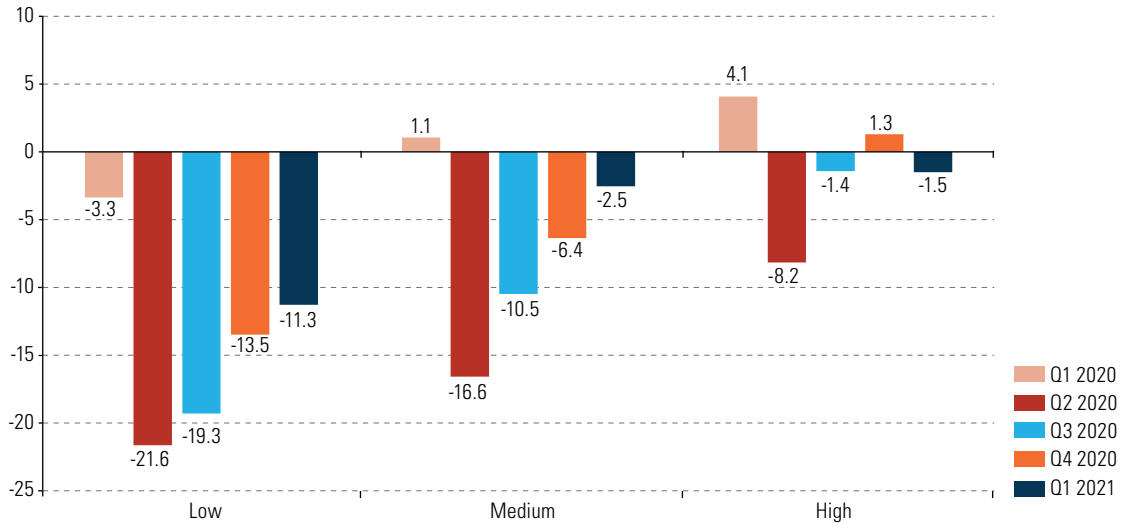
In 2020, job losses were mainly concentrated among workers with lower levels of formal education (ECLAC, 2021e; IMF, 2021e). This was mainly because most of the workers who were able to continue performing their tasks remotely were those with jobs associated with higher schooling levels. The situation was aggravated by the effect of the mobility restrictions on informal employment. Between the second quarter of 2019 and the same period in 2020, employment in eight of the region's countries (Argentina, Brazil, Chile, Costa Rica, Dominican Republic, Mexico, Paraguay and Peru) shrank by almost 22% among workers with a low level of schooling, 17% among those with a medium level and 8% among those with a high level (see figure I.39). As of the first quarter of 2021, there was still a relatively greater impact on workers with lower levels of formal education.

In crisis situations, average wages are always likely to decline. Moreover, in the midst of the pandemic, some workers had to accept a wage cut —at least temporarily— in order to be able to maintain their employment relationship. However, only four of the 12 countries in the region with information available recorded a fall in real wages during the second quarter of 2020 (see figure I.40). Among the factors that may explain this situation are measurement problems (workers may continue to report the usual wage rather than the wage actually received) and composition problems. The latter means that, in times of crisis, the analysis of average wages may be biased by the effect of changes in the composition of employment: if most job losses are among lower-earning workers, this may push up the average wage in the economy, which could be seen as an upward trend, but not for the right reasons.[29]

As of the first quarter of 2021, real wages in registered employment were up year-on-year in six countries (Brazil, Chile, Colombia, El Salvador, Ecuador and Mexico) out of the 12 with information available. Nonetheless, in Chile, for example, 30% of employees reported lower earnings in August 2020; and nearly 18% of workers still said their income had decreased in April 2021.[30]

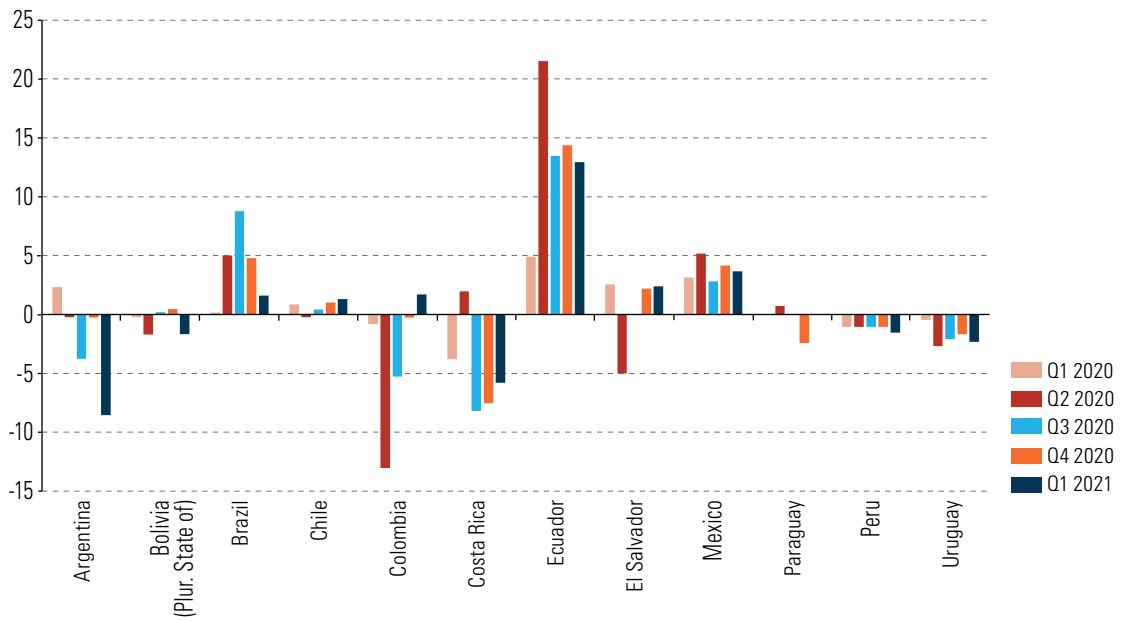
[29] ILO (2020) provides examples of both effects in several countries around the world.
[30] Approximately 60% of the workers who lower income indicated reductions of 50% or more.

Figure I.39
Latin America (8 countries):[a] year-on-year variation in total employed by educational level, 2020–first quarter 2021
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
Note: Low educational level includes completed primary education or less; medium level includes completed secondary education; and high level includes completed tertiary education.
[a] Simple average of the following countries: Argentina, Brazil, Chile, Costa Rica, Dominican Republic, Mexico, Paraguay, Peru and Mexico.

Figure I.40
Latin America (12 countries): year-on-year variation in the average real wage of registered employment, 2020–first quarter of 2021
(Percentages)



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

11. Prospects

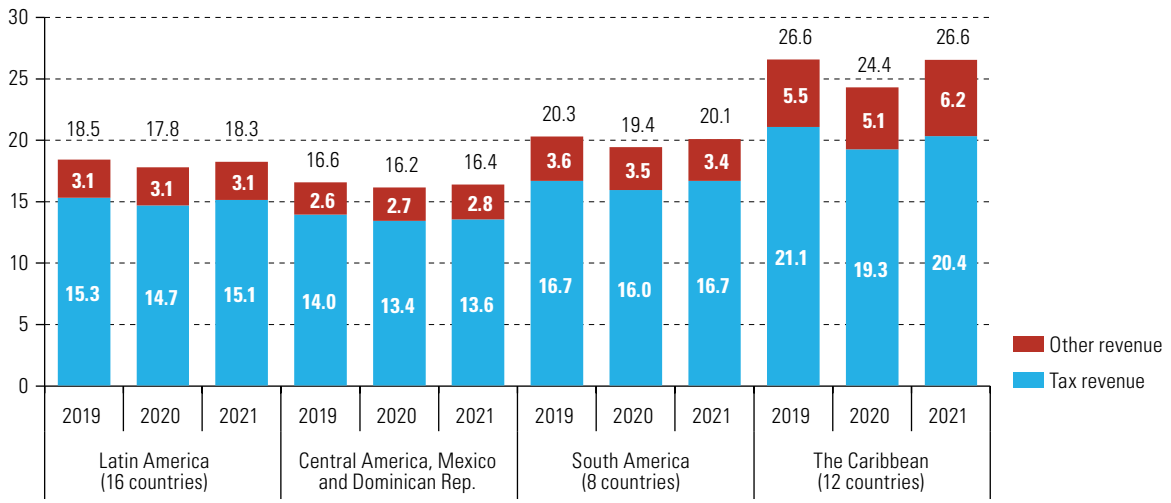
The possibility of attaining pre-pandemic employment levels in 2021 will depend on the pace of vaccination roll-out in the different countries and the recovery of key economic activities. In many of the region's countries, restrictions have continued in 2021; and some activities, including care services and education, have yet to recover fully. A gradual return of workers is to be expected during the year —both those who were forced out of the labour market and new workers joining to compensate for the loss of household income. This could generate a higher level of unemployment or a worsening of the average quality of employment in the region. Meanwhile, employment quality indicators, such as real wages and the informality rate, should be interpreted with caution. In addition, the crisis caused by the pandemic has substantially increased the risk of worsening inequalities, both within and between countries. Policies must be targeted so as to avoid divergences that deepen these inequalities.

E. Macroeconomic policies

1. Tax revenue has revived in 2021, although the climate of uncertainty persists

Public revenues in Latin America are expected to bounce back in 2021 to levels similar to those of 2019, thanks to the revival of economic activity and auspicious conditions for fiscal revenues from non-renewable natural resources in some countries (see figure I.41). Official estimates available at the end of June 2021 suggest that total revenue in Latin America will average 18.3% of GDP for the year, slightly below its 2019 level. Similar improvements are seen in the country grouping of Central America, the Dominican Republic and Mexico, and also in South America. Nonetheless, these projections are sensitive to how macroeconomic conditions unfold in the region, while the future course of the COVID-19 pandemic remains uncertain.

Figure I.41
Latin America (16 countries)[a] and the Caribbean (12 countries)[b]: total central government revenue, by component, 2019–2021[c]
(*Percentages of GDP*)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
Note: Rounding means that the components may not add up to the total shown.
[a] The countries included are: Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru and Uruguay.
[b] The countries included are: Antigua and Barbuda, Bahamas, Barbados, Belize, Grenada, Guyana, Jamaica, Saint Kitts and Nevis, Saint Vincent and the Grenadines, Saint Lucia, Suriname, and Trinidad and Tobago.
[c] Simple averages. The figures for 2021 correspond to official estimates or budgets. The figures for the following countries have institutional coverage as indicated: Argentina, national public administration; Barbados, non-financial public sector; Mexico, federal public sector; Peru, general government; and Saint Kitts and Nevis, federal government.

The growth of public revenue reflects the expected recovery of tax revenue, following the sharp contraction that occurred in 2020. Greater momentum in private consumption will boost receipts of value added tax (VAT) and other taxes on the consumption of goods and services. These jointly account for about half of all tax revenues in the region. The upturn in hydrocarbon consumption has generated increased revenue from VAT on fuel sales (reflecting both higher prices and larger volumes) and from specific fuel taxes (based on volumes). In some countries, tax revenues have also been boosted by the implementation of wealth taxes, recurrent or otherwise. In Argentina, the Solidarity

and Extraordinary Contribution, which taxes personal assets in excess of 200 million pesos, on a one-time and progressive basis, raised revenues equivalent to 0.4% of GDP between January and May 2021 (Ministry of Economic Affairs, 2021). Meanwhile, in the Plurinational State of Bolivia, revenue obtained from the new Tax on Large Fortunes amounted to 0.1% of GDP between January and April 2021 (SIN, 2021).

As shown in table I.10, both overall tax revenue and revenue from VAT increased significantly in the first half of 2021, as a result of stronger macroeconomic fundamentals and the positive statistical effect of the low levels of tax receipts in 2020. However, another important factor driving the rebound in tax revenues is the payment of deferred tax liabilities and the tapering of tax relief measures. In Chile, for example, the reversal of the previous year's relief measures is expected to generate additional tax revenue equivalent to about 0.4 percentage points of GDP in 2021 (DIPRES, 2021b). Thus, if the tax measures adopted in 2020 had not been applied, net tax revenue in Chile would have grown by 20.3% in real terms, compared to the 32.5% year-on-year growth recorded in June 2021 (DIPRES, 2021c). Similarly, in Brazil, tax revenue would have been up by 13.3% in real terms as of June this year, compared to the 24.6% actually observed, owing to the implementation of tax measures in 2020 (Federal Internal Revenue Secretariat, 2021).

Table I.10
Latin America (15 countries): year-on-year variation in central government tax revenue and revenue from value added tax, at constant prices, January–June 2020 and 2021[a]
(*Percentages*)

Country	Tax revenue (excluding social contributions)		Value added tax	
	2020 relative to 2019	2021 relative to 2020	2020 relative to 2019	2021 relative to 2020
Argentina	-14.8	34.0	-16.2	19.3
Brazil	-6.5	24.6	-6.0	19.3
Chile	-17.1	32.5	-12.7	38.4
Costa Rica	-12.7	5.2	-5.8	34.7
Dominican Republic[b]	-20.4	36.8	-19.1	25.0
Ecuador[b]	-16.9	5.5	-17.6	9.0
El Salvador	-10.4	28.5	-6.8	35.9
Guatemala	-7.0	20.2	-7.8	23.4
Honduras	-26.1	37.9	-21.4	32.3
Mexico	0.1	1.2	-0.6	8.9
Nicaragua[b]	-0.8	21.0	-0.3	28.8
Panama	-35.7	25.2	-36.3	3.9
Paraguay	-13.4	23.2	...	...
Peru	-21.3	39.1	-20.2	38.6
Uruguay	-5.4	9.0	-3.5	7.6

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] In the cases of Argentina and Mexico, the figures represent national public administration and the federal public sector, respectively. In the case of Brazil, the tax revenue figures correspond to taxes administered by the Federal Internal Revenue Secretariat, and the value added tax figures represent revenue from the goods and services sales tax (ICMS), which is levied at the state level.
[b] Figures refer to January–May.

Given the need to strengthen tax revenue and underpin efforts to promote a transformative recovery, several countries have taken steps to close tax loopholes. Chile's Internal Revenue Service (SII) announced a series of actions targeting taxpayer segments with the greatest revenue impact, particularly economic and business groups, multinationals and high-net-worth taxpayers. This set of actions is expected to generate revenue of US$ 2.35 billion in 2021 (SII, 2021). Similarly, in Mexico, the Operation 2021 Master Plan for the general administration of large-scale taxpayers, announced by the Tax Administration Service (SAT), seeks to extend and deepen the measures adopted to boost tax revenue in 2020 (SAT, 2021). In Honduras, measures to combat tax evasion are being developed, based on good practices identified in Mexico (UNDP, 2021).

The rising trend of the international prices of non-renewable natural resources has also bolstered public-sector income —both tax and non-tax— in producer countries. In particular, the price of copper reached historical highs in 2021, partly owing to the depletion of copper inventories around the world. In January–June 2021, revenues from the mining sector in Chile and Peru doubled relative to the same period in 2020, also surpassing the levels recorded in the first half of 2019 (see table I.11). In the case of mining, the increase in revenues from income tax and royalties based on operating profits reflects their high price elasticity. Hydrocarbon revenues —mainly property rents— show signs of recovery, but remain below 2019 levels. Higher revenues from non-renewable natural resources account for a large proportion of the increases in total income seen in the first half of 2021 —in Chile (30% of total income), Ecuador (90%), Mexico (20%) and Peru (21%).

Table I.11
Latin America (4 countries): year-on-year variation in, and level of, fiscal income from non-renewable natural resources, at constant prices, January–June 2019, 2020 and 2021[a]
(Percentages and index: January–June 2019 at constant prices = 100)

	Country	Year-on-year variation		Level (index)		
		2020 relative to 2019	2021 relative to 2020	2019	2020	2021
Mining	Chile	-38,8	182,9	100	61	173
	Peru	-23,5	215,3	100	77	241
Hydrocarbons	Ecuador[b]	-37,7	53,8	100	62	96
	México	-52,3	33,8	100	48	64

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] In the cases of Chile and Peru, the figures refer to central government, and in the cases of Ecuador and Mexico to the non-financial public sector.
[b] Figures refer to January–May.

In the Caribbean subregion, total revenue is expected to recover significantly in 2021, although the projections in question are sensitive to the specific macroeconomic conditions prevailing in each country (see figure I.41). Although tax revenue is expected to reclaim its 2019 GDP share, first-quarter results are mixed (see table I.12). Tax revenues have been quite buoyant in the countries that produce non-renewable natural resources, Guyana and Trinidad and Tobago, partly owing to the higher prices of the goods in question. In contrast, tax revenues contracted sharply in service-exporting countries, which have been hit hard by the slump in tourism. Another factor that could be important in the recovery of total revenues is an expected increase in grants, particularly those linked to investment programmes, in several countries.

Table I.12
The Caribbean (6 countries): year-on-year variation in central government tax revenues and value added tax receipts, at constant prices, January–March 2020 and 2021
(*Percentages*)

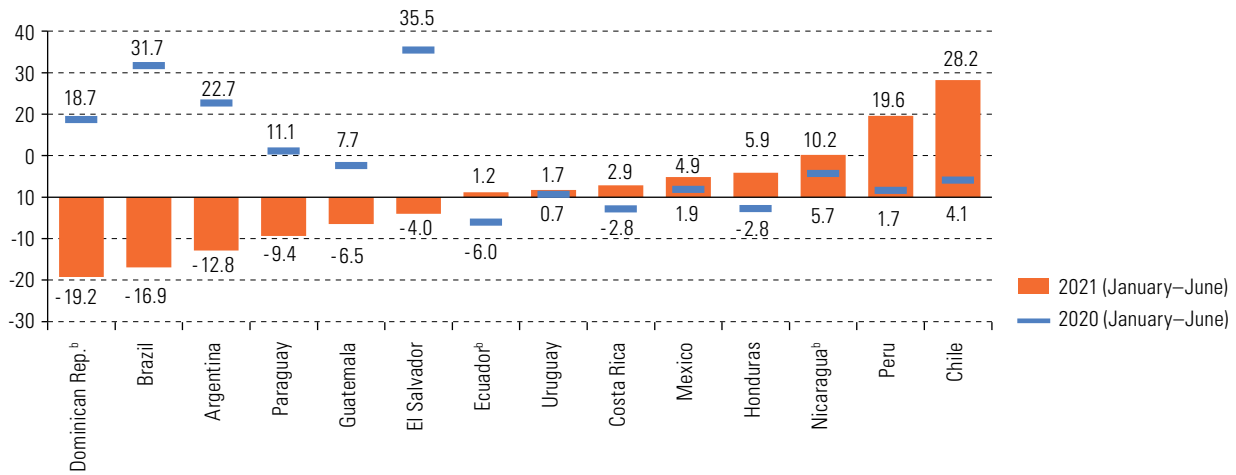
Country	Tax revenue (excluding social contributions)		Value added tax	
	2020 relative to 2019	2021 relative to 2020	2020 relative to 2019	2021 relative to 2020
Bahamas	-11.0	-17.7	9.0	-18.9
Barbados	-17.5	-22.5	-8.9	-29.8
Guyana	6.7	6.4	20.0	-6.7
Jamaica	1.3	-7.5	0.3	-16.3
Saint Vincent and the Grenadines	12.5	-2.3	26.6	-17.7
Trinidad and Tobago	-22.2	21.0	-4.2	62.7

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

2. According to official projections, public expenditures are generally expected to shrink

Public expenditure played a central role in the COVID-19 pandemic response in 2020. The crisis exposed major structural gaps in the region, including fragmented social protection systems and weak automatic stabilizers. To compensate for these shortcomings, the countries made considerable efforts to strengthen public health systems, support families and protect the production structure (ECLAC, 2021a). The actions undertaken fuelled strong growth in primary spending, which provided a substantial boost and partly mitigated the contraction in output. In contrast to 2020, the pattern in the first half of 2021 was the opposite, with negative growth rates being posted (see figure I.42). Nonetheless, primary expenditure has increased significantly in some countries, such as Chile, Nicaragua and Peru.

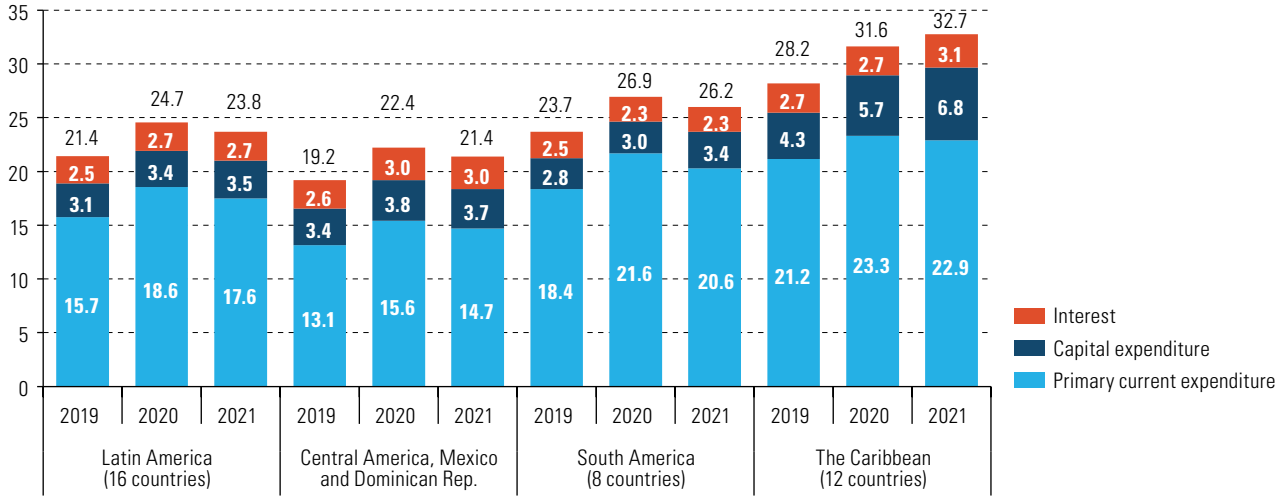
Figure I.42
Latin America (14 countries): year-on-year variation in primary expenditure at constant prices, January–June 2020 and 2021[a]
(*Percentages*)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] In the cases of Argentina and Mexico, the figures refer to national public administration and the federal public sector, respectively.
[b] Figures refer to January–May.

Against this backdrop, total expenditure in Latin America and its subregions is expected to decline in 2021 (see figure I.43). This will mainly affect primary current spending —outlays on wages and salaries, goods and services, and current transfers, among other items— which was the main expenditure component to expand in response to the pandemic in 2020. Capital expenses and interest payments are projected to remain broadly stable. These projections are based on scenarios that assume a progressive reduction in the demands for public sector actions to address the pandemic. Nonetheless, several Latin American countries have announced new contingency plans, equivalent to 2.2% of GDP, in view of the persistence of the pandemic. These packages of measures include the reinforcement of health systems and the maintenance of relief mechanisms for vulnerable families, as well as for micro, small and medium-sized enterprises (MSMEs). However, the impact of these measures on total spending is not linear; and, in several cases, they may coexist with a contraction of the central government budget owing to reallocations and cuts in other programmes, among other factors.

Figure I.43
Latin America (16 countries)[a] and the Caribbean (12 countries):[b] composition of total central government expenditure, by component, 2019–2021[c]
(*Percentages of GDP*)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
Note: Rounding means that the components may not add up to the total shown.
[a] The countries included are: Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru and Uruguay.
[b] The countries included are: Antigua and Barbuda, Bahamas, Barbados, Belize, Grenada, Guyana, Jamaica, Saint Kitts and Nevis, Saint Vincent and the Grenadines, Saint Lucia, Suriname, and Trinidad and Tobago.
[c] Simple averages. The figures for 2021 are official estimates or budgets. The figures shown for the following countries have institutional coverage as indicated: Argentina, national public administration; Barbados, nonfinancial public sector; Mexico, federal public sector; Peru, general government; and Saint Kitts and Nevis, federal government.

The projected reduction in primary current spending is mainly due to current transfers and subsidies, which rose sharply in 2020 and accounted for the vast majority of the increase in total expenditure in that year. The outlays in question mostly represented temporary cash transfer programmes to support household consumption, particularly among the most vulnerable households, and to partly cover the payrolls of firms in the formal sector.[31] These programmes generally had a defined period of validity, which implies a programmed tapering of spending over time. However, as noted above, the dynamics of current transfers and subsidies at the year-end will depend on the epidemiological, macroeconomic and fiscal conditions prevailing in each country.

Current transfers and subsidies in Latin America have thus declined on a widespread basis (see table I.13). Nonetheless, in many cases these expenditures are still above their 2019 levels, owing partly to the continuation of certain programmes rolled out in 2020. In contrast to this general trend, expenditures on current transfers have increased in several countries —particularly in Chile, with the strengthened Emergency Family Income (IFE), where coverage has expanded and the subsidy amount has been increased, and the new middle class bonus (DIPRES, 2021a). Similarly, in Peru, current transfers were driven in part by the payment of subsidies to the most vulnerable families in regions of the country subject to more stringent health restrictions (Ministry of Economic Affairs and Finance, 2021a).

31 In some countries, the central government makes large transfers to other public entities.

Table I.13
Latin America (14 countries): year-on-year variation and level of outlays on current transfers and subsidies, at constant prices, January–June 2019, 2020 and 2021[a]
(*Percentages and index: January–June 2019 at constant prices = 100*)

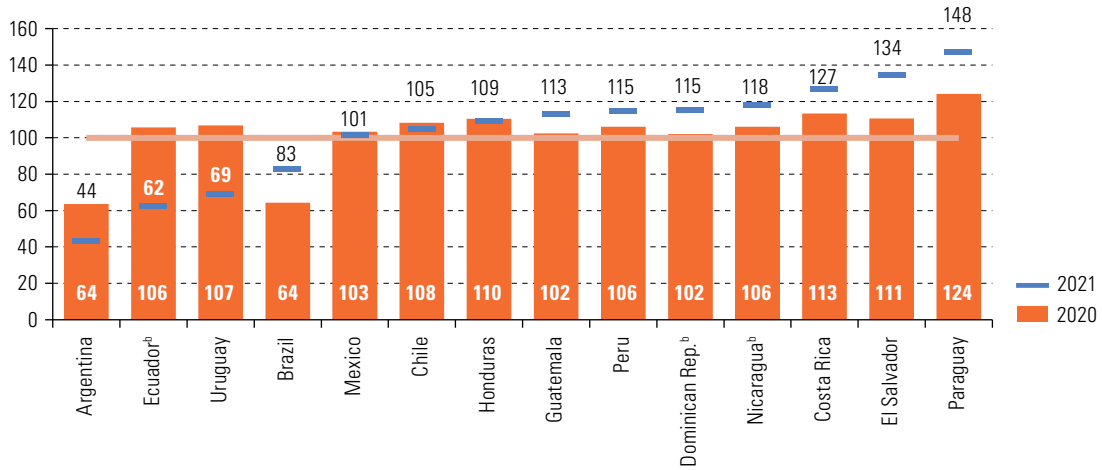
Country	Year-on year variation		Level (index)		
	2020 relative to 2019	2021 relative to 2020	2019	2020	2021
Argentina	32.2	-16.8	100	132	110
Brazil	35.1	-15.7	100	135	114
Chile	7.9	42.8	100	108	154
Costa Rica	0.1	-5.4	100	100	95
Dominican Republic[b]	34.7	-9.7	100	135	122
Ecuador[b]	5.9	-0.4	100	106	105
El Salvador	94.9	-17.7	100	195	160
Guatemala	11.5	-22.6	100	112	86
Honduras	4.9	2.9	100	105	108
Mexico	0.6	2.1	100	101	103
Nicaragua[b]	15.5	6.5	100	115	123
Paraguay	34.9	-21.7	100	135	106
Peru	31.7	10.2	100	132	145
Uruguay	1.5	-1.5	100	102	100

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] In the cases of Argentina and Mexico, the figures refer to national public administration and the federal public sector, respectively.
[b] Figures refer to January–May.

A slight increase in capital expenditure is projected for Latin America, mainly owing to the trend of these outlays in the South America subregion (see figure I.43). Several countries have included new public investment programmes in their 2021 budget planning, with a view to creating jobs and fostering economic growth. Reflecting this aim, capital expenditures have gained significant momentum in the first half of the year in several countries, including Argentina, Chile, Costa Rica, Ecuador, Mexico, Nicaragua and Peru. In Chile, projects linked to the reactivation plan have made robust progress, along with capital transfers for housing projects (DIPRES, 2021a). In Nicaragua, there has been a significant increase in public works and construction in the first quarter of 2021, driven mainly by the high rate of execution of transportation projects (Ministry of Finance and Public Credit, 2021). In Peru, public investment implementation attained a historically high rate in the first half of the year, reflecting the effect of the low base level caused by the interruption of works in 2020, the implementation of projects under the Arranca Perú programme, and efforts to build capacity among authorities at all levels of government to expedite fulfilment of the investment plan (Ministry of Economic Affairs and Finance, 2021a).

Interest payments in 2021 are expected to remain stable relative to GDP. However, the average conceals a high degree of heterogeneity across countries. As shown in figure I.44, interest payments are exerting greater pressure on the public accounts in the early months of 2021. In most countries this is explained by the previous year's increase in public debt, compounded by exogenous factors originating in the financial sector (interest rates) and in the foreign exchange market. However, interest payments in Argentina and Ecuador declined relative to both the 2020 and the 2019 levels, following the debt restructurings arranged with their creditors in 2020.

Figure I.44
Latin America (14 countries): level of interest payments, at constant prices, January–June 2020 and 2021[a]
(*Index: January–June 2019 at constant prices = 100*)



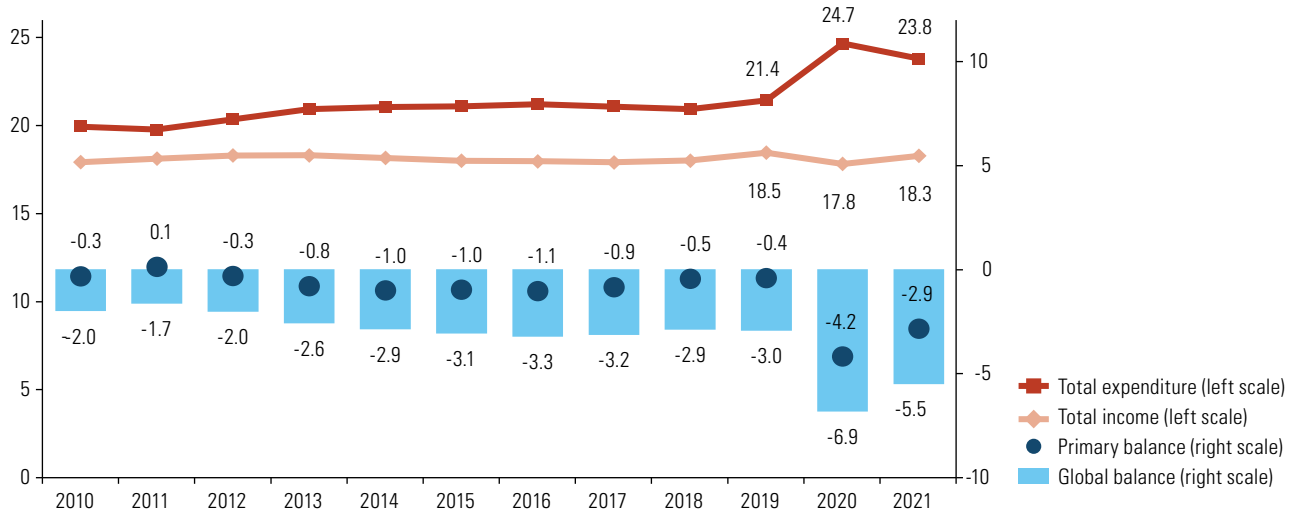
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] In the cases of Argentina and Mexico, the figures refer to the national public administration and the federal public sector, respectively.
[b] Figures refer to January–May.

In the Caribbean, total spending in 2021 is projected to exceed the 2020 level, owing mainly to higher capital expenditure. Most countries in the subregion have budgeted an increase in their public investment plans, targeting job creation and the reactivation of economic activity. For example, in Saint Vincent and the Grenadines, key disbursements relate to the Caribbean regional communication infrastructure project, the training and employment support programme and to the port renovation project (Ministry of Finance, Economic Planning and Information Technology, 2021). Interest payments are also expected to rise in line with the growth in public debt in 2020. In contrast, primary current spending is expected to decrease, led by reductions in current transfers and subsidies. Nonetheless, in the first quarter, there has been a significant increase in cash transfers. In the Bahamas, for example, social welfare benefits doubled (+110.9%), in connection with the programmes put in place to respond to the pandemic (Central Bank of the Bahamas, 2021).

3. Fiscal balances in Latin America are set to strengthen on the back of higher public-sector revenue and a decline in total expenditure

The increase in public revenue and the reduction in total expenditure will affect the fiscal balances. Having posted the largest global deficit since 1950, the fiscal accounts are expected to improve significantly in 2021. At year-end, the average global deficit in Latin American countries is expected to reach 5.5% of GDP, compared to the previous year's 6.9% (see figure I.45). At the same time, the primary deficit is set to narrow to 2.9% of GDP from 4.2% in 2020. Although smaller than in the previous year, these deficits would still imply significant pressures for financing central government operations and meeting public debt service obligations. Moreover, the primary deficit continues to have a negative impact on the dynamics of the public debt, although the rebound in economic growth should ease its trajectory in 2021.

Figure I.45
Latin America (16 countries):[a] central government fiscal indicators, 2010–2021[b]
(*Percentages of GDP*)

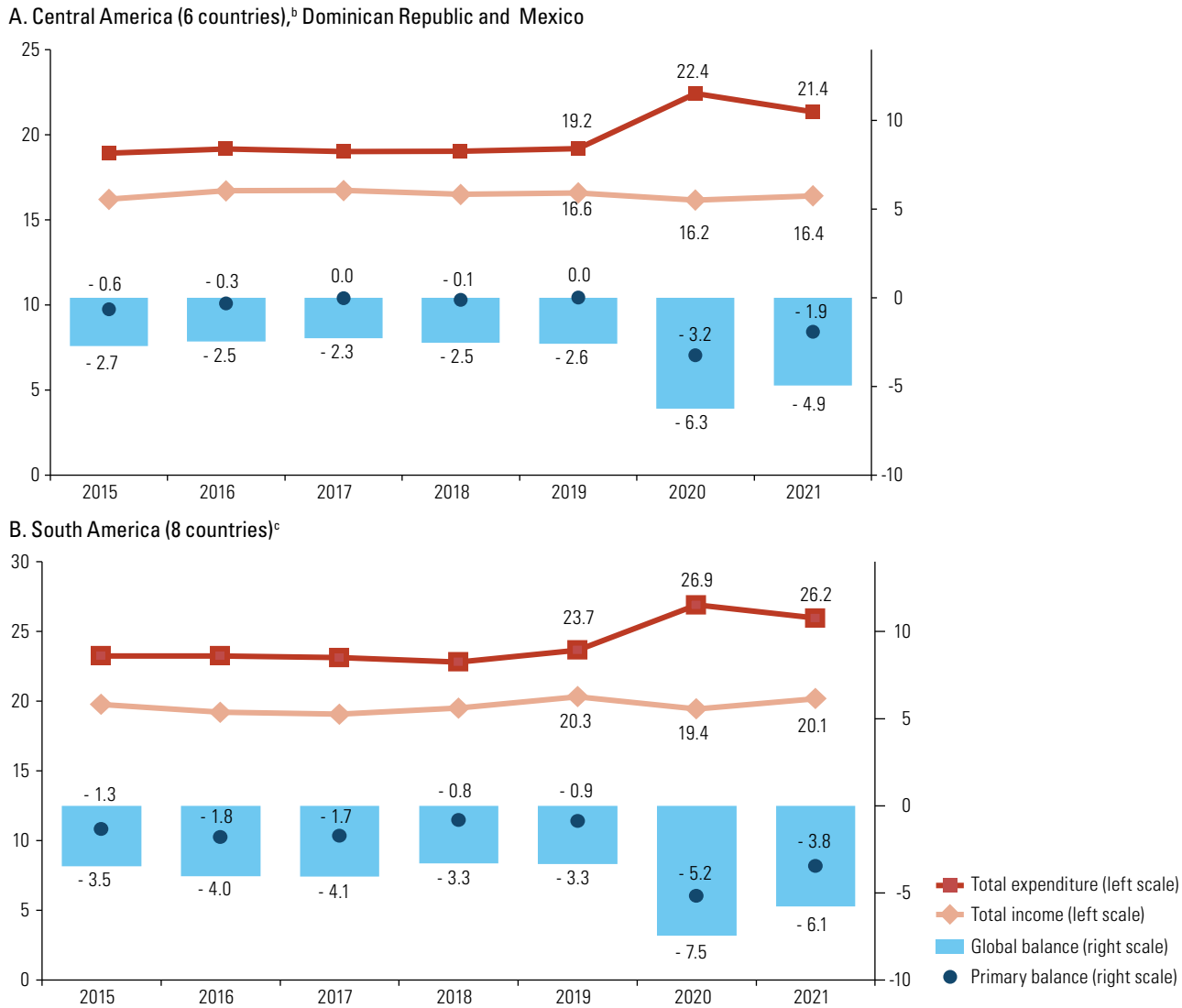


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
Note: Rounding means that the components may not add up to the total shown.
[a] The countries included are: Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru and Uruguay.
[b] Simple averages. Figures for 2021 are official estimates or budgets. In the cases of Argentina, Mexico and Peru, the figures refer to national public administration, the federal public sector and general government, respectively.

The trends observed for Latin America as a whole are replicated at the subregional level, although with certain nuances. In the country grouping of Central America, the Dominican Republic and Mexico, the global and primary deficits are smaller than those forecast for the countries of South America (see figure I.46). Although the global balance is expected to improve by a similar amount in both subregions (+1.4 percentage points of GDP), the expected stronger upturn in total revenue in South America, driven by higher tax revenues from non-renewable natural resources, should outweigh the expected smaller reduction in public spending. These global deficits entail substantial financing needs in both cases; but the fact that access to financing on favourable terms varies across countries has put additional pressures on some of them to adjust their public accounts.

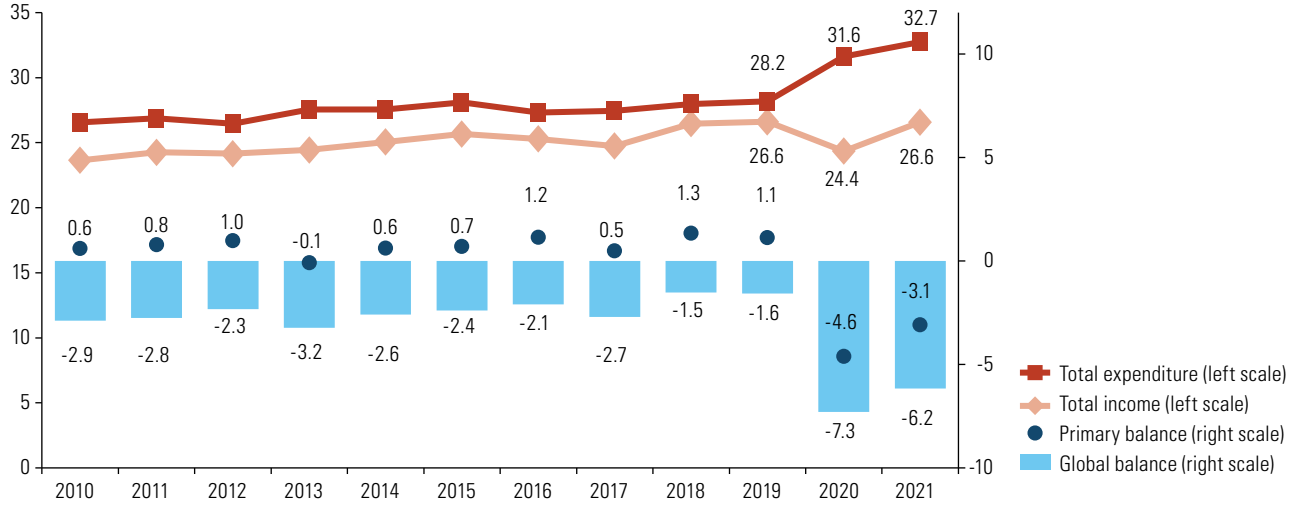
In the Caribbean countries, fiscal deficits are expected to be smaller in 2021, as public-sector revenue bounces back (see figure I.47). Nonetheless, total expenditure growth —linked mainly to public investment programmes to create jobs and boost economic growth— would mean that large fiscal deficits persist. The primary deficit estimated for the year, although less than that recorded in 2020, poses a major challenge for efforts to curb the growth of public debt. Moreover, the high global deficit will entail considerable gross financing needs in a context in which borrowing on favourable terms is more complex.

Figure I.46
Latin America: central government fiscal indicators, by subregion, 2015–2021[a]
(*Percentages of GDP*)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
Note: Rounding means that the components may not add up to the total shown.
[a] Simple averages. The figures for 2021 are official estimates or budgets. In the cases of Argentina, Mexico and Peru, the figures refer to national public administration, the federal public sector and general government, respectively.
[b] The countries included are: Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama.
[c] The countries included are: Argentina, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru and Uruguay.

Figure I.47
The Caribbean (12 countries):[a] central government fiscal indicators, 2010–2021[b]
(*Percentages of GDP*)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
Note: Rounding means that the components may not add up to the total shown.
[a] The countries included are: Antigua and Barbuda, Bahamas, Barbados, Belize, Grenada, Guyana, Jamaica, Saint Kitts and Nevis, Saint Vincent and the Grenadines, Saint Lucia, Suriname, and Trinidad and Tobago.
[b] Simple averages. Figures for 2021 are official estimates or budgets. In the cases of Barbados and Saint Kitts and Nevis, the figures refer to the non-financial public sector and the federal government, respectively.

4. Public debt remains at historically high levels

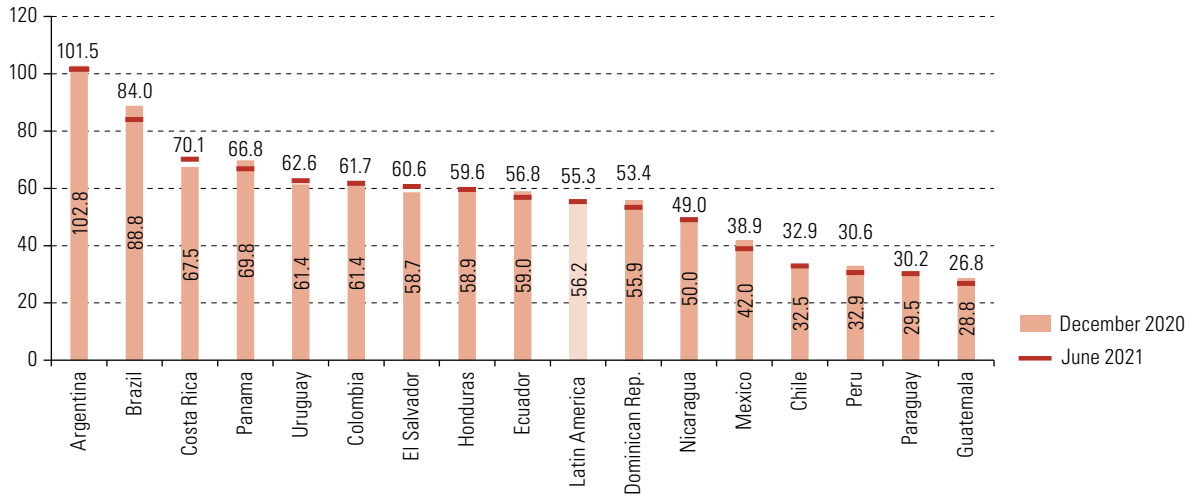
The successive outbreaks of the pandemic have fuelled uncertainty about the magnitude of the increase in public debt in the medium term; and pressures on the fiscal accounts have persisted during the first few months of 2021. Favourable conditions on international markets have allowed investment-grade countries to issue sovereign debt, not only to finance the fiscal packages associated with COVID-19, but also to roll over maturing debt at lower interest rates and extend the maturities of public debt service. This has prompted many countries in the region to manage their debt portfolios actively.

Based on preliminary official data, in June 2021gross central government debt in Latin America averaged 55.3% of GDP (see figure I.48). In the different subregions, debt levels in South America and the group formed by Central America, the Dominican Republic and Mexico were 57.5% and 53.2% of GDP, respectively as of the second quarter of 2021. Among individual countries, public debt represented 101.5% of GDP in Argentina (first quarter 2021), 84.0% in Brazil, 70.1% in Costa Rica and 66.8% in Panama. In contrast, the countries with the lowest levels of public debt relative to GDP are Guatemala, at 26.8%, and Paraguay and Peru, at 30.2% and 30.6%, respectively.

In the Caribbean subregion, gross central government debt is at very high levels in some countries (see figure I.49). Of these, Barbados had the highest level of debt in the subregion, at 152.5% of GDP, followed by Belize (121.5%), Jamaica (102.2%) and the Bahamas (96.4%). In 2020, debt levels rose significantly in most Caribbean countries, to reach an average of 88.0% of GDP, compared to the previous year's 70.6%. The countries of the subregion have financed the costs generated by the COVID-19 crisis mainly through loans from multilateral organizations, and also through the Debt Service Suspension Initiative in the case of lower-income economies.[32]

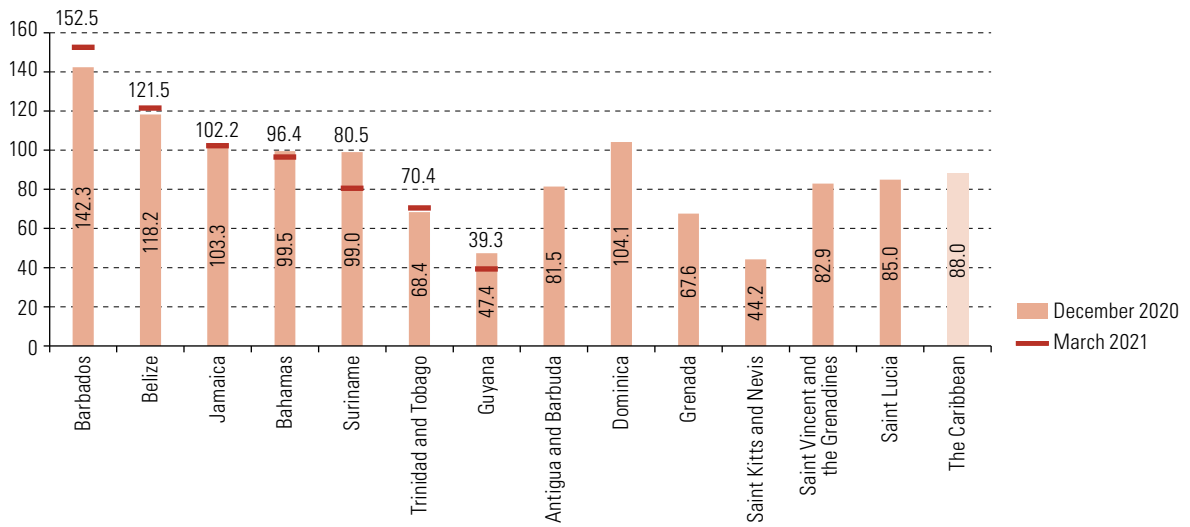
[32] The Debt Service Suspension Initiative is sponsored by the International Monetary Fund (IMF), the World Bank and the member countries of the Group of 20 (G20).

Figure I.48
Latin America (16 countries): gross central government debt, December 2020 and June 2021[a]
(*Percentages of GDP*)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] In the cases of Argentina, Chile, Honduras, Nicaragua and Peru the figures shown are for March 2021. Figures for Brazil refer to general government.

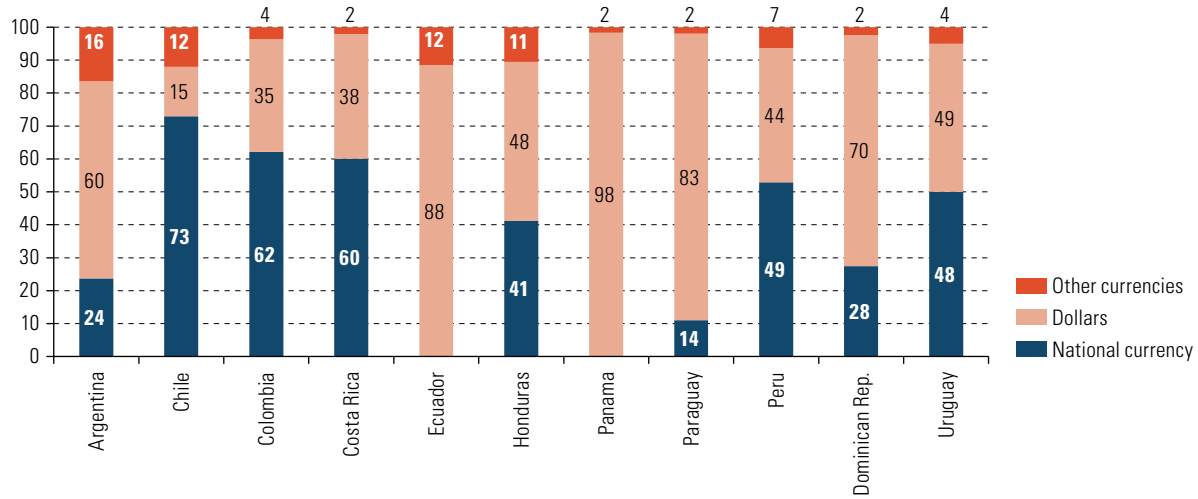
Figure I.49
The Caribbean (13 countries): gross central government debt, December 2020 and March 2021[a]
(*Percentages of GDP*)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Figures for Guyana and Jamaica are of public sector coverage.

The accumulation of public debt depends on a set of domestic and external factors, such as the primary fiscal deficit, the rate of growth of output, the implicit interest rate and the exchange rate. In Latin American countries, the composition of the debt by currency and creditor residence plays an important role in the respective dynamics. As shown in figure I.50, several countries have a large portion of their public debt denominated in dollars. Those that have mainly domestic currency debt are Chile, Colombia and Costa Rica, which have low levels of debt held externally and less than 40% denominated in dollars.

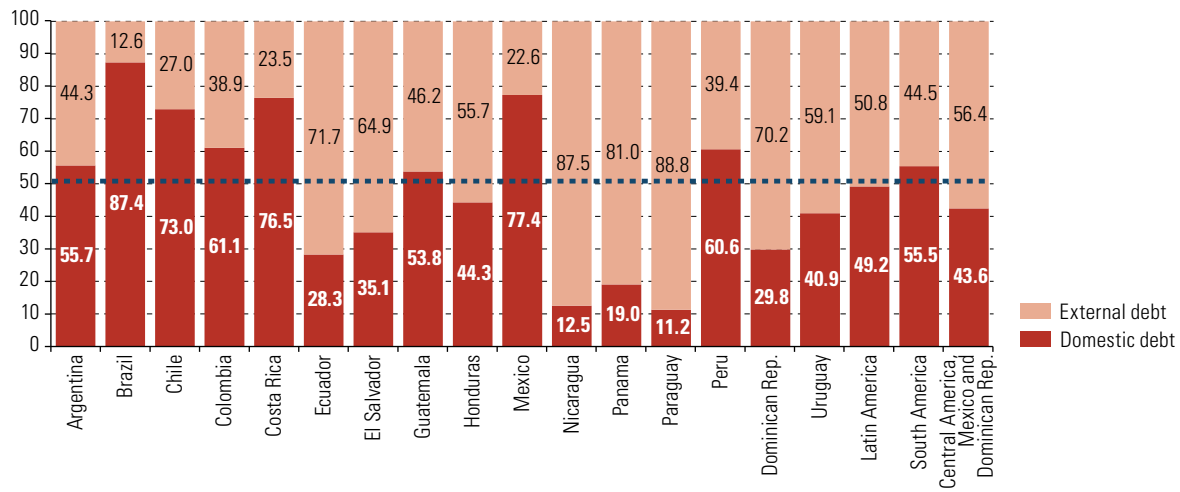
Figure I.50
Latin America (11 countries): gross central government debt by type of currency, June 2021[a b]
(*Percentages of the total*)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] In the cases of Argentina, Chile, Costa Rica, Honduras and Uruguay, the figures shown correspond to central government; in the case of Colombia, to national central government; in the case of Ecuador, Panama, Paraguay and Peru, to the public sector; and in the case of the Dominican Republic, to the non-financial public sector.
[b] Figures for Argentina, Chile, Honduras and Peru are as of March 2021.

Another important factor is the composition of central government debt by creditor residence. This has gained importance in recent years, as reflected in the agreements between countries in the region and their creditors to restructure their debt or obtain debt service relief. Examples include the agreements signed recently by Argentina and Ecuador, and those concluded in Barbados and Suriname. As figure I.51 shows, domestic creditors hold more than 50% of the total gross public debt of eight countries.

Figure I.51
Latin America (16 countries): gross central government debt and subregional averages by creditor residence, June 2021[a b]
(*Percentages of the total*)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] In the case of Brazil, the figures refer to general government.
[b] In the cases of Argentina, Chile, Honduras, Nicaragua and Peru, the figures correspond to March 2021.

5. Since the arrival of the pandemic in the region, the monetary authorities have adopted a pragmatic expansionary stance, but the space for maintaining such policies during the recovery process may now be diminishing

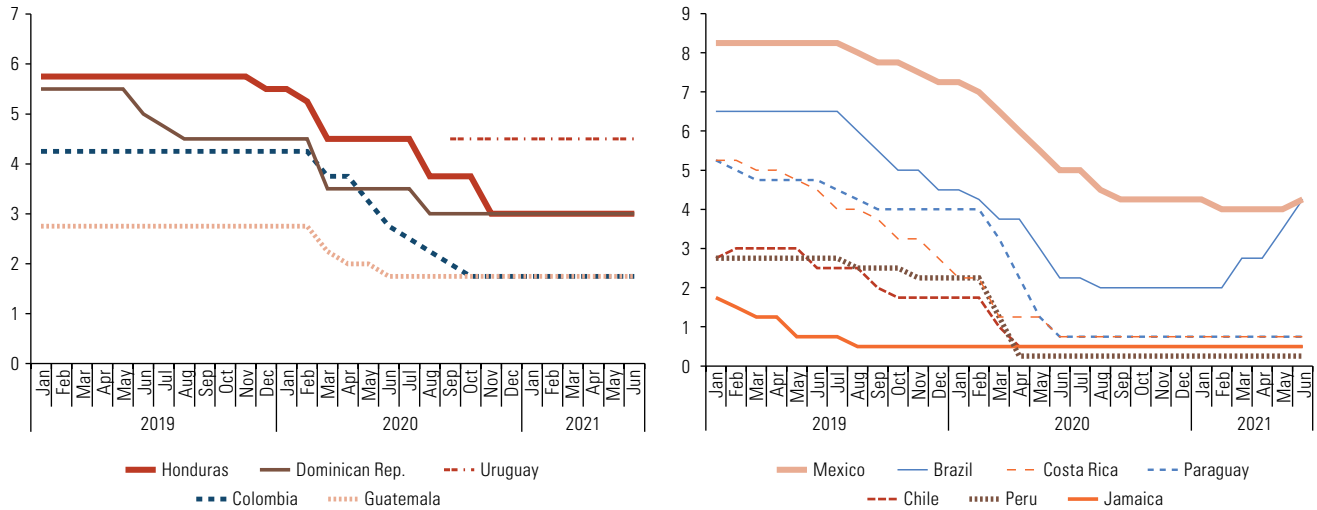
The COVID-19 pandemic has generated a crisis of proportions unprecedented in the modern history of the region. Although it began as an external demand shock, the physical distancing measures and mobility restrictions adopted to combat the spread of the virus in the region triggered a prolonged supply shock. This has seriously disrupted the functioning of many sectors of production and, undoubtedly, affected the region's labour markets. The crisis has been accompanied by wide fluctuations in commodity prices, including energy, and in international financial markets, which has created an environment of heightened uncertainty and volatility.

In such an environment, policymakers in the region targeted their efforts firstly on preserving lives and then on preventing economic collapse. Expansionary fiscal and monetary policies were deployed to address the health emergency and prop up domestic aggregate demand. At the same time, macroprudential regulations have been managed actively to prevent macroeconomic conditions from causing a deep deterioration in the balance sheets of financial institutions, which could trigger a financial crisis and jeopardize the smooth functioning of the payment system. Changes in macroprudential regulations (including the strengthening of regulations on capital flows) also sought to maintain macrofinancial stability in a highly volatile environment, and thus lessen the impact of growing systemic risks on the performance of the region's economies. The need to roll out these expansionary policies in a context of high uncertainty led the region's authorities to strengthen their international liquidity position. However, the key challenge for the monetary authorities in 2021 has been to preserve the space available to sustain expansionary policies to drive a transformative recovery process in the region's economies.

6. The easing of price pressures in 2020 allowed the region's central banks to adopt both conventional and unconventional measures to stimulate aggregate demand; but the recent uptick in inflation has reduced the space needed to sustain these policies; and, in some countries, policy rates have been raised in 2021

In 2020, low inflation and weaker growth prospects led most central banks in the region to lower their policy interest rates with a view to reviving economic activity from the slump caused by the pandemic. Over half of the region's central banks that use this as their main policy instrument cut the rate three times during the course of the year. Colombia and Mexico lowered their rates seven times, and Brazil did so five times. Monetary policy rates reached a historical low in 10 of the 12 countries that use this instrument; and in Chile and Peru they fell to almost zero (0.5% and 0.25%, respectively). Jamaica was the only country in this group that did not cut its monetary policy rate, as it was already low at 0.5% (see figure I.52).

Figure I.52
Latin America and the Caribbean (selected countries): monetary policy interest rate, January 2019–June 2021
(*Percentages*)



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

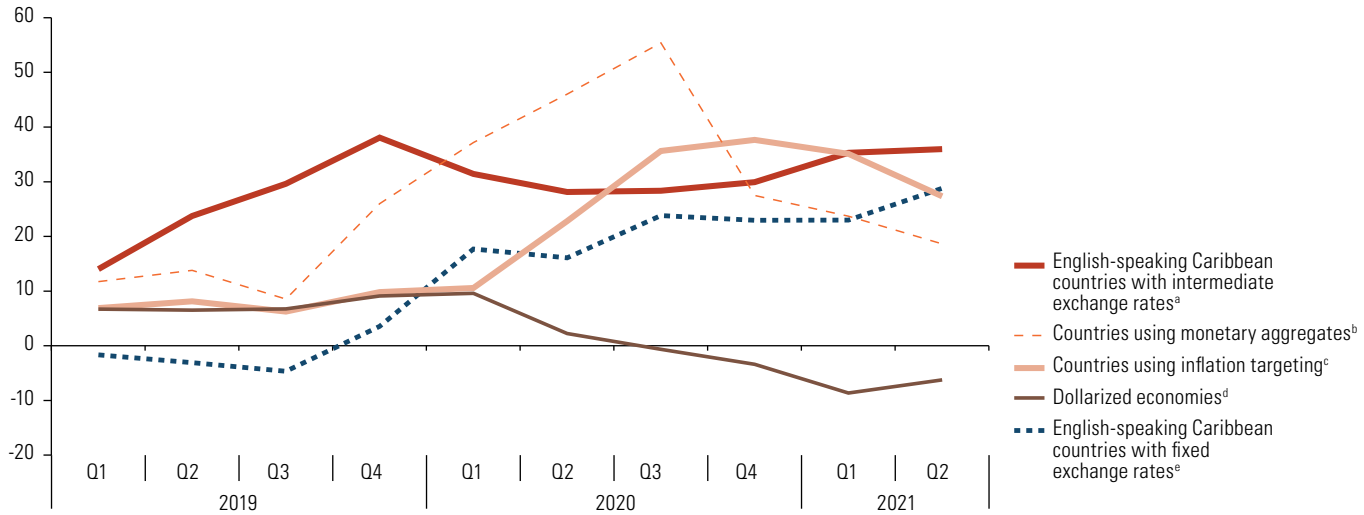
The low levels reached by monetary policy rates, together with the uptick of inflation in the 12 months to June 2021 and the appreciation of the dollar during this period, have reduced the space for further rate cuts. In fact, while policy rates in Colombia, Costa Rica, the Dominican Republic, Guatemala, Honduras, Jamaica, Paraguay, Peru and Uruguay have remained unchanged since November 2020, in Brazil and Mexico they were raised in the first half of 2021, and in Chile they were increased in July.[33] The central bank authorities in Brazil, Chile and Mexico have reacted to the price pressures caused by the disparity between the recovery in the supply of goods and services and consumption: while supply continues to be constrained by supply chain problems and rising fuel prices, the recovery in activity and fiscal stimulus measures have boosted consumption since the third quarter of 2020, which could fuel higher inflation.

7. Following rapid growth of the monetary aggregates in 2020, the pace of expansion has slackened in 2021

In most countries, both the monetary base and the M1 and M2 aggregates expanded in 2020, reflecting the authorities' endeavours to provide liquidity to their economies and thus stimulate domestic demand. These efforts began in March 2020 and persisted through the second quarter of the current year in most country groupings (see figure I.53). However, base money growth has slowed considerably since the third quarter in countries that use control of the monetary aggregates as their main policy tool (Argentina, Haiti, Nicaragua and the Plurinational State of Bolivia). The expansion of the monetary base has also slowed in the Caribbean and in countries that operate inflation targeting. Nonetheless, as of the second quarter of 2021, base money expansion rates remain higher than at the onset of the health crisis.

[33] On 4 September 2020, the Central Bank of Uruguay (BCU) again adopted inflation targeting and used the monetary policy rate as the benchmark rate, which has remained unchanged since that date.

Figure I.53
Selected country groupings: monetary base, first quarter of 2019–second quarter of 2021
(*Year-on-year rate of variation*)



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

In the dollarized economies, annual growth of the monetary base has slowed on average since the first quarter of 2020, posting negative rates in the third quarter of that year and in 2021. The fact that dollarized countries need additional foreign exchange inflows to expand the monetary base makes it difficult to promote a more expansionary monetary policy.

To expand liquidity, central banks have cut reserve requirements and made large-scale purchases of securities held by the financial system. The increased financing granted to the public sector has also fuelled a considerable expansion of the monetary aggregates.

In the Bolivarian Republic of Venezuela, which is not included in the aforementioned groupings, the monetary base trended in the opposite direction to the rest of the region. This is because the growth of its monetary base has been slowing since 2019, in an attempt to control the ongoing hyperinflationary process. Nonetheless, it continues to expand at year-on-year rates in excess of 1,000%.

8. Monetary impulses generated lower lending rates across the region and a recovery in credit during the second quarter of 2020, but this effect has been diluted over time

In the vast majority of the region's economies, interest rates on loans retreated in 2020 from their end-2019 levels: the annual averages of representative lending rates decreased in 23 of the 26 economies for which information is available. The average reduction was 2.4 percentage points, with only the Bolivarian Republic of Venezuela, Ecuador and Suriname seeing rate hikes. The situation changed in the first four months

of 2021, when lending rates rose by an average of 2.2 percentage points in 14 of the region's economies. However, despite the recent rate hikes in some countries, the April 2021 levels remain below those of December 2019 in 20 of the 26 economies for which information is available.

The measures adopted by the region's governments and central banks succeeded in stimulating lending to the private sector in the short term. Table I.14 shows how real credit to the private sector picked up in the second or third quarter of 2020 in 18 of the 25 economies for which information is available. In nine of these, the pace of lending accelerated in the second quarter relative to the first; and in seven cases, the domestic credit expansion continued in the second quarter of 2020, albeit more slowly than in the first. In seven economies, domestic credit retreated in real terms in the second quarter, although with less intensity than in the first. Of the economies included in table I.14, Suriname was the only one in which the credit crunch intensified in the second quarter of 2020.

Table I.14
Latin America and the Caribbean (selected countries): year-on-year variation in real domestic credit to the private sector, first quarter of 2020–second quarter of 2021
(*Percentages*)

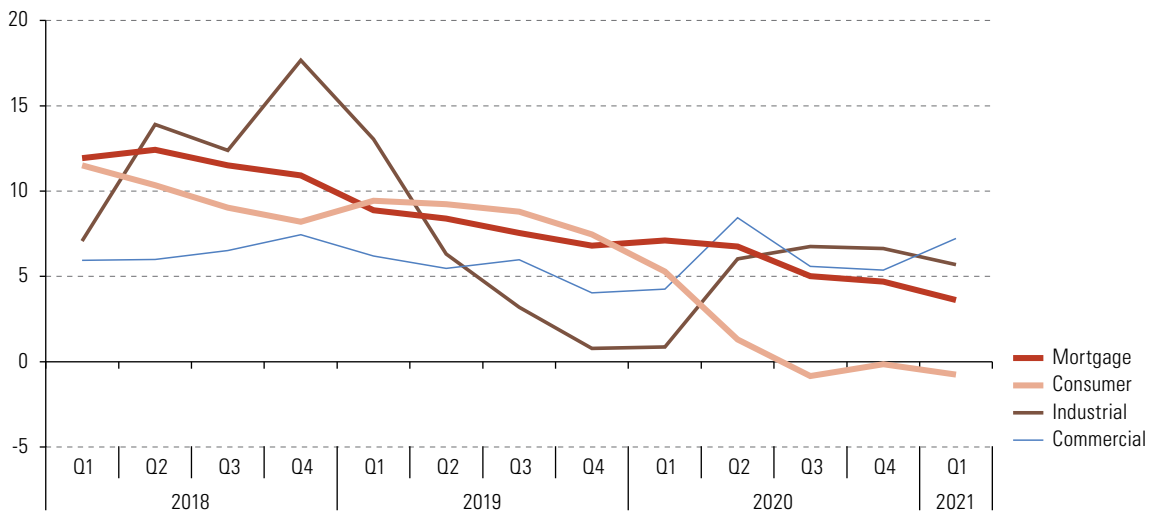
	2020				2021	
	Q1	Q2	Q3	Q4	Q1	Q2
Argentina	-18.6	-11.7	-10.1	-3.6	-1.5	-7.7
Bahamas	-1.8	0.1	0.1	-2.4	-2.5	
Barbados	-5.0	-3.0	-1.6	-1.9	-3.3	-4.1
Belize	11.0	9.4	8.9	7.4	0.6	0.3
Bolivia (Plurinational State of)	4.5	2.7	1.7	3.6		
Brazil	7.3	8.0	8.8	7.6	8.2	7.8
Chile	7.4	9.4	6.3	1.8	-0.9	
Colombia	6.2	8.3	7.4	1.1		
Costa Rica	-3.2	-0.9	2.1	2.3	2.2	
Dominican Republic	8.1	11.8	4.4	0.9	-2.4	-5.4
Ecuador	11.1	6.2	4.1	3.5	3.9	6.9
El Salvador	7.5	7.9	5.5	3.6	2.0	1.0
Guatemala	4.1	5.5	2.1	1.2	0.6	-0.3
Guyana	8.5	8.2	6.4	2.6	-0.3	0.1
Haiti	-11.8	-11.6	-14.3	-20.5	-16.3	
Honduras	4.4	5.5	2.9	0.9	-0.3	
Mexico	8.5	2.6	1.1	-3.1	-7.3	
Nicaragua	-15.8	-11.5	-9.9	-9.8	-10.0	
Panama	2.7	4.7	2.7	0.8	-1.2	
Paraguay	5.1	4.7	6.8	6.2	6.5	7.6
Peru	6.3	10.8	13.8	12.0	8.5	9.3
Suriname	-6.1	-21.8	-21.8	-17.2	-19.5	-11.0
Trinidad and Tobago	3.5	1.1	-0.4	-1.9	-1.9	
Uruguay	4.8	3.9	4.0	2.1	1.1	-0.2
Venezuela (Bolivarian Republic of)	-66.6	-45.3	-35.0	6.8	44.2	5.2

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

Table I.14 also reveals how this momentum faltered as from the third quarter of 2020. This may reflect weaker stimulus from credit programmes, compounded by the diminished capacity or willingness of firms and individuals to borrow more when the crisis is expected to persist. Thus, between the first and second quarters of 2021, real credit to the private sector declined relative to the year-earlier levels in 15 countries. Only Belize, the Bolivarian Republic of Venezuela, Brazil, Costa Rica, Ecuador, El Salvador, Paraguay and Peru posted positive year-on-year growth in this variable in the periods indicated.

Lower lending rates and conditional credit programmes for firms significantly increased credit obtained by the manufacturing and commercial sectors, in which growth gathered pace from the second quarter of 2020 onwards (see figure I.54). The expansion in credit was used not only to maintain cash flow and working capital, but also to pay off debts to suppliers and lenders, which could explain why the credit expansion failed to show through in higher activity levels.

Figure I.54
Latin America and the Caribbean (selected countries): year-on-year variation in real domestic credit to the private sector, first quarter of 2018–second quarter of 2021
(*Percentages*)



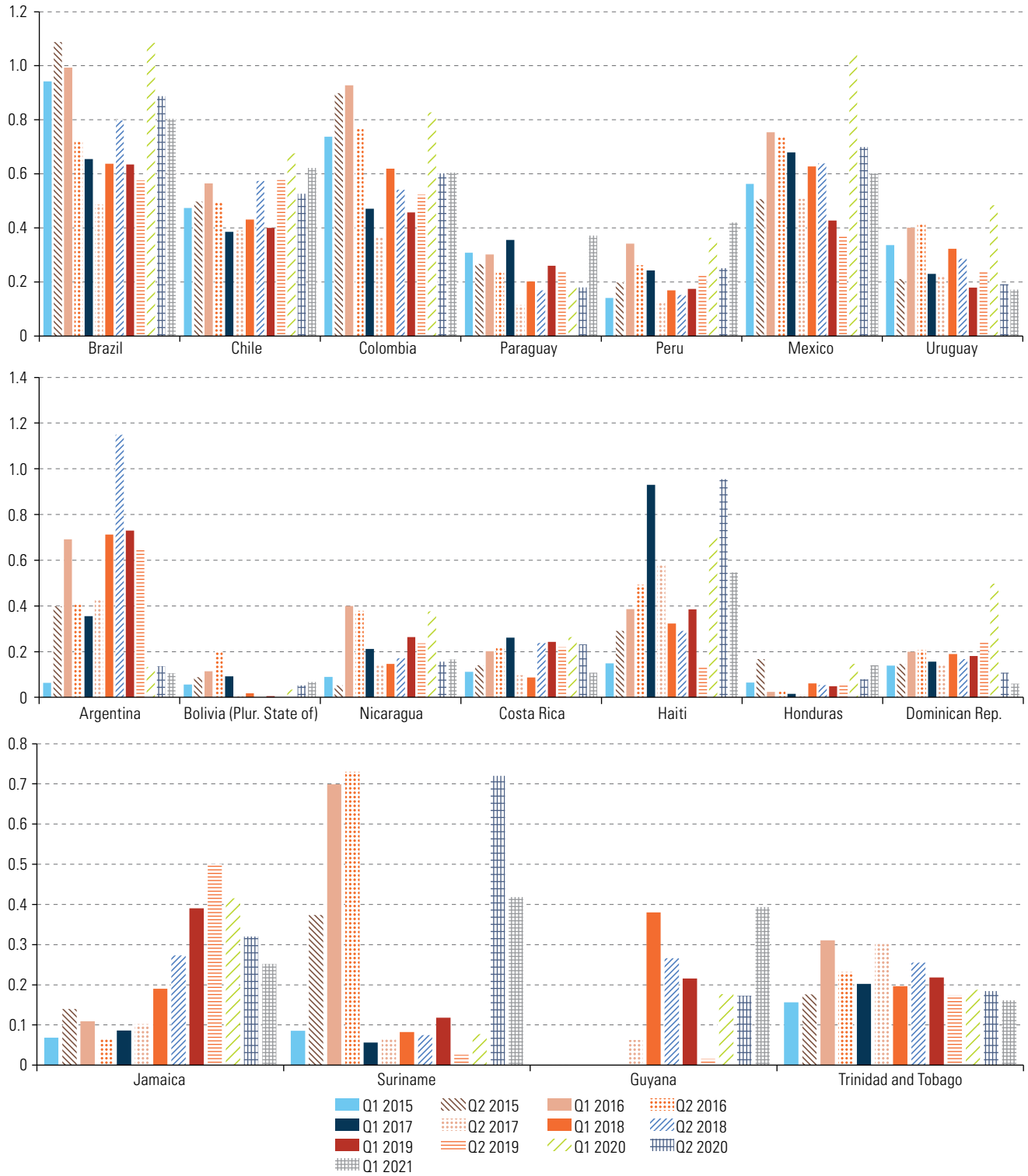
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

Another key element shown in figure I.55 is the contraction of consumer credit across the region since the third quarter of 2020, which may reflect both the decline in household income, given the significant deterioration of labour market conditions, and the reduced capacity or willingness of households to take on more debt.

9. In 2020, heightened volatility on international financial markets triggered sharp fluctuations in the region's exchange rates

In 2020, the dollar exchange rates of the region's currencies became more volatile, particularly in the first half of the year. Figure I.55 displays a semi-annual indicator of exchange rate volatility between the first half of 2015 and the first half of 2021, measured as the average inter-day variation (in absolute value terms). In the first six months of 2020, these fluctuations were some of the largest since 2015 —in fact the largest in five countries and in the top quartile in 12 of the 18 countries considered.

Figure I.55
Latin America and the Caribbean (18 countries): nominal exchange rate volatility, average of absolute daily variations, first half of 2015–first half of 2021
(*Percentages*)



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

In this context of heightened exchange rate volatility, the currencies of 14 of the region's economies weakened in 2020, while five others strengthened. The greater volatility was expressed in highly varied quarterly exchange rate dynamics during 2020: while 14 of the region's countries recorded depreciations in the first quarter of 2020, 10 experienced appreciations in the fourth quarter (see table I.15). The currencies of Brazil, Chile, Colombia and Mexico depreciated by an average of 22.9% in the first quarter of 2020, before strengthening by 9.3% in the fourth. Similarly, the Haitian gourde lost 16% of its value in the second quarter of 2020 before regaining 39% in the third.

Table I.15
Latin America and the Caribbean (selected countries): variation in nominal exchange rates against the dollar, first quarter of 2019–second quarter of 2021
(*Percentages*)

	Argentina	Brazil	Chile	Colombia	Paraguay	Peru	Jamaica	Mexico	Nicaragua	Suriname	Guyana	Trinidad and Tobago	Uruguay	Costa Rica	Haiti	Honduras	Dominican Republic
Q1 2019	15.0	1.0	-2.1	-2.0	3.8	-1.5	-2.2	-1.1	0.8	0.3	-0.2	-0.1	3.3	-1.2	8.1	1.0	0.6
Q2 2019	-1.9	-1.8	-0.1	0.7	0.1	-0.7	3.9	-1.1	2.0	-1.8	-0.8	-1.4	5.1	-2.8	11.5	0.1	0.5
Q3 2019	35.6	8.0	7.4	8.3	2.9	2.3	-0.9	2.7	0.5	0.0	0.0	1.5	5.1	-0.4	2.5	0.5	3.0
Q4 2019	4.0	-3.2	3.3	-5.5	1.3	-1.7	1.7	-4.1	1.4	0.0	0.0	-0.2	1.1	-1.5	0.4	-0.3	1.1
Q1 2020	7.6	29.3	13.4	23.7	1.5	3.6	2.5	25.1	-0.2	0.8	0.9	-0.1	16.1	1.3	-1.2	0.5	3.0
Q2 2020	9.4	5.0	-3.8	-7.6	3.9	3.2	3.6	-2.9	1.5	4.1	0.1	-0.3	-2.6	0.2	16.0	-0.1	6.5
Q3 2020	8.1	2.6	-4.5	1.9	2.5	1.7	1.1	-3.8	0.5	71.6	-1.0	0.3	0.8	4.4	-39.0	-0.5	0.4
Q4 2020	10.5	-7.4	-9.4	-10.5	-1.1	0.4	0.2	-9.9	0.7	5.8	1.0	-0.1	-0.7	1.3	-6.7	-2.0	-0.5
Q1 2021	9.3	8.5	1.2	6.9	-8.7	3.5	2.8	2.6	0.1	0.2	0.4	0.1	4.7	-0.1	18.3	-0.2	-2.2
Q2 2021	4.1	-11.8	2.1	2.5	7.0	3.3	3.4	-2.4	0.2	47.8	-0.4	0.2	-1.5	1.2	22.6	-0.6	0.3

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

Exchange rates have remained volatile in 2021; and, in three countries (Guyana, Paraguay and Peru), the volatility indicator for the first half of the year has been at its highest level throughout the period analysed. In the cases of Chile and Honduras, the volatility indicator for that period is within the highest 25% recorded in these countries. Twelve countries saw their currencies weaken, with Argentina, Colombia, Haiti and Suriname recording depreciations of over 9%. Four countries saw their currencies gain value in the first half of 2021, with Brazil and Paraguay posting the period's largest appreciations.

10. Since the onset of the crisis, international reserves management has been fundamental for preserving monetary policy space and underpinning macrofinancial stability in the region's economies

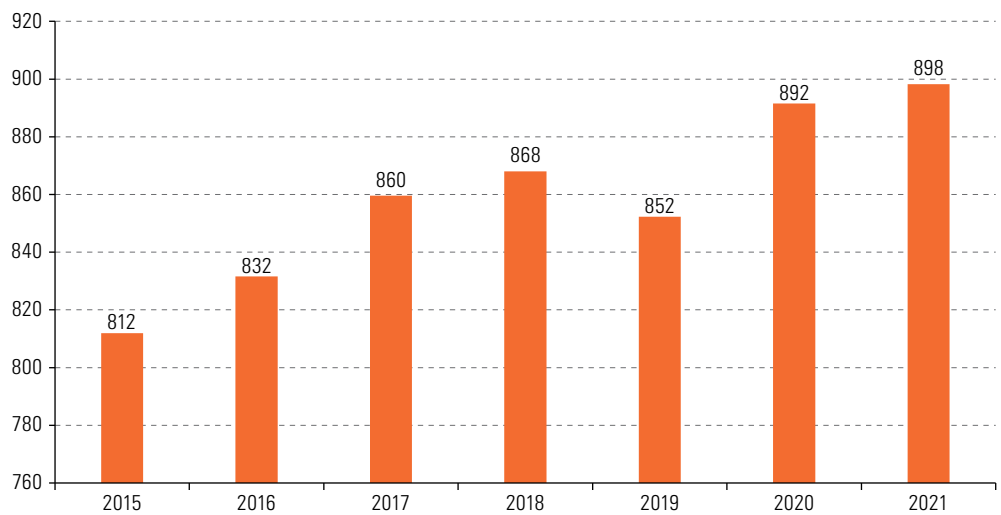
In the context of the health and socioeconomic crisis caused by COVID-19, and in order to maintain the space for expansionary policies, the region's monetary authorities placed special emphasis on the management of international reserves. This would enable them to respond pragmatically, flexibly and rapidly to potential destabilizing factors that could accentuate exchange rate volatility, trigger a sudden stop in capital inflows or increase the chances of banking crises. To this end, the monetary authorities decided to strengthen their international liquidity position, expanding the region's reserves by 4.6% in 2020, or by a total of US$39.318 billion.

Twenty-two of the 32 economies for which information is available grew their international reserves in 2020, with increases of over 20% in 11 cases. In Barbados, Ecuador and Panama, reserves grew by more than 70% in the 12 months to December 2020. Conversely, reserves shrank in 10 countries —particularly in seven of the countries that use monetary aggregates as their main monetary policy instrument, and in Antigua and Barbuda, Costa Rica, El Salvador and the Plurinational State of Bolivia, where reserves declined by more than 18%.

The establishment of swap lines and liquidity facilities with the United States Federal Reserve and international financial institutions, together with bond issues on voluntary markets, were some of the tools used to strengthen the countries' external asset position.

In 2021 thus far, the region's authorities have endeavoured both to continue strengthening their international reserve position and to intervene in the foreign exchange markets to mitigate exchange rate volatility. In the first six months of the year, the region's reserves grew by 0.7% (see figure I.56), with increases in 14 countries and by more than 10% in Chile, the Dominican Republic, Grenada, Nicaragua and Suriname. In contrast, reserves contracted in 17 countries, and by more than 10% in Ecuador, the Plurinational State of Bolivia and Saint Lucia.

Figure I.56
Latin America and the Caribbean: trend of gross international reserves, 2015–2021[a]
(*Billions of dollars*)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Information available at 30 June 2021.

11. Macroprudential measures and capital flow regulations are now among the main instruments used by the region's monetary authorities to mitigate macrofinancial risks arising from the health crisis, support the expansionary stance of economic policy and attenuate exchange rate volatility

In the early 2020s, central banks had to deal with critical episodes of massive and sudden capital flight, excessive currency fluctuations and rising risk premia, while preventing the collapse of economic activity. In such circumstances, the authorities deployed a broad set of policy tools to preserve macroeconomic and financial stability, while high risks accumulated in the real, financial and external sectors of the region's economies.

As shown in figure I.57, a total of 409 specific policy actions were implemented by monetary authorities in the region during 2020. Of these, 41% correspond to macroprudential and capital flow regulation tools that complemented actions on access to emergency liquidity lines (27%) and interest rate cuts (14%).

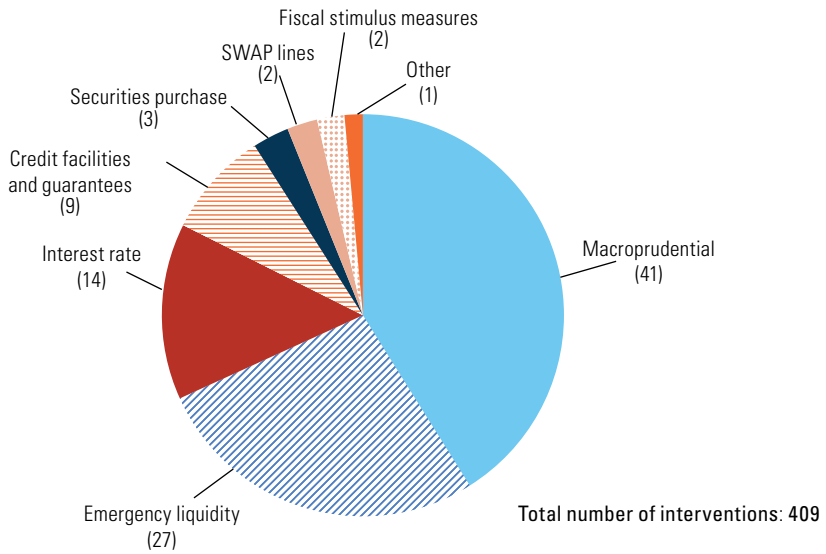


Figure I.57
Latin America and the Caribbean (22 countries):[a] composition of measures by area of intervention, 2020
(Percentages)

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official data from the countries, and "COVID-19 Financial Response Tracker Visualization (CFRTV)" [online] https://som.yale.edu/faculty-research-centers/centers-initiatives/program-on-financial-stability/covid-19-tracker.

Note: This does not represent an exhaustive listing of central bank interventions. The "Other" category includes interventions such as loan guarantees, market liquidity and deposit guarantees.

[a] Antigua and Barbuda, Argentina, Barbados, the Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Honduras, Jamaica, Mexico, Paraguay, Peru, the Plurinational State of Bolivia, Suriname and Uruguay.

Faced with the perception of increased systemic risk, the macroprudential measures adopted by central banks had three aims: (i) to counteract the procyclical trend in lending, to support the programmes implemented in response to the health emergency and reactivate the economy; (ii) to consolidate the lending capacity of financial intermediaries while preserving their solvency; and (iii) to create incentives for the banking sector to fulfil its financial intermediation role. Accordingly, macroprudential measures were implemented in a pragmatic and flexible manner, according to the specific circumstances of each country and the tools available, in a context in which the banking system showed itself to be resilient.

Firstly, previously constituted capital buffers were adjusted to smooth the financial cycle, to enable financial institutions to absorb losses and prevent credit flows from drying up, as often happens in cyclical downswings. In Brazil and Colombia, for example, countercyclical capital buffers were deactivated by setting the required rate at 0%.

Secondly, the flexibility of macroprudential rules was deployed to a greater extent, allowing institutions to operate below the thresholds of capital requirements and other capital buffers of a non-cyclical nature. Risk weightings were adjusted, and certain credits linked to support programmes were excluded from the calculation of capital requirements or banks' leverage limits. In some cases, dynamic provisions were released, and dividend distributions or salary increases for the managers of financial institutions were suspended.

In addition, measures to increase the liquidity of financial institutions were accentuated, such as changes related to legal reserve requirements according to different modalities —in terms of rate, local or foreign currency, or as a function of specific deposits, among factors— or related to the liquidity coverage ratio. Depending on the nature of the perceived risks, capital flow regulation measures were maintained, for example, in the foreign exchange market, so as not to induce greater disturbances in the international reserves position. Lastly, different treatments were applied to credit risk, such as loan rescheduling and the modification of criteria for classifying borrowers, to avoid further burdening the provisions of financial institutions.

F. Outlook for Latin America and the Caribbean in 2021 and 2022

1. Growth projections for Latin America and the Caribbean have been revised upwards to 5.9% for 2021, with a slowdown to 2.9% in 2022

The growth pattern in 2021 reflects the low basis for comparison due to the fall in 2020 and a strong statistical carry-over effect (see box I.3), together with the positive impacts of the international context, the gradual opening of economies and the easing of physical distancing measures.

The 5.9% growth rate projected for 2021 (see figure I.58) will not bring GDP back to 2019 levels. The dynamics and persistence of growth from 2021 onwards are subject to uncertainties arising from uneven progress in vaccination processes, and the ability of the different countries to reverse the structural problems underlying the slow growth path they were on prior to the pandemic.

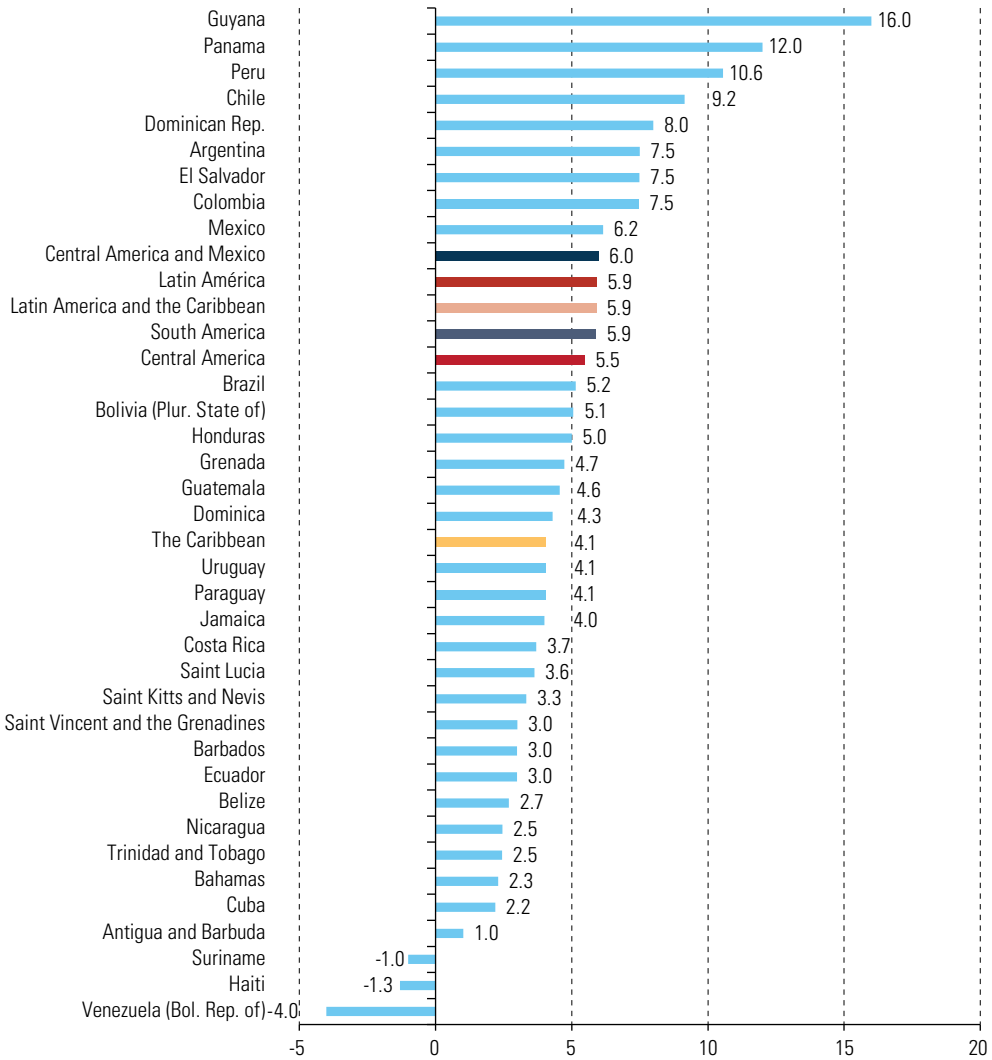


Figure I.58
Latin America and the Caribbean (33 countries): projected GDP growth rate, 2021
(Percentages)

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

Box I.3
South America: annual real GDP growth, statistical carry-over effect compared with growth dynamics

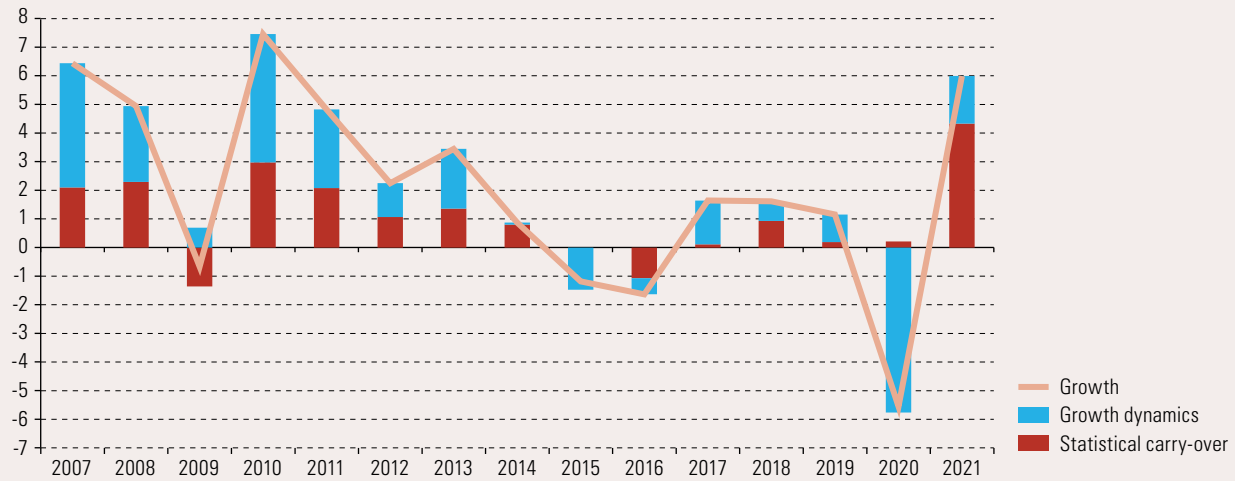
Annual real GDP growth can be broken down into two parts: statistical carry-over and growth dynamics.

The statistical carry-over effect in a specific year is the rate of GDP growth that would result if the level of GDP were to grow by 0% every quarter that year. This concept is calculated using seasonally adjusted quarterly real GDP, equating the level of the last quarter of the previous year to all quarters of the current year. This creates a year in which all quarters remain at the same level as the fourth quarter of the previous year. There is thus zero quarterly growth and all growth with respect to the prior year comes from the growth carried over from the fourth quarter of the previous year.

Growth dynamics, by contrast, are the difference between the annual GDP growth rate and the carry-over effect.

Figure 1 shows the variation in statistical carry-over and growth dynamics in South America for the period 2007–2021.

Figure 1
South America: decomposition of the growth rate, statistical carry-over versus growth dynamics, 2007–2021[a]
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC).
Note: Does not include the Bolivarian Republic of Venezuela. Growth rates are weighted averages.
[a] Growth rates for 2021 are projections.

South America entered a period of low growth in 2014. When the period 2007–2013 is compared to 2014–2019, the contribution of carry-over and growth dynamics both dropped significantly. The averages for the carry-over effect and growth dynamics were 1.5% and 2.6%, respectively, in 2007–2013, compared to just 0.2% in both cases in 2014–2019.

Comparison of the two global crises that occurred during the period 2007–2021 —i.e. the global economic and financial crisis and the COVID-19 crisis— shows marked differences. Both caused the region's GDP to fall, but much more heavily in 2020 than in 2009. Not only the size of the crisis differed, however: the negative statistical carry-over in 2009 confirms the fact that the region had been suffering the effects of the crisis since the second half of 2008, while the positive growth dynamics in 2009 reflect the relatively rapid recovery in the case of South America. The economic crisis caused by the pandemic produces a very different picture, because the region's statistical carry-over effect was slightly positive in 2020, combined with highly negative dynamics.

In addition, with regard to the recovery in the year following the crisis, stronger dynamics were seen in 2010 (4.5%) than those projected for 2021 (1.7%). It is also estimated that carry-over will make a stronger contribution to growth in 2021 (4.3%) than it did in 2010 (3.0%). The differences in the recoveries from the two crises reflect the complexity and unevenness of the domestic health situation currently facing the economies of the region. Despite favourable external conditions (see the chapter on the international context and external sector), which were also present in 2010, domestic conditions are hampering recovery of the region's growth dynamics.

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

For 2022, Latin America and the Caribbean is projected to post a growth rate of 2.9% on average, in a slowdown after the recovery of 2021. The projected rates are 2.6% for South America, 3.5% for Central America and Mexico and 7.8% for the Caribbean (see figure I.59).

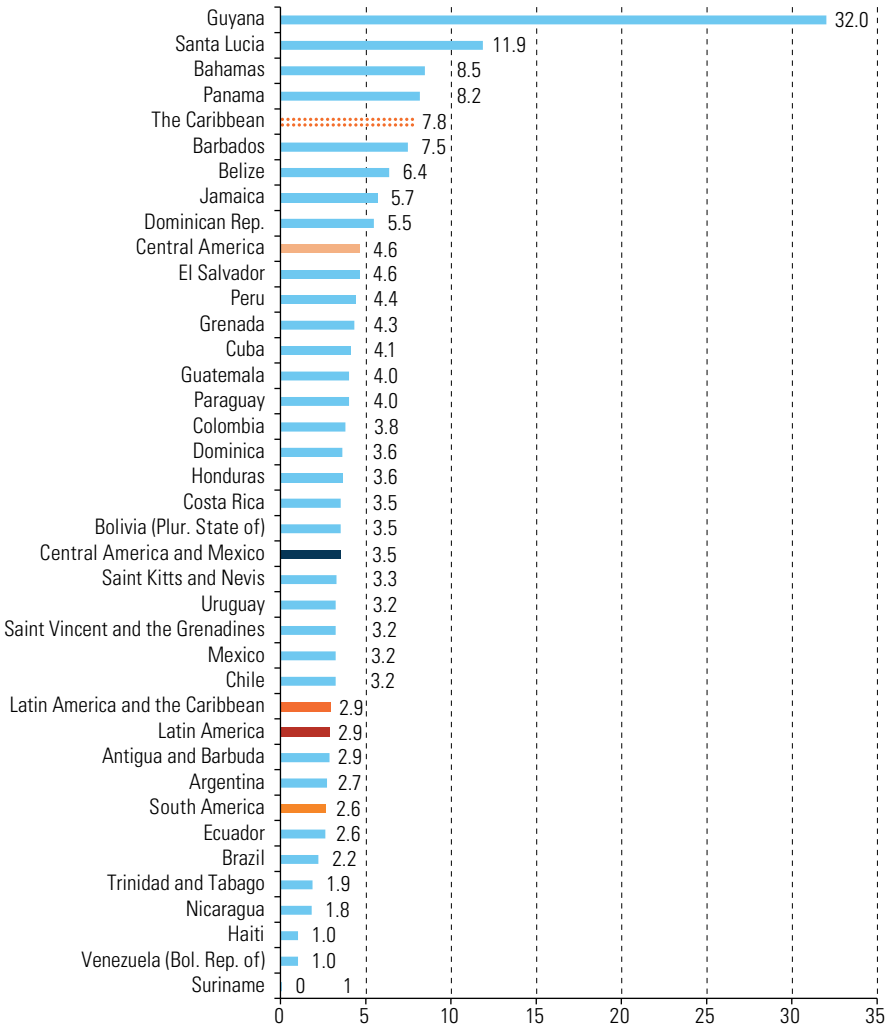


Figure I.59
Latin America and the Caribbean (33 countries): projected GDP growth rate, 2022
(Percentages)

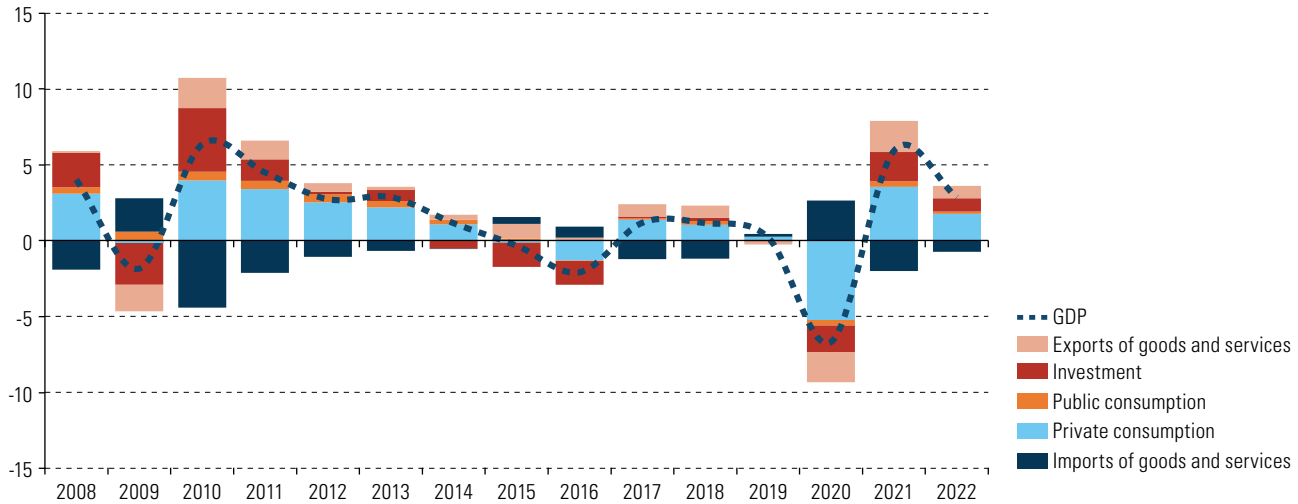
Source: Economic Commission for Latin America and the Caribbean (ECLAC) on the basis of official figures.

By component of expenditure, private consumption was the main driver of GDP growth in 2021 and will be again in 2022, accounting for over half of the rise in economic activity. Public consumption is making a much smaller contribution despite the unprecedented emergency fiscal measures put in place by the region's governments, since many of these have taken the form of direct cash transfers to households, whose effects are recorded in accounting terms as an increase in private consumption.

Investment will show an increase, thanks to the reactivation of construction and the start of projects that had been suspended both because of uncertainty about the future and because of companies' needs to solve financing problems. The upturn in domestic demand, together with the restoration of the supply chain, will increase imports of goods and services, whose levels deteriorated in 2020 as a result of the supply- and demand-side shocks suffered by the region.

Lastly, after plummeting in 2020, the region's exports will make a positive contribution to GDP growth, similar to that of investment, in both 2021 and 2022. The expansion of exports may be attributed to the recovery of demand, both in the region and beyond, given stronger economic activity at the global level (see figure I.60).

Figure I.60
Latin America: GDP growth rate and contribution of expenditure components to growth, 2008–2022[a]
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC) on the basis of official figures.
[a] Data for 2021 are projections.

There is nothing to suggest that the weak growth dynamics prior to the crisis will change after 2022. The structural problems that weighed on the region's growth before the pandemic have worsened; and they will hamper the recovery of economic activity and labour markets beyond the growth rebound in 2021 and 2022 (ECLAC, 2021b).

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PART

II

Labour dynamics and employment policies for sustainable and inclusive recovery beyond the COVID-19 crisis

II

Introduction

Part II of this edition is divided into four chapters. The first (chapter II of the report) examines the impact of the COVID-19 crisis on the region's labour markets, looking at historical trends in these markets. Labour market reactions in the current context are contrasted with the dynamics observed during previous (systemic or specific) crises to compare the dimensions of each, and also to characterize how economic activity recovered during crises and how the labour market performed.

The second (chapter III of the report) describes the disproportionate effect of the pandemic on the labour market situation of women and young people. While these groups tend to suffer the most in economic crises, some particularities of the current crisis have made them more vulnerable. Recovery policies must give special consideration to these groups if they are to foster more resilient labour markets.

The third (chapter IV of the report) aims to analyse the perspectives for regional labour markets amid profound technological, economic and social transformations and to highlight the relevant policy challenges. It examines the risks and opportunities related to the introduction of new technologies, as well as the challenges and characteristics of digital platform work and teleworking. It focuses on the need to develop policies to reduce the risks that inequality would increase (digital divides and job insecurity) as a result of these transformations.

Lastly, the fourth chapter (chapter V of the report) analyses the labour policies implemented since the start of the crisis and the policy challenges for a transformative recovery with decent work. Informality, low productivity and new trends that could compromise job creation have hampered labour markets. This chapter underscores the importance of comprehensive policies, including monetary and fiscal policies to boost demand and support businesses, and active industrial and labour market policies that promote high-quality employment and increase productivity. In this regard, support for micro-, small and medium-sized enterprises (MSMEs) must be the cornerstone of strategies to save jobs, stimulate the labour market and drive up average productivity in the economies of the region.

CHAPTER II

The impact of the COVID-19 crisis on Latin American and Caribbean labour markets: a comparison with earlier crises

Introduction

This second chapter of the *Economic Survey of Latin America and the Caribbean, 2021* has a number of aims. First, it seeks to set in context the magnitude of the effects of the coronavirus disease (COVID-19) pandemic crisis on the region's labour markets and show that, although the pandemic affected every economy in the world, Latin America and the Caribbean was unquestionably the region that experienced the largest contraction in GDP and employment.

This crisis is very different in character from others that have occurred in the recent past. Earlier ones were generally demand crises, and thus affected all production sectors in a fairly similar way. This time too there was a significant demand component at the outset, when the health crisis had not yet spread in Latin America and the Caribbean. However, when the crisis reached the countries of the region, an unprecedented supply shock quickly set in. The pandemic, together with the administrative measures taken to combat it, has damaged different sectors of their economies in very heterogeneous ways and affected labour markets like no other crisis in the region's history. Different economic sectors have been harmed to varying degrees and have therefore behaved very differently, which has meant changes in both the levels and composition of employment in the region.

In the second place, this paper shows that the region's labour markets experienced an unprecedented shock in 2020, with historic declines in employment and participation rates and equally historic increases in unemployment rates. Although Latin American and Caribbean governments have pursued expansionary fiscal and monetary policies to mitigate the effects of the crisis, the magnitude and persistence of the shock have caused the region to experience the largest GDP contraction in the last 100 years and the largest drop in employment since 1950, the earliest year for which figures are available. The region saw a sharp decline in labour participation in 2020, bringing it down to figures similar to those at the beginning of the 1990s. During the same period, the unemployment rate climbed to levels not seen since 1990, although a massive outflow of people from the labour force cushioned the impact of the crisis on this indicator.

In the third place, this chapter helps to show how the crisis has increased inequality in the region, with women and the young most severely affected both by the crisis itself and by the consequences it may have for labour markets in the medium term. For example, the fall in female participation during 2020 put an end to the growth in this variable since 1990 that had reduced the gender gap in participation levels. The large-scale exit of women from the labour market reflects the heavy burden on them of care for children, the sick and the elderly in the home, which intensified during the pandemic (because of school closures, among other things), and the heavy concentration of female employment in the activities that have been most restricted during the pandemic (trade and tourism), a subject that will be discussed more fully in chapter III of this publication.

In the fourth place, this chapter aims to identify the determining factors of the post-crisis recovery process in the region's labour markets. It shows how the crisis came at a time when employment growth had slowed significantly. It also argues that the scale of the crisis is such that it could accelerate structural changes that were already taking place in the labour markets of Latin America and the Caribbean, some of which are linked to technological transformations, as will be discussed in chapter IV. Overall, these changes in the labour market could imply greater underutilization and casualization of the region's labour force, which might in principle explain why economic activity has recovered to pre-crisis levels more quickly than the numbers employed. But the heterogeneous impact on production sectors, the magnitude of the crisis and the elements of health risk associated with each sector are factors that will affect the recovery process and determine how quickly different sectors will be able to recover; in other words, they will affect the evolution of the economic structure and post-pandemic structural change.

This second chapter of the 2021 *Economic Survey* is structured as follows. Section A describes the main effects of the COVID-19 crisis on the region's labour markets, emphasizing its impact on the numbers in employment, the labour force participation rate and the unemployment rate, both in the aggregate and in the main production sectors. Section B shows the process of recovery in labour markets since the severe impact in the second quarter of 2020. It notes that, by contrast with previous crises, the number of employed has recovered more slowly than output this time. It also suggests a worrying scenario in which labour markets may tend towards a new equilibrium with lower labour force utilization (and, consequently, rising unemployment rates) and towards systems entailing greater casualization of employment. Lastly, section C offers some final reflections on the content of the chapter and suggests the need for policies to create a new post-COVID-19 future in the region through a recovery that transforms development, with greater equality and sustainability (ECLAC, 2020a).

A. In 2020, COVID-19 unleashed the greatest crisis in the labour markets of Latin America and the Caribbean since 1950

As the Economic Commission for Latin America and the Caribbean (ECLAC) has documented on previous occasions (ECLAC, 2020b, 2020c and 2021), in 2020 the COVID-19 pandemic caused the largest contraction in economic activity that Latin America and the Caribbean had experienced in more than a century, with a 6.8% drop in regional GDP and a 7.7% drop in per capita GDP. But this crisis has also significantly affected the behaviour of the region's labour markets: that same year, the number of employed persons contracted by 9.0% and the overall participation rate by 4.9 percentage points, while the unemployment rate rose by 2.5 percentage points.[1]

1. The labour markets of Latin America and the Caribbean were the world's worst affected by the COVID-19 crisis

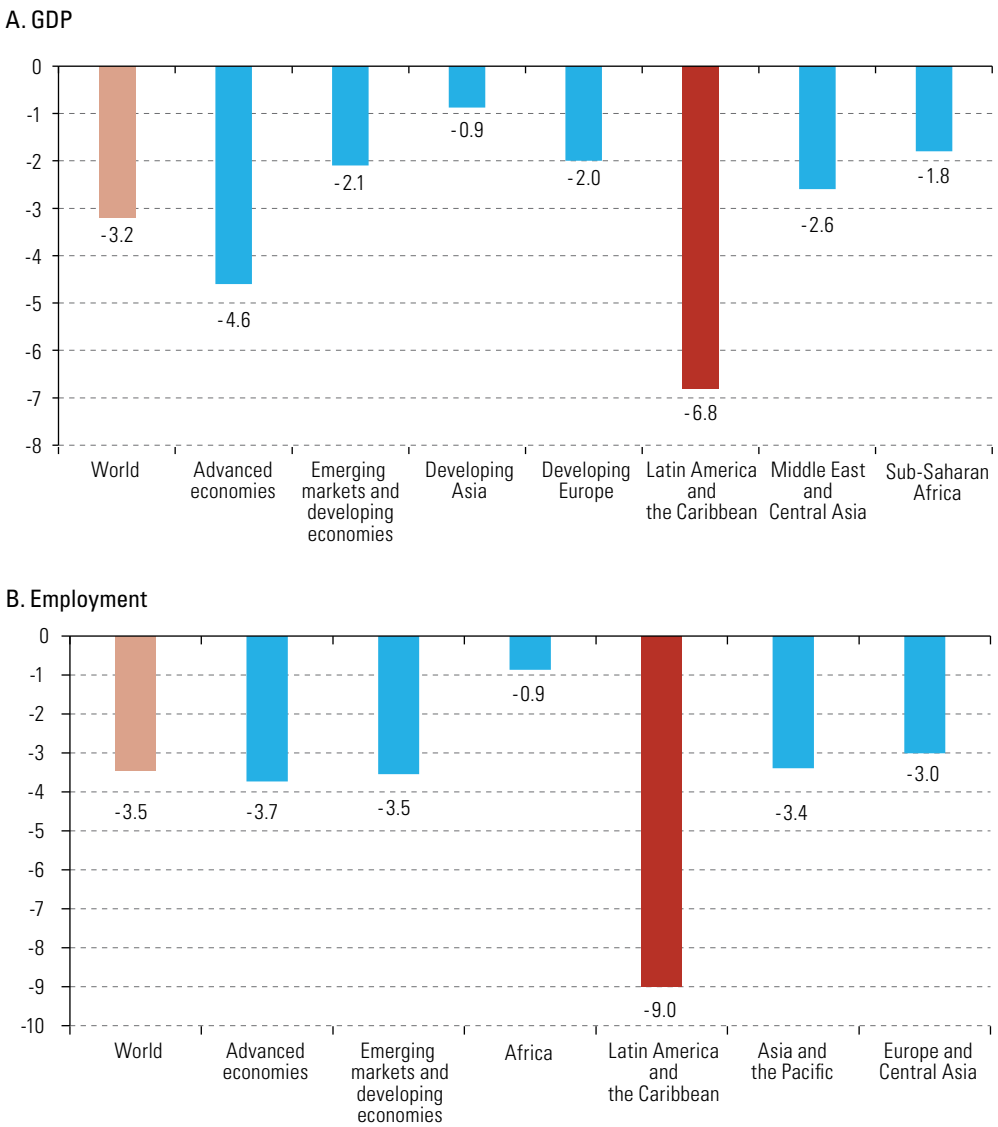
While the whole global economy was affected by this crisis in 2020, there is no doubt that the region experienced the largest contraction in activity and employment (see figure II.1). There are various possible reasons for the severity of the crisis in Latin America and the Caribbean,[2] but the magnitude of the health crisis and the region's historical structural constraints undoubtedly combined to cause great harm to its economies.

Likewise, the severity of the mobility restrictions adopted in many of the region's economies to cope with the pandemic has resulted in longer interruptions to productive activities than in places where measures have been less stringent or have been eased earlier. Again, the region's structural vulnerabilities may have diminished the impact of the various fiscal and monetary stimulus programmes that have been adopted to mitigate the effects of the crisis (ECLAC, 2020a).

1 The estimates for 2020 are based on information published by the following countries: Argentina, Belize, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay.

2 ECLAC (2021) shows that more than 1.26 million people had died in Latin America and the Caribbean as a result of COVID-19 as of 28 June 2021, equivalent to 32% of all deaths worldwide, even though the region is home to just 8.4% of the world's population.

Figure II.1
World and selected regions: changes in GDP and numbers employed, 2020
(Percentages)



Source: International Monetary Fund (IMF), *World Economic Outlook Update*, July 2021 [online] https://www.imf.org/-/media/Files/Publications/WEO/2021/Update/July/English/text.ashx; International Labour Organization (ILO), *World Employment and Social Outlook: Trends 2021*, Geneva, 2021; and Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

2. The COVID-19 crisis affected the region at a time of low employment growth and triggered the first contraction in the numbers employed since 1950[3]

Various studies have shown that the region is one of the world's most volatile in real terms (Gavin and Haussman, 1996; Céspedes and Poblete, 2011; ECLAC, 2009), with continuous, sharp fluctuations in GDP and severe limitations when it comes to sustaining the expansionary phases of the output cycle (Hausmann, Pritchett and Rodrik, 2005; Pérez-Caldentey and Pineda, 2010; Titelman, Pérez-Caldentey and Carvallo, 2013).

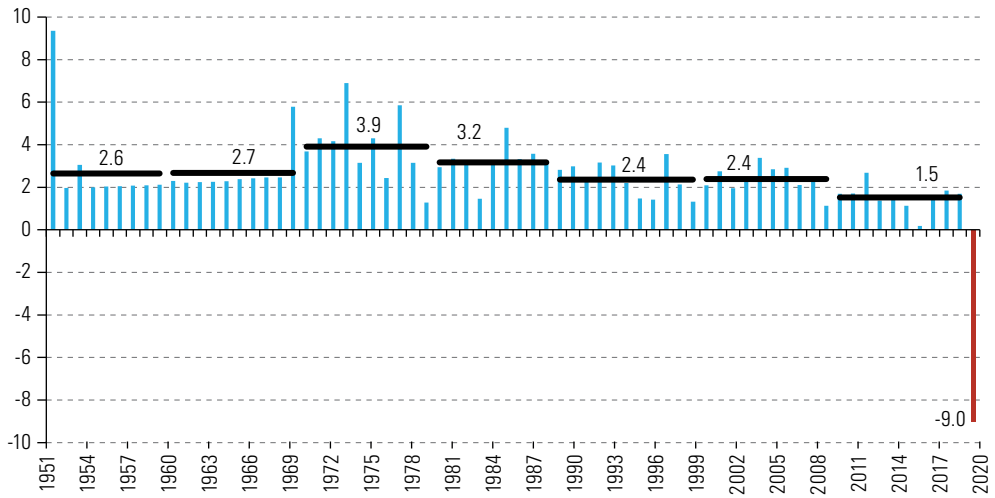
[3] Information has only been available since that year.

As a result of this volatility, labour markets in the region also tend to experience large fluctuations, with episodes of acceleration and deceleration in employment growth that are closely related to fluctuations in economic activity, especially during episodes of a systemic character.

Without a doubt, however, the crisis that arose because of the pandemic has been the greatest ever documented in the region (given that it has caused the first contraction in the number of people in employment in the economies of Latin America and the Caribbean for more than seven decades) and the most widespread, at least since 1950, since it simultaneously affected all the countries that have so far provided data for 2020.

Figure II.2 shows the evolution of the employment growth rate since 1951 and illustrates the full extent of the shock that the COVID-19 crisis has entailed for the labour markets of Latin America and the Caribbean.[4]

Figure II.2
Latin America and the Caribbean: employment growth rates and averages by decade, 1951–2020
(Percentages)



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

Firstly, the chart shows the trajectory of the employment growth rate in the region over the last seven decades. This rate trended upward until the 1970s, essentially as a result of population growth and increased participation. However, it has tended to decline since the 1980s.[5]

A second point worth noting is that the 2010s were the decade with the lowest average growth in the numbers employed since 1950 (1.5%), suggesting that the COVID-19 crisis reached the region at a time of weak job creation. Table II.1 gives the evolution of the ratio between the number of employed persons and the total population, showing that the economy's capacity for job creation over and above what is required to keep up with population growth was lower in the 2010s than in the 2000s and almost at its lowest since the 1970s.[6]

4 Information from the Penn World Table, version 10.0, was used to compile this indicator for the period 1950–1989, while information compiled from national sources and the authors' own estimates were used for the period 1990–2021.

5 Weller (1998) stresses that growth in the 1990s was unsatisfactory, especially in the light of the various reforms introduced in the region in that period and the increase in economic growth.

6 This indicator allows the change in the number of employed to be corrected for the change in population, such that an increase in this indicator shows that the number of employed people is growing faster than the population, i.e., that an economy has the capacity to create jobs in excess of what is required to accommodate population growth.

Table II.1
Latin America and the Caribbean: numbers employed as a proportion of the whole population, 1950–2019
(Percentages)

	Cumulative growth per decade	Average annual growth rate
1950–1959	-6.7	-0.7
1960–1969	-3.3	-0.3
1970–1979	14.7	1.4
1980–1989	10.5	1.0
1990–1999	3.9	0.4
2000–2009	12.3	1.2
2010–2019	5.5	0.5

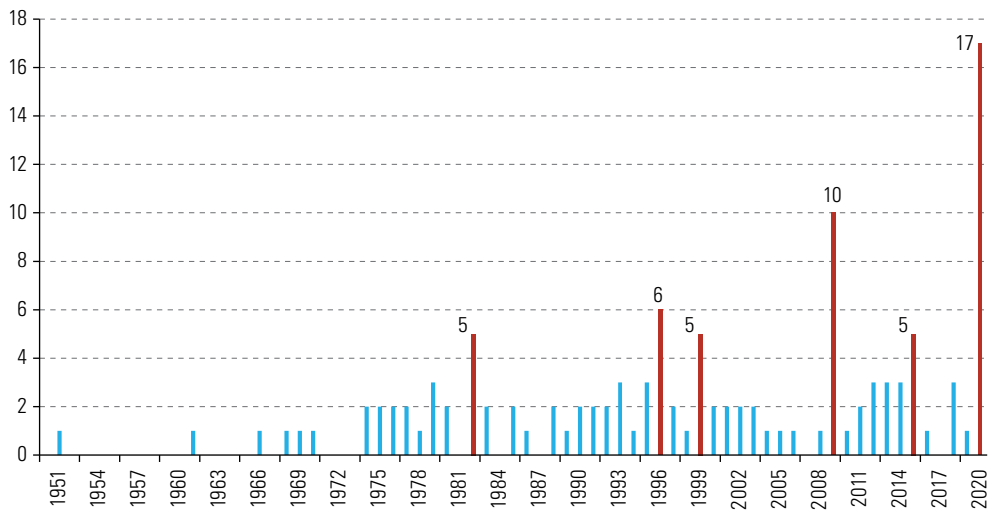
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of University of Groningen, Penn World Table [online database] https://www.rug.nl/ggdc/productivity/pwt/ and official figures.

A third point about the evolution of employment levels (see figure II.2) is that, although growth in the number of employed persons had slowed in the region, this variable had never contracted since 1950; regional employment levels have only declined since the COVID-19 crisis.

3. The crisis caused by COVID-19 has been the most widespread the region has experienced for seven decades

Another point that needs to be stressed is that the crisis in labour markets in 2020 was not only the largest overall, but also the most widespread in terms of the number of countries in the region that experienced a simultaneous reduction in their employment levels. Figure II.3 shows the number of countries in the region experiencing a contraction in employment levels in the years between 1950 and 2020.

Figure II.3
Latin America and the Caribbean: countries where employment declined, 1951–2020
(Number of countries)



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

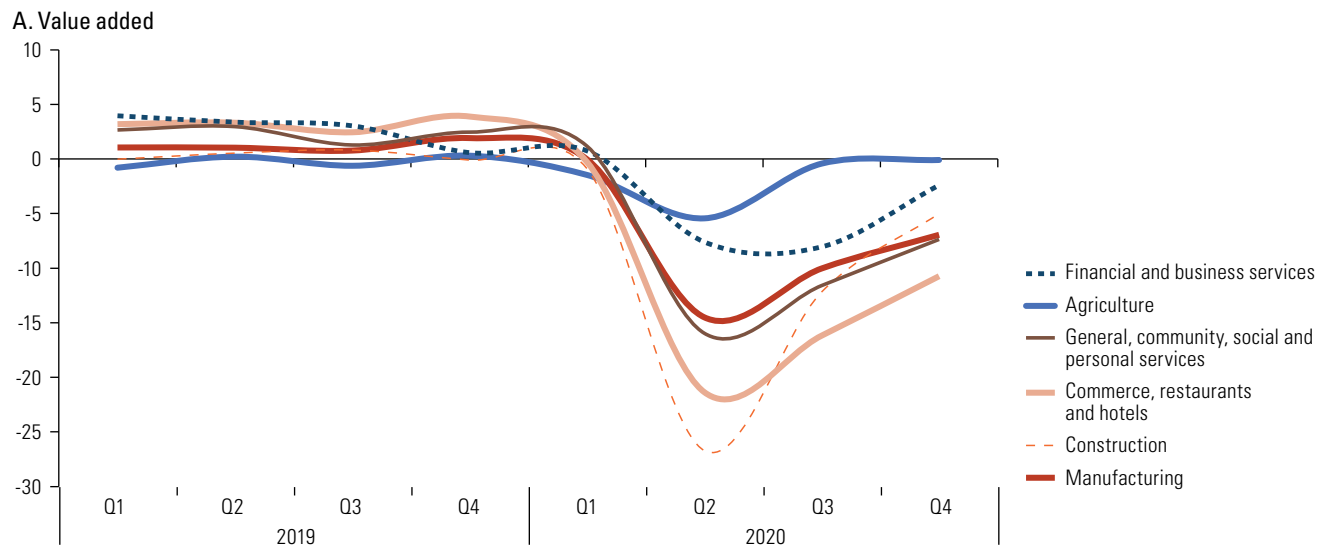
The chart shows that the number of countries experiencing a fall in employment levels tends to increase in episodes of "systemic" crisis[7] and that the subprime crisis had had the greatest impact on employment levels in the region before 2020. In 2009, employment levels contracted in 10 economies of the region, falling by an average of 0.7%. In 2020, employment fell by an average of 9.0% in the 17 economies for which data are available so far.

4. While activity has fallen across the board, the largest contractions have been in the areas that account for the most employment

During 2020, economic activity in the region was negatively affected in all production sectors, reflecting both disruptions in production chains and restrictions on the movement of people and on the normal operation of certain establishments selling and producing goods deemed non-essential. This situation caused shocks of varying severity and duration in the different production sectors. However, the sectors where activity declined the most, namely construction (-14.3%), transport and communications (-12.3%), commerce, hotels and restaurants (-10.0%), manufacturing industry (-7.0%) and community, social, personal and other services (-5.4%), are also those accounting for the bulk of total employment (71.4%).

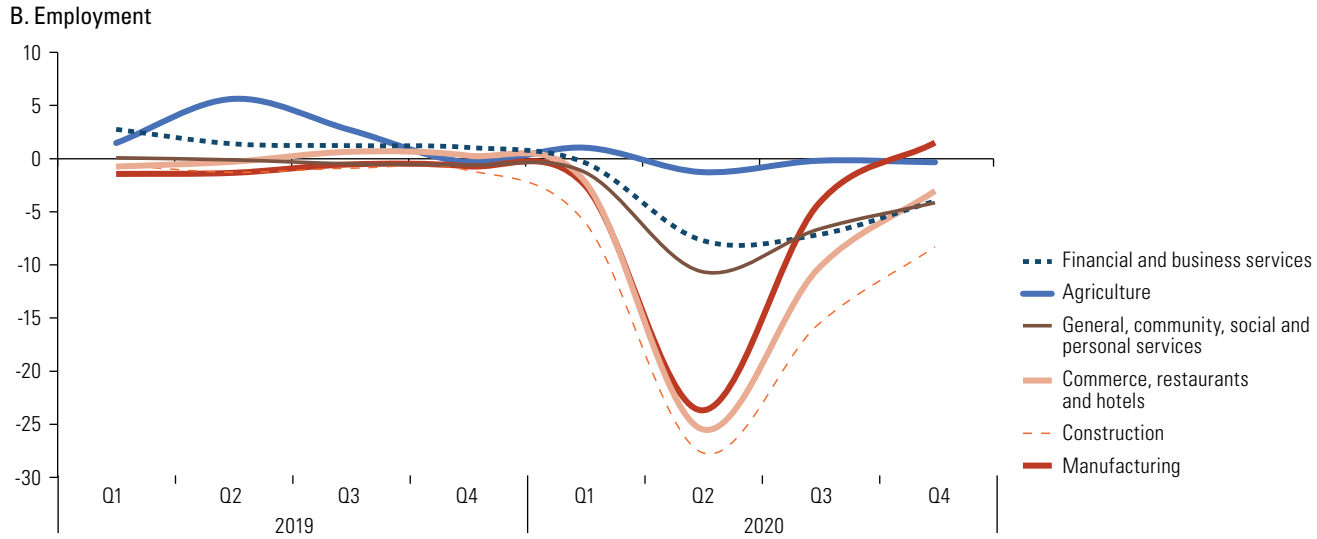
Panel A of figure II.4 shows the quarterly evolution of sectoral GDP over 2019 and 2020, while panel B shows the sectoral evolution of employment. This chart reveals the strong sectoral interrelationship between employment and output during 2020. It shows how both variables saw the largest contraction during the second quarter of 2020 and how recovery began in the third quarter of 2020, when economies started to partially open up.

Figure II.4
Latin America: year-on-year growth in value added and number of employed persons by sector of economic activity, first quarter of 2019–fourth quarter of 2020
(Percentages)



[7] For the purposes of this paper, we take the same systemic crisis episodes as are established in Titelman, Pérez-Caldentey and Pineda (2009), namely the Mexican crisis (1994–1995), the Asian-Russian crisis (1997–1999) and the Argentine crisis (2001–2002), and add the subprime crisis (2008–2009) and the Greek crisis (2015–2016).

Figure II.9 (concluded)



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

A second thing that stands out in the chart is that in some sectors of activity, such as agriculture and financial and business services, employment fell by more than output in the second quarter of the year. Lastly, it is also worth noting that, in the manufacturing sector, the trade, restaurants and hotels sector and the general, community, social and personal services sector, among others, employment has tended to grow more slowly than GDP during the recovery.

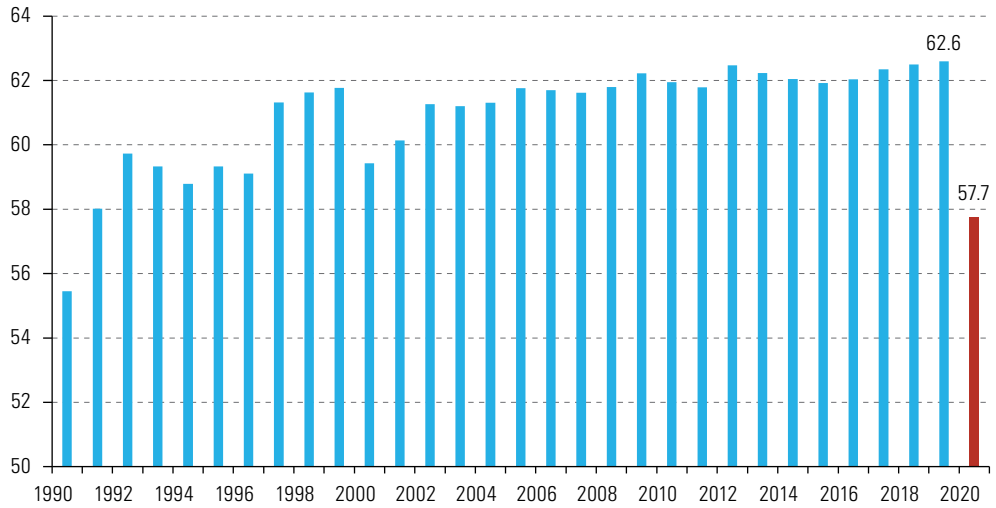
5. The COVID-19 crisis and the restrictions adopted to combat the spread of the virus led to a sharp drop in participation levels

One of the main characteristics of the crisis triggered by COVID-19, differentiating it from previous crises, was the simultaneity of the supply and demand shocks that affected the economies of the region (ECLAC, 2020c). The supply shock was largely due to restrictions on personal mobility and on certain activities deemed non-essential that were put in place to prevent the spread of the virus.

As a consequence of these restrictions, a large number of people dropped out of the labour force, leading to another of the historic changes in the region's labour markets in 2020: the sharp fall in the average overall participation rate.[8] Figure II.5, which shows the evolution of the overall participation rate between 1990 and 2020, reveals, first, how rapidly this rate grew between 1990 and 1999, with a remarkable increase of more than 12 percentage points in female participation. A second striking development is that, while participation continued to rise, the rate of growth slowed substantially between 2000 and 2019, with an increase of 3.2 percentage points. A third point is that the COVID-19 crisis has set back the overall participation rate in Latin America and the Caribbean by 30 years with the 2020 figure of 57.7% being the lowest in the region since 1991 (58.0%).

[8] This is the ratio of the economically active population to the working age population.

Figure II.5
Latin America and the Caribbean: overall participation rate, 1990–2020[a]
(Percentages)



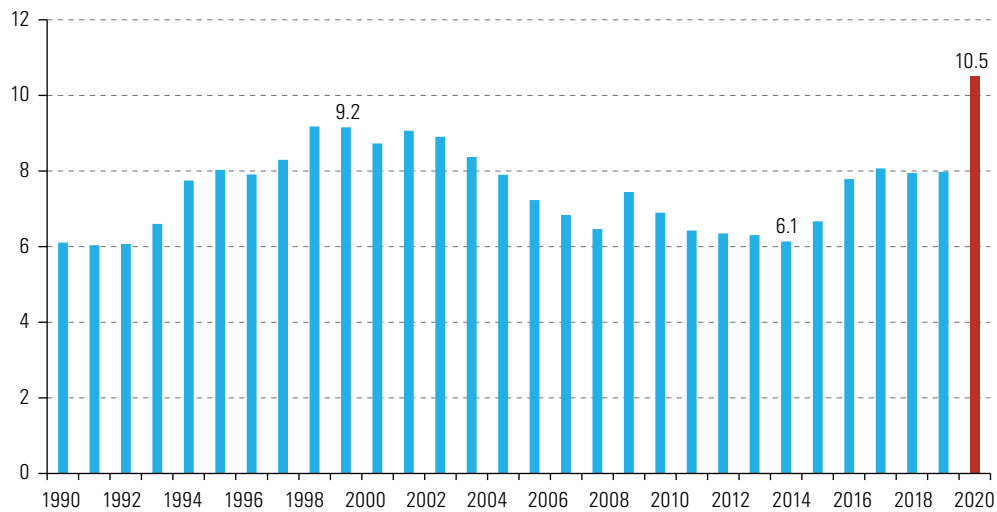
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] The estimates for 2020 were made on the basis of information provided by the following countries: Argentina, Belize, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay.

The fall in the overall participation rate entailed a large reduction in the female participation rate to levels similar to those of 2001, while for men the levels at the end of 2020 were lower than in 1990. In chapter III of this second part of the *Economic Survey*, the impact of the crisis on the female labour market will be discussed in more detail.

6. In 2020, the regional unemployment rate rose to its highest since 1990

The COVID-19 crisis also resulted in the regional unemployment rate increasing to 10.5% in 2020, the highest level since 1990. While unemployment had been trending upward since 2014, when it was 6.1%, it had not risen to the levels seen between 1999 and 2001, when it exceeded 9% (see figure II.6).

Figure II.6
Latin America and the Caribbean: unemployment rate, 1990–2020[a]
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] The estimates for 2020 were made on the basis of information provided by the following countries: Argentina, Belize, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay.

It is important to mention that the sharp fall of 4.9 percentage points in the overall participation rate that resulted from some 20 million people exiting the labour market led to an "underestimation" of the unemployment rate, since if the participation rate in Latin America and the Caribbean had been similar to that of 2019, as might have been assumed from its recent trend (see figure II.5), the 2020 unemployment rate would have been 17.3%, i.e., 6.9 percentage points higher than the value actually observed.

7. In contrast to previous crises, informal employment did not act as a buffer in the labour market but actually fluctuated more than formal employment

Among the sectors most affected by the COVID-19 crisis in the region's economies has been informal employment,[9] which, according to ILO (2018), accounts for about 50% of all employed persons in Latin America and the Caribbean. While this proportion is significantly lower than in other emerging regions, it is more than double that of developed economies.[10]

In the literature on the subject, there is consensus that the informal share of total employment has tended to decline in the region, especially since the 2000s. This is due to an improvement in the macroeconomic performance of at least part of the region during the period. At the same time, the drop in informal employment may reflect policies aimed at increasing formalization with a view to expanding both the tax base and the coverage of workers' social protection systems (ILO, 2018; Kluger, 2019; David, Pienknagura and Roldos, 2020).

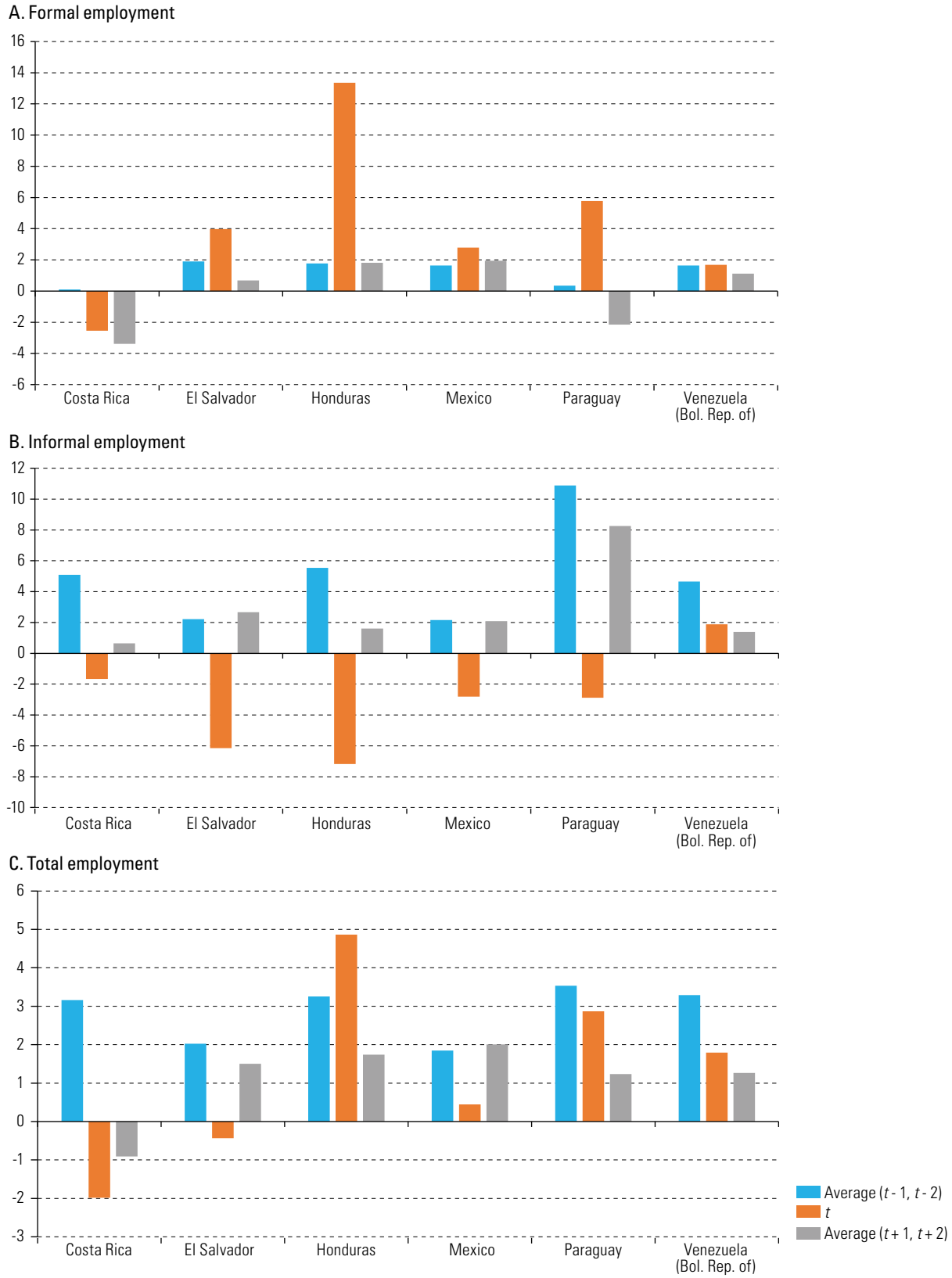
Somethig else that is described in much of the literature on the region, such as Loayza and Rigolini (2006), Fiess, Fugazza and Maloney (2010), Amarante and Gómez (2016) and Fernández (2020), is the existence of a negative correlation between the output cycle and the informal employment cycle, which seems to indicate that, in times of economic crisis, informal employment acts as a buffer in the labour market. Figure II.7 shows the evolution of the numbers employed in six countries of the region for which disaggregated figures on formal and informal employment are available, and where GDP contracted in 2009. Panel A shows how the rate of formal employment growth slowed sharply as a result of the fall in GDP during the global financial crisis of 2009, in contrast to the performance of this variable in the two years prior to the crisis.

Panel B shows the dynamics of informal employment during the episode of contracting GDP referred to. As the studies cited suggest, informal employment increased during the crisis. This buffering role of informal employment did attenuate the impact of the fall in formal employment, and in the cases of the Bolivarian Republic of Venezuela, Honduras, Mexico and Paraguay, it led to an increase in the total numbers employed, as shown in panel C. In the case of El Salvador, the increase in the informal sector did not completely offset the impact of the fall in formal employment on total employment, but it did reduce it.

[9] Among the main constraints on efforts to measure informal employment are the multiple definitions of informality that exist. According to ILO, informal employment comprises three categories: informal employment in the informal sector, informal employment in the formal sector and informal employment in the household sector. In other words, besides employment in informal sector businesses, it includes employment with informal characteristics (lack of protection, rights of association, etc.), not only in formal sector businesses, but also, and very often, in domestic work (see the blog produced by Martínez and Infante (2019)). While each country collects information on informal employment and the definitions used often vary, it is generally held to comprise workers in and owners of small enterprises, who typically do not have access to social protection systems or contracts and sometimes lack decent working conditions.

[10] According to ILO (2018), the informal share of total employment averages between 59.5% and 69.6% in developing and emerging economies, depending on whether or not agricultural employment is excluded. At the regional level, the values are put at between 71.9% and 85.8% for Africa, between 62.8% and 71.4% for Asia and the Pacific, between 49.6% and 53.8% for the Arab States, and between 30% and 36.8% for Europe and Central Asia. For developed economies, the values are put at between 17.1% and 18.3%.

Figure II.7
Latin America and the Caribbean (6 countries): people in formal and informal employment and total employed during the global financial crisis, 2009
(Percentages)

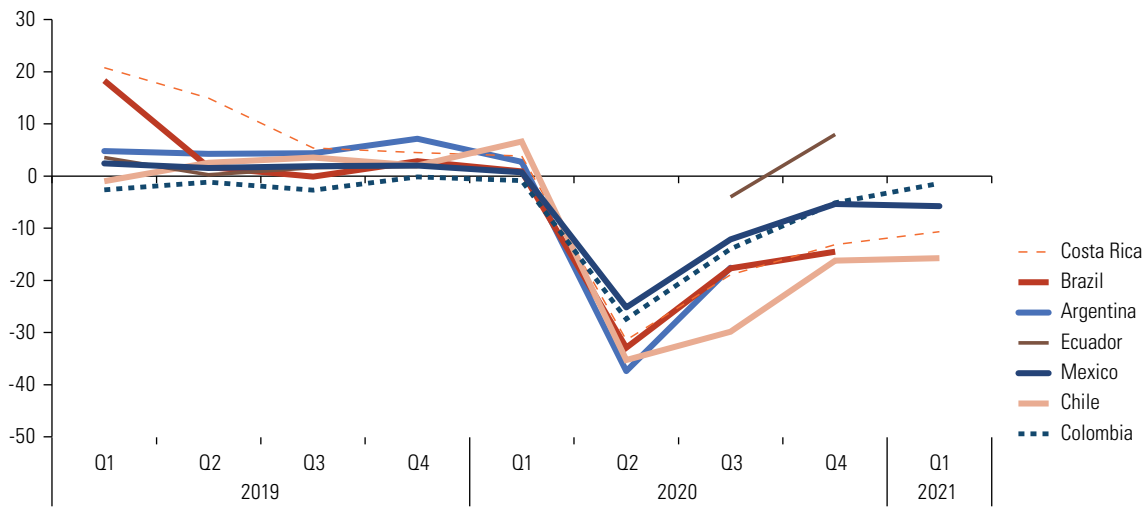


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
Note: *t* = 2009.

As with other aspects of the region's labour markets, however, COVID-19 has significantly affected the dynamics of the informal sector. In this instance, the various mobility restrictions adopted throughout the region to combat the pandemic, which undoubtedly inhibited the "normal" functioning of many productive activities closely related to the informal sector, such as commerce and services, appear to have reduced the buffering role played by the informal sector at times of crisis.[11]

Figure II.8 shows what happened to the number of people in informal employment between the first quarters of 2019 and 2021 in the seven countries for which quarterly data are available for the period from 2018 to 2021. It reveals that, as with economic activity, the number of informally employed fell significantly in the second quarter of 2020 in six of these countries.[12] Something else that emerges from the chart is that the rate of year-on-year growth in the number of people employed in the informal sector remained in negative territory until the first quarter of 2021 everywhere except Ecuador, where it was 8% higher in the fourth quarter of 2020 than in the same period of 2019.

Figure II.8
Latin America and the Caribbean (7 countries): year-on-year rate of change in the number of people in informal employment, first quarter of 2019–first quarter of 2021
(Percentages)



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

This behaviour of employment in the informal sector differs from that observed during the global financial crisis of 2009 and undoubtedly helps to explain why the number of employed persons fell so sharply at the regional level. Figure II.9 shows the evolution of the numbers in formal and informal employment and the total numbers employed in the economies of Brazil, Chile, Colombia and Mexico.[13] It reveals, first, that the decline in informal employment in these four economies during the second quarter of 2020 was larger than the decline in formal employment. However, there were great differences in the magnitude of the impact, reflected in the larger contractions experienced in Chile and Mexico (32.2% and 25.1%, respectively) than in Brazil (13.5%) and Colombia (15.6%).

11 According to ILO (2018), more than 56% of informal workers in the region work in the service sector.
12 In the case of Ecuador, the statistical institute did not provide information on the second quarter of 2020.
13 The statistical institutes of these four economies have been the only ones in the region to provide information on these three variables for the entire period under study.

Figure II.9
Brazil, Chile, Colombia and Mexico: people in formal and informal employment and total employed, first quarter of 2019–fourth quarter of 2020

(Percentages)

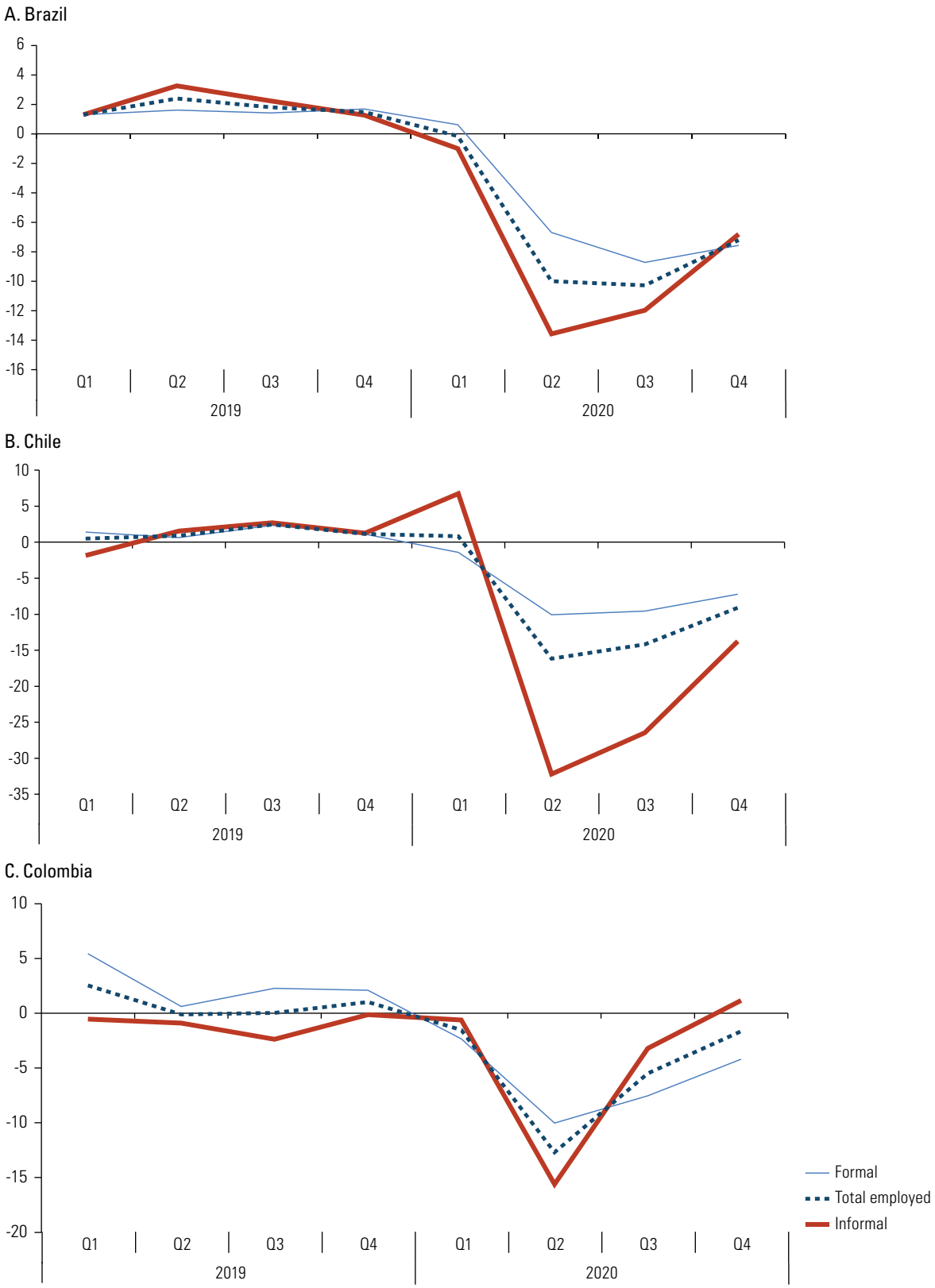
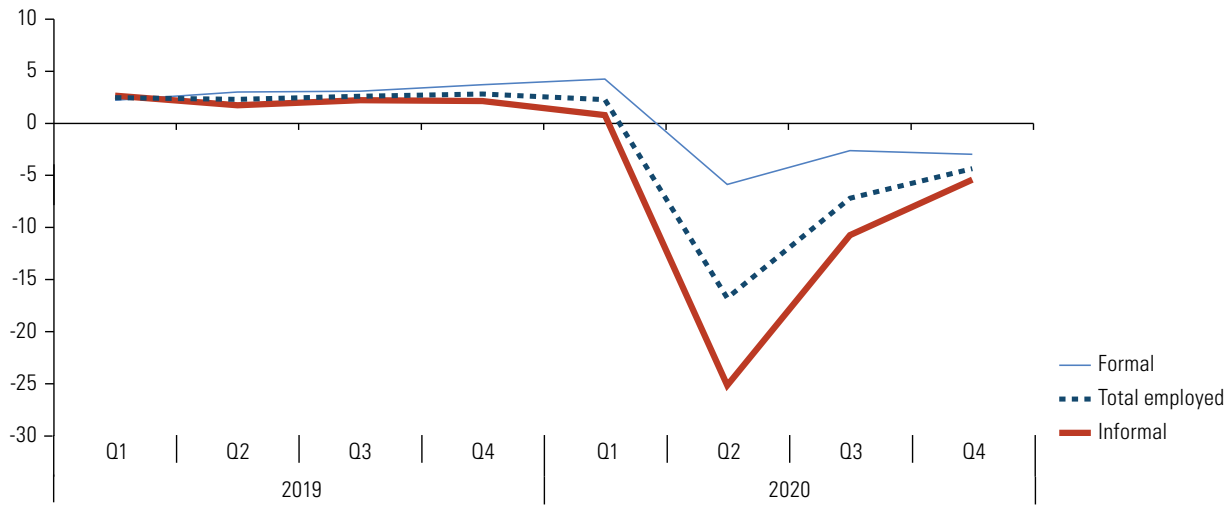


Figure II.9 (concluded)



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

Second, the pace of recovery of the informal sector has been different in these four economies. While informal employment growth was positive in Colombia in the fourth quarter of 2020, it was still negative in Brazil, Chile and Mexico.

B. The labour market recovery will be slow, and although an improvement is expected in 2021, employment and participation levels will still be lower than in 2019

The projections for economic growth in the region presented in section I.D.1 of this publication imply that in 2021 only nine of the region's economies will recover the economic activity lost in 2020, given that some of the factors that caused the collapse in 2020 still persist.[14] All sectors of economic activity will register positive growth relative to 2020; however, the recovery will vary greatly across sectors.

As regards regional employment, a recovery of 6.7% in the number of employed persons is expected in 2021 relative to the end of 2020. However, this improvement will be insufficient to bring employment back to the pre-pandemic level. During the first year of the COVID-19 crisis, the number of employed persons fell by 25.3 million, of whom 17.3 million (68%) will return to the labour force in 2021. In this scenario, the number of employed persons in the region is expected to be 2.8% lower in 2021 than in 2019.

As the number of employed increases, the overall participation rate will rise but remain below pre-pandemic levels (61.1% in 2021 compared to 62.5% in 2019). The participation rate for men will return to levels very similar to those of 2019, while that for women will lag further behind, with a rate similar to that of 2008 (49.1%) expected (see table II.2).

[14] These factors include shortages of inputs, preventing companies from normalizing their production chains, and the continuation of measures aimed at curbing the spread of COVID-19 (lockdowns and other measures or situations restricting the normal functioning of certain sectors of activity).

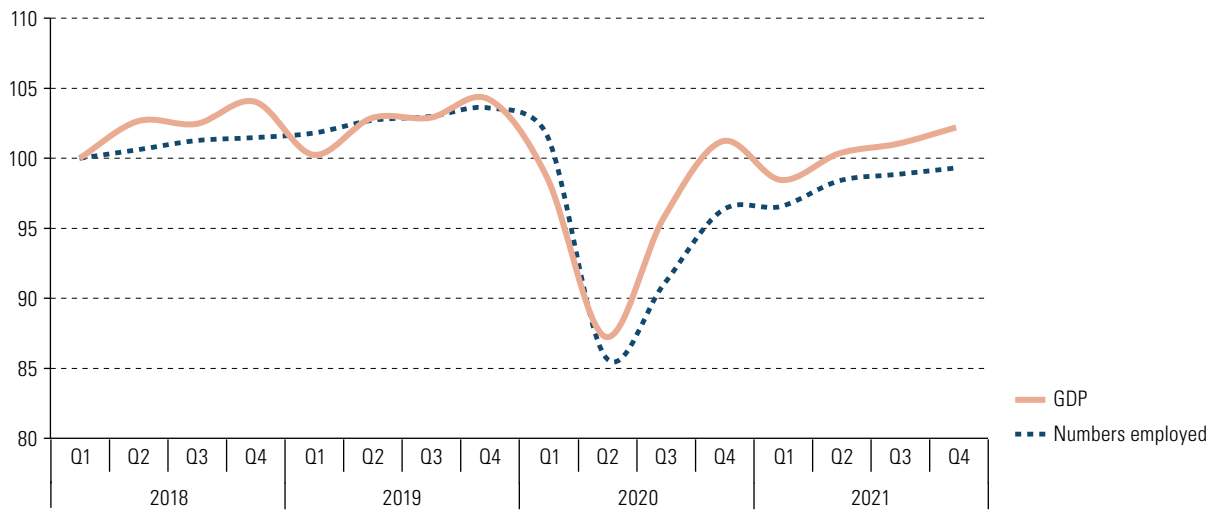
Table II.2
Latin America and the Caribbean: labour indicators, totals and by sex, 2019–2021
(Percentages and numbers of people)

	Total			Men			Women		
	2019	2020[a]	2021[b]	2019	2020[a]	2021[b]	2019	2020[a]	2021[b]
Participation rate	62.5	57.7	61.1	74.7	69.6	73.9	51.4	46.9	49.1
Unemployment rate	8.0	10.5	11.0	6.9	9.3	9.7	9.3	11.9	12.7
Number unemployed	24 491 206	30 033 248	33 467 112	12 322 009	15 861 630	17 402 898	12 169 901	14 171 619	16 064 214
Number employed	282 519 867	257 145 459	274 463 775	164 709 887	151 378 952	163 044 602	117 809 980	105 766 507	111 419 174

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures and projections.
[a] The estimates for 2020 were made on the basis of information provided by the following countries: Argentina, Belize, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay.
[b] Projections for 2021.

Figure II.10 shows a quarterly profile of the regional evolution of GDP and the number of people in employment between the first quarter of 2018 and the first quarter of 2021, as well as estimates for the remaining quarters of 2021. It can be seen that both variables were significantly affected by the crisis in the second quarter of 2020 and started to recover in the third quarter of the same year.

Figure II.10
Latin America: gross domestic product (GDP) and numbers employed, first quarter of 2018–fourth quarter of 2021
(Index: first quarter of 2018 = 100)

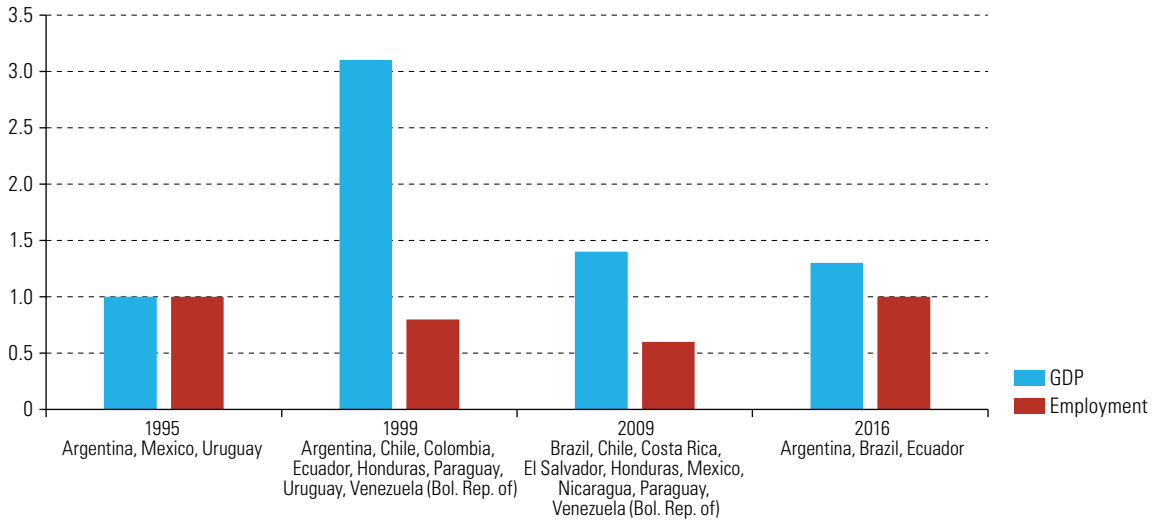


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures and projections.

However, the chart also shows that the number of people in employment fell by more, and that the curve reflecting the evolution of employment is almost always below the economic activity curve. Also worth noting is that not only are none of the variables expected to get back to where they were at the end of the fourth quarter of 2019, but in all quarters of 2021 employment levels are expected to remain below the values observed in the first quarter of 2018.

This lag in the recovery of employment as compared to activity sets the current crisis apart from previous ones. Figure II.11 shows how long it took for economic activity and employment to recover to pre-crisis levels during past systemic crises: countries experiencing a GDP contraction in 1995, 1999, 2009 or 2016 took 1.0, 3.1, 1.5 and 1.3 years, respectively, to regain the earlier level of economic activity, while employment levels recovered more quickly after the 1999, 2009 and 2016 episodes and simultaneously after that of 1995.

Figure II.11
Latin America (14 countries): recovery of gross domestic product (GDP) and employment to pre-crisis levels after regional crises
(Number of years)



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

1. The COVID-19 crisis could accelerate the structural change that was under way in the region's labour markets

Chapter IV of this second part of the *Economic Survey* addresses some of the changes brought about by the process of innovation and automation in the region's labour markets and points out that, in view of certain structural aspects of the region's economies, job losses may be more limited than some studies suggest. However, one of the main conclusions of the chapter is that many of the jobs that might be left untouched by the introduction of new technologies are poorer-quality ones in low-productivity sectors.

A valid question in the current context is whether the differences between the speed of recovery in the economy and in the number of people employed might reflect decisions taken by businesses to improve efficiency (either through new technologies or by adapting processes to produce with fewer workers, given the restrictions imposed during the pandemic). Similarly, many businesses have found it necessary to rescale in order to comply with sanitary standards that could continue to apply in the medium term, something that is particularly important for sectors such as tourism, restaurants and some commerce. Situations such as these could lead to a change in the relationship between employment and output in future, especially in sectors that have already begun to alter the way they produce during the pandemic.

At the same time, the health effects of the pandemic on the population may also mean that people decide to stay out of the workforce to care for family members whose health has been affected.

2. Unemployment rates are set to rise steadily in the coming years, reflecting inadequate job creation in the region

In a scenario such as the one described above, the projected growth in the numbers employed will be too weak to provide sufficient opportunities for those who lost their jobs or dropped out of the labour force during the pandemic or for the younger segments who will enter the labour market and who have suffered substantial disruptions to their education and training. Consequently, many inactive workers (or new entrants) will move into the labour force but be unable to find employment. This will lead to a sustained increase in unemployment over and above that estimated for 2021, leading to a rate of 11.0% (see table II.2). The groups most affected by this situation are likely to be women, the young and those with lower educational attainments. The main reason is expected to be a shift in the demand for labour, with different and more technology-related skills starting to be called for.

One of the problems that could arise in this scenario is a large number of affected individuals joining the ranks of the long-term unemployed (a category comprised of people who have been looking for work for more than a year), since unemployment leads to the obsolescence of accumulated human capital and a growing loss of skills as time goes on. This process alone would make re-entering the labour market more difficult by creating a growing mismatch between the skills of unemployed individuals and those demanded by the market. The social implications are also serious, as long-term unemployment translates into poverty and social exclusion.

Unfortunately, the population groups most vulnerable to long-term unemployment are the young, older persons and the less educated, as these are some of the very groups that have been hardest hit by the current crisis. It is therefore of particular concern that these people should not fall into long-term unemployment, since it will become harder and harder to reintegrate them as time passes, a difficulty that will be compounded by structural change.

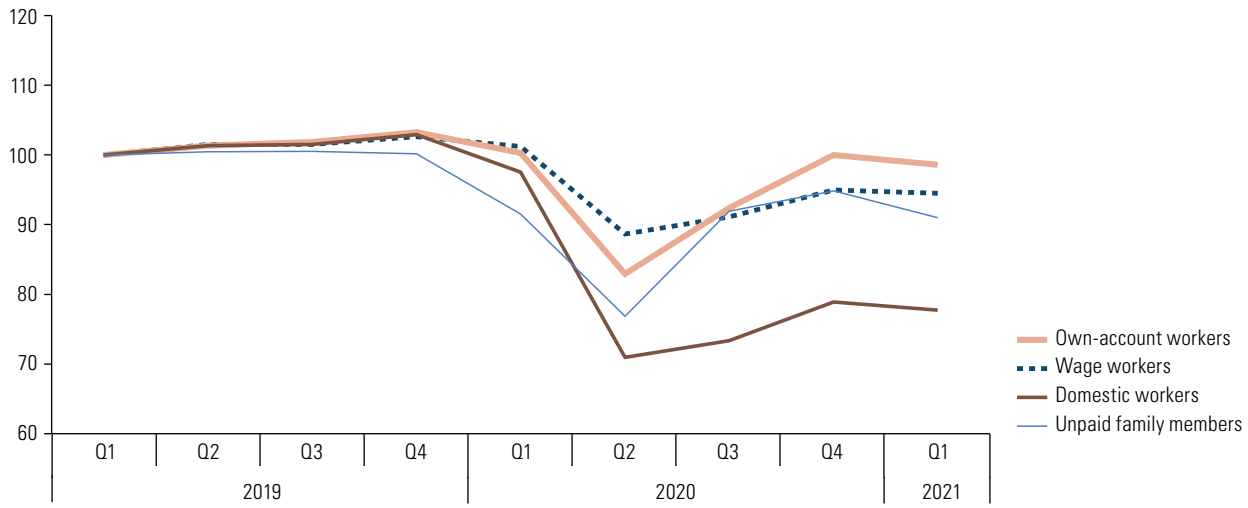
3. While the number of people in employment in the region is recovering, the quality of employment has deteriorated and real wages have declined

Figure II.12 shows the recent evolution of employment by occupational category between the first quarter of 2018 and the first quarter of 2021. It reveals that, while all categories were affected by the crisis and contracted sharply in the second quarter of 2020, wage workers experienced the smallest decline and domestic workers the largest.

This situation reflects, firstly, the fact that certain wage and own-account workers were better able to carry out activities remotely (teleworking) than workers in sectors such as services and commerce. Secondly, mobility restrictions reduced the ability of domestic workers to continue to perform their functions, a situation that was reinforced by the exit of many such workers from the labour force because they had lost their jobs or had been forced by the pandemic to take on caregiving activities. In addition, many of the schemes adopted by the region's governments to sustain employment, including payroll financing programmes and other subsidies, may have been targeted primarily at wage earners, given the eligibility requirements.

Something else that emerges from figure II.12 is that it has been own-account workers who have experienced the most rapid quarter-on-quarter recovery, with their numbers returning to pre-crisis levels by the fourth quarter of 2020. It should be noted that people in this occupational category tend to have lower earnings and social protection levels than employees, i.e., the recovery in employment has so far been mostly in low-quality jobs. Those furthest from recovering their position are domestic workers, whose indicators, despite something of a rebound, are well below the values observed before the crisis.

Figure II.12
Latin America: employment by occupational category, first quarter of 2019–first quarter of 2021
(Index: first quarter of 2019 = 100)



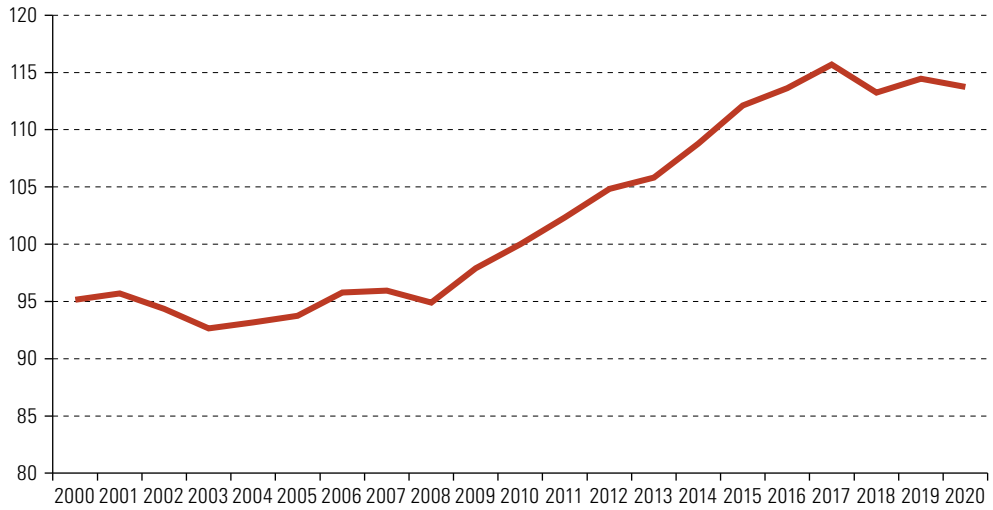
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

The chart also shows that the recovery in employment relative to the second quarter of 2020 has been mainly due to the rebound in the numbers of own-account workers and unpaid family workers.

Another point worth mentioning is that if the overall participation rate rises in the coming years and the region continues to struggle to create high-quality jobs as in the past, both informal employment and unemployment could increase.

With regard to average real wages in Latin America, the COVID-19 crisis came at a time when they were falling relative to their 2017 levels. Figure II.13 shows the evolution of average real wages in the region over the past 20 years, in which three phases can be identified: one of stagnation between 2000 and 2008, when wages failed to grow; one of increase between 2009 and 2017, when wages increased by about 22%; and one of decline between 2018 and 2019, reinforced by the drop in the average real wage in 2020.

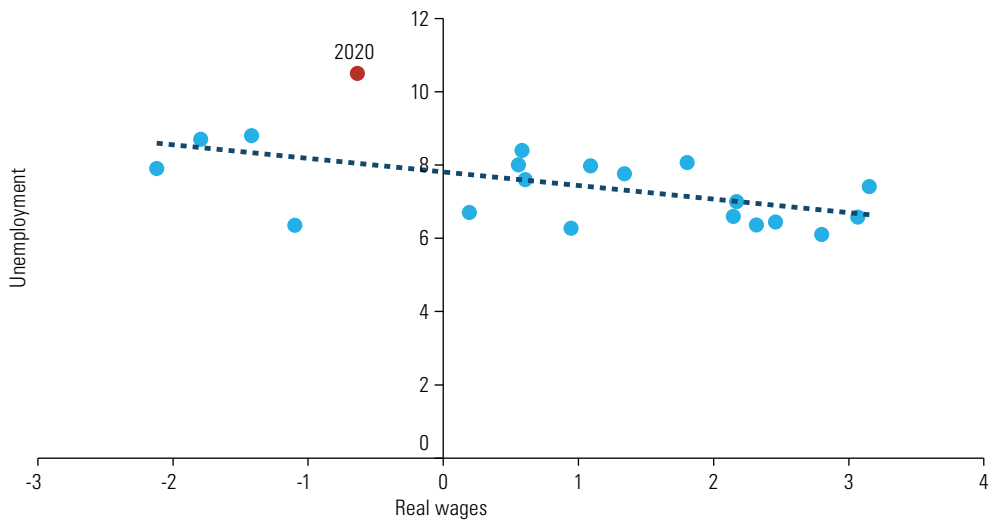
Figure II.13
Latin America: average real wages, 2000–2020
(Index: 2010 = 100)



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

A fact worth highlighting is that the decline in the region's average real wage during 2020 seems small compared to the magnitude of the shock that the crisis generated in labour markets. However, the fall in wages is possibly being "cushioned" by the exit from the labour market, at least temporarily, of those in lower-paid jobs. As people doing this type of work re-enter the labour market, they may generate additional downward pressure on average wages in the region, as suggested by the negative correlation between the unemployment rate and real wages in Latin America over the past 20 years (see figure II.14).

Figure II.14
Latin America: changes in unemployment and real wages, 2000–2020
(Percentages)



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

At the same time, the negative impact of higher unemployment on the incomes of those who lose their jobs should be highlighted. Box II.1 shows the strong and differentiated effects on the income trajectory of Peruvian workers when they become unemployed. Thus, in the period considered, an episode of unemployment entails a loss of income of some 20% for unemployed workers, and this impact is even greater in the case of women and adults in their middle years.

Box II.1
The "unemployment penalty" and the effects of COVID-19 on the total wage bill: the case of Peru in the short and medium term

Recessions tend to have strong and differentiated effects on workers' income. Following the global financial crisis of 2008–2009, a number of studies were conducted to examine the effects of the crisis on labour markets in developed economies, with a particular focus on the short- and medium-term effects on workers' earnings (Silva and Toledo, 2009; Burgess and Turon, 2010; Davis and von Wachter, 2011; Wachter, Song and Manchester, 2011). In general, these studies find considerable reductions in the income of workers who lost their jobs during the crisis episode and, moreover, document that these losses are often persistent.

Recently, Zambrano (2020) carried out an empirical estimation of the aggregate medium-term effects of the coronavirus disease (COVID-19) pandemic on the Peruvian labour market in terms of the incomes received and foregone by Peruvian workers. The paper distinguishes between workers who remain active and those who do not, taking into account differences between population subgroups as classified by gender, age and educational level. To estimate the total loss of wage income attributable to the COVID-19 pandemic, the study presents aggregate projections for the total wage bill in the period 2020–2024, incorporating assumptions about growth in the economy and parameters for the trajectories of employment, underemployment, informality and labour force participation.

The paper applies a two-level empirical strategy. First, following Yamada (2008), it estimates the "unemployment penalty" that the Peruvian economy tends to exhibit, defined as the average loss of wages affecting those who re-enter the labour market after a period of unemployment. This reflects the fact that the losses associated with unemployment do not stop when the person returns to employment, as the empirical information available suggests that those who experience spells of unemployment earn less when they get a new job than those who experience no gaps. The author estimates a difference-in-differences (DID) model to quantify the "penalty" associated with spells of unemployment. The DID formulation assumes that the average treatment effect (unemployment) is the difference-in-difference of earnings between the population that has experienced unemployment (treatment population) and the one that has not (control population), before and after the unemployment episode. Information from the National Household Survey (ENAHO) panel data for the period 2007–2019[a] was used to obtain the treatment population. From the panel information, a database was constructed for each three-year period within the timespan considered and those persons who reported in the first year that they were employed, in the second year that they were unemployed and in the third year that they were employed again[b] were assigned to the treatment group.

According to the results of the DID estimator for the earnings of Peruvian workers, an episode of unemployment leads to a reduction in future earnings, corroborating the existence of what has been called an unemployment penalty. According to the estimate, the drop associated with the unemployment penalty was equivalent, on average, to 19.0% of the study group's earnings before the unemployment episode.

The unemployment penalty estimation results vary across the different subgroups in the sample. The unemployment penalty is proportionally higher for women than for men, at 18.4% versus 15.6%, and for women this even means an absolute drop in income with respect to pre-unemployment earnings after an episode of unemployment (see table below). Again, the intermediate age group suffers a loss of 19.5%, which is higher than that estimated for the youngest age group (17.7%) and the oldest (11.0%).

Loss of earnings because of the "unemployment penalty", treatment and control groups, 2007–2019
(Soles at 2017 prices and percentages)

Group	*n*	Initial earnings	Final earnings	Difference	Difference-in-differences	Penalty relative to initial earnings *(percentages)*
General						
Control	1 915	989.1	1 190.5	201.5	187.5	19.0
Treatment	640	983.3	997.3	14.0		
Men only						
Control	1 123	1 115.5	1 369.9	254.4	159.3	15.6
Treatment	376	1 022.2	1 117.3	95.1		
Women only						
Control	792	779.3	900.4	121.1	159.4	18.4
Treatment	264	866.3	828.1	-38.3		

Box II.1 (concluded)

Group	*n*	Initial earnings	Final earnings	Difference	Difference-in-differences	Penalty relative to initial earnings *(percentages)*
Persons aged 14–25 only						
Control	614	763.2	1 029.8	266.6	130.6	17.7
Treatment	225	737.1	873.1	136.0		
Persons aged 25–45 only						
Control	903	1 195.1	1 282.1	177.0	227.8	19.5
Treatment	278	1 167.4	1 115.7	-50.8		
Persons aged over 45 only						
Control	398	1 022.3	1 118.5	96.2	112.3	11.0
Treatment	136	1 014.4	998.3	-16.1		

Source: O. Zambrano, "La pandemia de COVID-19 y sus impactos sobre el mercado laboral: evidencia basada en microdatos", 2020, unpublished.

The second empirical strategy used in Zambrano (2020) is the estimation of long-run elasticity models to project the evolution of employment, underemployment, informality and labour force participation in order to estimate Peru's aggregate wage bill for the period 2020–2024, based on International Monetary Fund (IMF) growth projections before and after the onset of the pandemic. Applying both empirical strategies, the author constructs a baseline scenario of estimated total wage losses attributable to the COVID-19 pandemic. According to his estimates, in 2020, the year of the onset of the pandemic and the implementation of extreme lockdown and mobility restriction measures, the estimated losses in the wage bill of Peruvian workers were the equivalent of 6.5% of the country's total GDP. The study projects that, if IMF growth projections are met, aggregate wage bill losses relative to the counterfactual scenario without COVID-19 will slowly decline as employment recovers, but will remain high, with an estimate of about 4.5% of GDP in 2024. This situation implies a challenge for the Peruvian authorities in terms of the policy efforts that will be needed to cushion the impact of this substantial loss of welfare and equity in the coming years.

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of S. Burgess and H. Turon, "Worker flows, job flows and unemployment in a matching model", *European Economic Review*, 54, No. 3, April 2010; S. Davis and M. von Wachter, "Recessions and the cost of job loss", *Working Paper*, No. 17638, 2011 [online] http://www.nber.org/papers/w17638; J. Silva and M. Toledo, "Labor turnover costs and the behavior of vacancies and unemployment", *Macroeconomic Dynamics*, vol. 13, No. S12009; T. von Wachter, J. Song and J. Manchester, "Long-term earnings losses due to mass-layoffs during the 1982 recession: an analysis using longitudinal administrative data from 1974 to 2008", Columbia University, 2011; G. Yamada, *Reinserción laboral adecuada: dificultades e implicancias de política*, Universidad del Pacífico, 2008; and O. Zambrano, "La pandemia de COVID-19 y sus impactos sobre el mercado laboral: evidencia basada en microdatos", 2020, unpublished.

[a] From 2007 onward, the ENAHO presents a rotating panel that allows the same group of households to be followed for a period of up to five years.

[b] Only open unemployment was taken into account in forming the treatment or study group.

C. Conclusions

In 2020, the region's labour markets experienced a shock without precedent in at least the last seven decades, leading to historic declines in employment and participation and equally historic increases in unemployment rates.

The combination of an external and domestic demand shock and a supply shock that was mainly domestic, resulting from lockdown measures and the restriction of certain activities, was what underlay the severe disruption to economic activity and the subsequent deterioration in the region's labour markets. While governments have pursued expansionary policies to mitigate the effects of the crisis, the magnitude and persistence of the shock have caused a region that had been experiencing low growth to record the largest contraction in GDP in the last 100 years and the first fall in employment for seven decades.

Latin America and the Caribbean has traditionally been exposed to external shocks, and this, coupled with its structural characteristics, has made it one of the most volatile regions in the world. The current crisis has highlighted this once again, as Latin America and the Caribbean has experienced the largest contraction in employment and output of any region in the world.

The severity of the crisis has resulted in sharp declines in labour force participation in the region, especially among women, putting an end to more than 30 years of continuous growth in female labour force participation. By the end of 2021, this could have fallen back to 2008 levels. The strong impact of the crisis on female employment reflects the high participation of women in activities that have been severely restricted during the pandemic, such as commerce and tourism, but also the greater burden on women of unpaid household care work (looking after children, the elderly and the sick).

Employment growth in the region was already faltering before the crisis: the 2010s were the decade with the lowest growth in the number of employed persons since 1950. Globally, Latin America and the Caribbean has tended to be one of the regions with the lowest employment growth, but this situation has become more marked in the last decade, which could indicate that there are certain structural constraints hindering job creation in the region.

The COVID-19 crisis could accelerate structural changes in the region's labour markets, entailing changes in the relationship between output and employment that would lead to greater underutilization of labour. This may explain why, in contrast to previous episodes, employment has been slower to recover than GDP.

The relationship between output and employment could be affected by changes in the labour supply induced by the large number of people who have decided to exit the labour force and are not currently looking for jobs because of the effects of COVID-19, some of whom may decide to stay outside it, at least temporarily. At the same time, the demand for labour could undergo some changes, given the incentives for firms to achieve greater efficiency, either through new technologies or through process improvements enabling them to produce with fewer workers in view of the restrictions imposed. All these situations have undoubtedly accelerated the transformation in the region's labour markets that had already been triggered by innovation and automation.

The groups most affected by these potential shocks to labour demand are expected to be the less educated, the young and older people, since different and more technology-related skills will be needed if this change takes place.

The current crisis may also generate significant changes in the trajectory of wages in the region, thereby heightening inequality. In general terms, the oversupply of labour generated by the COVID-19 crisis can be expected to produce downward pressure on average wages in the region, especially in those sectors most affected by the crisis in the short and medium term.

Wage inequality between different productive sectors and between workers with different levels of human capital can also be expected to widen. On the one hand, workers in production sectors that are less affected by the crisis or that manage to recover more quickly, and especially workers with higher levels of human capital, could experience an upward trend in their wages in the medium term as a result of the possible increase in demand for their services once the recovery of these production sectors takes hold.

However, workers in sectors that were significantly affected during the crisis, and especially the less skilled, may experience a permanent reduction in their wages as demand for their services declines because of the possible closure of the firms they work in, changes in production processes adopted by firms that survive the crisis or the obsolescence of their specific know-how as a result of long-term unemployment.

From an economic point of view, the consequences of long-term unemployment are particularly important, since it leads to the obsolescence of accumulated human capital and to a growing loss of skills as the time spent unemployed increases. This process makes re-entry into the labour market more difficult, among other reasons because there is an increasing mismatch between the skills of unemployed individuals and those required by the market. The social consequences are also serious, as long-term unemployment leads to poverty and social exclusion.

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CHAPTER III

The impact of the COVID-19 crisis on the labour market participation of women and the young

Introduction

The crisis caused by the coronavirus disease (COVID-19) pandemic has had a strong impact on the labour market participation of workers who were already occupationally vulnerable for a variety of reasons. This chapter presents the characteristics of the labour market participation of women and the young in the region before the pandemic and describes the impact of the crisis on these groups in 2020.

In the case of women, although their participation in the region's labour market grew steadily until 2019, it remained significantly lower than men's, and substantial gaps persisted in the quality of their employment, with higher levels of unemployment and informality, lower wages for the same work and little access to positions of responsibility. The crisis has exacerbated many of the existing gender inequalities, not only because of the increase in job insecurity, but also because of the need for care services that it has brought with it. The female workers most affected have been those with low levels of education, with young children and in more insecure occupations associated with informal work or in sectors where the impact of the crisis has been strongest.

Meanwhile, many young men and women in the region were already working under substandard conditions going into the crisis, and this, coupled with the cessation of education and training, could harm their employment trajectory in the coming years. Indeed, before the pandemic, the transition from school to full participation in the labour market took three times as long in the region as in developed countries and the average unemployment rate was three times as high for people aged 15–24 as for adults. Also, about 40% of young people in the labour market were either unemployed, working fewer hours than they wanted or not looking for work because they believed there were no opportunities. All this is indicative of difficulties in tapping the full potential of the youth population in the region.

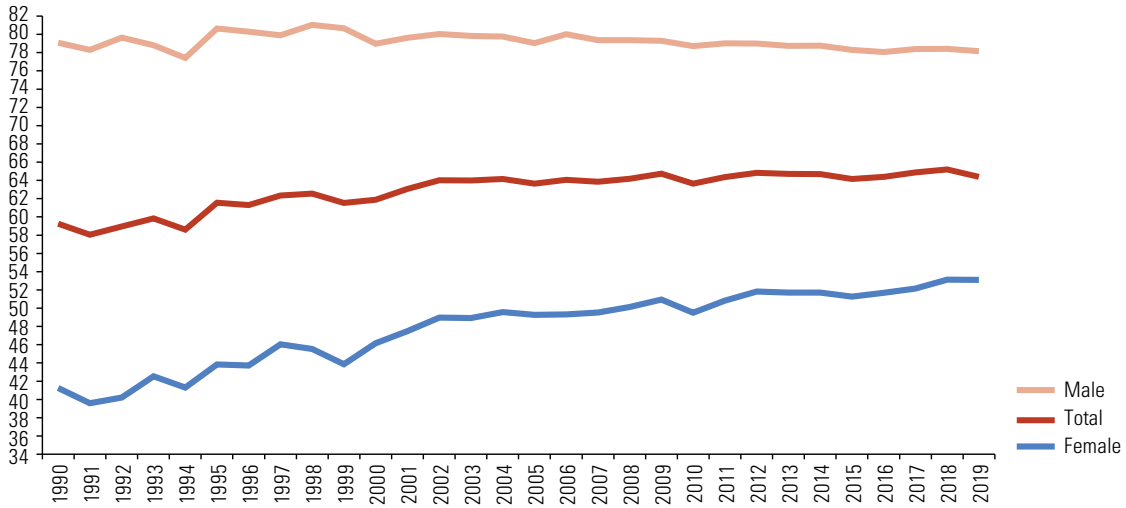
Employment policies aimed at improving the labour market outcomes of the most vulnerable groups are essential both to counteract the uneven impact of the pandemic on different groups and to develop more resilient labour markets and thereby progress towards Sustainable Development Goal 8 on decent work and economic growth. The challenges are considerable, and overcoming them requires collaboration across different areas of government.

A. The impact of COVID-19 on the labour market inclusion of women

1. In Latin America, women's labour market participation increased gradually from the 1990s until 2019, although there are still substantial divides

The number of people in the labour force has increased in most Latin American countries over the last 30 years, with the average labour market participation rate rising by about 5 percentage points from 59.8% to 64.8%. This increase has been the result of a substantial incorporation of women into the labour market. The labour force participation rate for women aged 15 and over increased by almost 12 percentage points from 41.0% in the early 1990s to an average of about 52.8% in 2019 in 18 countries of the region (see figure III.1).

Figure III.1
Latin America (18 countries):[a] labour force participation rate in the population aged 15 and over, by sex, 1990–2019[b]
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of household surveys published in International Labour Organization (ILO), ILOSTAT [online database] https://ilostat.ilo.org/.

[a] Simple average of the following 18 countries: Argentina, the Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay.

[b] Analysis of this indicator over time should be carried out with caution, owing to operational differences (in respect of coverage) and conceptual differences in the way labour market participation is measured in the different countries.

This increased female labour force participation, together with a slightly decreasing trend in this indicator for men, especially from the early 2000s onward, resulted in a narrowing of the labour force participation gap by sex. Over the last 30 years, this gap has fallen from almost 40 percentage points in the early 1990s to 26 percentage points by the end of the 2010s. This trend has been mainly concentrated in the intermediate ages from 24 to 54 and is due to different causes that will be detailed in later sections.

Despite great progress with access to paid activities, the region is still characterized by significant differences between men and women throughout the life cycle that affect women's economic autonomy (ECLAC, 2019; ILO, 2019b; Marchionni, Gasparini and Edo, 2019; Gasparini and Marchionni, 2015; Martínez Gómez, Miller and Saad, 2013).

While there are differences between countries, the average rate at which women are entering the labour market seems to have slowed since 2010, and the gap relative to both the male participation rate in the region and the female participation rate in developed countries is still considerable (ECLAC/ILO, 2019). In 2019, while the average labour force participation rate for women aged 15 and over was 52.4%, the figure for men was 78.3% (see figure III.2). On average, the developed-country female labour force participation rate was 57.8% in 23 developed countries.[1]

Gaps between economically active women and their male counterparts can be observed in a number of other labour market indicators. First, the proportion of unemployed, i.e. those actively seeking employment and available for work, is consistently higher among women than among men in all countries of the region. In 2019, the average regional unemployment rate for women was 9.3%, while for men it was 6.9%, a gap of 2.4 percentage points (see figure III.3).

[1] This gap is much larger in the case of women aged 15–64 (15 percentage points in 2018) and of women living in the Nordic countries (Denmark, Finland, Iceland, Norway and Sweden), whose average participation rate was 64.9% in 2019.

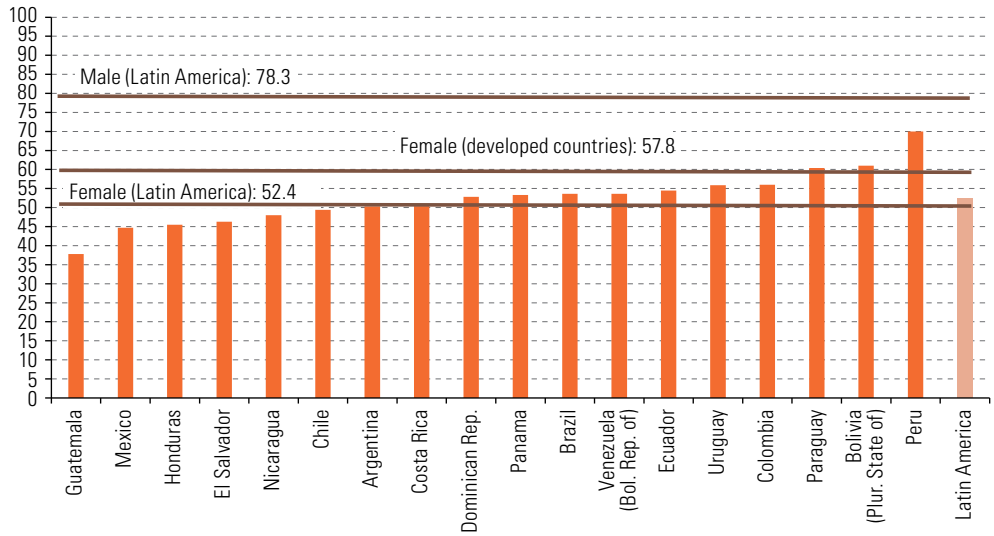
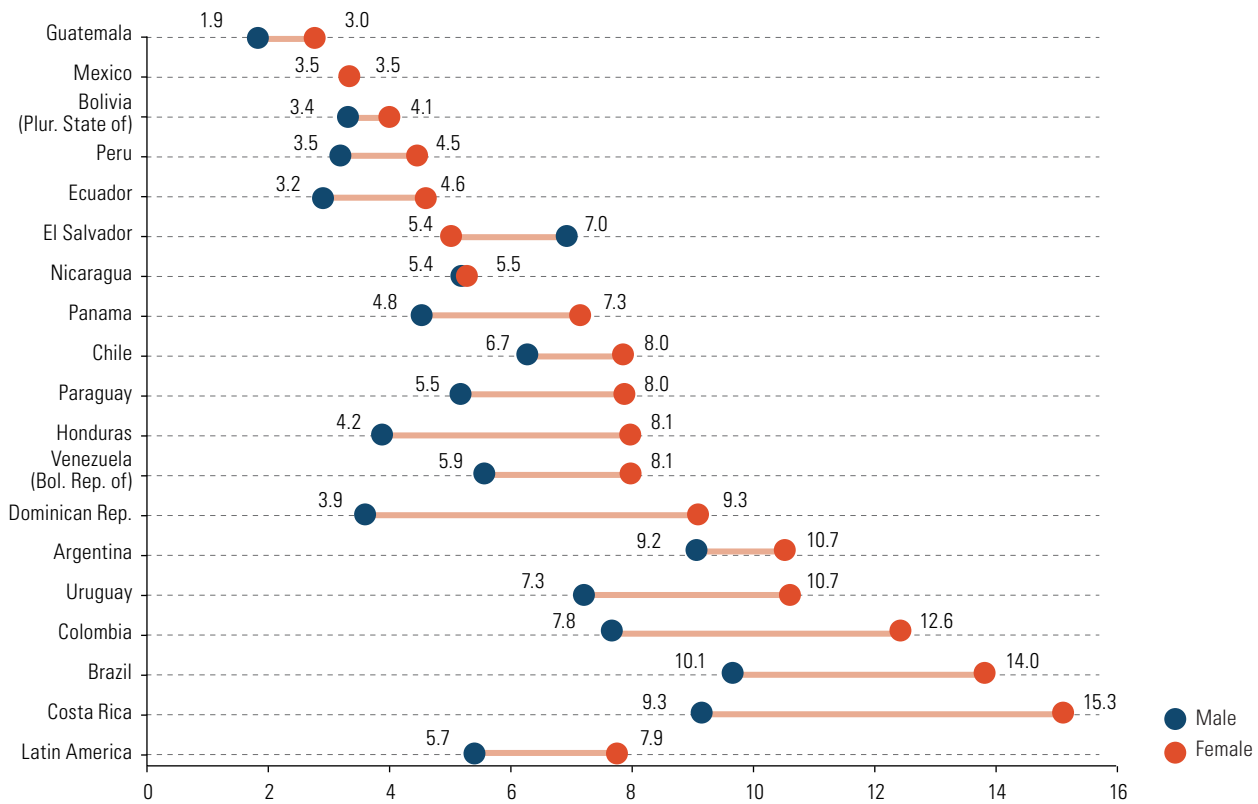


Figure III.2
Latin America (18 countries) and developed countries (22 countries):[a] labour force participation rate among the female population aged 15 and over, 2019
(Percentages)

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of household surveys published in International Labour Organization (ILO), ILOSTAT [online database] https://ilostat.ilo.org/.

[a] Australia, Austria, Belgium, Canada, Denmark, Estonia, Finland, France, Iceland, Ireland, Italy, Japan, the Netherlands, New Zealand, Norway, Poland, Portugal, Spain, Sweden, Switzerland, the United Kingdom and the United States.

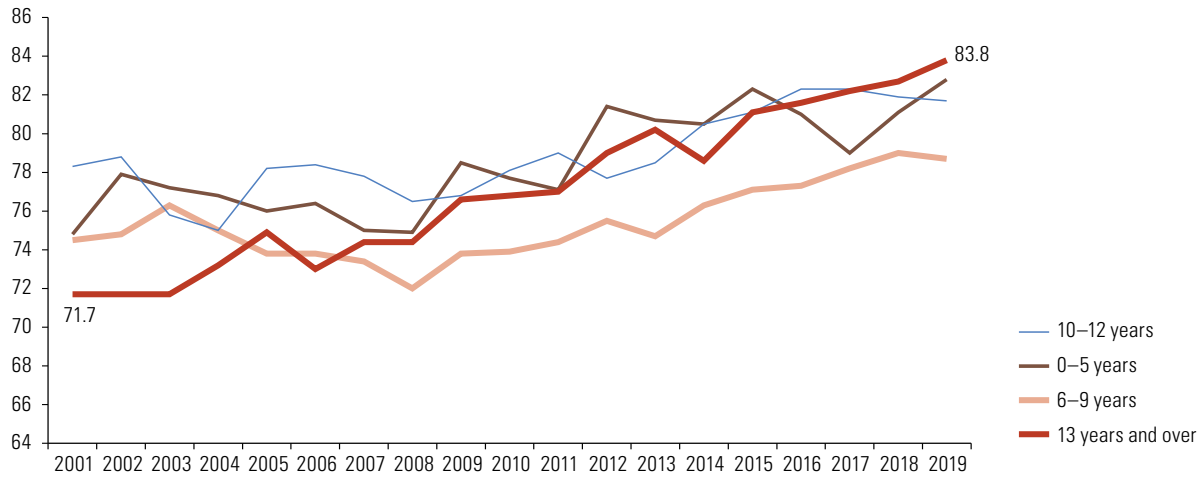
Figure III.3
Latin America (18 countries): unemployment rate among the population aged 15 and over, by sex and country, 2019
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (CEPAL), on the basis of household surveys published in International Labour Organization (ILO), ILOSTAT [online database] https://ilostat.ilo.org/.

Second, the wage gap between men and women remains substantial. In 2019, the average income of women aged 15 and over in urban areas was 78% that of men. This gap has been narrowing over time: whereas in the early 2000s, a woman with 13 or more years of education earned on average 72% of the salary of a man with the same level of education, by 2019 this figure had increased to 84%. The improvement has been most evident for women with higher levels of education. Indeed, 20 years ago, women with between six and nine years of education earned on average 74% of the wage of their male counterparts, while in 2019 they still earned just 76.5% (see figure III.4).

Figure III.4
Latin America (18 countries): ratio between the average urban male and female wages, by years of education completed, 2001–2019
(Percentages)

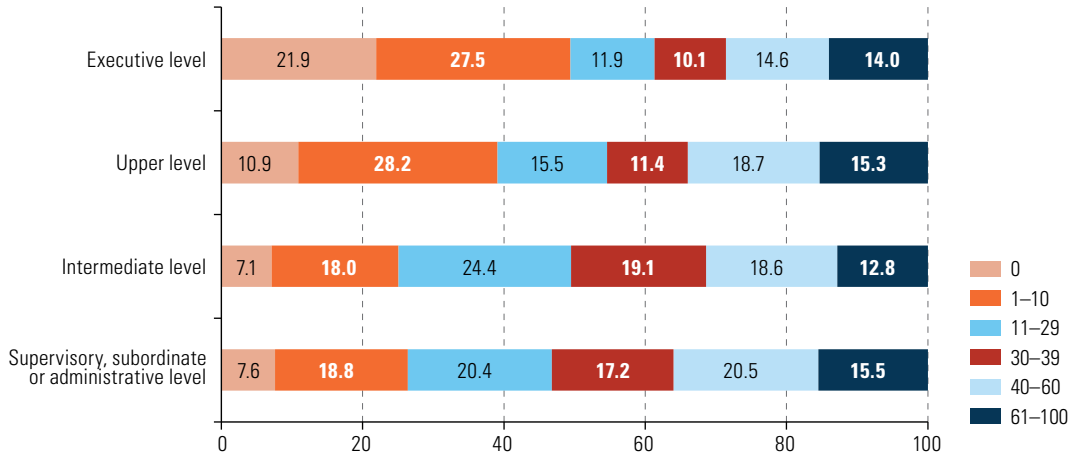


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of CEPALSTAT [online database] https://estadisticas.cepal.org/cepalstat/portada.html?idioma=english.
Note: The data are for the ratio of the average wage of urban female employees aged 20 –49 working 35 hours or more per week to that of men with the same characteristics.

Although the presence of women in the region's companies has increased, they are still underrepresented in managerial positions, and the higher the position, the more apparent this becomes. A survey conducted by the International Labour Organization (ILO) in 2018 shows that the largest proportion of enterprises (27.5%) reported that only between 1% and 10% of their top management positions were held by women, and 21.9% of enterprises had no women in executive positions at all (ILO, 2019a) (see figure III.5).

Men and women are divided not only by pay but by employment quality as well. On average, one in two women work without social security coverage in the region, and the proportion of women employed in the informal sector (56.4%) is slightly higher than the proportion of men (54.6%). It is worth noting the great heterogeneity between countries (see figure III.6). The proportion of own-account workers aged 15–64 (a status that is generally associated with lower job quality) was around 28% on average in 2019, a figure that was similar for men and women, but with large differences from one country to another (see figure III.6). With regard to the incidence of part-time work (less than 35 hours per week), there is also a difference between women and men. This atypical form of employment may be a personal choice for a variety of reasons, such as study-related or care responsibilities. In the region, on average, about 39% of women aged 15–64 who work do so part-time, compared to just under 23% of men. Lastly, hourly underemployment, which measures the proportion of employed persons working fewer hours than they would like, was higher on average for women (15.5%) than for men (7.8%).

Figure III.5
Latin America and the Caribbean: firms by proportion of women in four levels of position, 2018
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of International Labour Organization (ILO), *Women in Business and Management: The Business Case for Change*, Geneva, 2019.

Figure III.6
Latin America (18 countries): employment quality indicators (informality rate[a] and incidence of own-account working,[b] part-time employment[c] and hourly underemployment[d]), by sex, 2019
(Percentages)

	Informality rate (female)	Informality rate (male)	Own-account employment (female)	Own-account employment (male)	Part-time employment (female)	Part-time employment (male)	Underemployment rate (female)	Underemployment rate (male)
Argentina	47.9	48.0	20.2	23.6	53.2	28.9	17.7	12.3
Bolivia (Plur. State of)	85.8	82.8	40.3	46.9			2.9	2.0
Brazil	47.5	46.7	20.9	30.2	35.3	20.9	9.3	6.3
Chile	28.4	26.0	21.8	22.2	39.9	26.1	12.8	8.5
Colombia	60.4	60.9	40.7	43.9	33.3	18.2	11.1	7.1
Costa Rica	41.9	34.2	18.5	23.1	40.0	20.0	13.6	7.4
Ecuador	64.3	60.0	36.8	34.2	45.3	28.6		
El Salvador	70.9	65.6	36.3	23.7	25.7	18.6	9.2	6.3
Guatemala	78.4	78.0	30.6	22.7	42.6	22.8	9.2	6.2
Honduras	80.4	82.8	37.9	26.3	42.8	24.5	17.3	7.2
Mexico			23.5	22.0	36.7	19.3	3.4	5.5
Nicaragua			38.3	25.6	51.4	26.6	31.3	18.2
Panama	27.5	24.0	27.0	33.5	33.7	25.2	8.1	7.2
Paraguay	69.2	67.1	29.0	30.4	35.7	16.8	9.0	5.5
Peru	72.4	63.3	34.8	35.7	42.9	25.8	8.5	9.2
Dominican Rep.	49.1	56.3	25.3	45.0	35.6	22.7	6.7	6.1
Uruguay	21.7	23.6	21.2	25.7			11.6	9.5
Venezuela (Bol. Rep. of)			31.2	37.7	21.0	8.7		
Latin America	56.4	54.6	29.7	30.7	39.2	22.7	11.4	7.8

Source: Economic Commission for Latin America and the Caribbean (CEPAL), on the basis of household surveys published in International Labour Organization (ILO), ILOSTAT [online database] https://ilostat.ilo.org/.

[a] The harmonized series for informal employment (population aged 15–64) is obtained using the same set of criteria in all countries. These are based on employment status, institutional sector, intended destination of production, accounting, company registration, payment of social security contributions, workplaces and company size. The data are for 2019, except in the case of Honduras, where they are for 2017.

[b] Own-account workers as a proportion of all those in employment, by sex (population aged 15–64). Data are for 2019, except in the cases of the Bolivarian Republic of Venezuela (2017) and Nicaragua (2014).

[c] Proportion of employed persons actually working less than 35 hours a week. Data are for 2019, except in the cases of the Bolivarian Republic of Venezuela (2012), Colombia (2017), Guatemala (2015), Nicaragua (2012) and Paraguay (2015).

[d] The time-related underemployment rate refers to employed persons aged 15–64 who met the following three criteria during the reference period: (i) they were willing to work additional hours, (ii) they were available to work additional hours and (iii) the number of hours they worked was below a given working time threshold. Data are for 2019 except in the cases of Mexico (2014) and Nicaragua (2012).

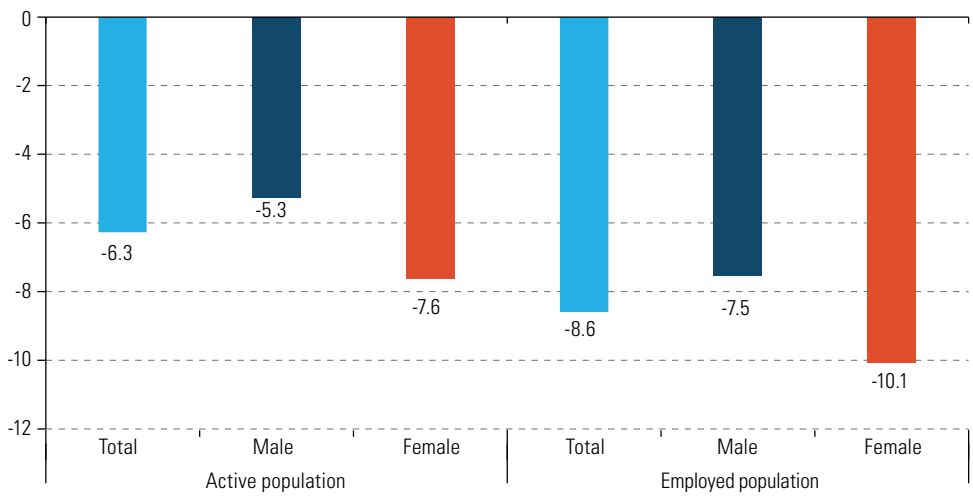
In summary, besides having much lower labour market participation rates than men, women participating in the labour market generally earn less and have fewer opportunities for career development, work fewer hours and experience more job instability.

2. In 2020, the COVID-19 pandemic led to a sharp fall in female employment and labour force participation

The mobility restriction measures implemented in most countries to prevent COVID-19 infections meant that many companies had to halt their activities and many workers were unable to continue in their jobs. The closure of schools and the switch to distance learning also had a disruptive impact on society. All these factors entailed changes in family models, in the way work was done and in the allocation of tasks within households, which affected men and women differently (ECLAC, 2021b; Karkee and Sodergren, 2021; ILO, 2020a; Gutiérrez, Martin and Ñopo, 2020; Alan and others, 2020; Biroli and others, 2020; Andrew and others, 2020; Del Boca and others, 2020).

While overall there was a significant contraction in the employed population, this was larger for women (-10.1%) than for men (-7.4%) (see figure III.7). This was due to the strong participation of women in sectors that were heavily affected by this contraction, such as paid work in households, unpaid work and activities related to commerce. Declining employment opportunities and mobility restrictions led to a large number of workers withdrawing from the labour market, and here again the figure for women was higher. In total, the female active population fell by 7.6% in the 11 countries for which information is available, compared to 5.3% for men (see figure III.7). The main causes were the closure of schools and both formal care services and informal ones provided by friends, relatives or the community, which forced parents, and especially mothers, to take on additional responsibilities in their households (ECLAC/UN-Women, 2020). This prevented women from increasing their labour market participation as secondary (Alon, T. and others, 2020; ECLAC/ILO, 2021).

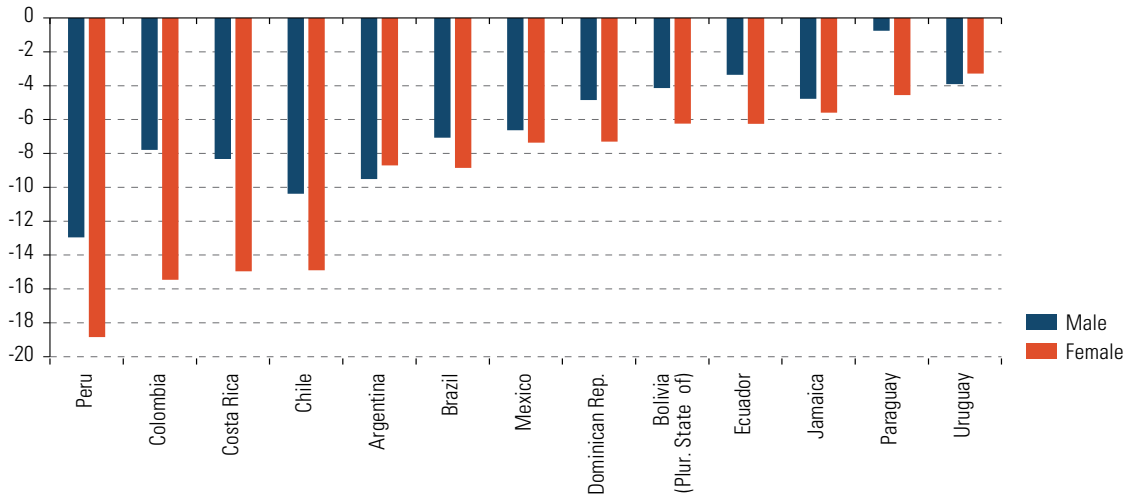
Figure III.7
Latin America (11 countries):[a] changes in the active population and the employed population, by sex, 2019–2020
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the countries' household surveys.
[a] Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Mexico, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay.

The employed population fell by more than the average in Peru, Colombia, Costa Rica and Chile. The impact on female employment was greater in almost all countries, the exceptions being Uruguay and Argentina, where employment declined by more for men (see figure III.8).

Figure III.8
Latin America (13 countries): change in employed population, by sex and country, 2019–2020
(Percentages)



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

(a) The greatest impact from the pandemic was in the second quarter of 2020, with a recovery in the following quarters

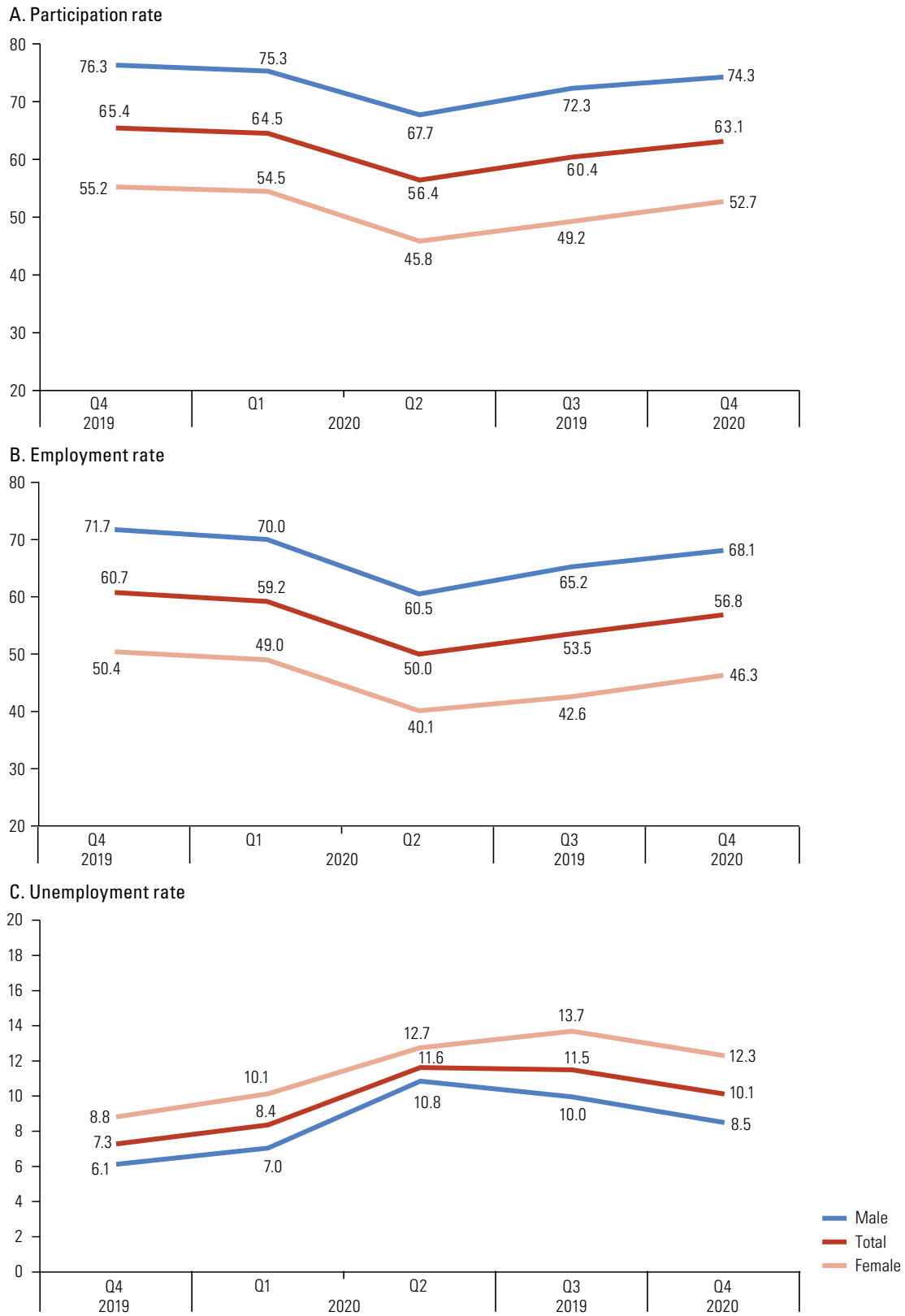
The dynamics of the main labour indicators show that the greatest impact from the pandemic, in terms of declining participation and employment among both men and women, was in the second quarter of 2020.

In April and June 2020, the average employment rate in 12 countries for which information is available fell sharply for both men and women. In comparison to the last quarter of 2019, the female employment rate fell by 10.3 percentage points to 40.1% and the male rate by 11.2 percentage points to 60.5% (see figure III.9B). This trend was accompanied by a withdrawal of workers from the labour market. In the second quarter, the female participation rate fell to 45.8% and the male rate to 67.7% (see figure III.9A). As a result of these trends, the unemployment rate for both sexes rose sharply in the second quarter (see figure III.9C).

From the third quarter onward, there was a recovery in both employment and labour market participation for both sexes, although it was faster for men, with the female unemployment rate peaking only in the third quarter (14.5%).

In the last quarter of 2020, the female active population was still 3.0 percentage points smaller than in the fourth quarter of 2019 and the male active population was 2.7 percentage points smaller. Employment appears to have recovered more slowly than the labour supply, so that the female employment rate was 4.7 percentage points lower than in the same period of 2019 and the male rate 4.4 percentage points lower. As a result, unemployment rates are also several percentage points higher than they were at the start of the pandemic, at 13.0% for women and 8.8% for men.

Figure III.9
Latin America (12 countries):[a] participation, employment and unemployment rates, fourth quarter of 2019–fourth quarter of 2020
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the countries' household surveys.
[a] Simple average of the following 12 countries: Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Mexico, Nicaragua, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay.

(b) The loss of employment in 2020 was greater among those with lower levels of education

One of the characteristics of the COVID-19 pandemic was that the sectors most affected were those that were most intensive in low-skilled labour (ECLAC, 2021b; IMF, 2021). Most of the workers who were able to continue to work remotely were those whose jobs were associated with a higher level of education[2] (see box III.1). This situation was observed in other countries around the world, but in Latin America it was reinforced by the effect of mobility restrictions on informal employment. Taking the average for eight countries in the region, the reduction in employment between 2019 and 2020 was greater among women with lower levels of education (17.4%) than among men in the same group (12.8%) (see figure III.10). For those with a medium level of education, the contraction was 10.6% among women and 6.5% among men. In contrast, among workers with higher levels of education, the contraction in the number of employed was very small on average, i.e. those with jobs were more likely to keep them. This trend is possibly related to the incidence of informality among low-educated workers, who were significantly affected by the restrictions and the reduction in economic activity.

Box III.1
The expansion of teleworking is creating options for reconciling paid and care activities

One of the resources used during the coronavirus disease (COVID-19) pandemic to enable productive activities to continue has been remote working or telecommuting. This has entailed major adaptation efforts by businesses, workers and also the State, which has had to establish appropriate regulatory frameworks.[a] The likelihood of being able to work remotely depends on a person's occupation, the availability of an Internet connection and the necessary technologies, and the ability to access them, which in turn is related to income level (Weller, 2020; Garrote Sánchez and others, 2020; Gottlieb and others, 2020). Studies indicate that the likelihood of teleworking is generally higher among workers with a higher level of education and among formal wage earners. However, there is no conclusive information on this issue for women specifically, as their situation will depend on the occupational distribution by sex in each country and the characteristics mentioned above.

From the data available in the region, it appears that women are more likely to work remotely. A study carried out with data from the Programme for the International Assessment of Adult Competencies (PIAAC) on 35 countries, including 4 in the region (Chile, Ecuador, Mexico and Peru), concluded that women were more likely on average than men to perform activities suited to teleworking.

A study by the Economic Commission for Latin America and the Caribbean (ECLAC), based on data from Chile, the Dominican Republic, Ecuador, El Salvador, Mexico and Uruguay, indicates that, given the type of occupations women work in, a higher proportion of them than of men could theoretically continue to work remotely. However, the level of connectivity in the countries and the gender gaps that still exist in access to and use of digital technologies significantly reduce the percentage of employed women who can telework (ECLAC, 2021b). Another study, using data from the AfterAccess survey on access to information and communications technologies (ICTs) in six countries of the region (Argentina, Colombia, Ecuador, Guatemala, Paraguay and Peru), shows that 53% of men have access to a computer on average, while the figure for women is only 45%, although there are no significant differences in access to "basic" technologies such as mobile phones or the Internet (Agüero, Bustello and Viollaz, 2020).

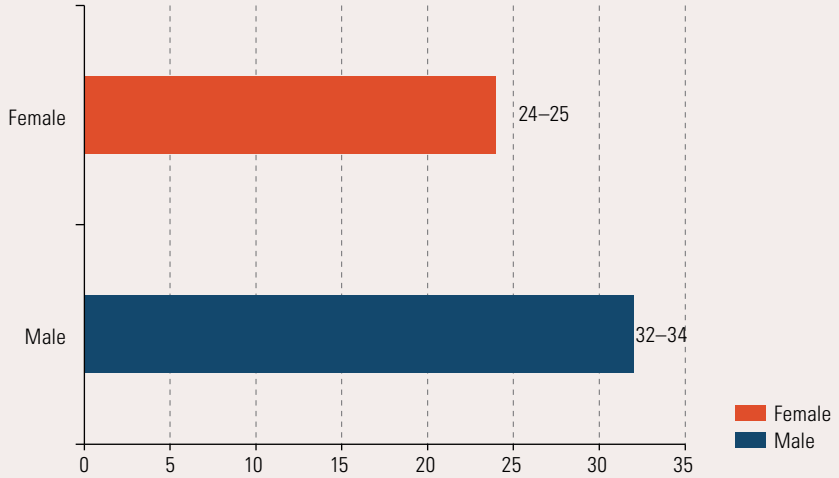
An analysis of the particular situation in certain countries shows, for example, that men seem to be more likely to work remotely in Argentina because of the occupational structure there (Bonavida Foschiatti and Gasparini, 2020) (see figure 1). However, Brazil's data on work actually done remotely show that the incidence was higher for women than for men and that, while the proportion of men teleworking declined between May and November 2020, the proportion of women doing so actually increased (Góes, Martins and Nascimento, 2021) (see figure 2).

2 For example, while 35% of workers with a higher level of education teleworked in Brazil during the pandemic, less than 8% of workers with a lower level of education did so (see section IV.F of this publication on the outlook for remote working in the region).

Box III.1 (concluded)

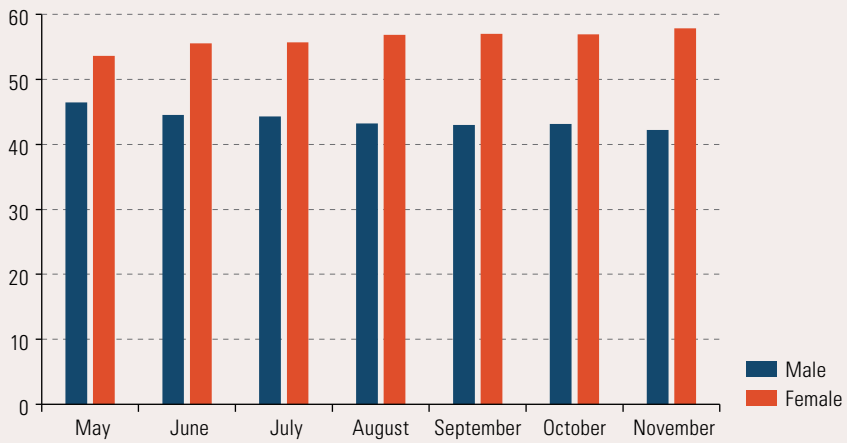
Given women's higher participation in part-time employment and greater burden of unpaid work, the ability to telework provides an opportunity for many women in the region to balance work and family responsibilities more easily, which could have a positive impact on their labour force participation. If these benefits are to be reaped, however, it is necessary to reduce digital gender gaps both in access to technologies and in the area of digital skills.

Figure 1
Argentina: ability to work remotely, by sex, 2020
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of C. Bonavida Foschiatti and L. Gasparini, "El impacto asimétrico de la cuarentena", *Documentos de Trabajo*, No. 261, La Plata, Centre for Distributive, Labour and Social Studies (CEDLAS), April 2020.

Figure 2
Brazil: proportion of people working remotely, by sex, 2020
(Percentages)



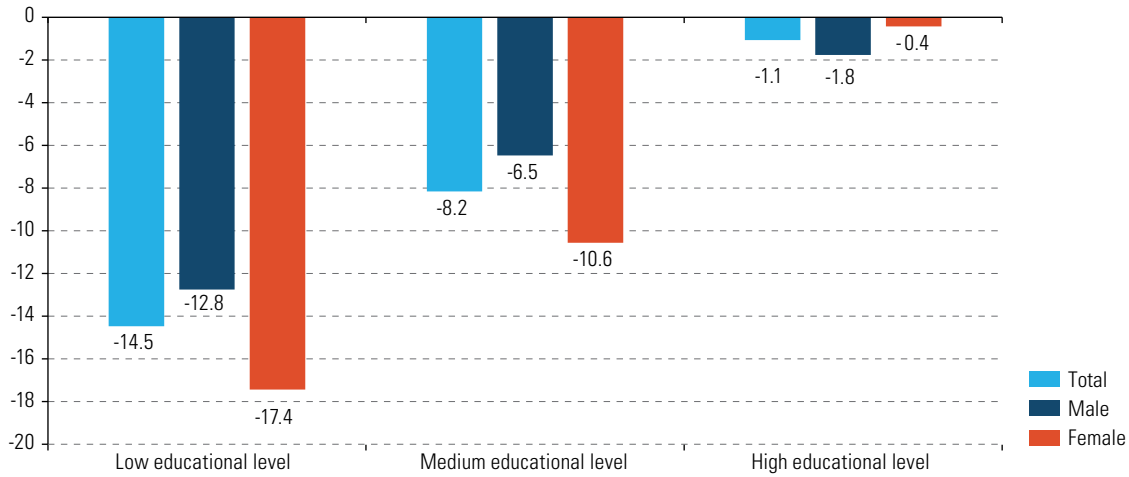
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of G. S. Góes, F. dos S. Martins and J. S. Nascimento, "O trabalho remoto e a pandemia: o que a PNAD COVID-19 nos mostrou", *Carta de Coyuntura*, No. 50, Institute of Applied Economic Research (IPEA), 2021.

Source: J. Weller, "La pandemia del COVID-19 y su efecto en las tendencias de los mercados laborales", *Project Documents* (LC/TS.2020/67), Santiago, Economic Commission for Latin America and the Caribbean (ECLAC), 2020; D. Garrote Sánchez and others, "Who on earth can work from home?", *Policy Research Working Paper*, No. 9347, Washington, D.C., World Bank, 2020; C. Gottlieb and others, "Working from home in developing countries", *Discussion Paper series*, No. 13737, Bonn, Institute of Labour Economics (IZA), September 2020; M. Brussevich, E. Dabla-Norris and S. Khalid, "Who will bear the brunt of lockdown policies? Evidence from tele-workability measures across countries", *IMF Working Paper*, No. WP/20/88, Washington, D.C., International Monetary Fund (FMI), 2020; Economic Commission for Latin America and the Caribbean (ECLAC), "The Economic Autonomy of Women in a Sustainable Recovery with Equality", *Special Report COVID-19*, No. 9, Santiago, 2021; A. Agüero, M. Bustelo and M. Viollaz, *¿Desigualdades en el mundo digital? Brecha de género en el uso de las TIC*, Washington, D.C., Inter-American Development Bank (IDB), 2020; C. Bonavida Foschiatti and L. Gasparini, "El impacto asimétrico de la cuarentena", *Documentos de Trabajo*, No. 261, La Plata, Centre for Distributive, Labour and Social Studies (CEDLAS), April 2020; G. S. Góes, F. dos S. Martins and J. S. Nascimento, "O trabalho remoto e a pandemia: o que a PNAD COVID-19 nos mostrou", *Carta de Coyuntura*, No. 50, Institute of Applied Economic Research (IPEA), 2021.

[a] See section IV.F of this publication on the outlook for remote working in the region.

In the case of low-skilled workers who lost their jobs during the crisis, skills and training policies will be crucial to prevent the loss of skills, and strengthened training and labour intermediation services will be very important to support their reintegration into the labour market when the economy starts to revive.

Figure III.10
Latin America (8 countries):[a] changes in employment by educational level and sex, 2019–2020
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the countries' household surveys.
Note: Low educational level: complete primary or less. Medium educational level: complete secondary. High educational level: complete tertiary studies.
[a] Simple average of the following countries: Argentina, Brazil, Chile, Costa Rica, the Dominican Republic, Mexico, Paraguay and Peru.

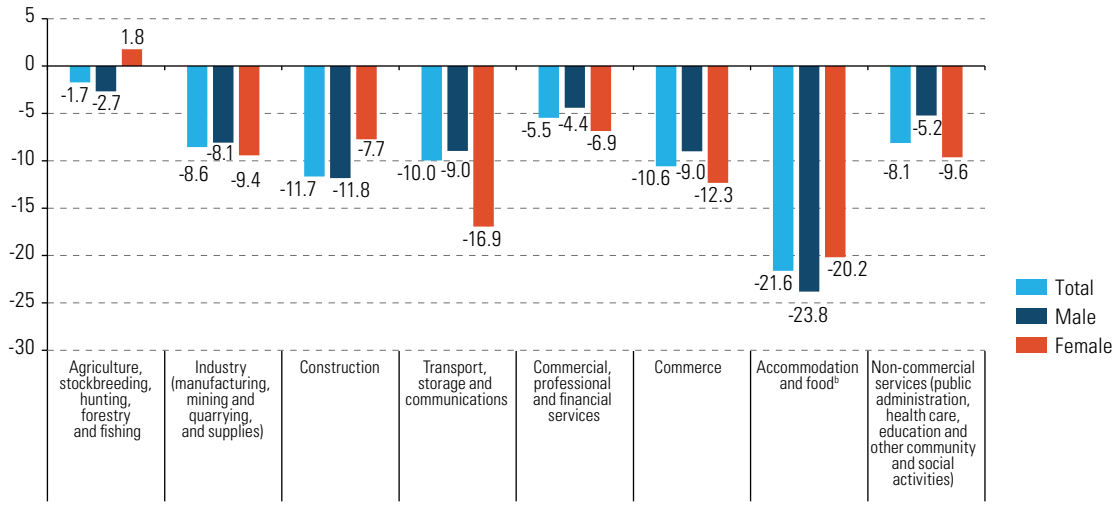
(c) Female workers are employed mainly in the sectors and occupational categories most affected by the shutdown of activity

A characteristic feature of the region in general is that the occupational structure of the female population differs from that of the male population. Women have a large share of employment in community, social and personal services (64%), account for half of those employed in the commerce, restaurants and hotels sector, and participate substantially in financial services (43%). In contrast, they account for a very low share of employment in construction (3%), mining and quarrying (11%) and agriculture, forestry and fishing (14%) (ILO 2019b, p. 70).

According to estimates of employment losses by sector in nine countries with data available, the number of persons employed in accommodation and food services declined by more than 20% in 2020, with both women and men affected (see figure III.11). Commerce, a sector with a high level of female participation, recorded a fall of 12% for women and 9% for men. Women's employment also declined more in the transport and storage and non-commercial services sectors.

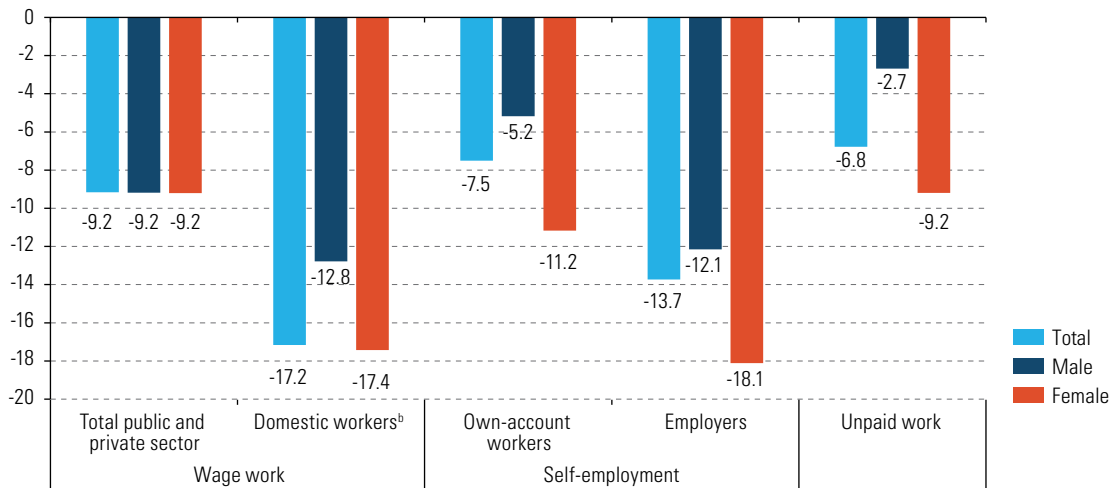
Among the employment categories that were most affected during 2020 was paid domestic work, which contracted by 18% for women (see figure III.12). This decline was due both to mobility restrictions and to other reasons, such as a loss of income in many employer households and the tendency for various paid household activities to be replaced by unpaid ones. The pandemic has highlighted the insecure employment conditions of many of these workers, as well as the lack of social coverage and access to health services (ECLAC/UN-Women, 2020). Similarly, unpaid family work, although it covers a small group of workers, contracted by 9.2% in the case of women. Self-employment also contracted sharply among both own-account workers and employers, with women worst affected in both cases. Many women employers are owners of microenterprises and small businesses with little capital or access to finance, operating mainly in the informal sector and poorly placed to withstand long periods of low or no income, which puts them at greater risk of bankruptcy (Karkee and Sodergren, 2021; ILO, 2020a).

Figure III.11
Latin America (8 countries):[a] changes in employment by branch of activity and sex, 2019–2020
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the countries' household surveys.
[a] Argentina, Brazil, Chile, Colombia, Mexico, Paraguay, Peru and the Plurinational State of Bolivia.
[b] In the case of Paraguay, the accommodation and food data are included in the commerce sector.

Figure III.12
Latin America (11 countries):[a] changes in employment by occupational category and sex, 2019–2020
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the countries' household surveys.
[a] Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Mexico, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay.
[b] The data on paid domestic work do not include Argentina, the Dominican Republic or Uruguay.

3. The creation of gender-equal employment opportunities needs to be at the centre of the development strategy so that a more soundly based recovery can be achieved

Female labour force participation has grown steadily in all Latin American countries over the last 30 years, leading to major economic and social changes. On average, however, the pace of growth is slowing and there are still significant gaps, such as higher levels of unemployment and informality, lower wages and less access to senior positions among women, that not only limit inclusion on equal terms, but also negatively affect efforts to promote increased female labour force participation. These barriers to equal inclusion in the labour market are more evident among women with lower levels of education and from poorer households or households with more dependents.

In this context, the crisis caused by the COVID-19 pandemic has had significant effects on family and work dynamics, exacerbating many existing gender inequalities. In the second quarter of 2020, not only were many jobs lost, but a large number of workers withdrew from the labour market, especially women. This was influenced by the reduction in job opportunities and travel difficulties, but also by needs arising from the closure of care services and the move to distance learning, which increased parental responsibilities, especially for women. As restrictions were progressively lifted, women re-entered the labour market, albeit more slowly than men, probably because of continuing unpaid care work obligations, so that their participation and employment levels at the end of the year were still lower than before the pandemic and their unemployment rate was higher. The women workers most affected have been those with low levels of education, with young children and in more insecure occupations associated with informal work or in sectors where the impact of the crisis has been strongest, such as commerce.

The pandemic struck the region at a time of low economic growth, weak creation of high-quality employment and a lack of progress with poverty and inequality reduction. Efforts must be made to ensure that the multiple crises triggered in the economic and social spheres do not exacerbate the existing structural challenges of gender inequality (ECLAC, 2020b and 2021b). Promoting greater female labour force participation is not only a matter of rights, but can also bring significant economic gains, driving higher growth and productivity (Ostry and others, 2018; Novta and Cheng Wong, 2017).

The generation of employment opportunities must be at the heart of the development strategy, and the promotion of gender equality is essential for a more soundly based recovery. Accordingly, considerable efforts must be made in the region to design policies aimed not only at avoiding any increase in inequalities, but also at promoting the reintegration of women into the labour market.

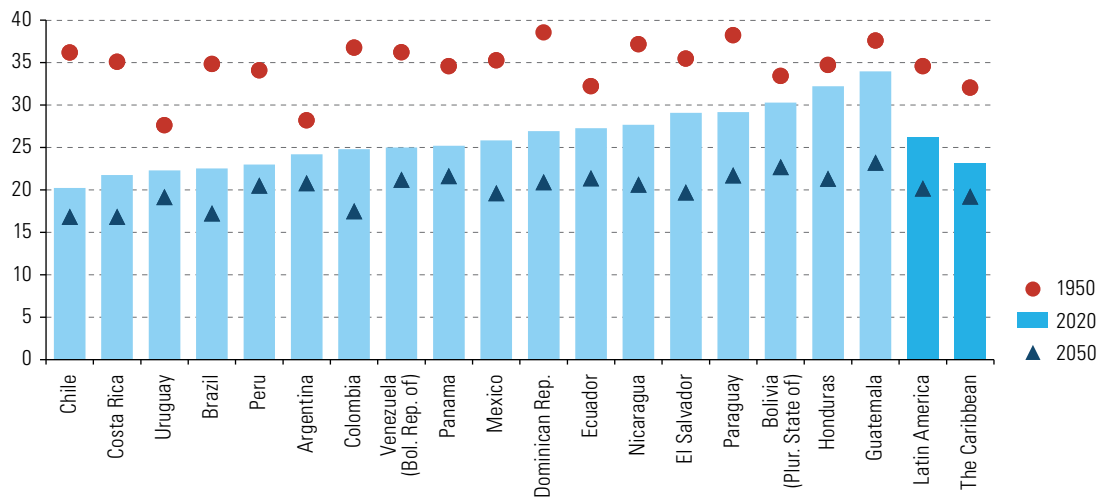
In the short term, it is important to support women workers who have temporarily exited the labour market by strengthening education and training services to prevent the loss of human capital and by reinforcing labour intermediation services designed to improve their prospects of reintegration into employment. It is also crucial to continue supporting the incomes of the most vulnerable households, and also of enterprises, which are the generators of employment. A more strategic vision of where further progress is needed to reduce the different gender gaps involves active policies to support equal opportunities and gender mainstreaming in the design of pension, social protection, financial and fiscal reforms. Policies that can promote female participation in the labour market include, among many other possibilities, those aimed at reconciling work and family (e.g. flexible working hours, flexible working arrangements or access to parental leave), equal pay for similar work, policies against discrimination, violence and harassment in the workplace, and policies related to the promotion of lifelong learning and career development.

B. The impact of COVID-19 on the occupational inclusion of the young

1. Although the youth population is growing more slowly than formerly, it will continue to represent a substantial share of the total population

In Latin America and the Caribbean, the population of young people aged between 15 and 24 is estimated to have been around 107 million in 2020, representing 16.5% of the regional population and 25.0% of the working-age population aged 15–64 (see figure III.13). This latter proportion has declined significantly over the past 70 years and is expected to continue to trend downward, reaching 19.0% in 2050. If the group aged 25–29 is also included, young people represent about 24.0% of the total population and 36.7% of the working-age population.

Figure III.13
Latin America and the Caribbean[a]: youth population (aged 15–24) as a proportion of the total working-age population (aged 15–64), 1950, 2020 and projections for 2050
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), "Latin America and the Caribbean: population estimates and projections", 2019 revision, Latin American and Caribbean Demographic Centre (CELADE)-Population Division of ECLAC, 2019 [online] https://www.cepal.org/en/population-estimates-and-projections-excel-tables.

[a] The Latin American average is based on figures for the 18 countries listed in the chart. The Caribbean average is based on figures for Antigua and Barbuda, Aruba, the Bahamas, Barbados, Belize, Cuba, Curaçao, Grenada, Guadeloupe, Guyana, Haiti, Jamaica, Martinique, Puerto Rico, Saint Lucia, Saint Vincent and the Grenadines, Suriname, Trinidad and Tobago and the United States Virgin Islands.

2. Although young people are more educated on average than formerly, full integration into the labour market is slow and difficult

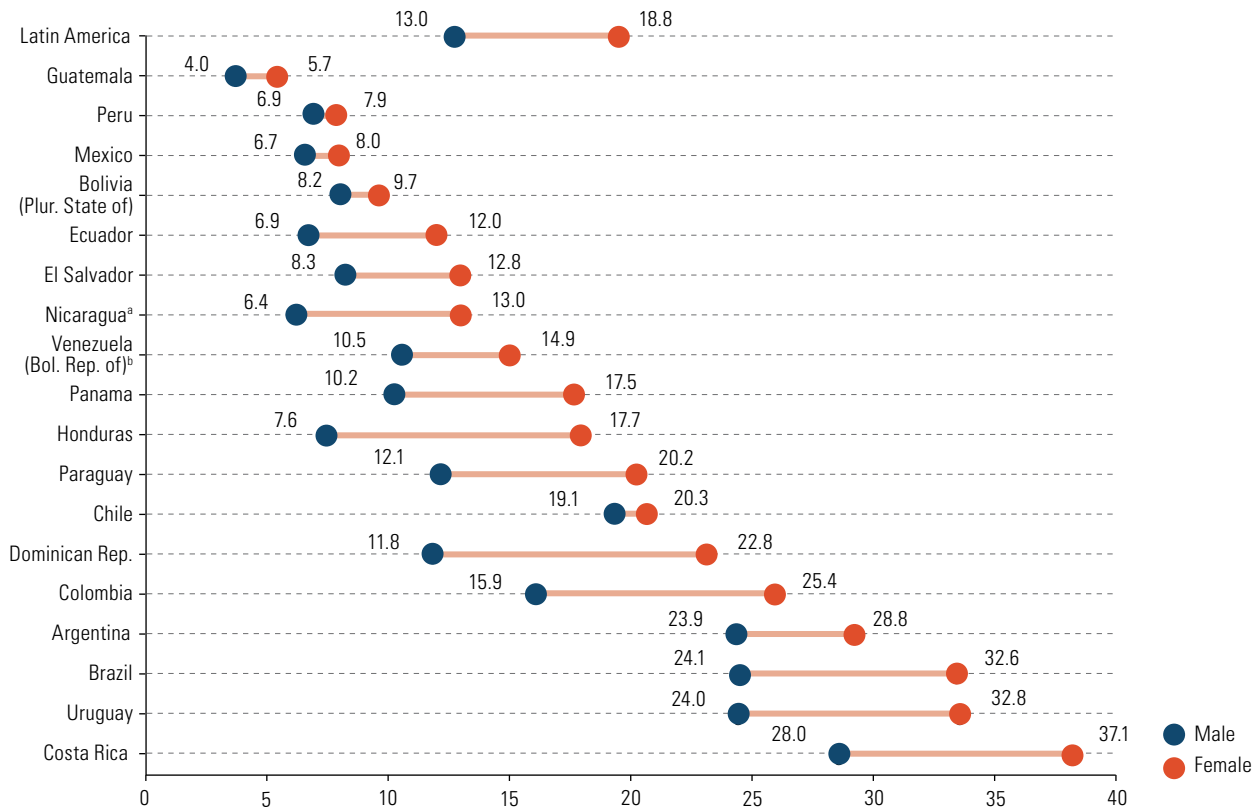
Today, young people tend to continue studying for longer and have attained significantly higher levels of education than previous generations. Between 1970 and 2015, the average number of years of female and male education in the region increased from 3.7 to 8.6 and from 4.4 to 8.7, respectively (ECLAC/ILO, 2019). However, the transition of young

people from the education system to full participation in the labour market generally takes several years in Latin America and the Caribbean. Going by household survey data, the average duration of this transition is estimated at around 6 years, compared to 2.7 years in European Union countries (Gontero and Weller, 2015). Similarly, the ILO School-to-Work Transition Survey (SWTS) shows that about half of young people aged between 20 and 24 in the region have completed their transition to the world of work by the age of 24.

3. The unemployment rate is three times as high among young people participating in the labour market as among adults, and a large proportion work in the informal sector

In 2019, the unemployment rate for young people aged from 15 to 24 was 15.3%, or the equivalent of 15.6 million people, which was triple the adult rate. The figure was 19.3% for young women and 14.1% for young men. However, there are large differences between countries in the region (see figure III.14), perhaps reflecting the different labour market situations of the various age groups in each country. One indicator used to eliminate the effects of these disparities is the unemployment rate of young people relative to that of adults.

Figure III.14
Latin America (18 countries): unemployment rate among young people aged 15–24, by sex, 2019
(Percentages)



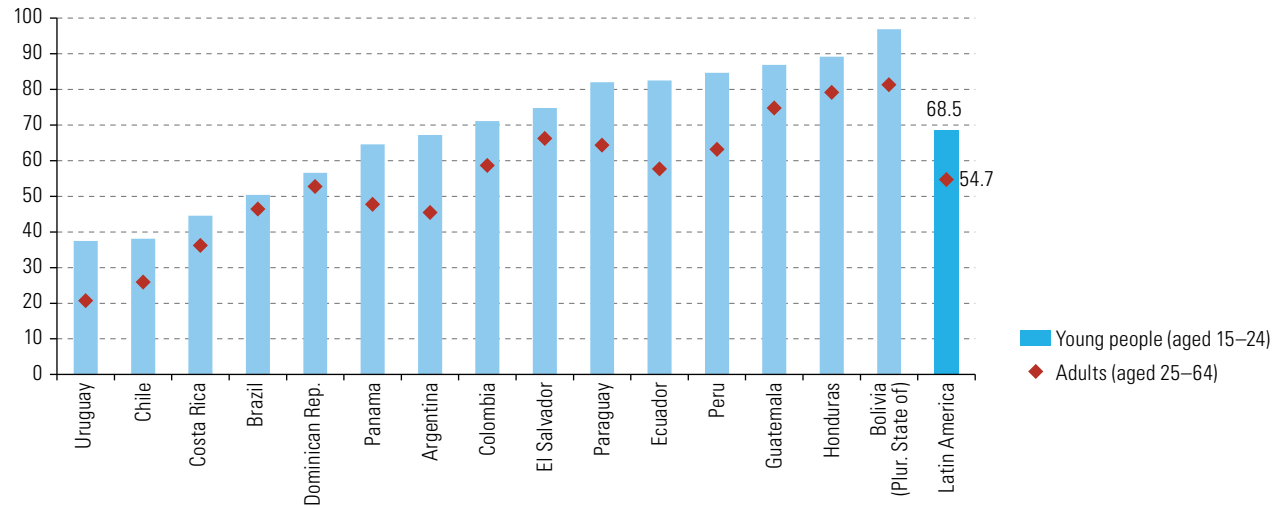
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of International Labour Organization (ILO), ILOSTAT [online database] https://ilostat.ilo.org/.

[a] Data for 2014.

[b] Data for 2017.

Of young people who work, most do so informally, i.e. do not pay social security contributions. This can have major consequences both in the short term (job instability, lower wages and fewer rights) and in the long term (lower contributions to pension or health schemes or even worse future working conditions).[3] It is estimated that, in 2019, about 68.5% of young people aged 15–24 who were employed were working informally, and in some countries this proportion was as high as four out of every five young people (see figure III.15). This is worrying, as the data indicate that informality is a very persistent situation in the region,[4] especially among young people from lower-income strata,[5] and that the chances of entering the formal sector are higher for those in a better socioeconomic and educational situation (ILO, 2015).

Figure III.15
Latin America (15 countries): informal employment rate by age group, 2019
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of International Labour Organization (ILO), ILOSTAT [online database] https://ilostat.ilo.org/.

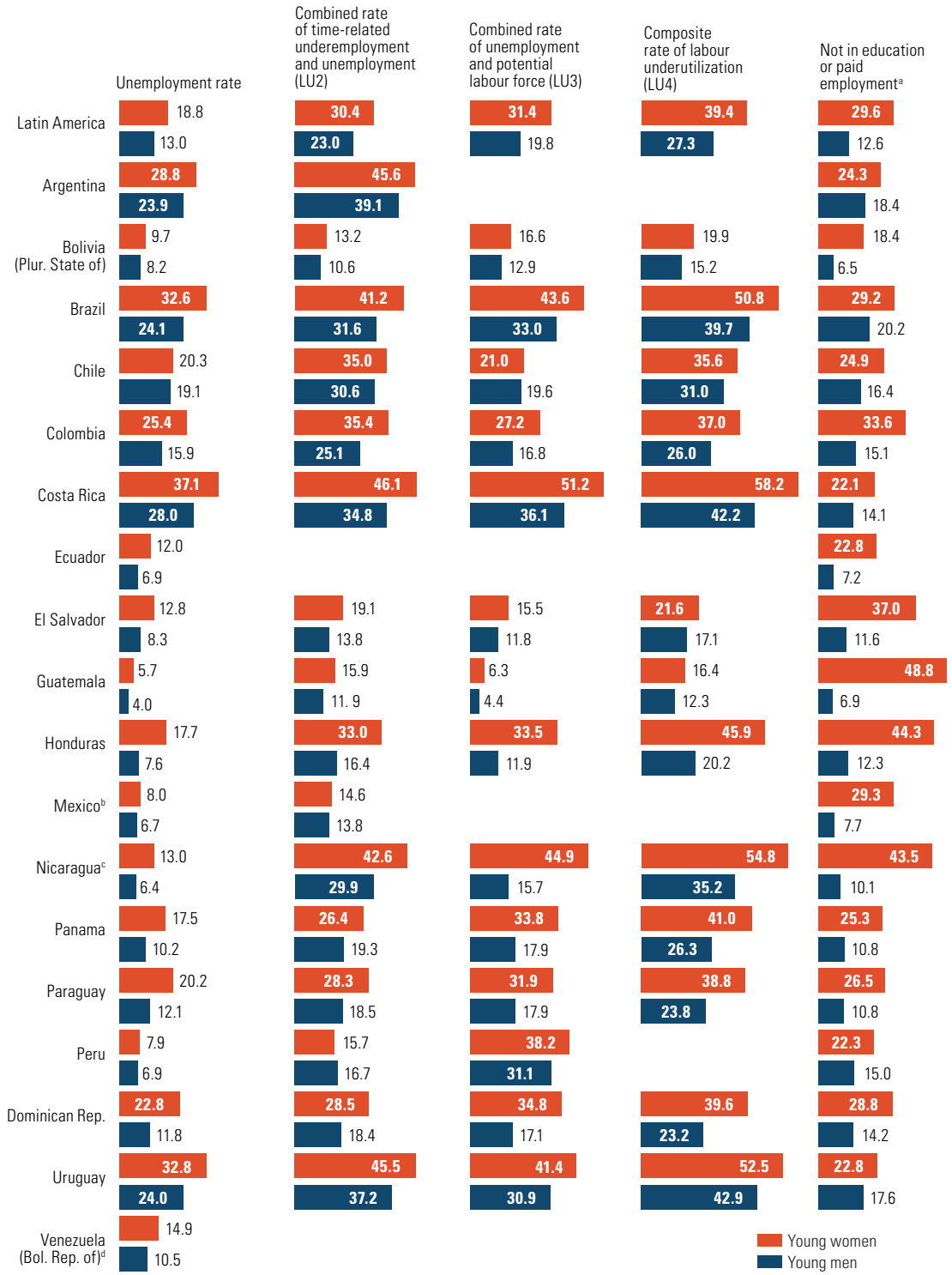
In summary, the information available shows that young people in the region are greatly underutilized, and indicators of unemployment, inactivity and underemployment reflect this, particularly for young women. In 2019, almost 40% of young women and 27% of young men were either unemployed or wished to work more hours, or were part of the potential labour force, which includes the discouraged young who are no longer looking for work (see figure III.16).

3 For example, Cruces, Ham and Viollaz (2012) found that informal working by the young in Brazil had significant stigmatizing effects. According to their data, cohorts that experienced job informality in their youth showed systematically worse labour market performance in adulthood. The wage penalty and its duration manifest themselves in the early years of adulthood and dissipate over time, except in the case of less educated workers, for whom the effects are larger (ILO, 2015).

4 Of young people working as informal wage earners in Mexico in 2012, 57% were still informal a year later, and the figure was 50% in Argentina. Transitioning from informality to formality within one year was only possible for a minority of young people in these countries. In Brazil and Chile, about 30% of young people made the transition to formal wage employment (ILO, 2015).

5 It is estimated that 12.6% of young workers in the poorest quintile are informal and that only 3.0% of the wealthiest group are (ILO, 2015).

Figure III.16
Latin America (18 countries): measures of underutilization of young people aged 15–24, 2019
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of International Labour Organization (ILO), ILOSTAT [online database] https://ilostat.ilo.org/.

Note: LU2 represents the proportion of the labour force that is in a situation of time-related underemployment or unemployment; LU3 represents the proportion of the labour force that is unemployed and the potential labour force (inactive persons who express some interest in entering the labour market, either because they are seeking employment or because they are available for work); and LU4 represents the proportion of the extended labour force that is in a situation of time-related underemployment or unemployment.

[a] Rate of young people not in education or paid employment calculated on the basis of household surveys. The data are for 2017 in the cases of Chile and Colombia, 2018 in those of Guatemala and Mexico and 2014 in that of Nicaragua.

[b] The combined rate of time-related underemployment and unemployment (LU2) is for 2014.

[c] Data for 2014. The LU2 and LU4 rates are for 2012.

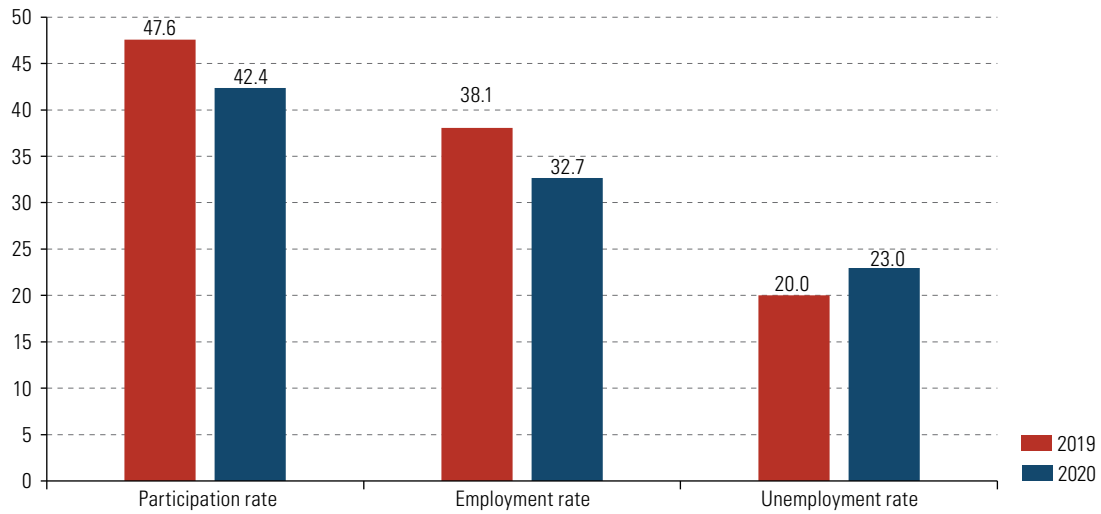
[d] Data for 2017.

4. In 2020, the pandemic disproportionately affected the young

The crisis caused by the COVID-19 pandemic has had a large multidimensional impact on young people, which can be summarized under three main headings:[6] (i) the interruption of education and vocational training, (ii) difficulties for those who were just entering the labour market or were looking for work in early 2020 and (iii) loss of jobs, reduction of wages or deterioration of employment conditions for those who were working.

Among young people who were already in the labour market, estimates of the main indicators reflect the strong impact of the crisis on this age group. According to the information available for nine countries in the region, their average participation rate fell by 5 percentage points and their average employment rate by almost 6 percentage points to 32.7% in 2020 (see figure III.17). The unemployment rate averaged 23%, representing approximately 7 million young people.

Figure III.17
Latin America (9 countries):[a] participation, employment and unemployment rates among young people aged 15–24, 2019 and 2020
(Percentages)



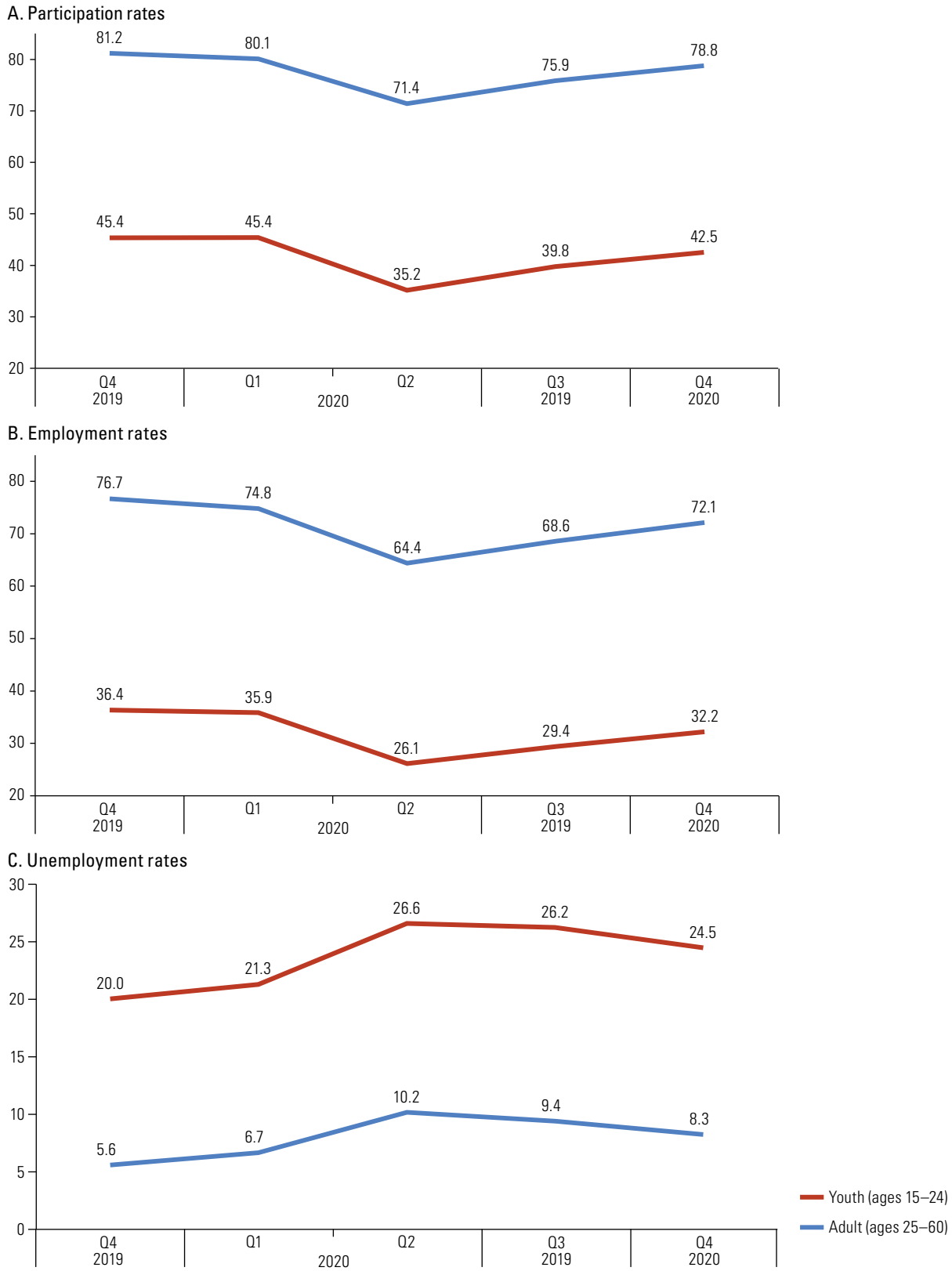
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the countries' household surveys.
[a] Argentina, Brazil, Chile, Costa Rica, the Dominican Republic, Mexico, Paraguay, Peru and Uruguay.

(a) The dynamics of the impact show a recovery in late 2020

As in the case of the aggregate employment data, the most substantial impact was recorded in the second quarter of 2020. In that quarter, only 26.1% of those aged 15–24 were employed, and their unemployment rate was 26.6%. There was then a slow recovery in the participation rate of young people, as they gradually returned to the labour market (see figure III.18A), and in their employment rate, as economic activity restarted (see figure III.18B). This led to an improvement in the unemployment indicator, but only from the fourth quarter of 2020. The employment rate has been slower to recover than the participation rate, so the youth unemployment rate, like the adult rate, remains much higher than before the pandemic (see figure III.18C).

6 See ILO (2020b).

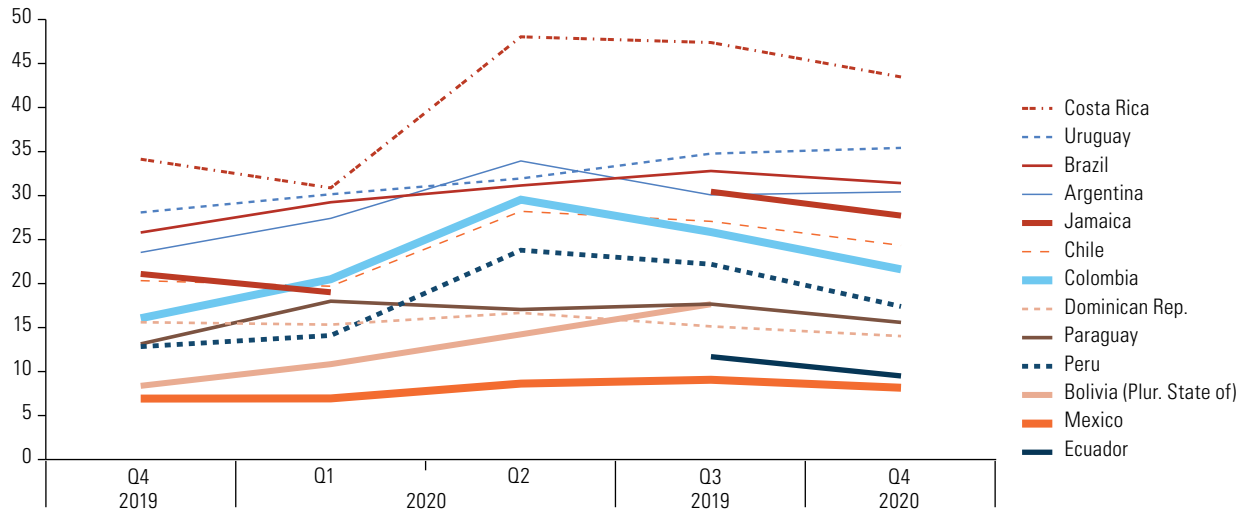
Figure III.18
Latin America (9 countries):[a] youth and adult participation, employment and unemployment rates, fourth quarter of 2019–fourth quarter of 2020
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the countries' household surveys.
[a] Simple averages of the following countries: Argentina, Brazil, Chile, Costa Rica, the Dominican Republic, Mexico, Paraguay, Peru and Uruguay.

In some countries, the proportion of young people seeking employment rose above this average. In Argentina, Brazil, Chile and Uruguay, one in three active young people were unemployed at the end of 2020, while in Costa Rica more than 40% of active young people were in this situation (see figure III.19).

Figure III.19
Latin America (13 countries): unemployment rate for young people aged 15–24, fourth quarter of 2019–fourth quarter of 2020
(Percentages)



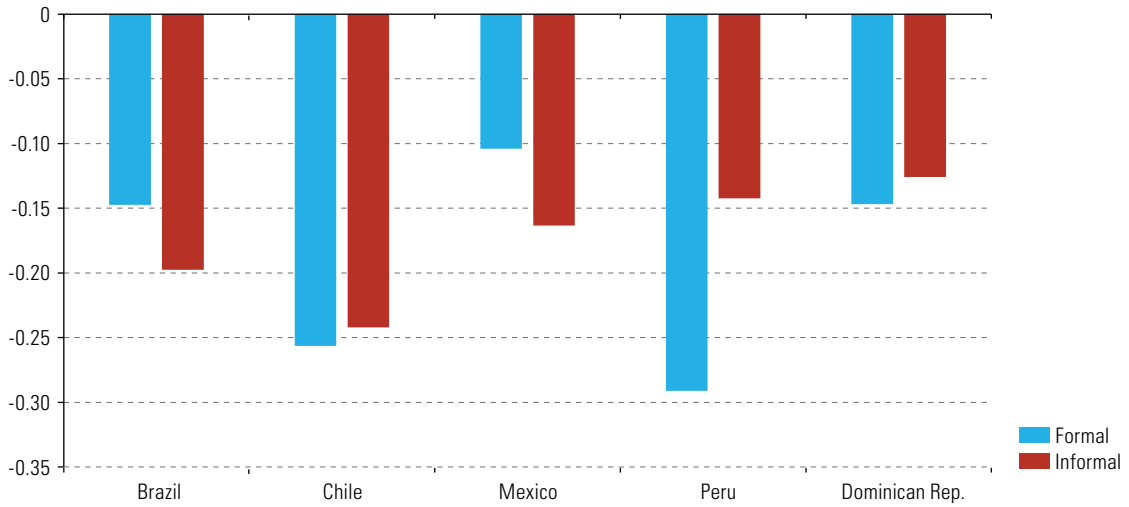
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the countries' household surveys.

(b) A high proportion of job losses have been among young people in informal employment and those working in sectors heavily affected by the crisis, such as tourism and commerce

During the pandemic, young people in employment have been particularly affected for a number of reasons. As mentioned above, their disadvantages are associated with their greater presence in informal employment. In the countries for which information is available, the decline in the employment rate of young people was greatest among informal workers in Brazil and Mexico and among formal workers in Chile, the Dominican Republic and Peru (see figure III.20). However, because of the high incidence of informality in the Dominican Republic and Peru, the greatest job losses in absolute terms were among young people in the informal sector (see figure III.21). In periods of crisis, faced with declining demand and the need to downsize, firms tend to respond by retaining employees who have more experience or training or are more productive and eliminating the positions of less senior workers, whose layoff costs are lower.

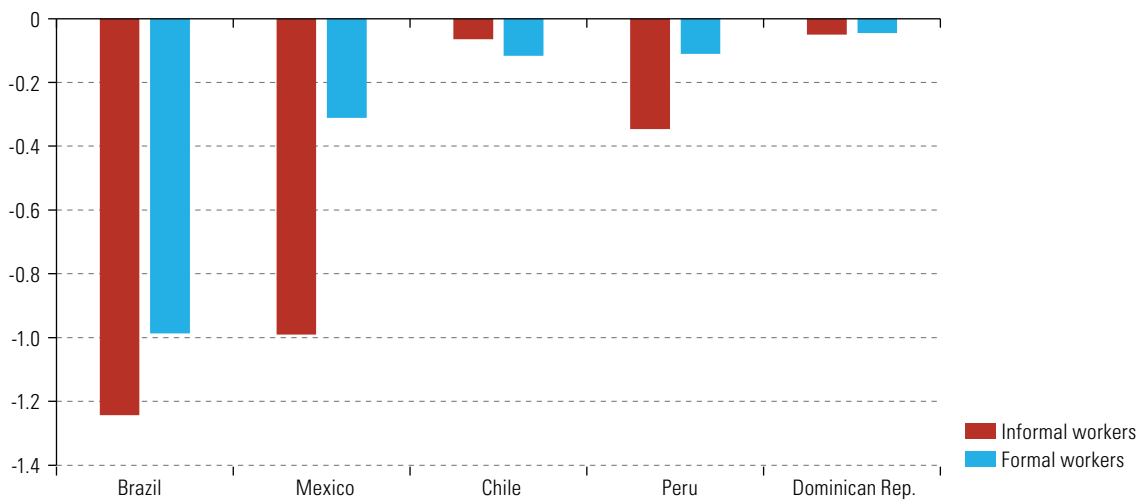
The impact on young people was also greater because of their overrepresentation in occupations that were heavily affected by lockdown measures, such as the catering and hotel services sector and the commerce sector. According to data from the countries with information on the subject, an average of 25% of employed young people work in commerce and 9% in accommodation and catering services, compared to 19% and 6% of employed adults aged 25–59. Young people's employment fell by 16.6% in the commerce sector and by 30.5% in the accommodation and food services sector (see figure III.22).

Figure III.20
Latin America (5 countries): changes in employment rates for young people aged 15–24, by formal or informal status, 2019–2020
(Percentages)



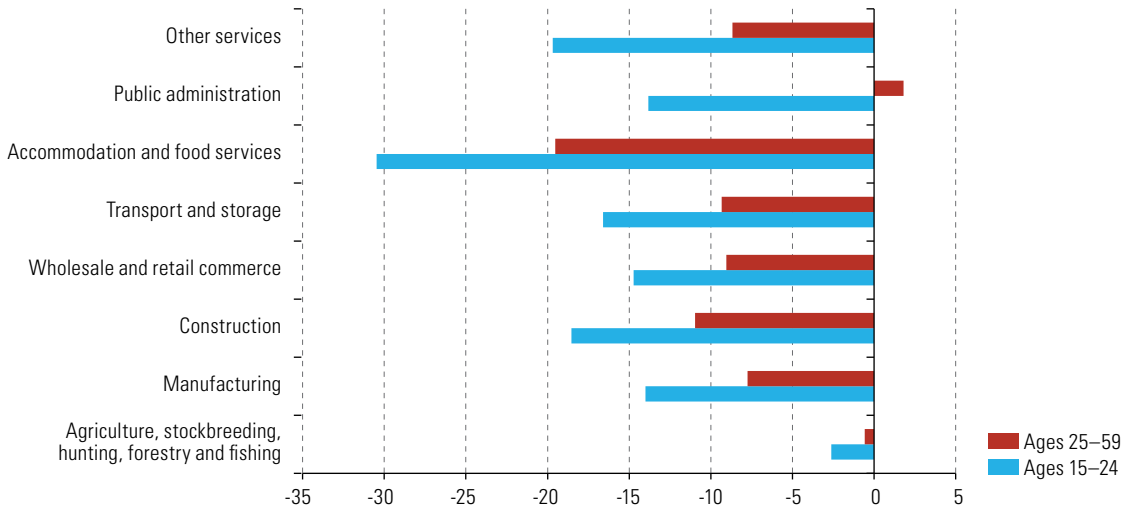
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the countries' household surveys.

Figure III.21
Latin America (5 countries): changes in the number of young people aged 15–24 in employment, by formal or informal status, 2019–2020
(Millions of people)



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

Figure III.22
Latin America (9 countries):[a] changes in employment by branch of activity and age group, between 2019 and 2020
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the countries' household surveys.
[a] Argentina, Brazil, Colombia, Chile, the Dominican Republic, Mexico, Paraguay, Peru and the Plurinational State of Bolivia. In the case of Paraguay, the commerce, restaurants and hotels sector is not disaggregated and is presented under the commerce category.

5. Numerous factors prevent young people in the region from participating fully in the labour market

The available data indicate that numerous factors on both the supply and demand sides, as well as contextual limitations, prevent young people from participating fully in the Latin American labour market.

On the supply side, a substantial increase in access to formal education has not been accompanied by any great improvement in education quality. There is marked educational segmentation that reproduces and perpetuates social inequality. Not surprisingly, international test results place the region significantly below the average for the developed countries. Moreover, a number of factors have meant that very little value is set on technical and vocational education and training in the region, even though they are among the most important channels for quickly connecting young people to the labour market.[7] According to estimates based on SWTS data, very few young people in the region have expectations of working in technical occupations (OECD, 2017).

On the demand side, the region has been growing at very low rates since 2014, resulting in low job creation. This affects all workers, and in particular young people who are new entrants to the labour market and have fewer years of experience (ECLAC/ILO, 2019). There are also contextual aspects that hinder the transition of young people from school to the productive world. One of these is the great mismatch between the technical, social and emotional skills that young people possess and those that employers require. Contributing to this are problems of access to and availability of information and labour intermediation services in Latin America, as the development

[7] As mentioned in Muñoz Rojas (2019), the factors tending to perpetuate this poor appreciation of technical and vocational training include the perception that it is linked to lower-quality education and the socioeconomic composition of those enrolling in it. Those who participate in technical and vocational training programmes come mainly from lower-income sectors and in some cases have dropped out of formal education.

of labour information systems has been relatively recent in the region. This implies that most of the decisions that young people have to make when deciding on areas of study and employment opportunities are based on incomplete and sometimes anecdotal information. The rapid technological advances of recent years in digitalization and data availability are a crucial tool for improving this situation and guiding the training of young people in a way that breaks down gender stereotypes, especially in technical areas.

The crisis caused by the pandemic has exacerbated existing problems in all the above areas. Support for young people to mitigate the impact of this crisis needs to take a variety of aspects into account, including the following:

(a) Keeping young people motivated in challenging contexts

The factors described combine to create a situation in which there is often a mismatch between the aspirations of young people and the opportunities actually offered by the labour market. According to SWTS data, almost 70% of young people interviewed in Brazil, Colombia, the Dominican Republic and Jamaica would like to work in the public sector or have their own business, and the proportion preferring jobs in the private sector is very low.[8] Only young people in El Salvador and Peru have greater expectations of working in this sector (OECD, 2017). A telephone survey conducted in 2016 by ILO also found that young people's preference was to work in their own companies in the future (69%), although less than 10% of the young people surveyed were doing so at the time. A considerable percentage of young people also wanted to work in the public sector (41%), although only 16% actually did so. The survey revealed an optimistic outlook on the part of young people about the opportunities that the future held for them (ILO, 2017).

The pandemic and the disruptive changes it has brought in education and the labour market have only increased the risks associated with the widening gaps between expectations and reality, so it is essential to act to keep young people motivated in this new situation by providing information on any new opportunities that may arise.

(b) Avoiding the long-term effects of a difficult start to working life

The pandemic has affected this population group considerably, since young people are at a crucial stage in their life cycle during which they lay the foundations for their adult lives. The new conditions have limited their scope for training and forging new social relationships, and they find themselves in a situation of limited opportunities for career development. A crisis of these dimensions has repercussions in different areas of young people's social and emotional development and economic autonomy. Various studies indicate that the negative effects of starting the transition from school to work in periods of crisis can last for several years. These effects are not only related to employability, wages and job quality, but also to other economic, social and health aspects. Prolonged periods spent in inactivity or searching for a satisfying job can lead to discouragement and loss of skills, which can have longer-term negative effects. In the region, it can also influence young people to emigrate, mainly those with the economic capacity to do so, who are generally better educated. It is argued that efforts are needed to motivate young people, especially those in unsatisfactory jobs, to carry on looking for the opportunities that may arise as economies recover and to support them so that they do not believe that the new challenges they face reflect personal failings or a lack of skills (Schwandt and von Wachter, 2020).

[8] Public sector jobs are generally characterized by better working conditions, mainly in respect of social protection and union representation.

(c) Harnessing the benefits of technology and space for innovation

New technologies have led to very substantial changes in labour markets. Young people are entering markets where new forms of production predominate, including global value chains, fragmented production processes and automation. The current era is characterized by numerous uncertainties that manifest themselves in new ways of working (e.g. on digital platforms), increased job turnover and income instability, as temporary or short-term jobs have become more common (Chacaltana and Dasgupta, 2021). The pandemic has accelerated these technological changes and highlighted the importance of being able to access and use new technologies. For the benefits of new technologies to be realized, it is therefore essential to work to reduce the risks posed by digital divides arising from differences in access to high-quality education, Internet connection services and electronic devices. Those who are able to adapt quickly to more digitalized contexts will have a greater chance of success, since, for example, they will be able to take advantage of the greater and more varied range of virtual training on offer or will be able to find jobs that can be done remotely.

(d) Implementing the reforms needed in existing programmes to enhance their effectiveness

In general, the region has a long history of implementing programmes designed to help young people integrate into society and the labour market. However, there were already numerous challenges and areas for improvement before the pandemic, and these are becoming more important in the new context. Many existing programmes have been adapted to cope with this period of crisis, and in the coming months it will be essential to evaluate these transformations and analyse long-term options (Vezza, 2021). Among the main lessons learned from the history of youth employment policies in the region is the need to supplement supply-side policies (training and skills development and the elimination of economic, social and cultural barriers) with demand-side policies, which should form part of post-pandemic job creation programmes. The need to promote dialogue, involve the private sector in this process and foster inter-institutional coordination should also be emphasized.

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CHAPTER IV

New technologies and the challenges for the future of work in Latin America and the Caribbean

IV

Introduction

The evolution of employment depends as much on economic conditions and the various policies implemented to foster employment as it does on a number of long-term trends. These include technological innovations, demographic, cultural, political and environmental changes, and the sustainable transformation of production and consumption (Global Commission on the Future of Work, 2019; ECLAC, 2020a). This chapter analyses the impact of technological transformations on employment in Latin America and the Caribbean, and the social, economic and political challenges arising in this context with regard to the achievement of the Sustainable Development Goals (SDGs), especially Goal 8, to "promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all".

Technological innovations, their application in production processes and the social, cultural and political transformations associated with these innovations have driven productivity growth and well-being, especially in the past two centuries (ECLAC, 2012). However, these transformative processes have been disruptive, especially in terms of employment, given that the creative destruction they prompted also led to the destruction, creation and transformation of many jobs.

The technological transformations under way are often referred to as the fourth industrial revolution. Interpretations of their impact on employment levels and characteristics are generally based on one of the approaches presented in annex IV.A1. There it is argued that the contextual conditioned approach is most appropriate as it is based on the specific characteristics of technologies and the way they affect work processes, but emphasizes the importance of public policy space, business strategies and workers' actions to influence the evolution of employment.

Section A presents the results of an analysis focused on the risk of technological substitution of labour in Latin America, based on a methodology that factors in the structural characteristics of labour markets in the countries of the region. It includes results for 12 countries and an analysis of the different ways in which this risk affects employed persons on the basis of sex, education level, age and industry. Section B discusses the creation of jobs, directly or indirectly, amid ongoing technological transformations. In addition to the destruction of jobs and the creation of new employment opportunities, changes are taking place in the world of work that are already having and will continue to have a cross-cutting impact, as discussed in section C. A number of policies, including the adjustment of education and training policies, are required to ensure both the creation and transformation of jobs are inclusive. Section D provides an integrated view of the destruction, creation and technological transformation of jobs. The following sections present two examples of significant labour transformations, digital platform work and telework, highlighting in both cases the challenges of establishing regulations that address threats of insecurity and allow technological changes to contribute to progress on SDG 8. The final section summarizes the main conclusions of the chapter and highlights the role of the public policies discussed in chapter V.

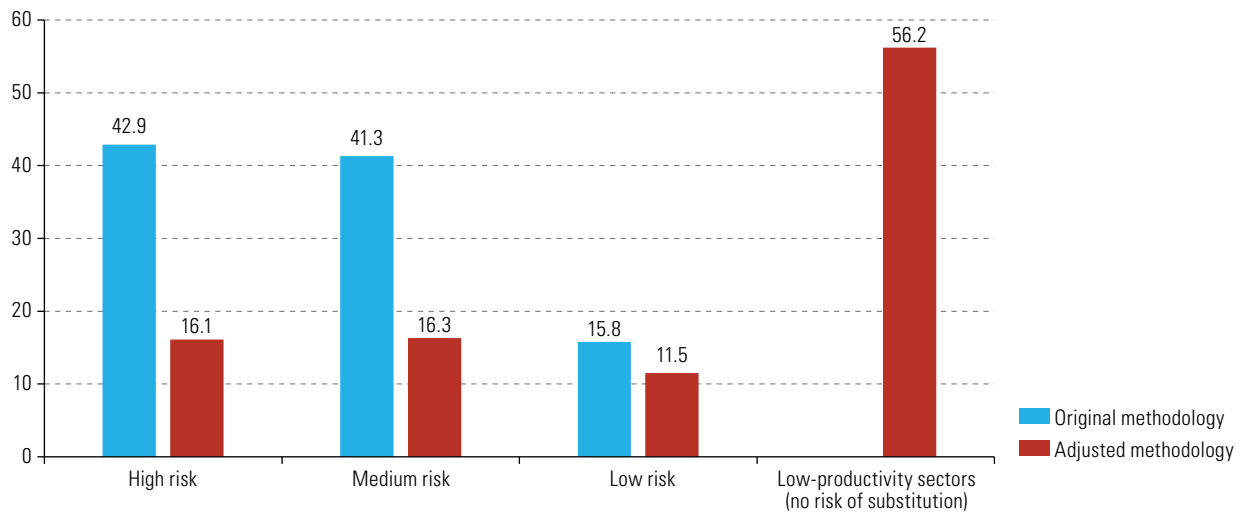
A. The risk of technological substitution of labour

The first step in analysing the risk of the technological substitution of labour is identifying the capacity of new technologies to do the work done by humans, for which several methodologies have been developed (see annex IV.A2). These estimated risks of substitution will not necessarily become a reality since they depend on other factors beyond the strictly technological (e.g. economic and political).

Moreover, the application to Latin America of methodologies designed to estimate the risk of technological substitution in developed countries ignores the importance of structural differences in both the production apparatus and labour markets, which leads to unconvincing results. Therefore, the estimated risk of technological substitution of labour presented below is based on the methodology of Frey and Osborne (2013), but it is adjusted by Weller, Gontero and Campbell (2019), who take into account the segmentation of labour markets in the region, where low-productivity sectors are not affected by technological changes (see annex IV.A3).

For 12 countries in the region, the average probability of technological substitution is 62% based on the original methodology of Frey and Osborne (2013) and 24% based on the adjusted methodology. Similarly, while the calculation based on the original methodology indicates that around 43% of employed persons face a high risk of substitution (probability of between 70% and 100%), the adjusted methodology points to around 16% of employed persons in this situation (see figure IV.1).

Figure IV.1
Latin America (12 countries):[a] risk of technological substitution of human labour, on the basis of the original and adjusted versions of the Frey and Osborne methodology, simple averages, around 2015
(Percentages)

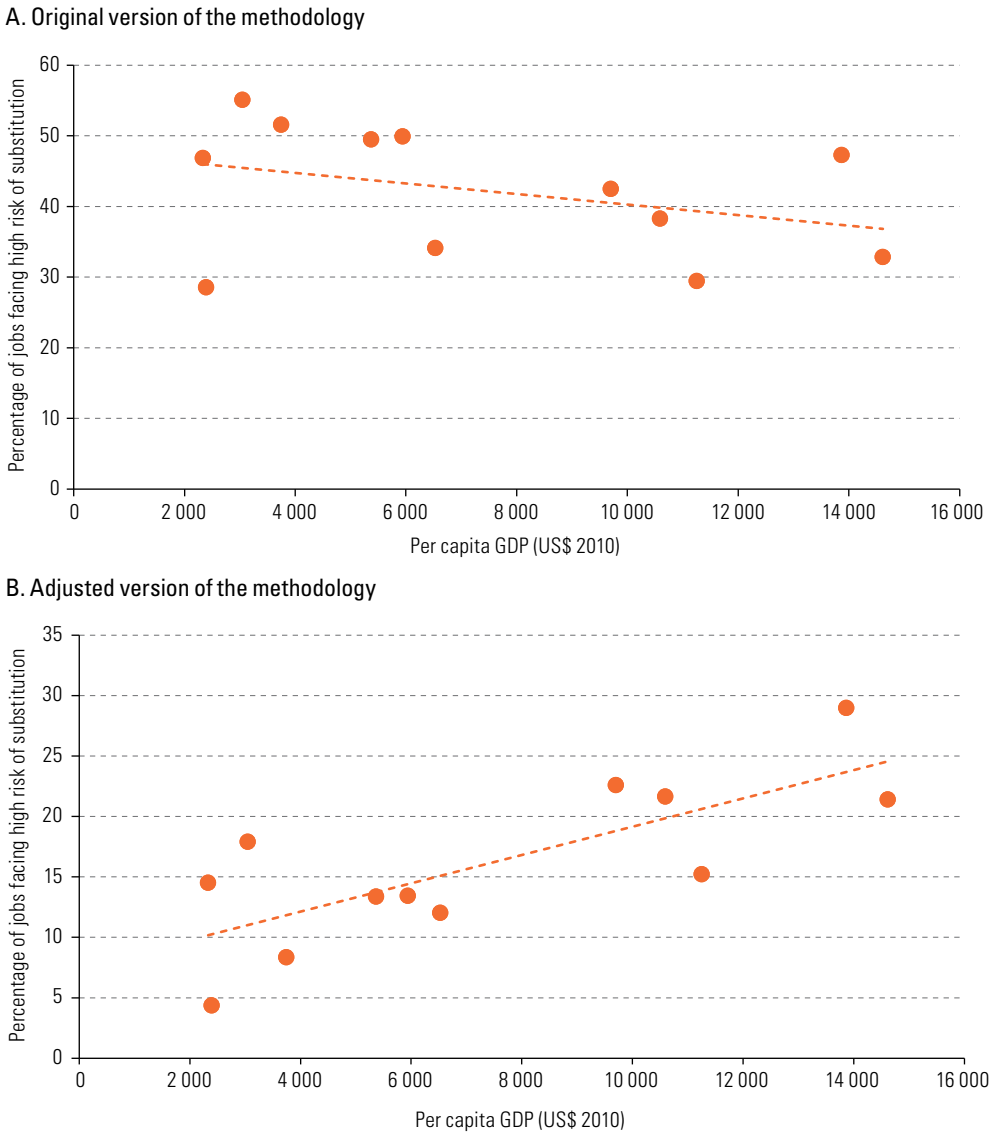


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of J. Weller, S. Gontero and S. Campbell, "Cambio tecnológico y empleo: una perspectiva latinoamericana. Riesgos de la sustitución tecnológica del trabajo humano y desafíos de la generación de nuevos puestos de trabajo", *Macroeconomics for Development series*, No. 201 (LC/TS.2019/37), Santiago, Economic Commission for Latin America and the Caribbean (ECLAC), 2019.

[a] The countries considered are: Argentina, Bolivia (Plurinational State of), Brazil, Chile, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Peru and Uruguay.

Applying the original methodology indicates a higher proportion of workers in high-risk occupations in countries with relatively low per capita GDP.[1] By contrast, the adjusted methodology yields the opposite result. If those employed in the low-productivity sector are not affected by technological substitution, the countries where the high- and medium-productivity sectors are relatively larger tend to see more jobs at greater risk of substitution (see figure IV.2).

Figure IV.2
Latin America (12 countries):[a] per capita GDP and average risk of technological substitution of labour on the basis of the original and adjusted versions of the Frey and Osborne methodology, around 2015
(Dollars at 2010 prices and percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of J. Weller, S. Gontero and S. Campbell, "Cambio tecnológico y empleo: una perspectiva latinoamericana. Riesgos de la sustitución tecnológica del trabajo humano y desafíos de la generación de nuevos puestos de trabajo", *Macroeconomics for Development series*, No. 201 (LC/TS.2019/37), Santiago, Economic Commission for Latin America and the Caribbean (ECLAC), 2019.

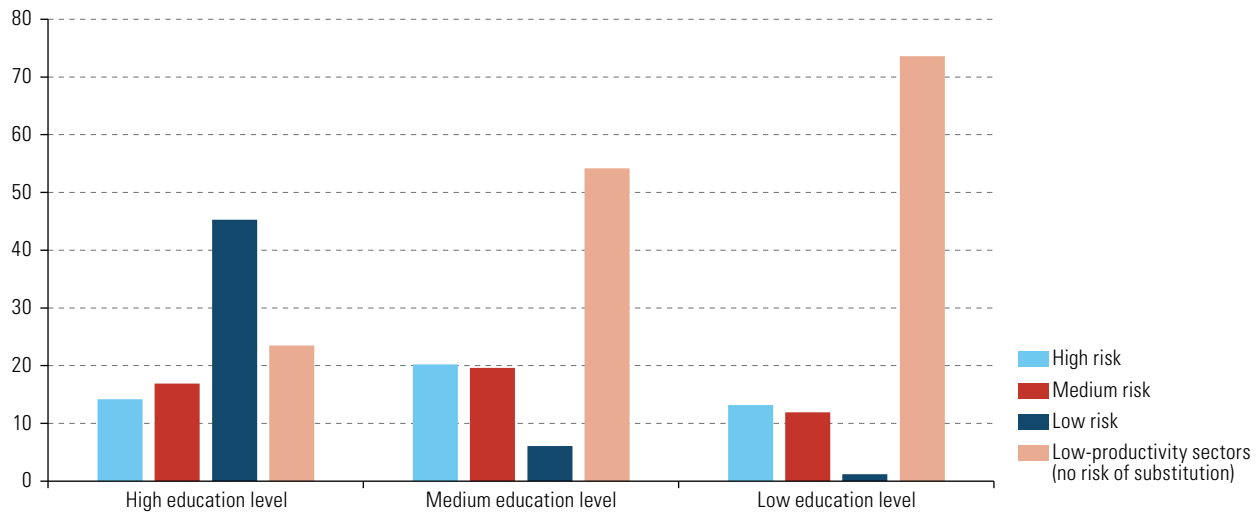
[a] The countries considered are: Argentina, Bolivia (Plurinational State of), Brazil, Chile, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Peru and Uruguay.

[1] This result is obtained by applying the methodology of Frey and Osborne (2013), the World Bank (2016), the Inter-American Development Bank (IDB) and others (2018), the Economic Commission for Latin America and the Caribbean (ECLAC, 2019), Mateo-Berganza and Rucci (2019) and Ripani and others (2020). The same result is obtained using the methodology of Chui, Manyika and Miremadi (2017) who also do not factor in the structural differences between countries.

The original methodology of Frey and Osborne (2013) indicates a slightly higher proportion of women in occupations at high risk of technological substitution than men (45% compared to 42% on average across the 12 countries considered). However, the adjusted methodology yields another result, mainly because the proportion of women working in the low-productivity sector is higher than that of men. For the employed population as a whole, 18% of men and 14% of women are at high risk of job substitution.[2] The high risk of technological substitution that men face stems, above all, from the fact that they are overrepresented in branches of activity that experience higher levels of risk, while women tend to face high substitution risks because within the different branches of activity their occupations are more vulnerable to substitution than those of men.

Like the results of Frey and Osborne (2013) and other authors, the application of the adjusted methodology shows that employed persons with higher education levels face relatively low technological substitution risks. Even so, 14% of the most highly educated workers are in an occupation with a high risk of substitution (see figure IV.3). This is the case for 20% of employed persons who have completed secondary education and 13% of employed persons with a low level of education (up to primary school completed). However, this relatively smaller proportion of low-skilled workers derives from the fact that most of them work in low-productivity sectors, where they do not face the risk of technological substitution. If the analysis is limited to the high- and medium-productivity sectors, the proportion of employed persons at a high risk of technological substitution rises to 52% for those with the lowest level of education, 45% for those with an intermediate level of education and 19% for those with the highest level of education. A large share of the less educated workers who could lose their jobs in the high- or medium-productivity sectors would probably have to turn to low productivity sectors, since changes in the demand for skills make it difficult for them to access new jobs in the other sectors.

Figure IV.3
Latin America (12 countries):[a] risk of technological substitution of employment, by education level, on the basis of the adjusted version of the Frey and Osborne methodology, simple averages, around 2015
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of J. Weller, S. Gontero and S. Campbell, "Cambio tecnológico y empleo: una perspectiva latinoamericana. Riesgos de la sustitución tecnológica del trabajo humano y desafíos de la generación de nuevos puestos de trabajo", *Macroeconomics for Development series*, No. 201 (LC/TS.2019/37), Santiago, Economic Commission for Latin America and the Caribbean (ECLAC), 2019.

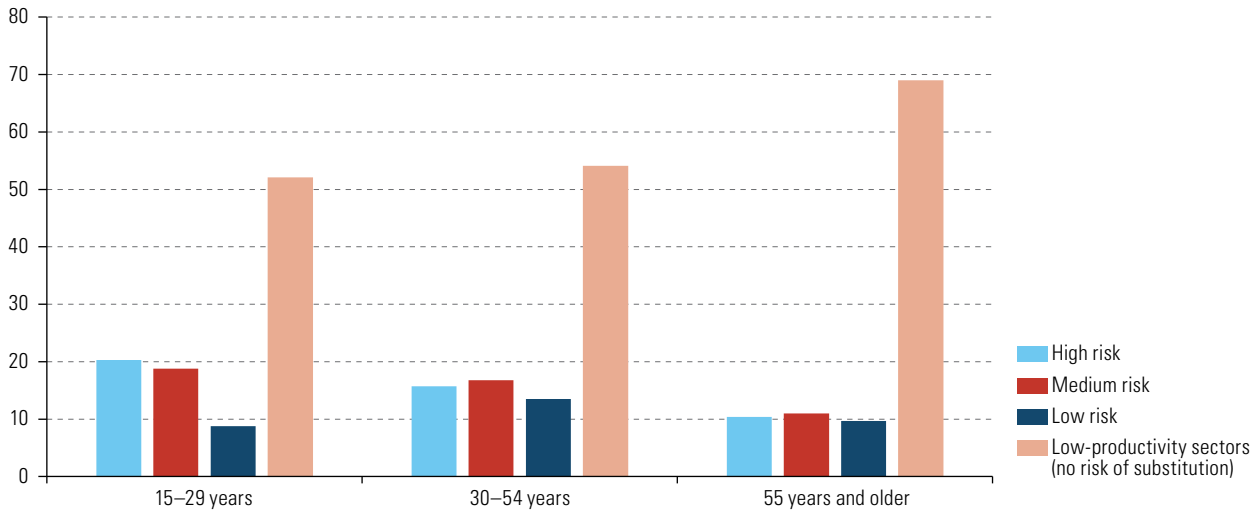
Note: Percentages within each education level add up to 100.

[a] The countries considered are: Argentina, Bolivia (Plurinational State of), Brazil, Chile, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Peru and Uruguay.

[2] An analysis of just the high- and medium-productivity sectors, which are susceptible to substitution, indicates high risk for 38% of men and 36% of women. In these sectors, 36% of women and 22% of men face a low risk of technological substitution (0% to 30% probability), a difference explained by the relatively large presence of women in occupations with a low risk of substitution in sectors such as education and health.

Among age groups, young people face the greatest risks of technological substitution of employment, in relative terms. On average, 20% of employed persons between 15 and 29 years of age are working in an occupation with a high risk of substitution, compared to 16% of those in the 30–54 age group and 10% of those aged 55 and over (see figure IV.4). However, because of the age structure of the workforce, middle-aged persons represent the largest share of individuals in occupations at high risk (56% of all employed persons at high risk), which underscores the need to implement strategies for continuous adaptation of skills to technological changes (lifelong learning).

Figure IV.4
Latin America (12 countries):[a] risk of technological substitution of employment, by age group, on the basis of the adjusted version of the Frey and Osborne methodology, simple averages, around 2015
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of J. Weller, S. Gontero and S. Campbell, "Cambio tecnológico y empleo: una perspectiva latinoamericana. Riesgos de la sustitución tecnológica del trabajo humano y desafíos de la generación de nuevos puestos de trabajo", *Macroeconomics for Development series*, No. 201 (LC/TS.2019/37), Santiago, Economic Commission for Latin America and the Caribbean (ECLAC), 2019.
Note: Percentages within each age group add up to 100.
[a] The countries considered are: Argentina, Bolivia (Plurinational State of), Brazil, Chile, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Peru and Uruguay.

Given the big differences between branches of activity in terms of weight of the low-productivity sector, the methodological adjustment dramatically changes the structure of relative risk among these branches. For example, applying the original methodology, the largest percentages of jobs with a high risk of technological substitution correspond to restaurants and hotels, commerce and the agricultural sector, at 60%, 57% and 50%, respectively. On the basis of the adjusted methodology, these percentages drop to 22%, 14% and 15%, respectively, and the sectors with the largest proportions of employed persons at high risk of technological substitution are financial and business services (40%), public administration (29%) and manufacturing (27%).

In summary, considering the structural characteristics of the Latin American labour market produces results that are markedly different from those obtained by applying the methodology developed for the United States labour market without adjustments. A more differentiated consideration of the heterogeneity of tasks performed by workers in the same occupation group tends to further reduce the estimated risk of technological substitution.

Moreover, these estimates refer to the technological feasibility of human labour substitution, while the introduction of new technologies, and the way in which they are introduced, also depend on business strategies, institutional contexts and public policies that shape the corresponding context. In Latin America specifically, a number of factors tend to delay the introduction of these new technologies, which in turn delays the corresponding impact on the labour market (see annex IV.A2).

Although the application of the adjusted methodology indicates that a limited number of jobs would be substituted in the short term, which could give more time to adjust capacities and skills for productive use of new technologies, these lags may imply a loss of competitiveness that would weigh on employment. This tends to be more complex in a context in which the same processes of digitization and automation reduce competitive advantages based on lower labour costs, slowing down and initially reversing the reshoring of specific phases of production processes to countries with lower levels of development (ECLAC, 2020b).[3]

Finally, the coronavirus disease (COVID-19) pandemic is estimated to have accelerated some processes relating to the technological substitution of labour, especially in occupations with high automation potential and which, at the same time, represent a high risk of infection (Chernoff and Warman, 2020). For example, among the large companies surveyed by the World Economic Forum (2020), 50% of the total, and even 69% on average in the three Latin American countries included in the survey, stated that as a result of the pandemic they intended to accelerate automation processes, which would be consistent with the observation that substitution, especially of occupations with a higher proportion of routine tasks, has accelerated in periods of recession, historically (McKinsey Global Institute, 2021, pp. 57–59).

Although at the start of the pandemic Latin American companies took measures to preserve the jobs of most of their staff (ECLAC and ILO, 2020), in addition to layoffs owing to a reduction in economic activity, processes such as the substitution of face-to-face sales with digital sales, with the corresponding loss of jobs in traditional sales channels, may also have accelerated.[4]

B. The creation of new occupations and new jobs

The introduction of new technologies encourages the creation of new jobs through various channels, mainly related directly to these technologies and because of the increase in productivity they facilitate. The following is a review of some factors related to the first of these processes that would partly offset the technological substitution of jobs.

New jobs linked directly to novel technologies may involve new occupations stemming from that environment or jobs created in existing occupations but transformed by the new technology. Acemoglu and Restrepo (2016) found that between 1980 and 2007 in the United States, occupations with more new job titles and new tasks grew more than occupations without new job titles, and this additional growth accounted for half of the total employment growth in that period.

Some new jobs are created when existing companies begin a process of technological upgrading. For example, among large companies in Argentina, Brazil and Mexico surveyed by the World Economic Forum (2020), 90% or more stated that over the next five years

[3] According to Ripani and others (2020), the introduction of robots in the United States has had a negative effect on employment and wages in several Latin American countries.

[4] Between the first and second quarters of 2020, e-commerce in Latin America expanded by 157% (ECLAC, 2020c). Worldwide, according to McKinsey Global Institute (2021), e-commerce grew five times faster in 2020 than before that year.

they would introduce new technologies in cloud computing and in text, image and voice processing, and 80% or more would do so in big data analytics, artificial intelligence, the Internet of Things, e-commerce and cybersecurity. As a result, the top 10 occupations expected to record the greatest increase in demand in the three countries include artificial intelligence specialists, data analysts and digital marketing specialists, while in two of the three countries the occupations projected to grow the most include also digital transformation specialists, Internet of Things specialists, fintech engineers, project managers, process automation specialists and business services managers.

Rodríguez (2021) summarizes the results of several studies on emerging occupations in Argentina, Brazil, Chile and Mexico, based on information from the LinkedIn platform,[5] and finds mixed trends across these countries. The emerging occupations in all of these countries include social media managers or specialists, consultants, software developers and company founders. Strong growth is also expected in the number of data scientists, JavaScript developers, customer success specialists, business strategists, data engineers and sales representatives.

In Latin American countries, companies are projecting a positive impact of automation on their payroll, at least in the short term, probably because of the need to hire specialized workers to introduce new technologies.[6] In any case, digitization indicators in the production sector show that Latin America continues to lag behind developed countries (ECLAC, 2021), which implies less job creation related directly to the introduction of new technologies.

Other new jobs deriving from the application of new technologies, often without creating new occupations, are related to digital platforms. In particular, the jobs assigned through this digital tool, but which are location-based, do not usually represent new occupations, as they mainly include delivery workers, drivers, caregivers, maintenance and repair workers, educators, pet sitters and trainers, among others. The situation is different for platform work carried out on the Internet, which involves many new activities that emerged precisely with the expansion of the digitized world.[7]

Many developed countries have comprehensive systems for projecting employment trends, among other factors, by activity and occupation. For example, from 2019–2029 in the United States, occupations related to IT and math are projected to expand by 12.1% (compared to 3.7% for all occupations), and the largest proportional increases are forecast in areas such as cybersecurity, software development, statistics, and data science.[8] In Latin America and the Caribbean, the development and application of techniques to make these projections are still in the early stages, although they are necessary, for example, to adapt education and training systems to changing demand for skills (Gontero and Albornoz, 2019).

The COVID-19 pandemic has accelerated some of the technological trends giving rise to new jobs, along with the aforementioned job substitution. For example, for Argentina, Brazil and Mexico, on average, 89% of large companies stated that because of the pandemic they are trying to accelerate the digitization of work processes, which would require additional hiring of the corresponding specialists (World Economic Forum, 2020). In addition, as already mentioned, many companies strengthened their online sales, creating corresponding jobs in both sales and distribution. A notable example is the increase in demand for delivery workers linked to digital platforms.

5 This platform is not representative of labour markets as a whole, since it is related, above all, to the supply and demand of skilled occupations, in many cases linked to new technologies.

6 On average in the three Latin American countries included in the World Economic Forum (2020) survey, 84% of large companies surveyed stated that to meet the challenges related to new technologies, they would hire new permanent staff, while 63% said they would hire new temporary staff and 61% stated they would use freelancers. See also the survey by Manpower (2019) on the expected impact of the introduction of new technologies on employment.

7 See more on the characteristics of digital platform work in section E of this chapter.

8 Data from the Bureau of Labor Statistics. According to these projections, most new jobs in the United States would be related to health and care occupations, which would account for 46% of the jobs created in that period, as a consequence of growing health problems (prior to the COVID-19 pandemic) and the ageing population.

C. Transformation of occupations and jobs

While the introduction of technological innovations both creates and destroys a considerable number of jobs, most of those that remain in the high- and medium-productivity sector will be transformed to a greater or lesser degree.

In terms of job transformation, three aspects stand out. First, the introduction of new technologies and their effective and efficient implementation implies the elimination of certain tasks of a given job and the incorporation of new ones, which requires the labour force to obtain new skills (see box IV.1). Second, information and communications technologies (ICTs) allow a spatial restructuring of work that enables different forms of telework to play a greater role.[9] Third, digitization may lead to changes in companies' management structure, encouraging flatter hierarchies that provide more room for employee creativity.[10]

Box IV.1
Digital skills development:[a] key factor for the inclusive use of new technologies

A number of crucial skills are required to meet the challenges related to the effective use of new technologies: communication and collaboration, learning capacity (e.g. critical thinking), individual autonomy (flexibility and initiative taking) and digital skills (Joynes, Rossignoli and Fenyiwa, 2019).

There is no single definition of digital skills, partly because technologies are advancing rapidly and what seemed advanced a few years ago is no longer so. In general, digital skills can be thought of as a continuum from basic to advanced skills. Basic skills allow people to access and make use of digital technologies (e.g. understanding basic ICT concepts, being able to work with documents on a computer and using the keyboard correctly). Intermediate or generic digital skills enable productive and beneficial use of technologies (e.g. using specific software to work, creating online content and assessing the risks of online activity). Lastly, advanced skills are those of IT specialists (e.g. advanced programming and web design) (OECD, 2019a).

Digital skills development draws heavily on other basic skills and social and emotional skills. Therefore, acquisition is part of a process that begins in the first years of life. Skills development depends equally on a person's innate characteristics, the quality of education and training to which they have access, and their family or work context.

Although there has been significant progress in Latin America in terms of children's access to education, there are large gaps in the quality of that education, which generally reproduce existing social inequalities. The results of international tests taken by students in the region show that many young people leave school without acquiring basic skills. For example, according to the 2018 Programme for International Student Assessment (PISA) tests, on average, about 42% of 15-year-olds had low levels of proficiency in science, reading and mathematics, and this performance was related to the socioeconomic context of the home (ECLAC/OEI, 2020; OECD, 2020).

Similarly, tests carried out in the framework of the Programme for the International Assessment of Adult Competencies (PIAAC) confirm that a large proportion of people lack the basic skills to adapt quickly to changing labour markets. For example, of the total number of test takers, the proportion that achieved a minimum level of competency in problem solving in technology-rich environments was only 15% in Chile from 2014–2015, and 10% in Mexico, 7% in Peru and 5% in Ecuador in 2017, compared with 36% for test takers in other countries of the Organisation for Economic Co-operation and Development (OECD). Although the differences based on gender are not pronounced, men were found to have a slight advantage in all four countries. The gaps in digital skills in Latin American countries underscore the importance of greater efforts both in education systems and through an inclusive technology policy.

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of C. Joynes, S. Rossignoli and E. Fenyiwa, "21st Century Skills: evidence of issues in definition, demand and delivery for development contexts", *K4D Helpdesk Report*, Brighton, Institute of Development Studies, 2019; Organisation for Economic Co-operation and Development (OECD), *OECD Skills Outlook 2019: Thriving in a Digital World*, Paris, 2019; *Making the Most of Technology for Learning and Training in Latin America, OECD Skills Studies*, Paris, 2020; Economic Commission for Latin America and the Caribbean/Organization of Ibero-American States for Education, Science and Culture (ECLAC/OEI), "Educación, juventud y trabajo: habilidades y competencias necesarias en un contexto cambiante", *Project Documents* (LC/TS.2020/116), Santiago, 2020.

[9] See section F of this chapter.
[10] See World Economic Forum (2018, p. 14). In Latin America and the Caribbean, this refers only to firms in high- and, to a lesser extent, medium-productivity sectors.

A survey of (formal) workers in four Latin American countries found that between 45% and 60% felt that they performed routine tasks that could be automated (Randstad, 2016). A large majority of these workers felt that this automation could mean more personal value added to their work, so they interpreted it as enriching. This perception is consistent with the findings of studies which indicate that innovations and transformations in work processes related to the introduction of new technologies and adaptations in the organization of companies and institutions tend to increase labour productivity, thus creating room for improvements in wage and non-wage working conditions.[11] Moreover, as previously mentioned, in aggregate this increase is expected to play a key role in offsetting job losses, since it would strengthen the options for creating new jobs not directly linked to new technologies. However, already in relation to the third industrial revolution, researchers faced the "paradox" that the massive introduction of new information and communications technologies did not lead to an acceleration in productivity growth (Brynjolfsson, 1993).[12]

In the context of the fourth industrial revolution, again the massive technological changes have not had a significant impact on productivity statistics in aggregate. One proposed explanation is that new technologies (so far) have transformed consumption and households more than production processes and that there is a lag between the introduction of new technologies and their use for increasing productivity, which may be related to learning processes both at the managerial level and among workers, measurement problems related to the fact that many digital services are free of charge and to market power that slows down companies' innovation processes, among other factors.[13]

In Latin America and the Caribbean specifically, with respect to the ability to transform jobs sustainably and inclusively, the large gaps in the application of digital technologies between companies of different sizes must be taken into account (Correa, Leiva and Stumpo, 2018). Many small and medium-sized companies lack the appropriate skills and resources to be able to incorporate these technologies, which are increasingly indispensable to success in the market. There is also great uncertainty in the selection of suitable technology, which tends to hold back investment decisions, especially when a wrong decision can mean bankruptcy for a company.[14]

D. The integrated view

The destruction, creation and transformation of work through the incorporation of technological innovations not only occur simultaneously, but also feed back on each other. For example, for a company to be able to integrate a new technology into the production process efficiently and sustainably, the transformation of jobs must be at the heart of this productive restructuring. However, if this transformation is not achieved, the corresponding jobs are destroyed owing to competition with more efficient companies and new jobs may be created in other companies and filled by people who have acquired the skills required. At the same time, the expansion of new jobs, for example those related to digital platforms, tends to destroy the traditional jobs with which they compete directly.

These processes must also be examined together in order to review the impact of technological change at the sectoral, local and national levels. In this regard, Acemoglu and

11 See, for example, Tello (2017) and Guisado González, Vila Alonso and Guisado Tato (2016).
12 However, as from the mid-1990s, the United States economy experienced a period of accelerated productivity growth.
13 See, for example, Crafts (2018), Gordon (2016), Feldstein (2017), Baily and Montalbano (2016), and Syverson (2017).
14 This is not only observed in Latin America. For example, in Germany, Arntz, Gregory and Zierahn (2018) find a growing gap between innovative firms that incorporate technologies corresponding to the fourth industrial revolution and others that lag behind, mainly smaller ones.

Restrepo (2017) analysed the increased use of robots in the United States manufacturing industry and the extent to which possible compensatory effects would have mitigated the destruction of jobs in this context differently in local labour markets. They found that, on balance, employment and wage outcomes were negative, so compensatory effects were insufficient to prevent a deterioration in working conditions. Overall, Acemoglu and Restrepo (2019) found that the slowdown in employment generation in the United States in recent decades derived from an acceleration in technological substitution and a slowdown in compensatory effects based on the emergence of new tasks as a result of lower productivity growth. By contrast, Dauth and others (2017) found in Germany that while the introduction of each industrial robot destroyed two jobs, these losses were more than offset by new jobs in services. Other OECD countries have shown similar results regarding the technological substitution of labour being offset successfully (Naudé, 2019).

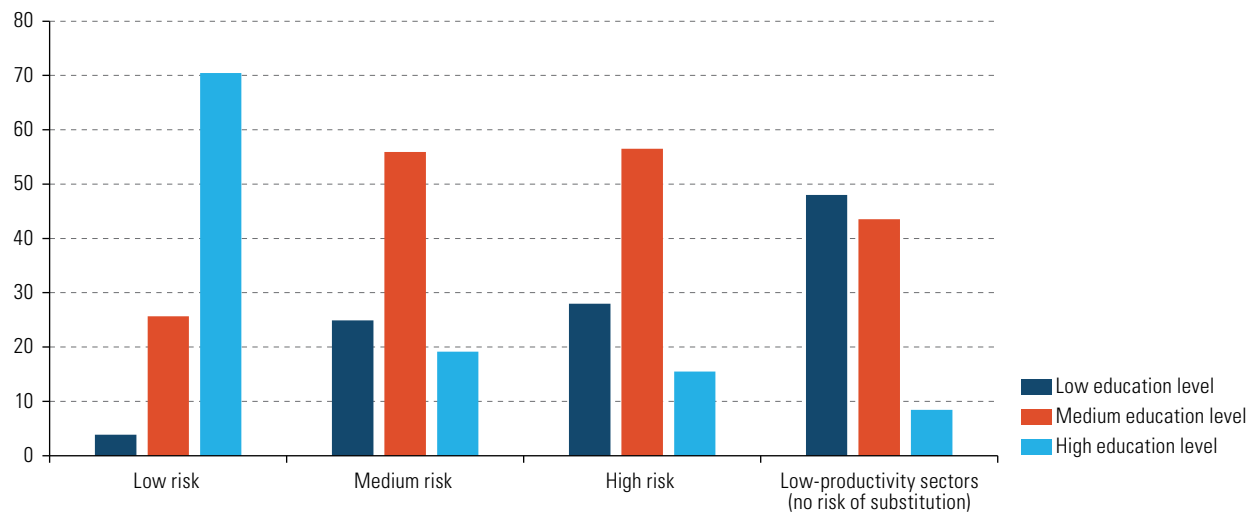
Looking towards the future, the World Economic Forum (2020) estimates that by 2025 the change in the division of labour between people and machines will destroy some 85 million jobs globally, while creating 97 million new jobs. In a broader exercise which —beyond the effects of technological transformations— factored in trends such as the increase in household consumption demand and demographic changes, Manyika and others (2017) projected the trend in employment for several countries. They also considered the impact of processes whose magnitude depends on political decisions as well as private sector strategies, specifically investment in infrastructure and buildings, investment in renewable energy, energy efficiency and climate change adaptation, and the commodification of unpaid domestic work. For example, in Mexico, these authors project an increase in the labour force of 15 million people between 2016 and 2030. In their central scenario, they estimate that technological substitution eliminates about 9 million jobs, requiring a total of 24 million jobs to maintain base year employment levels. Structural trends (including job creation linked to technological change) are projected to provide incentives for the creation of 14 million jobs, while another 6 million jobs may be created as a result of the above-mentioned policy decisions and up to 7 million jobs may arise in unforeseeable new occupations, the number of which is estimated on the basis of historical experience with emerging occupations. However, in another scenario put forward by the authors, the positive balance resulting from a total of 27 million new jobs is lost if an accelerated technological change increases the number of jobs that would be destroyed.

The analysis of the impact of technological transformations on work cannot be limited to the number of jobs destroyed and created, but must also take the quality of these jobs into account. Studies of developed countries, especially the United States, have found that these transformations contribute to a polarization of the occupational structure, since the creation of new jobs is concentrated in high-skilled occupations characterized by the prevalence of non-routine cognitive tasks, and low-skilled occupations, which mainly involve non-routine manual tasks. Meanwhile, middle-skilled occupations which mainly involve routine tasks account for a declining share of employment (World Bank, 2016). This polarization process is projected to continue for the foreseeable future. Indeed, by 2019–2020 the Bureau of Labor Statistics (2021) estimates that 53.6% of the balance of new jobs in the United States will emerge in occupations representing a median income that is at least 50% below the median income of all jobs in the country. Another 43.3% would be created in occupations with a median income that is at least 50% above the overall median income. Only the remaining 3.2% would be created in middle-skilled occupations. However, this percentage derives from a 31.1% increase in growing middle-skilled occupations and a 27.9% decrease in declining middle-skilled occupations, specifically administrative support, production and sales occupations.

In Latin America and the Caribbean, the results regarding a possible polarization of the occupational structure are less conclusive. While according to the World Bank (2016) this polarization pattern is repeated in most countries of the region, although less markedly than in developed countries, the International Labour Organization (ILO, 2016) found that from 1995–2015, routine-intensive occupations grew more than non-routine intensive occupations (by 2.3% and 1.6%, respectively). Like the World Bank calculations, ILO data indicate that occupations intensive in routine cognitive tasks recorded the largest increase (3.5% per year).[15] Gasparini and others (2021) found that in six Latin American countries, between 2004 and 2019, the share of routine-intensive occupations in the employment structure declined, but this result does not indicate polarization, owing to the concentration of workers with low levels of education in routine-intensive occupations. Finally, in their study focused on Colombia, Medina and Posso (2018) obtain results that support the polarization hypothesis.

If the structural characteristics of the Latin American and Caribbean labour market are taken into account, a somewhat different scenario emerges (Weller, Gontero and Campbell, 2019). As figure IV.5 shows, the risk of technological substitution of jobs, centred on high- and medium-productivity sectors, affects, in absolute terms, mainly people with medium levels of education, who account for 57% of the total number of people in occupations with a high risk of substitution. Meanwhile, most of the employed persons with low levels of formal education work in the low-productivity sector.[16]

Figure IV.5
Latin America (12 countries):[a] jobs, by risk of technological substitution and education level, on the basis of the adjusted version of the Frey and Osborne methodology, simple averages, around 2015
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of J. Weller, S. Gontero and S. Campbell, "Cambio tecnológico y empleo: una perspectiva latinoamericana. Riesgos de la sustitución tecnológica del trabajo humano y desafíos de la generación de nuevos puestos de trabajo", *Macroeconomics for Development series*, No. 201 (LC/TS.2019/37), Santiago, Economic Commission for Latin America and the Caribbean (ECLAC), 2019.
Note: Percentages for each level of risk add up to 100.
[a] The countries considered are: Argentina, Bolivia (Plurinational State of), Brazil, Chile, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Peru and Uruguay.

[15] In a study of Mexico between 2013 and 2019, Bensusán and Flórez (2020) find increases in some occupations related to technological change, both high- and low-skilled. However, these increases have not been strong enough to mark the evolution of the overall occupational structure, in which the increase in the proportion of unskilled occupations, both manual and non-manual, prevails.
[16] This does not exclude the risk of substitution in high- and medium-productivity sectors being proportionally higher for the (relatively few) employed persons with low levels of education.

In general, whether these workers with a medium level of educational attainment will be able to remain in high- and medium-productivity sectors or not will depend on the capacity to create new jobs in the high- and medium-productivity sectors; otherwise, if new job creation is insufficient, a significant proportion of these workers will have to turn to the low-productivity sector to survive. If this were the case, the employment structure would become polarized, with an expanding low-productivity sector on the one hand, and an increase in jobs for people with higher skill levels in the high- and medium-productivity sectors on the other.

This would result in growing inequality between employed persons with different levels of education and a widening of the digital divide between them. The productivity gaps that characterize the region's production structure may deepen if there is no reduction in the differences between leading and lagging firms, especially small and medium-sized ones, in terms of the effective incorporation of new technologies.

As already noted, the COVID-19 pandemic has accelerated and intensified several of the processes linked to the introduction of digital technologies, including the expansion of e-commerce, the automation of certain tasks and changes in the way people work.[17] The following sections review trends, outlook and challenges in two areas that have recorded strong growth, digital platform work and telework.

E. New business models and job creation: digital platform work

Among the jobs deriving from the introduction of tools based on new technologies, those relating to digital platforms stand out. In this category, a distinction is made between work carried out online for a global market and location-based work.[18] Work carried out for a global market includes new occupations deriving from the application of digital technologies, although most of them correspond to existing occupations in which specific tasks and their implementation have been transformed. Indeed, notable occupations involving digital platform work for a global market include jobs in design, engineering, translation and languages, software development and data management, among others (Hilbert and Lu, 2020). Among these jobs a distinction can be made between those that require specialized skills, which in many cases include advanced digital skills, and those that are more routine and do not require complex skills, for example, data entry and content review.

Meanwhile, location-based digital platform work corresponds to existing occupations in which workers connected to platforms compete with other workers in the same occupations. This modality notably includes transport, delivery services, domestic work, care for people or pets, maintenance and repair work, and general or physical education. In these cases, digital skills are generally not required beyond the handling of the application that connects the worker with the platform and the client. While several of the location-based jobs already being carried out through digital platforms require specific qualifications, others do not require specialized skills, and thus have low barriers to entry.

[17] See also McKinsey Global Institute (2021), World Economic Forum (2020) and Weller (2020).
[18] Work service platforms are part of a much broader universe of this tool. For a brief review of the types of for-profit digital platform, see ECLAC/ILO (2021), on which this section draws heavily.

1. Digital platform work fails to meet decent work criteria

ECLAC/ILO (2021) reviews the labour characteristics of digital platform work according to decent work criteria, on the basis of a series of empirical studies.[19] Despite some heterogeneity, especially when comparing online work for a global market with location-based work, the following patterns prevailed.

Since 2013, countries in the region have experienced a period of low economic growth and weak job creation. Owing to low barriers to entry, location-based digital platforms represent employment opportunities for some population groups in particular, for example young people and migrants, who face structural problems of access to other paid work alternatives. Web-based platforms often represent a second source of labour income and are an employment opportunity for students and persons with disabilities and reduced mobility.

The hourly earnings of both web-based and location-based platform workers are often higher than those of traditional workers in the same occupation (e.g. taxi drivers) or people of the same education level in another occupation. However, relative income decreases significantly when taking into account the hours when work is not actually being done, but which are indispensable to perform this type of work (e.g. for location-based platform workers, the waiting time until a new task is assigned, during which the person must be connected to the application, and for web-based platform workers, the time spent developing proposals). For example, digital platform workers in Colombia earn, on average, the equivalent of 105% of average income per effective hour of work of employed persons. However, if unpaid hours online are also taken into account, this percentage drops to 71% (Fernández and Benavides, 2020).

Waiting time means that many location-based platform workers work long hours. For example, in Costa Rica, 68.1% of location-based platform workers work more than 40 hours per week, and 47.7% even more than 50 hours per week (Ruiz, 2020). The situation is different for web-based platform workers. For example, in the Dominican Republic, approximately two thirds of these workers do not work more than 10 days per month in this modality (García and Javier, 2020). This is related, on the one hand, to the fact that this modality often represents a secondary activity (additional to a main job or studies); on the other hand, many of these workers would prefer to work more and are unhappy about low demand (ILO, 2021b).

Given the lack of continuity in demand, work and income in digital platform occupations tend to be unstable, which, for some types of location-based platforms, tends to be offset by extending working hours. Since these workers generally do not have an employment contract, but have agreed to the platform's terms of service, they can be disconnected from the application, often without the right to complain. For example, in the Dominican Republic, 47% of location-based platform workers interviewed stated that the platforms disconnected workers without giving timely notice or justification, and 29% were unfamiliar with disconnection mechanisms (García and Javier, 2020). Amid this backdrop, the customer's evaluation is very important, and not only influences the assignment of tasks, but may also determine whether a worker is disconnected from the application.

Platform work is characterized by a certain flexibility in time management, which tends to facilitate work-life balance. However, this flexibility has limitations both for web-based platform work, which is often carried out at night and therefore affects

[19] Ostoj (2020) reviews the literature on platform work based on the job quality criteria of the European Anti-Poverty Network (EAPN). Wood and others (2019) specifically analyse job quality in the remote gig economy.

physical and mental health, and for location-based platforms, many of which establish incentive and penalty systems to ensure workers' availability, especially at specific times. Moreover, for location-based platform workers, long working hours are an obstacle to work-life balance.

Women digital platform workers are in the minority. More women work in web-based platforms, although in this case they mostly perform simpler tasks (e.g. microtasks). In location-based platforms, except those offering domestic services, the proportion of women is generally low, owing to the risk of assault, harassment and discrimination, among other factors. For example, in Mexico City, more than 40% of the delivery drivers surveyed have been victims of accidents and around 23% have been victims of robbery, and 20% of women and 10% of men reported having experienced sexual harassment (Alba Vega, Bensusán and Vega, 2021).

Owing to their business models, platform companies do not assume responsibility for the social and labour protection of workers, who are not considered employees, but independent contractors or "partners". Platforms often require location-based platform workers to cover accident insurance costs, as well as social security costs, if they are able to do so as independent contractors. For example, in Argentina, of the total number of web-based and location-based platform workers interviewed, 54.5% said they contributed to pension systems, mostly through the single-tax regime (Madariaga and others, 2019).

Finally, in light of the weakness or absence of labour rights and the stark power imbalance between actors, initiatives to organize platform workers have emerged in several countries in the region, along with lobbying to improve working conditions and strengthen labour rights. However, organization is relatively limited, which is due in part to repressive measures taken against emerging organizing efforts and the spatial separation of workers, but also to the heterogeneity of the role that this work plays in these workers' lives (Stewart, Shanahan and Smith, 2020); therefore, in general, the dialogue and bargaining power of this group of workers is limited.[20]

In conclusion, despite stark differences between the different platforms, the related work is dominated by factors reflecting job insecurity, including instability of work and income, a large share of unpaid time, long working hours, no social and labour protection, and few options for dialogue and representation. Among location-based platform workers, the main reasons for dissatisfaction tend to be related to income level (low pay and high commission charged by platforms), lack of transparency and protection against occupational hazards and, specifically, insufficient protection measures against the COVID-19 pandemic, as well as, occasionally, lack of access to the rights corresponding to a wage employment relationship (García and Javier, 2020; Farías Valenzuela, 2021; Alba Vega, Bensusán and Vega, 2021). The negative factors affecting web-based platform workers include late payment and intense competition for this type of work (García and Javier, 2020).

In some cases, platform work is the only available option. Despite the limitations described above, workers frequently mention the relative flexibility in managing working hours as one of the main advantages of this type of work. Many platform workers consider their hourly earnings to be relatively high, although to earn the desired income —and this is especially true in the case of workers performing location-based tasks— they must spend a great deal of unpaid time waiting between jobs. Finally, many web-based platform workers value the varied work experiences on various projects, which allows them to acquire new knowledge and skills that can be useful for other jobs.

[20] This does not exclude the possibility of the development of mechanisms for organizing platform workers, for example by harnessing digital technologies (Vallas and Schor, 2020).

Lastly, not only are the platforms heterogeneous in terms of working conditions, but also in terms of the diversity of the workers and their perception of this type of work. In this regard, Stewart, Shanahan and Smith (2020) have identified three narratives of platform workers' perceptions of their work. In these narratives, digital platform work is seen as an economic opportunity (in light of the difficulty of finding a job, especially a better quality one), as a leisure activity (for example, for people who value flexible working hours) and as precarious labour that encourages solidarity among workers (for people who criticize the working conditions, which distance this type of work from decent work). Alba Vega, Bensusán and Vega (2021) found that a majority of delivery workers surveyed in Mexico City shared the same narrative as platform companies that they are independent contractors, while a minority of them recognized themselves as dependent workers. Their interest in unionization, for example, varies according to the narrative that represents them best.

2. Digital platform work increased during the pandemic

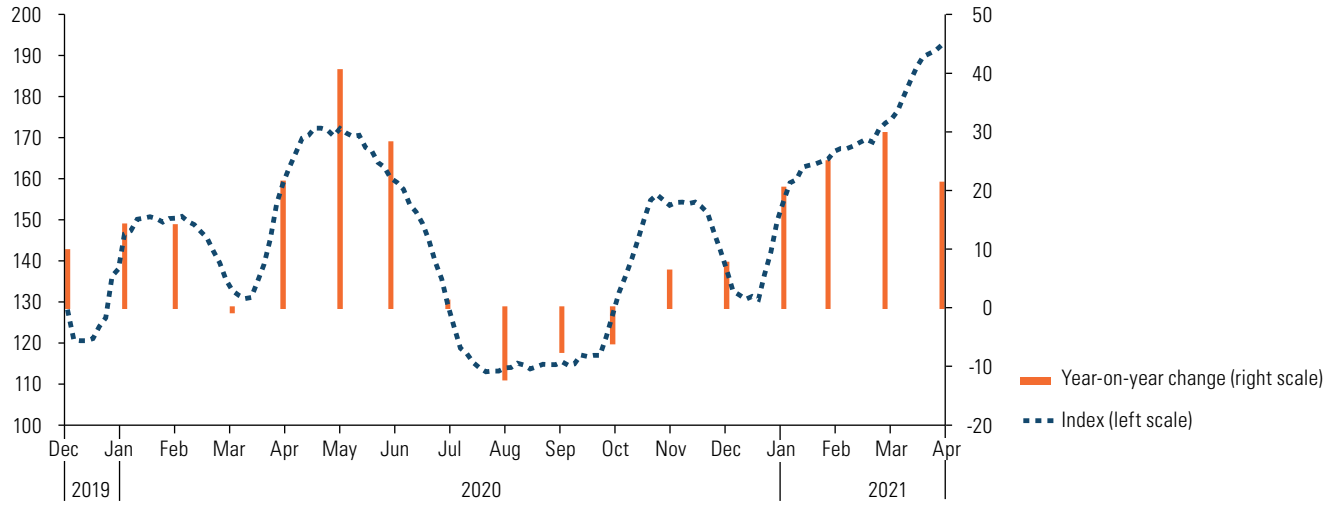
During the COVID-19 pandemic, the impact on platform work was mixed. Location-based platform work, which requires face-to-face interaction (e.g. in the case of drivers), contracted sharply as a result of the measures implemented to reduce mobility. Passenger transport platforms, in particular, originally started out by offering an income opportunity to vehicle owners, who were subsequently joined by people who acquired a vehicle to take advantage of this income opportunity, with many of them taking on debt to do so (Asenjo Cruz and Coddou McManus, 2021). In this context, the inability to work in this area not only meant they were unable to generate the expected income to support their families, but, in many cases, worsened their financial burden.

By contrast, delivery platforms recorded a considerable increase in demand, in line with the expansion of e-commerce in general, referred to above. Despite the associated risks, the number of people engaged in delivery work has increased. In many cases, these are people who lost their previous jobs and saw platform work as their only option for earning income during the pandemic (Abílio and others, 2020). The increase in the number of delivery drivers meant that average earnings fell despite higher demand (Alba Vega, Bensusán and Vega, 2021). The pandemic has given rise to new risks for these workers and, according to some surveys, many of them feel that platforms do not provide them with the necessary protective gear (Abílio and others, 2020; ILO, 2021b).

For job opportunities related to web-based digital platforms, the evolution of demand in all countries, the United States in particular, is decisive. This evolution depends, on the one hand, on the dynamism of economic activity in general and, on the other, on companies' responses to the restrictions imposed through lockdown measures. As shown in figure IV.6, in early 2020, before the pandemic hit the main markets for web-based digital platforms, the number of projects posted on these platforms grew by more than 10% year-on-year.

In March 2020, when the pandemic began to affect these markets, this dynamic ended abruptly. However, in the following months there was a marked improvement in platform work, first, possibly because many companies reassigned tasks to different types of telework, performed by both in-house employees and freelancers connected to digital platforms, and second, because curbing and overcoming the first wave of the pandemic in many countries may have prompted the start of new projects.

Figure IV.6
Demand for web-based platform work, 28-day moving average and year-on-year change, December 2019 to April 2021
(Index: May 2016 = 100 and percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of Oxford Internet Institute (OII), Online Labour Index [online database] https://ilabour.oii.ox.ac.uk/online-labour-index.

Between July and October 2020 there was a sharp drop in the number of projects on these digital platforms, but these recovered somewhat from October onward. While some of this contraction may derive from a seasonal effect owing to summer in the northern hemisphere, the significant year-on-year declines indicate that additional factors played a role, and uncertainty about overcoming the pandemic and the return to "economic normality" may have played a role. From November 2020 onward, year-on-year growth returned to positive territory and absolute figures were only negatively affected by a seasonal effect in December 2020 and early January 2021. From January onward, year-on-year growth rates were clearly higher than those recorded before the start of the pandemic. This momentum depends on the economic recovery, especially in the United States, amid the backdrop of the progress in vaccination against the SARS-CoV-2 virus and, in addition, on the acceleration of the use of these platforms as tools for creating digital jobs. The trend in demand for work on these digital platforms indicates that, with the ups and downs associated with different phases of the pandemic, the increase in the use of web-based digital platforms has accelerated in this period, deepening the previous trend.

F. Outlook for remote work in the region

In 2020, the COVID-19 pandemic and restrictions on mobility to reduce infection prompted the adoption of working arrangements to avoid crowded workplaces. This was done by drawing on technological advances that had previously been used to facilitate remote work, mainly in developed countries. After reviewing web-based platform work, which is a type of work often done at home, in the previous section, this section will look at the role telework has played in this context and the post-pandemic outlook.

Telework is one type of working arrangement that is not carried out in a location specifically intended for productive purposes, but mainly —although not exclusively— at home. Those who work from home include manufacturing workers and artisans, digital platform workers and teleworkers (ILO, 2021a).

Early versions of telework emerged as attempts to mitigate the effects of traffic congestion in metropolitan areas of the United States. In order to reduce the time spent commuting between home and work, work from home was facilitated, initially even without an Internet connection (Messenger, 2019). In addition to this home office modality, the development of laptop computers made it possible to work from a wide variety of locations with an Internet connection, giving rise to the mobile office. Finally, with smartphones and tablets, the virtual office emerged, bringing together the three components of the most advanced telework, namely powerful technology, with a small and light physical support, the (almost) irrelevance of location, and undefined working hours (Messenger, 2019). In the pandemic, confinement measures again restricted the freedom of location and combined aspects of the virtual office with those of the home office.

There is little information on the burden of home-based work (let alone telework) before the pandemic. Globally, an estimated 7.9% of employed persons worked from home then, mainly in manufacturing and artisanal jobs, and to a lesser extent as teleworkers (ILO, 2021b). It has been estimated that in the United States, between 2.5% and 4% of employees teleworked between 2.5 and 5 days per week, and between 6% and 10% teleworked between 1 day and 2.5 days (Lister and Harnish, 2019).[21] In the European Union, 5.4% of employed persons usually worked from home in 2019 and 9% did so sometimes (European Commission, 2020).

The calculation of data on the scope of telework in Latin America lacks focus and is mixed. According to data cited by the International Telework Academy (ITA, 2017), 12,651,000 people in Argentina, Brazil, Chile, Colombia, Costa Rica and Mexico were teleworking before the pandemic, with peak levels exceeding 8% in Argentina and Brazil, around 5% in Chile and Mexico and reflecting lower rates in Colombia and Costa Rica. In their estimates for ILO, Mello and Dal Colletto (2019) confirmed that before the pandemic approximately 8% of employed persons in Brazil had ever teleworked (16.2% of workers in formal enterprises). Meanwhile, Boiarov (2019) estimated that only 2.7% of employed persons in Argentina were teleworkers.

1. The pandemic has encouraged greater use of telework, but access is uneven

As the COVID-19 pandemic began to affect more and more countries, telework was seen as one of the main tools for maintaining certain economic activities despite confinement measures, although only a limited proportion of those in employment were able to opt for telework. Dingel and Neiman (2020) estimated that between 32% and 37% of employed persons in the United States performed tasks that could be carried out entirely at home.[22] These rates tend to be lower in countries with the following factors:

- Sectors in which most occupations do not permit telework (e.g. the agricultural sector) account for a relatively large proportion of the labour force.[23]

21 The ILO definition of teleworkers is limited to those who work at home on a regular or permanent basis (ILO, 2021a).

22 Similar to estimates of jobs at risk of technological substitution, calculations also vary widely with respect to the possibility of performing the job remotely. For example, Frey and others (2020) estimate that 52% of workers in the United States are in occupations for which tasks can be performed remotely.

23 In a group of Latin American countries, the estimated likelihood of telework varies between almost 85% in professional, scientific and technical services and 1% in agriculture (ECLAC, 2020c). In Costa Rica, between March and April 2020, 10% of formal agricultural enterprises applied this modality, compared to almost 100% of information and communications enterprises (ECLAC/ILO, 2020).

- A large share of work is performed in the informal sector, where tasks generally cannot be carried out remotely.[24]
- Limitations in coverage and quality of digital infrastructure are an obstacle to telework.[25]

Thus, according to an ILO study (2020), 17% of employed persons worldwide are in occupations for which telework is possible and live in countries with the required infrastructure, ranging from 6% in Sub-Saharan Africa to 30% in Northern, Western and Southern Europe. Latin America and the Caribbean falls between the two: telework is possible for 23% of employed persons. Similarly, ECLAC (2020c) has estimated that in Latin America and the Caribbean, 21.3% of employed persons can telework, ranging from about 14% in Guatemala to 30% in Uruguay.[26]

The impact of informality and access to infrastructure on the possibility of telework already indicates that telework is very uneven, not only between countries but also within them. This deepens inequality in labour markets. Frey and others (2020) found that, in the United States, less than 10% of the lowest earners had ever done paid work from home, compared with more than 50% in the top 5% of earners. Yasenov (2020) found that lower-wage workers, those with lower levels of education, younger adults, ethnic minorities and immigrants were overrepresented among employed persons who were not able to telework. The weighted average of six Latin American countries (Chile, Dominican Republic, Ecuador, El Salvador, Mexico and Uruguay) indicates that the possibility of telework varies from 20% or less in households belonging to the three lowest per capita income quintiles to 70% in the highest quintile (ECLAC, 2020c).

Estimates of gender-differentiated telework opportunities have been mixed. According to Adams-Prassl and others (2020), in the United States and the United Kingdom, women have fewer telework options than men, while in Germany, telework options are similar for both sexes. Albrieu (2020) notes that women have fewer opportunities to telework in Argentina. By contrast, according to Yasenov (2020), there are more telework options for women than for men in the United States. Similarly, a study of 35 countries using national data from the survey of adult skills of the OECD Programme for the International Assessment of Adult Competencies finds that men, on average, are less likely than women to be engaged in work activities that can be performed at home (Brussevich, Dabla-Norris and Khalid, 2020).[27]

As already mentioned, telework has been one of the main tools used by many companies to continue operating during the pandemic. Indeed, according to surveys of formal enterprises conducted between April and August 2020, between one and two thirds of the businesses surveyed in Brazil, Chile, Costa Rica, Mexico and Peru were using telework to a greater or lesser extent (ECLAC/ILO, 2020). However, there were also large gaps between enterprises; for example, in Chile, the use of telework ranged from 24% of formal microenterprises to 90% of large companies (ECLAC/ILO, 2020).

Given that businesses that use telework do not apply it to all their workers and that, as has been underscored, telework is rare in the informal sector, the proportions

[24] See, for example, the case of Uruguay in Guntin (2020).

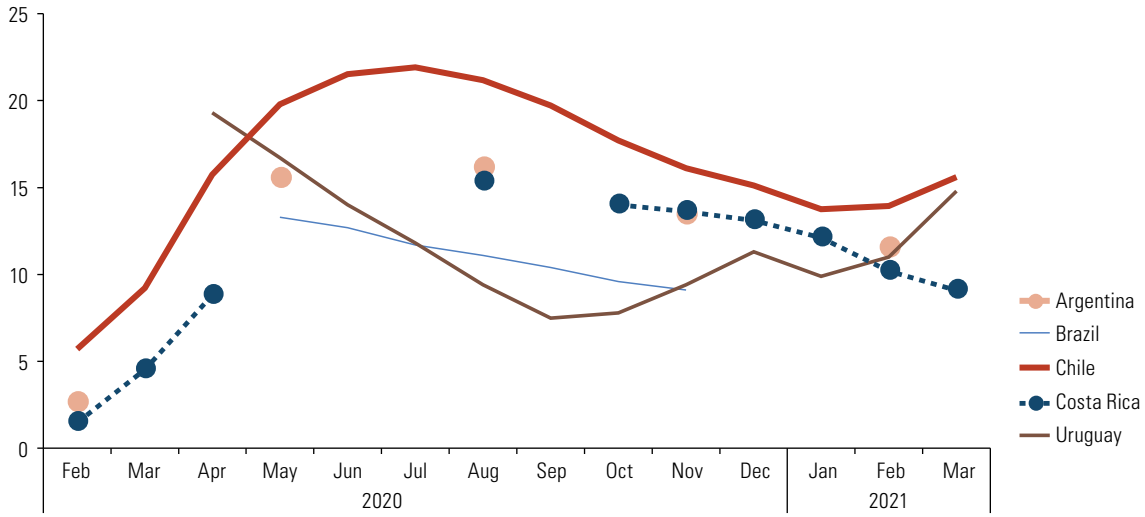
[25] ECLAC (2020c) has estimated that connectivity problems reduce the percentage of employed persons performing tasks that can be carried out from home by between 1.4 percentage points (Chile) and 11.1 percentage points (Dominican Republic). Albrieu (2020) estimated that the proportion of jobs that could be performed remotely in Argentina ranged from 27% to 29%, but this proportion dropped to 18% if only employed persons with access to the required digital infrastructure were considered.

[26] On the basis of a detailed analysis using surveys to identify the tasks of different occupations, Gottlieb and others (2020) found lower proportions in 10 low- and middle-income economies. According to their results, only 3% of urban workers in Ghana and the Lao People's Democratic Republic and 15% in Georgia were able to telework (the average across the ten countries was 9%). The rate for the two Latin American countries included in their study is also very low: in both the Plurinational State of Bolivia and Colombia, only about 6% of urban workers could perform their tasks remotely.

[27] This is also the case in two of the four Latin American countries included in the study (Ecuador and Mexico), while the results are not significant for Chile and Peru.

are lower among workers. Unfortunately, during the pandemic, few countries have generated information on the percentage of workers using this modality. Figure IV.7 shows the proportions of employed persons working remotely in 2020 and early 2021 in Argentina, Brazil, Chile, Costa Rica and Uruguay. The series are not completely comparable, as they refer to different concepts of remote work.

Figure IV.7
Latin America (5 countries): share of employed persons working remotely, February 2020–March 2021
(Percentages)



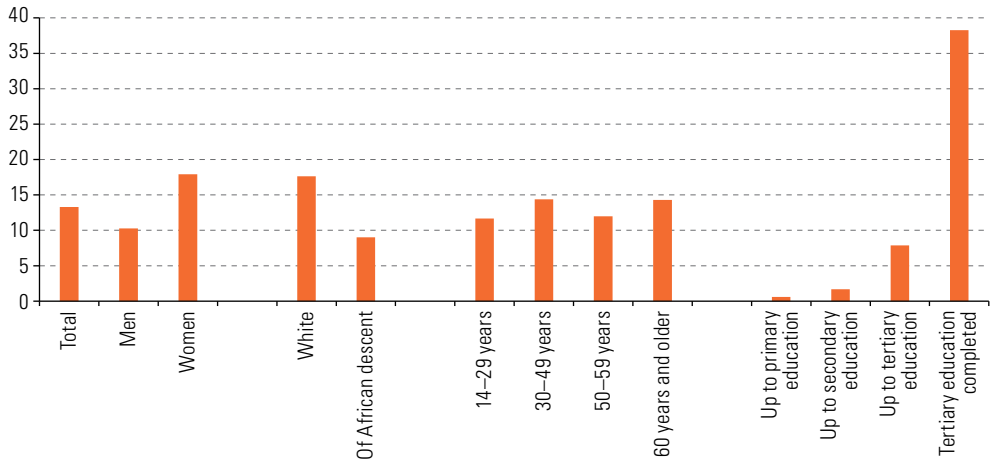
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official data from the respective countries.
Note: Figures correspond to: in Argentina, wage earners who use their own machinery or equipment to carry out their work; in Brazil, work carried out remotely; in Chile, work in one's own home; in Costa Rica, mainly telework or work carried out exclusively over the Internet, and in Uruguay, telework. The series for Brazil, Costa Rica and Uruguay are based on data generated specifically in the context of the pandemic. In Brazil, they are specifically based on a special survey implemented between May and November 2020. Data for Argentina, Chile and Costa Rica refer to moving quarters and are presented in the middle month of each of these quarters.

In some cases, the highest percentages (19% in April 2020 in Uruguay and 13% in May 2020 in Brazil) coincide with the first months of strict lockdown measures.[28] In Chile, home-based work increased sharply in those months and peaked in the June-July-August moving quarter. In Costa Rica, the first available data since the pandemic began refer to the third quarter of 2020 and represent the highest level in the series (15.3%). Also in Argentina, the proportion of employed persons (in this case, wage earners) who used their own equipment peaked in the third quarter of 2020. In Brazil, the percentage gradually declined until November 2020, the last month for which data are available. In Uruguay, the decrease until September 2020 was even faster, but from then on the percentage rose and exceeded 10% from December onward, amid the backdrop of the increase in infections recorded in the fourth quarter of 2020 and the first quarter of 2021. In Chile there was a gradual decline, but in the first quarter of 2021 the proportion of people doing telework was about 140% higher than in the same quarter of 2020 and, as in Uruguay, continued to rise thereafter. In Costa Rica, telework reflected a continuous decline and in the moving quarter February–April 2021 stood at 9.1%.

[28] By way of comparison, according to the survey published by Brynjolfsson and others (2020), 15.0% of employed persons in the United States were already working remotely before the pandemic, and between April and May 2020 another 35.2% switched to telework. Meanwhile, 10.1% of those people have lost their jobs since the pandemic began. In a survey of 750 Chilean teleworkers conducted in 2020, 73% said that before the pandemic they did not telework, and 8% said they did so one day per week (PUC, 2021).

As reflected in the estimates made at the beginning of the pandemic, access to telework as an alternative modality has been extremely uneven. This can be seen in the data for Brazil presented in figure IV.8.

Figure IV.8
Brazil: use of telework by population group, May 2020
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of Brazilian Institute of Geography and Statistics (IBGE).

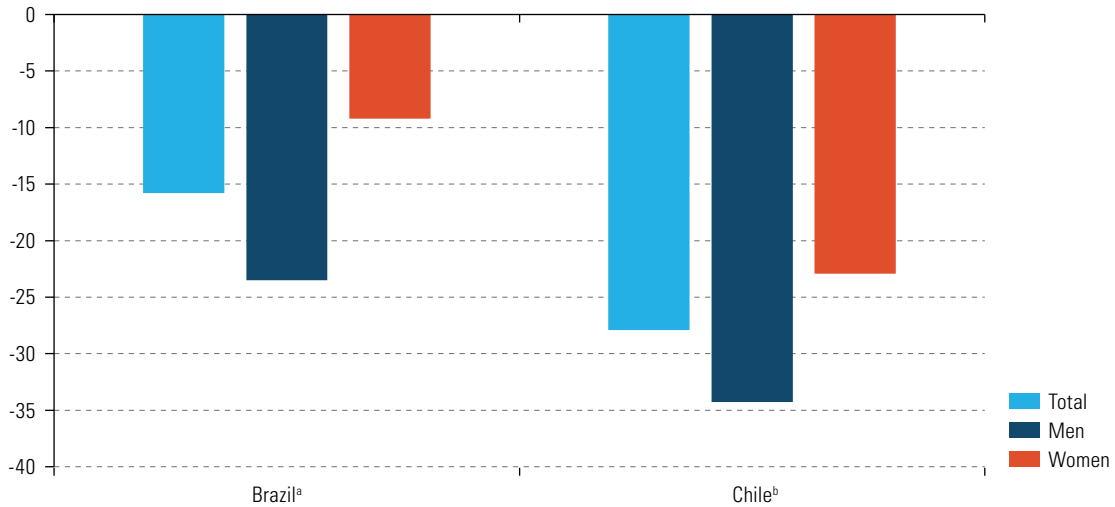
The widest gaps are found among employed persons with different levels of formal education; among the different categories, the proportion of people working remotely in May 2020 varied from 38.3% among employed persons who had completed tertiary education to 0.6% for those who had not completed primary education. There is also a large gap between ethnic groups, while the different age groups all reflect between 10% and 15% using the telework modality. Somewhat surprisingly, the proportion of women working remotely far exceeds that of men (17.9% compared to 10.3%). This is possibly because of their significant presence in formal activities in the tertiary sector, which reflects a relatively large proportion of work in this modality.[29]

The decline in the proportion of remote work in Brazil from June onward was similar in almost all groups, so the relative gaps remained the same. One exception, to some extent, was the trend in remote work by sex: as shown in figure IV.9, between May and November 2020, after the peaks reflected in figure IV.8, the number of men in remote work fell more than that of women.

A similar trend is seen in Chile, where in the moving quarter of June-July-August 2020, the proportion of employed persons working in their own homes peaked for both women (29.8%) and men (16.4%). Subsequently, home-based work declined more sharply for men than for women. This divergence may be related to the pressure on many women to continue doing care work while restrictions on face-to-face education and care for older persons remain in place.

[29] A survey in Chile confirmed this assumption; telework was significant in activities performed by a relatively large proportion of women, such as education, administrative services, commerce and financial and insurance activities (Molina, 2021).

Figure IV.9
Brazil and Chile: variation in the number of persons working remotely from the peak level onward during the COVID-19 pandemic, by sex
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of Brazilian Institute of Geography and Statistics (IBGE) and National Institute of Statistics.
[a] May to November 2020.
[b] Between June and August 2020 to between January and March 2021.

2. The outlook for telework and the need for regulation

Prior to 2020, in several Latin American countries (e.g. Brazil, Colombia, Costa Rica and Ecuador), telework was already regulated by law or administrative instruments. The recognition of this modality as a tool to address the COVID-19 pandemic prompted the adoption of laws for regulation in additional countries, such as Argentina, Chile, El Salvador, Mexico, Panama, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay (San Juan, 2020; Secretariat of Labour and Social Security, 2021; *El Peruano*, 2021; ABC Color, 2021). Other countries issued special provisions, modifying existing regulations or defining provisions to address the pandemic. For example, in Brazil, the obligation of an agreement between employer and employee to switch to telework was eliminated, giving the employer discretionary powers to unilaterally determine the corresponding obligation.

The aspects that are usually regulated in this context are equal rights with respect to face-to-face work, the rules for establishing and revoking telework, the employer's commitment to provide the corresponding equipment and assume the costs of its management, provision of information and training for workers and data protection, and, in some cases, the right to disconnect (San Juan, 2020).

As the pandemic led to a big increase in the number of people teleworking, recent and current experience has generated important information to identify the benefits and challenges of telework. For example, in a survey of teleworkers in Chile (PUC, 2021), among the negative aspects identified, approximately two thirds of respondents said that they worked longer hours and that their workload had increased, but 41% had seen a reduction in their income. A key challenge seems to be achieving work-life balance

in the same space: while many teleworkers value proximity to other members of their household, it is difficult to separate the two worlds, leading to tension, burnout and stress. Thus, according to this survey, more than 60% of teleworkers said that in this modality it was more difficult to reconcile work with personal demands and that there was no separation between personal and work life, which made it difficult to disconnect from work and to rest. This is compounded by abuses by companies that, for example, require attendance at virtual meetings outside normal working hours, and by working conditions in homes.[30] Finally, another negative aspect is the lack of direct interaction with colleagues, which weighs on social life.

In addition to greater proximity to family members, the positive aspects of telework include saving time that would have been spent commuting and using it for other activities; greater autonomy in time management compared to face-to-face work, and the possibility of a greater focus on work tasks, which would have a positive impact on productivity (PUC, 2021). Other advantages that have been highlighted are the reduction of accidents in commuting to and from the workplace, which account for a large proportion of all work-related accidents (Molina, 2021); the reduction of real estate costs and the retention or attraction of talent, from the companies' standpoint; the reduction of traffic congestion and pollution; and the employment options available to persons with disabilities (Lister and Harnish, 2019), to which, as a lesson from the pandemic, would be added the contribution to public health through the reduction of the risk of infection.

As the data in figure IV.7 show, the proportion of telework tended to fall as lockdown measures were eased. However, it is unlikely that this proportion will return to the pre-pandemic level. On the one hand, despite the negative aspects mentioned about telework in the pandemic, many workers who have experienced telework prefer to continue it, as indicated by surveys in the United States and Germany, as well as in Latin America.[31] They believe that companies should train their workers in digital skills, cover Internet and electricity costs and respect working hours (PUC, 2021). Nonetheless, it should be taken into account that several of the negative aspects identified could deepen over time, especially if factors such as longer working hours are maintained and if satisfactory solutions are not found for the difficulties of separating work and family life and poor interaction with colleagues. Indeed, a survey of teleworkers conducted in both 2020 and 2021 showed a decline in the positive evaluation of telework in aspects such as quality of life, family relationships and the effectiveness of meetings via digital media (Chermin, 2021). A greater role for telework could also lead to a shift in performance appraisal away from compliance with a work schedule towards a focus on results, which would most likely increase productivity, but also pressure on workers. These aspects could lead many workers to re-evaluate their preference for telework.

The perspectives of businesses are mixed. While in theory telework encourages greater productivity, companies have not always deemed this to be the case. For example, in Germany, 56% of teleworkers surveyed felt that they were more productive in this modality, which would justify —from the companies' standpoint— maintaining telework, but according to another survey, just 9% of companies using remote work reported an increase in productivity (Zeit, 2020).

In general, there is a consensus that both the specific characteristics of work processes in different sectors and the production and human resource strategies of individual companies provide a wide variety of ways to implement telework. Only a

[30] In Chile, more than half of teleworkers do not have a dedicated space for work or study. If they do, it is often also used by different members of the household —especially in the context of the pandemic— so in many cases teleworkers would still have to find an alternative space (PUC, 2021).

[31] See Alipour, Falck and Schüller (2020) and Morris (2020). Specifically in Chile, 80.5% of teleworkers think that in the future workers will demand that companies allow them to telework more frequently (PUC, 2021).

minority of companies are likely to opt for telework as the exclusive modality for the vast majority of their employees. A critical factor in this regard is that working remotely can make employees feel that they are not part of a team and a common culture, which is often key to building the trust that is essential for effective and efficient teams.[32] Remote work can also negatively affect on-the-job learning, as much of it occurs as a result of interaction with other team members. This lack of interaction may ultimately weaken innovation processes (Savona, 2021).

Thus, it is likely that more companies will opt for mixed telework and face-to-face working arrangements, partly based on experiences during the pandemic and the interests of workers, while other companies will revert to pre-pandemic arrangements and apply telework only in exceptional cases. In this context, each company will face the challenge of developing together with its employees and within the existing regulatory framework its own optimal mix, which will include changes in management, supervision and evaluation of work.[33] A major challenge is the equal treatment of workers working from different places and, specifically, different countries, for which territorial differences should be considered. The development of appropriate combinations of face-to-face work and telework and the associated working conditions would be subject to continuous learning and adjustment through learning-by-doing processes.

In conclusion, people's experiences of telework are mixed, underlining the importance of specific aspects of both company policies and the living conditions of individual workers. Once again, the beneficial use of technology that enables telework depends not only on adequate labour regulations and enforcement,[34] but also on the existence of company policies that take into account the voice of workers in order to make the best possible use of the production potential of this modality and, at the same time, its potential to improve the lives of workers. The large companies with branches in several countries which allow telework provide another example that underlines the importance of supranational regulations, so that persons working for the same employer in different countries have the same rights.

G. Conclusions

New technologies have a strong impact on the restructuring of the labour market through the destruction, creation and transformation of occupations and jobs. If the methodologies usually applied in estimating jobs at risk of technological substitution are adjusted to take into account the structural characteristics of the Latin American labour market, the probability of substitution is lower. However, most of the jobs that would not be destroyed with the introduction of new technologies in the region's production structure are in low-productivity sectors and are of the lowest quality. Several factors are causing the countries of the region to lag behind more advanced countries in the introduction of new technologies, and this tends to reproduce existing gaps in the production structure. It is also likely that many people with low and medium levels of educational attainment who lose their jobs in high- and medium-productivity sectors when new technologies are introduced will have to turn to low-productivity activities.

[32] On the other hand, it has been observed that in countries where citizens report higher levels of trust, greater use is made of telework (Frey and others, 2020).

[33] For example, Alexander, De Smet and Mysore (2020) warn of the risk associated with a specific mixed model, as two parallel business cultures may develop if one part of the (probably higher level) workforce performs its tasks mainly face-to-face, and another part works mainly remotely.

[34] For example, in Chile, 41% of teleworkers say they do not have adequate equipment and furniture for this type of work, despite the obligations of the companies (Molina, 2021).

Meanwhile, new technologies facilitate the creation of new jobs directly linked to their introduction or to the productivity gains they generate. New jobs may be created in both emerging and existing occupations that are significantly transformed by the application of new technologies, for example delivery drivers and drivers connected to digital platforms. In addition, many occupations are being transformed without the replacement of certain jobs by others, creating major challenges in the restructuring of work processes and in developing the skills required to make appropriate use of new technologies.

The integrated view of the destruction, creation and transformation of jobs illustrates the depth of the transformations that are taking place and will take place in labour markets amid the backdrop of the fourth industrial revolution. The overall impact of the three processes, in terms of quantity and quality of employment, depends to a large extent on the way in which public policies address the corresponding challenges (conditional contextual approach) (see annex IV.A1).

Amid this backdrop, the threat of deepening inequality in the labour market, with a polarization that would reflect the segmented structure of the production, labour and education worlds, poses a fundamental challenge. Leveraging the development of new technologies in order to provide everyone with better skills to face an increasingly digitized world of work requires a major effort by governments, businesses and workers to design instruments that identify the needs of the production world and translate them into concrete policies for skills training and the closing of gaps. Skills development should be considered a fundamental right throughout the life of every person. Governments must ensure equal access to it, companies must identify their needs and promote spaces to foster the training of their employees and workers must seek and take advantage of the opportunities offered by new technologies.

Digital platforms create job opportunities (as a main or secondary activity) for different groups of people, especially those who find it difficult to enter the labour market. They offer certain working conditions that are valued by these workers, such as flexibility in time management and the possibility of working for several platforms. However, a review of all these conditions reveals several aspects of precarious employment that contradict the principles of decent work and underline the need to design regulatory frameworks that integrate this new type of employment relationship.

Another form of work facilitated by digital technologies and for which uptake accelerated during the COVID-19 pandemic is telework. This instrument has made it possible to maintain many production processes and is appealing both individually and socially, even for the post-pandemic world of work. However, the potentially problematic effects on mental health, productivity and innovation must be kept in mind. In addition, this modality reflects inequality in terms of the digital divide and entry into the labour market, thus creating challenges for social and labour integration, and its future application depends on learning processes and dialogue between stakeholders, as well as adequate regulation.

Harnessing the potential of these technologies to improve the quality of life in general, create good jobs and at the same time contain the risk of job destruction and insecurity and deepening inequality in the labour market, involves major political and social challenges.

Some believe that the optimization of new technologies requires a "liquid workforce" that is flexible and unbound from geographic and social ties, and available to meet labour demand that fluctuates in terms of quantity and characteristics (World Economic Forum, 2018). However, such a vision clearly implies a high level of job insecurity for this labour force, which would also have to face a large share of the business risks. By

contrast, under a conditioned contextual approach, the magnitude and characteristics of job destruction, creation and transformation depend to a large extent on the policies established, and on business strategies and the attitudes and actions of workers. However, this is all conditioned by key elements of new technologies and by the fact that in globally integrated markets, policies and strategies applied in other countries and regions must be taken into account. In this context, there is also a need to advance new global regulations, as seen in the cases of web-based digital platforms and telework.

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Annex IV.A1

The fourth technological revolution: approaches to analysing its impact on employment

Schwab (2016) highlights that the speed, scope and impact of the ongoing technological changes in production, management and governance systems imply that this is a new industrial revolution. Indeed, the current phase of technological transformations (with key components such as the Internet of Things, cloud interconnectivity, robotics, big data, self-driving vehicles and artificial intelligence) has been referred to as the fourth industrial revolution, which follows the revolutions that, technologically, focused on the steam engine (the first), oil and gas-based energy and new transport and communication systems (the second), and computers (the third). Within the framework of the fourth revolution, PwC (2018) identifies three waves of automation between the early 2020s and the mid-2030s: algorithm, augmentation and autonomy, which will affect different groups of workers in different ways.

The term "fourth industrial revolution" is imprecise in the sense that this phase is characterized by its cross-cutting nature, since it affects practically all economic sectors. Previous revolutions also had impacts on other sectors, such as the industrialization of agriculture in the first and second industrial revolutions and the transformation of many services, especially administrative services, in the third. However, whereas in previous revolutions it was manufacturing products that transformed other sectors, today many key components of technological transformation are not manufacturing goods.

As with previous technological transformations, the fourth industrial revolution involves not only the application of new technologies and the corresponding modification of production processes, but also socioeconomic transformations that arise from the interaction of the different stakeholders with the new technologies.

The impact of the introduction of new technologies on employment encompasses the technological substitution of human labour, the creation of new jobs and the transformation of existing jobs. To analyse this impact, one of the following three approaches is usually applied (Tarabusi, 1997):

- The deterministic approach, which tries to identify the key characteristics of a technology and deduces its impact on employment, especially its ability to replace human labour. This approach emphasizes the potential of technology to destroy jobs.
- The compensatory approach, which emphasizes the ability of market economies to offset technological job losses through the creation of new jobs, as has historically been the case in previous waves of technological change. New jobs are created through the following channels, among others: cheaper production, which stimulates demand (through lower prices for both consumer goods and capital goods); investment in new machinery and equipment related to new technologies; the increase in wages as a result of rising productivity; and the emergence of new economic activities (Vivarelli, 2007).
- The contextual approach, which takes into account both the destructive potential of new technologies and their capacity to contribute to the creation of new occupations and new jobs and to the transformation of existing jobs. This approach considers that both the quantity and the characteristics of the new and transformed jobs depend, on the one hand, on economic factors that determine whether or not an innovation technically capable of replacing human labour is introduced and, on the other hand, on the policies of public and private actors that determine the institutional context of the application of technologies.

This chapter considers the contextual approach, but stresses that the determination of the context that actors can create for new technologies is not entirely unconstrained. In open and competitive markets, its economically sustainable (i.e. competitive) application must be ensured, while at the same time it must be socially sustainable, i.e., this application must be acceptable to the societies concerned. Since these criteria condition the policies that can be applied in this regard, this approach is referred to as "contextual conditioned" (Weller, 2017).

Annex IV.A2

Methodological aspects to analyse the impact of technological transformations on employment

As during previous technological revolutions, concerns about new technologies have focused on their potential to perform the work of humans better (faster, with higher quality), which would tend —considering the forces of market competition— to replace human work with machine work, thereby destroying the corresponding jobs (Mokyr, Vickers and Ziebarth, 2015).[35]

To understand the impact of current technological transformations, a small matrix including the variables "routine tasks – non-routine tasks" and "manual tasks – cognitive tasks" has been proposed (Author, 2013). Empirical studies, in general, have observed that routine tasks, both manual and cognitive, are the most affected by the processes of robotization and automation, which tends to polarize the labour market in developed countries: the share of occupations characterized by routine tasks and typically requiring intermediate skills decreases and the share of occupations characterized by high and low skills increases.[36] However, there has also been an emphasis on the growing technological capacity to replace non-routine cognitive tasks, particularly through rapidly developing artificial intelligence (Frey and Osborne, 2013; Rodríguez, 2021).

Estimates of jobs at risk of technological substitution mainly use surveys of business representatives (e.g. World Economic Forum, 2020) and exercises based on the characteristics of different occupations. In these, the first step is to understand the ability of technologies to perform tasks hitherto performed by humans. The best-known exercise in this regard was carried out by Frey and Osborne (2013), who used information from the Occupational Information Network (O*NET) database in the United States, which contains information on the tasks commonly performed in different occupations. On the basis of bottlenecks to the automation of some tasks and of available literature and expert opinion, they identified 70 occupations that can be fully automated or that are not at risk of automation. Taking into account the matrix of tasks for the other occupations, an algorithm calculates the probabilistic risk of substitution of 632 other occupations. They consider that a probability of substitution of 0.7 or more implies a high risk of destruction of a specific occupation. On the basis of this methodology, they estimate that 47% of jobs in the United States are in occupations with a high risk of technological substitution within one to two decades. The authors conclude that the risk of substitution is higher in occupations with lower skill levels, but emphasize that machine learning is steadily increasing the risk of substitution for more skilled occupations.

[35] Large companies surveyed by the World Economic Forum (2020) project that by 2025 only half of their tasks performed will be carried out by humans.

[36] See, for example, Autor, Levy and Murnane (2003), World Bank (2016) and Graetz and Michaels (2017).

The methodology of Frey and Osborne was criticized mainly for ignoring the heterogeneity of tasks that can be performed by different people in the same occupation. Drawing mainly on the differentiated information on individual tasks provided by survey of adult skills of the OECD Programme for the International Assessment of Adult Competencies, alternative calculations were made which showed that in the United States between 9% and 10% of jobs would be at high risk of substitution and that there were large differences in substitution risks between different groups of developed countries (Arntz, Gregory and Zierahn, 2016; Nedelkoska and Quintini, 2018). Similarly, PwC (2018) estimated that the share of jobs at high risk of substitution in a group of 27 countries (mainly OECD members) ranged from 1% in Chile and Turkey to 5% in the United States in a first wave (up to the early 2020s); between 12% in the Republic of Korea and the Russian Federation and 26% in the United States and Lithuania in a second wave (until the end of the 2020s), and between 22% in the Republic of Korea and Finland and 44% in Slovakia in a third wave (until the mid-2030s).

These discrepancies could be based on differences in the organization of work, the production structure, progress in the introduction of new technologies and the education levels of workers in these countries, suggesting that, beyond the technological feasibility of substitution, other factors should be taken into account in assessing the risks of technological substitution. Hence Frey and Osborne (2013), for example, insist that their results do not represent a forecast, but merely state the feasibility of technological substitution in the relatively near future.

With respect to its application in other countries, the Frey and Osborne methodology has the advantage that it can be applied in any country with a household survey to measure the labour market and a database with a sufficiently detailed differentiation of occupation groups. Indeed, this methodology has been applied both globally (World Bank, 2016) and regionally (IDB and others, 2018; ECLAC, 2018; Ripani and others, 2020) and in studies of countries, both advanced and developing (e.g. Argentina, Costa Rica and Uruguay).

However, beyond the criticisms of the methodology itself, its application to countries other than the one for which it was originally developed raises two additional issues. First, if already in the United States the title of a single occupation can cover jobs in which different tasks are performed, this tends to be even more marked in comparisons with other countries. For this reason, as mentioned above, the information provided by the Programme for the International Assessment of Adult Competencies has been applied in several studies.[37] Information from the first cycle of the Programme is only available for four Latin American countries: Chile, from the 2014–2015 round, and Ecuador, Mexico and Peru, from the 2017 round. While this reflects progress, the limitations regarding sample size diminish its usefulness for highly disaggregated work.[38] Ripani and others (2020, p. 15) present results from an unpublished study applying task differentiation in estimating the risk of technological substitution of labour in Argentina, Chile, Colombia, Mexico and Peru. Consistent with the results of the aforementioned studies of advanced countries, the rates of substitution risk calculated in this way are much lower than those deriving from the application of the Frey and Osborne methodology.

Meanwhile, Uruguay has begun to develop an occupational survey that will generate information for a database similar to O*NET of the United States, which could produce

[37] This has not been without difficulties either. For example, in order to work with a higher level of disaggregation of occupations (4-digit International Standard Classification of Occupations (ISCO)), Nedelkoska and Quintini (2018) used in all selected countries the results of the Programme for the International Assessment of Adult Competencies in Canada, as it was the only country with information at that level of disaggregation.

[38] For example, in Chile, the sample consisted of 5,307 people, and the response rate was 66% (OECD, 2019b, pp. 54 and 86). Given a disaggregation of hundreds of occupations, this implies a small average number of cases per occupation. Moreover, since the sample was not designed to generate results at the occupation level, it is inevitable that there will be occupations with very few or even no cases.

key inputs for calculations more in line with the reality of the country than those provided by applying the task structure of other countries or a relatively small sample designed for other purposes. Velárdez (2021) analysed the information corresponding to the first wave of data collection for that database, which included 22 occupations, and, among other findings, detected differences between the United States and Uruguay in the profiles of many of these occupations.

A second limitation that arises when applying the Frey and Osborne methodology to other countries, specifically in Latin America and other developing regions, is that it implies that there are no differences in the structure of the labour market. Thus, estimating the probabilities of automation following the original Frey and Osborne methodology yields the result that both globally and regionally, countries with the lowest per capita incomes tend to have the highest share of jobs at risk of substitution. This is explained, partly, by the fact that the methodology does not take into account the productive and technological heterogeneity of developing countries. For example, according to estimates by Frey and Osborne (2013), agricultural labour is among the occupations with the highest rates of automation. This may be true in the case of the United States and also in some highly developed segments of the Latin American agricultural sector that are integrated into global markets. However, in a large part of this sector, production units work with technologies that differ from those applied in technologically advanced sectors, and the tasks performed are also dissimilar. This heterogeneity in production structure is also expressed in the labour market: in the low-productivity sector, the household reproduction objective prevails; for example, farmers tend not to incorporate technologies that substitute labour, which in this case is mainly family labour.

Annex IV.A3

Conceptual aspects to analyse the impact of technological transformations on employment in Latin America and the Caribbean

Two factors should be taken into account when analysing the potential impact of introducing new technologies on employment in Latin America and the Caribbean and their differences in relation to developed countries. The first of these is the structural heterogeneity of production in the region (Pinto, 1973; ECLAC, 2012). A two-sector model can provide a simplified explanation of this situation. Companies in the high- and medium-productivity sectors face internal competition (and external competition, if they produce tradable goods or services) with a technology that is not so far from the technological frontier or, in the case of the leading firms, close to it. These firms are affected by the movement of the technological frontier, and the introduction of a technological innovation may be indispensable to the accumulation process. Meanwhile, production units in the low-productivity sector respond mainly to the reproduction needs of the households with which they are interrelated. These production units typically do not compete with firms in the high- and medium- productivity sectors, although they may supply them with inputs. They are located far from the technological frontier and are not affected by its movement, since it does not influence the mechanisms of their reproduction.[39]

[39] In an extreme case, it can be argued that a street vendor would not change their activity because of new technologies that transform the way supermarkets restock, control their stock, and charge customers, for instance. This is not to say that technological change does not eliminate any jobs in the low-productivity sector. For example, the introduction of the Global Positioning System (GPS), together with an adequate organizational structure, renders obsolete the work of the people who in many cities in the region used to indicate to public transport drivers their position with respect to other transport units. In order to survive, these people will have had to look for another job, most likely in another activity in the low-productivity sector.

This does not mean that new technologies have not transformed the lives of people in the low-productivity sector. Smartphones, in particular, are widely used, especially as a means of communication, information and entertainment, but in many cases also to facilitate economic activities, possibly generating new job opportunities. However, this use does not change the logic of the corresponding production units, which have as their central objective the reproduction of households and, to this end, to generate labour income, so that the elimination of jobs does not enter into the reproduction logic of these units.

Following this reasoning, Weller, Gontero and Campbell (2019) applied the methodology of Frey and Osborne (2013) to 12 Latin American countries, adjusting it to the production and labour structure of the region by excluding jobs in the low-productivity sector from the estimate as, in light of the considerations outlined above, they would not be at risk of technological substitution. However, these are the lowest quality jobs, and for this reason they would be maintained despite the technological changes under way.

The second factor to be taken into account is the lag with which firms in high- and medium-productivity sectors tend to introduce new technologies. Already in the past, new technologies were introduced in Latin America with a lag with respect to advanced countries, where these technologies had generally been invented and developed for application in production processes. The same is true of digitization, which can be understood as a key process in current technological transformations, and there are also lags in the adaptation of digital technologies, both in Latin American societies in general and in the region's production processes.[40]

The introduction of a technological innovation in production processes depends on its economic viability, specifically on whether it contributes to improving the competitiveness of companies, either through cost reduction or improvements in productivity or product quality, for example. Factors that stimulate the introduction of new technologies and technological substitution of jobs include the proportion of tasks that can be automated, productivity gains, reduction of labour costs, capacity for innovation and adjustment, the availability of a labour force with the necessary skills to apply the new technology efficiently, and adequate and reliable infrastructure (Weller, Gontero and Campbell, 2019). The factors that, on the contrary, would slow down this process are the costs of introduction, maintenance and updating, and legal or administrative restrictions.

If comparing, as a stylized fact, the position of the production structure of Latin America and the Caribbean, there are some factors that would prompt a more rapid introduction of new technologies, such as productivity gains. These would potentially be greater than in advanced countries if these innovations could be leveraged to take the lead, technologically speaking (leapfrogging). However, there are a number of factors that would instead slow down incorporation into production processes (Weller, Gontero and Campbell, 2019). These include lower labour cost reductions, more limited labour force innovation and digital skills, weaker infrastructure and generally higher costs (especially in relation to financing options). These lags in Latin America and the Caribbean compared with more advanced countries —which are especially marked in micro, small and medium-sized enterprises (MSMEs) (Heredia, 2020)— have led to a slower introduction of new technologies.

[40] For example, in Latin America, the proportion of households with fixed and mobile broadband subscriptions in 2019 was 13% and 73%, respectively, well below the figures for North America (35% and 138%) and Western Europe (32% and 97%). The development index of digital industries in 2018 stood at 18.6 in Latin America and the Caribbean and 43.2 and 35.8 in North America and Western Europe, respectively, with the widest gaps in activities directly linked to the production process (ECLAC, 2021).

CHAPTER V

Summary and policy challenges for a transformative recovery with employment

V

Introduction

The coronavirus disease (COVID-19) pandemic triggered an unprecedented crisis in the labour markets of Latin America and the Caribbean, which led to historic falls in the number of employed and in participation rates, and equally historic increases in unemployment rates. Governments in the region have rolled out policies to mitigate the effects of the crisis on labour markets. Despite these efforts, the largest contraction in GDP in the past 100 years has been accompanied by a fall in employment not seen since the data have been collected.

The COVID-19 crisis has also accelerated structural changes that were already occurring in the region's labour markets, driven by processes of innovation and automation, and which could entail medium- and long-term changes in the output-employment relationship and generate an underutilization of labour. This is worrying, especially since employment growth was already stagnating before the crisis.

Both the nature and the scale of the current crisis have posed major challenges for policymakers in the region, requiring significant efforts to mitigate the immediate impact on the population. This chapter summarizes some of the main measures adopted by the governments of the 33 countries of Latin America and the Caribbean since the onset of the crisis to cushion its effects on the region's labour markets and household incomes. These measures have been classified into four categories. The first is labour policies aimed at protecting employment and preserving the work relationship between employers and employees. This first group also includes programmes aimed at promoting new job creation. A second category encompasses the fiscal, monetary and financial measures taken to support the productive apparatus since the onset of the crisis. The third category comprises policies aimed at protecting female and youth employment, as well as measures linked to the care economy. The fourth category includes policies on social protection for households; although these do not mitigate the impact on employment directly, they have undoubtedly helped to alleviate the effects of the crisis on household income.

The rest of the chapter is structured as follows: section A describes the main measures taken in the region to protect employment and the productive apparatus; section B presents measures to protect female and youth employment, as well as measures concerning the household economy and, lastly, section C considers the challenges posed to the region's labour markets by innovation and automation.

A. Policies adopted to protect employment amid the crisis triggered by COVID-19

1. Employment protection policies and special job creation programmes

In response to the crisis, authorities in Latin America and the Caribbean adopted a series of measures directed towards mitigating the impact of the collapse of economic activity on the region's labour markets. Thus, along with fiscal and monetary policies aimed at stimulating aggregate demand, other more specific measures were adopted to protect employment. Table V.1 summarizes some of the main measures that have been taken in the region since March 2020 to curb the fall in employment.

Table V.1
Latin America and the Caribbean: main measures taken to sustain employment amid the crisis generated by the COVID-19 pandemic, 2020–2021

	Argentina	Brazil	Bolivia (Plurinational State of)	Chile	Colombia	Costa Rica	Cuba	Dominican Republic	Ecuador	El Salvador	Guatemala	Haiti	Honduras	Mexico	Nicaragua	Panama	Paraguay	Peru	Uruguay	Venezuela (Bolivarian Republic of)		Antigua and Barbuda	Bahamas	Barbados	Belize	Dominica	Grenada	Guyana	Jamaica	Saint Kitts and Nevis	Saint Lucia	Saint Vincent and the Grenadines	Suriname	Trinidad and Tobago
Ban on dismissals	x	x	x		x					x	x			x						x					x									
Teleworking	x	x	x	x	x	x	x	x	x	x		x	x	x	x	x	x	x	x	x					x			x	x			x		x
Changes in working hours, exceptional working hours and wage cuts	x	x	x	x	x	x	x	x	x			x			x	x	x	x	x	x								x	x			x	x	
Mechanisms for the temporary suspension of employment contracts	x	x		x	x	x		x		x	x				x	x	x	x	x															
Use of accrued or advance leave	x	x			x	x		x	x							x	x	x														x		
Leave for workers in groups vulnerable to COVID-19 or responsible for children or adolescents attending online classes or for ill or older persons	x		x	x	x		x	x		x	x	x					x	x	x	x					x			x				x	x
Job creation programmes	x	x	x	x	x	x	x		x				x					x	x													x		
Special training programmes	x	x	x	x	x	x			x	x						x		x						x			x						x	

Source: Economic Commission for Latin America and the Caribbean (ECLAC), COVID-19 Observatory in Latin America and the Caribbean, on the basis of official information.

Table V.1 shows that one of the main measures adopted was the promotion of remote working or teleworking and the consequent adaptation of regulations, so that mobility restrictions would not affect the employment status of people who could perform their work from home. However, these options are undoubtedly limited by the nature of the activity in question, as well as by access to Internet services and the availability of appropriate equipment. For that reason, they tend to be more feasible in formal sectors and among those with a higher level of education.

Working hours were also modified in many economies in the region to accommodate the changes brought about by mobility restrictions and physical distancing rules. These changes also allowed companies to make payroll adjustments without having to lay off employees. On the other hand, some countries opted for mechanisms enabling employment contracts to be temporarily suspended without permanently severing the employee-employer relationship,[1] and encouraged workers to make use of accrued or advance leave. Some economies —especially in the early stages of the pandemic— banned dismissals, affording special protection to workers who could become infected with COVID-19.

Lastly, several economies in the region initiated special training programmes and job creation schemes, both in general and targeted at certain groups especially affected by the crisis, such as young people and women.

2. Fiscal and credit policies in support of the productive apparatus

Another strategy employed by the governments of the region has been to support the productive apparatus in order to prevent the fall in aggregate demand and the effects of physical distancing measures and mobility restrictions from leading to more business closures and, consequently, a further fall in employment. Table V.2 summarizes some of the main actions taken in the region under this strategy.

Support schemes to keep businesses afloat have varied widely, including the provision of credit on very favourable terms, as well as the creation or expansion of loan guarantee funds. The objective of such programmes has been to provide funds to companies to cushion the slump in cash flow, as well as increased liquidity to reduce the likelihood of bankruptcy. In order to support firms (and other debtors) whose ability to pay was impaired, on the one hand, and to avoid increasing systemic risk in the region's financial systems, on the other, several countries promoted credit restructuring through extension of payment terms, reduction of the financial cost of loans and, in the case of financial institutions, changes in the established terms in order to make the provisions for backing up loan portfolios. In some cases, plans targeted certain productive sectors that were particularly affected by the crisis and, in some countries, these actions required changes to regulatory standards.[2]

1 Salazar-Xirinachs (2020) points out that this "hibernation" mechanism has proven effective in some developed countries (most notably in the *Kurzarbeit* system in Germany). However, the author points out the limitations of this strategy, insofar as it does not achieve a large enough scale to prevent a significant drop in employment, as it has applied to only a limited proportion of the labour force. It also becomes less effective as the crisis wears on, because the longer the reduction in the revenue stream lasts, the less likely a company will be able to avoid payroll cuts.

2 For a review of these and other credit stimulus measures adopted during the COVID-19 crisis, see ECLAC (2020a and 2020b).

Table V.2
Latin America and the Caribbean: main measures taken to sustain the productive apparatus amid the crisis generated by the COVID-19 pandemic, 2020–2021

	Argentina	Brazil	Bolivia (Plurinational State of)	Chile	Colombia	Costa Rica	Cuba	Dominican Republic	Ecuador	El Salvador	Guatemala	Haiti	Honduras	Mexico	Nicaragua	Panama	Paraguay	Peru	Uruguay	Venezuela (Bolivarian Republic of)		Antigua and Barbuda	Bahamas	Barbados	Belize	Dominica	Grenada	Guyana	Jamaica	Saint Kitts and Nevis	Saint Lucia	Saint Vincent and the Grenadines	Suriname	Trinidad and Tobago
Business support programmes, including for micro-, small and medium-sized enterprises	x	x	x	x	x	x	x	x	x	x	x		x	x		x	x	x	x	x			x	x	x	x	x	x	x			x		x
Prohibition of utilities cuts or rate reductions	x		x	x		x	x		x	x	x	x	x	x			x		x	x		x	x		x		x			x		x		
Investment stimulus programmes (private and public)	x		x	x		x	x		x											x		x			x		x						x	
Credit reprogramming	x	x	x	x	x	x	x		x	x	x		x	x			x	x	x	x				x	x	x	x	x			x		x	x
Mechanisms to facilitate tax payments or refunds	x	x	x	x	x	x	x	x	x	x	x		x	x	x	x	x	x	x	x		x	x	x		x	x	x	x	x	x		x	x
Support for specific economic activities	x	x	x	x	x	x	x	x	x	x			x	x				x	x				x	x	x	x	x		x		x	x	x	x
Mechanisms to reduce or facilitate the payment of social contributions for employers and self-employed workers	x	x	x		x	x			x		x		x					x	x					x	x									
Payroll support	x	x		x	x	x		x		x	x		x				x	x	x	x					x		x							

Source: Economic Commission for Latin America and the Caribbean (ECLAC), COVID-19 Observatory in Latin America and the Caribbean, on the basis of official information.

Tax authorities also extended tax concessions to companies, implemented payroll support subsidies and rolled out plans to boost public procurement. Mechanisms were put in place to facilitate the payment of taxes and other fiscal and labour contributions. Some countries froze utility rates and prohibited suspension of service for companies —and sometimes households— unable to pay utility bills. Other business support schemes included aid for digitalization and automation processes and the financing of specific training programmes. Given the high concentration of workers in microenterprises and small and medium-sized enterprises (MSMEs), many of the support programmes directly targeted these.[3]

Measures to protect employment and the productive apparatus were complemented by others aimed at softening the significant drop in household income as a result of job destruction. Table V.3 provides a summary of other social protection policies aimed at households, generally in the form of payouts and emergency family income. In some cases, these resources were explicitly directed towards financing the consumption of lower-income households, as well as housing payments. In other cases, the benefit payments were extended to middle-class households and groups particularly affected by the crisis, such as youth, women, older persons and workers in activities that were severely restricted during the pandemic, such as the tourism and commerce sectors, especially informal traders. In some countries, the authorities authorized pension and unemployment fund contributors to make special withdrawals.[4] In other cases, the transfers were targeted specifically at people who had lost their jobs, as a mechanism to compensate for the limited coverage of unemployment insurance in the region.

3 For a review of these and other business support measures adopted during the COVID-19 crisis, see ECLAC (2020a and 2020b).

4 For a review of these and other household support measures adopted during the COVID-19 crisis, see ECLAC (2020a, 2020c and 2021a).

Table V.3
Latin America and the Caribbean: other social protection policies for households adopted amid the crisis generated by the COVID-19 pandemic, 2020–2021

	Argentina	Brazil	Bolivia (Plurinational State of)	Chile	Colombia	Costa Rica	Cuba	Dominican Republic	Ecuador	El Salvador	Guatemala	Haiti	Honduras	Mexico	Nicaragua	Panama	Paraguay	Peru	Uruguay	Venezuela (Bolivarian Republic of)		Antigua and Barbuda	Bahamas	Barbados	Belize	Dominica	Grenada	Guyana	Jamaica	Saint Kitts and Nevis	Saint Lucia	Saint Vincent and the Grenadines	Suriname	Trinidad and Tobago
Emergency income or special payments to support households most affected by the pandemic	x	x	x	x	x	x	x	x	x	x	x	x	x			x	x	x	x	x				x	x		x		x	x	x	x	x	
Strengthening assistance programmes to facilitate payment for food or housing costs	x	x	x	x	x	x	x			x	x	x		x		x	x			x		x	x	x	x			x		x	x	x	x	x
Use of resources from pension or unemployment funds		x		x	x					x			x	x				x																
Support for informal and self-employed workers	x	x		x	x	x	x	x		x				x			x	x	x	x			x	x	x	x	x	x	x			x		
Special payments to support workers who become unemployed	x	x		x	x	x	x	x	x		x		x					x	x			x		x	x						x	x	x	

Source: Economic Commission for Latin America and the Caribbean (ECLAC), COVID-19 Observatory in Latin America and the Caribbean, on the basis of official information.

B. Authorities in the region also established specific policies to protect the working conditions of women and youth, two of the groups most affected by the crisis

As noted earlier, the crisis has not only detracted from the willingness of women and young people to participate in the labour market, but has also reduced the demand for their labour. Chapters II and III of this second part of *Economic Survey of Latin America and the Caribbean, 2021* showed how the mobility restrictions imposed during the pandemic significantly affected the economic activities in which female and youth employment is concentrated. Table V.4 highlights some of the measures adopted by the countries of the region to protect female and youth employment and income during the crisis generated by the COVID-19 pandemic.

The table shows that, in some countries, working hours were reduced for people with children in their care, especially parents of children attending online classes. This was also the case for the working hours of pregnant women and other groups considered at higher risk from the pandemic. Some countries in the region have also extended leave for pregnant and breastfeeding women.

Other countries introduced special financing programmes for productive sectors in which female and youth employment tends to be concentrated (tourism, restaurants, entertainment and the health sector) and, in some cases, for female-headed enterprises.

Some authorities in the region promoted policies to encourage the creation of jobs for women and young people. These included subsidies for hiring women and young people, and for the payment of wages in the productive sectors most affected by the crisis, which have been those where female and youth employment is concentrated.

Notably, some countries in the region have created specific plans for one of the groups worst affected by the crisis, paid domestic workers. In this regard, Peru stands out for having made it compulsory for paid domestic workers to have a written contract and designing measures to protect them at work and against violence and harassment, thereby recognizing the particularities of domestic work and the risks that could arise for domestic workers remaining in their places of employment during lockdowns. In Chile, paid domestic workers were not initially included in the unemployment benefit, which prevented them from accessing the benefits of the Employment Protection Act on an equal footing with other wage earners. This led to the government allowing an extension of the use of compensation funds so that female domestic workers suspended under the Employment Protection Act could make partial monthly withdrawals equivalent to a decreasing proportion of their wage for five months or until the funds were depleted. Subsequently, paid domestic workers were incorporated into unemployment insurance. Another important point is that the development of health and safety protocols addressing specific aspects of the paid domestic work sector has been fundamental in reducing the risk of contagion of these workers during the performance of their work. In Barbados and Costa Rica, health authorities established guidelines aimed at protecting paid domestic workers to reduce their risk of exposure to COVID-19.

Although the stronger economic growth occurring in the region in 2021 will boost employment, this recovery will not be symmetrical. Employment is expected to grow by 7.2%, for men, but only 4.9% for women. A similar pattern is expected in the participation rate, with male participation projected to approach pre-crisis levels (74%), but female participation much the same as the levels of 2008 (49%).

Table V.4
Latin America and the Caribbean: complementary employment and income support measures for women and youth adopted amid the crisis generated by the COVID-19 pandemic, 2020–2021

	Argentina	Brazil	Bolivia (Plurinational State of)	Chile	Colombia	Costa Rica	Cuba	Dominican Republic	Ecuador	El Salvador	Guatemala	Haiti	Honduras	Mexico	Nicaragua	Panama	Paraguay	Peru	Uruguay	Venezuela (Bolivarian Republic of)		Antigua and Barbuda	Bahamas	Barbados	Belize	Dominica	Grenada	Guyana	Jamaica	Saint Kitts and Nevis	Saint Lucia	Saint Vincent and the Grenadines	Suriname	Trinidad and Tobago
Pregnancy leave	x	x	x	x			x		x	x				x						x														
Leave for persons highly vulnerable to COVID-19 or responsible for children, or for ill or older persons	x		x	x	x		x	x		x	x	x					x	x	x	x					x			x				x	x
Exceptional working hours for pregnant or breastfeeding women	x					x	x		x							x				x														
Support for activities with a high proportion of female and youth employment	x						x							x				x	x				x	x		x	x		x				
Support for the wages of workers in sectors hard hit by the crisis	x			x				x																							x			
Transfers to mothers with children	x	x					x													x										x				
Special financing programmes for women				x		x																				x			x		x			
Digital inclusion programmes																								x										
Youth employment programmes	x			x	x				x									x	x												x			
Youth training programmes	x			x	x				x									x	x								x							

Source: Economic Commission for Latin America and the Caribbean (ECLAC), COVID-19 Observatory in Latin America and the Caribbean, on the basis of official information.

In order to prevent women and youth from being left behind and to redress this asymmetry, additional policies are needed to promote gender equality and support the inclusion of youth in the recovery process.

To this end, policies should be geared towards the revival of sectors severely affected by the crisis, such as commerce, tourism and services, which will contribute to a recovery in female and youth employment. Measures also also needed to ensure that recovery in technology sectors is accompanied by an increase in female and youth participation, with particular emphasis on the removal of entry barriers in these sectors.

To these ends, retraining strategies should be adopted for women and young people, to boost their uptake of jobs in the digital economy and in higher-productivity occupations. Efforts should also be made to strengthen policies and programmes for e-inclusion and for training and accreditation of women and young people.

Governments and financial systems in the region must expand efforts to ensure women's full access to financial services and products by correcting gender biases in risk assessment and, consequently, potentially excessive collateral requirements and interest rates for women.

ECLAC (2021c) refers to the need to "invest in the care economy and draw attention to its multiplier effects in terms of women's labour market participation, population welfare, income and time redistribution, economic growth and increased tax revenues". This will require governments to "design comprehensive care systems that combine policies relating to the distribution of time, resources, benefits and services, with a focus on the principle of co-responsibility between men and women and between the State, the market and families, and that connect with health and education policies without subjecting women to an excessive burden of unpaid work."

Policies that support greater labour market insertion of women and young people would not only help to close the structural gaps that heighten inequality in the region, but would also contribute to increasing the potential GDP of the region's economies. In fact, some studies argue that raising labour participation levels close to those of the Nordic countries would boost GDP in the countries of the region by between 4% and 14% (Novta and Cheng Wong, 2017).

C. It is necessary to close the digital divide and improve regulation in order to face the challenges posed by innovation and automation in the region's labour markets

The new technologies have a strong impact on labour market restructuring through the destruction, generation and transformation of occupations and jobs. As described in chapter IV, however, technological change is not the only trend affecting structural changes in labour demand in the region. Opportunities for job creation are offered by the greening of infrastructure and of the productive structure, as well as by demographic change, especially for people with low and intermediate levels of education, who will have fewer opportunities for employment in activities that require sophisticated technological skills. Tapping these opportunities, in many cases, requires policy decisions on public investments and regulations, aimed at creating jobs for these groups of workers as a matter of priority (Korinek and Stiglitz, 2021).

1. Labour market regulations will have to be adapted to foster inclusive labour processes

The current crisis has accentuated the unevenness both of work processes (for example, the increasing use of teleworking, in the format prevailing during the pandemic, but also in formats not related to the home) and of labour relations (for example, with the expansion of different formats for working over digital platforms). This has generated new challenges for advancing towards inclusive and sustainable economic growth, employment and decent work for all.

A first challenge is the significant increase in work mediated by digital platforms during the crisis. The great heterogeneity in the quality of employment over digital platforms that has been seen in Europe and the usually highly precarious conditions of such jobs in Latin America[5] show that there is significant room for improving the quality of platform-based work through labour institutions, without missing out on the advantages that these new business models bring for consumers and economies in general.

Clearly, platform work needs to be better regulated in order to take advantage of the benefits these systems offer to clients while fostering the creation of new jobs and ensuring labour standards that meet decent work criteria. In the case of workers performing their work over location-based or geographically tethered platforms, there are basically three options: to treat them as wage workers, to create a new category of workers and define their corresponding rights, or to establish a special statute for these workers that automatically guarantees them certain rights, but without discounting the possibility of recognizing them as wage workers.[6] The possibility has also been raised of creating platforms that function as cooperatives, offering the corresponding services and respecting the labour rights of the workers (Vallas and Schor, 2020).

However, the space for regulation is not unlimited if the advantages of new technologies and business models are to be seized. In the case of work performed via global online platforms (cloudwork), supranational regulation is needed, as national-level regulations could, albeit unintentionally, leave a country's workers less able to compete for jobs that are in global demand (ECLAC/ILO, 2021).[7]

On the other hand, the need to establish appropriate regulatory frameworks has also arisen with respect to remote work or teleworking. In 2020 and 2021, several countries in the region have made progress in the field of telework regulation, defining the rights and obligations involved in this expanding modality of work. However, ensuring compliance with the new regulations is complex because, instead of centralizing work in a common space, this format eliminates the boundaries between the public workspace and the private space. Sometimes, in formats such as the virtual office, there is no defined workplace at all. This all makes labour inspection much more difficult. This context also produces new challenges, such as ensuring equal rights for teleworkers and on-site workers, the right to privacy of teleworkers versus the supervision interests of companies, mitigation of psychosocial risks that may arise from social isolation, and data security (both for companies and workers), among others (ILO, 2021).

5 This is illustrated, for example, in the studies of the Fairwork project, which analyse the fulfilment of five fair work standards, finding large differences between the location-based platforms active in various countries. Against a maximum rating of 10, scores range from 1 to 2 in Chile, 1 to 3 in Ecuador, 0 to 8 in the United Kingdom and 1 to 9 in Germany (see [online] https://fair.work/en/fw/homepage/).

6 The recent recognition of Uber drivers in the United Kingdom as wage workers and, subsequently, the recognition of their union representation, have been important steps towards vindicating labour institutions and improving the quality of employment of these workers.

7 Fairwork (2021) describes the large differences that exist in terms of job quality in cloudwork platforms.

Workers' groupings that can represent and support teleworkers in the event of non-compliance by companies thus take on special relevance. Trade unions therefore have to adapt to representation needs arising in the context of these new working arrangements.

Lastly, the growing heterogeneity of working modalities underscores the need for a more in-depth debate on a universal labour guarantee of fundamental labour rights, regardless of the specific contractual situation, as proposed, for example, by the Global Commission on the Future of Work (ILO, 2019). Over and above a floor of guaranteed rights, labour institutions could define the additional rights and benefits corresponding to the different modalities. In this context, social security is one important aspect. Social security systems are under great pressure worldwide owing to demographic, labour and design factors, for which the expansion of new forms of work not envisaged in the original design of these systems represents fresh challenges.

2. Other challenges relating to innovation and the automation of production processes

If the countries of Latin America and the Caribbean are to take advantage of the opportunities offered by new technologies to generate productive employment and decent work, and to contain the related risks, they must first close the external and internal gaps that occur in the introduction of these technologies into production processes today. According to ECLAC (2018), an integrated approach is needed, encompassing aspects related to digital infrastructure, education and training, social policy and e-government, among other areas. This implies engaging a multiplicity of actors, such as digital infrastructure providers, academic innovation centres, business chambers and other private entities, education and vocational training systems, productive development institutions —with special emphasis on the promotion of small and medium-sized enterprises— and key users such as health institutions and the public administration, among others.

A necessary condition for taking advantage of new technologies is to have access to the corresponding technology, with the requisite quality and at accessible prices. The authorities in several countries took measures to improve access to technologies both in education and at work, in response to restrictions on mobility and face-to-face activities during the COVID-19 pandemic (ECLAC, 2020c). Nevertheless, large gaps persist in this area, as shown, for example, by the inequalities observed in the adoption of teleworking, which arise not only because of the characteristics of the different occupations, but also because of gaps in the availability of the necessary equipment and Internet access.

On the other hand, access to the job opportunities emerging with the new technologies is unevenly distributed, reflecting the large gaps in education coverage and quality in the region. At the same time, the risks of job destruction are concentrated among people with low or intermediate levels of formal education. If people who have lost formal jobs as a result of these technological transformations are unable to re-enter high- or medium-productivity sectors, they will be forced to seek alternative employment in low-productivity activities, thus swelling the already large informal sector in the countries of the region.

Given the high degree of uncertainty about the specific skills that will be in demand in the future, it is essential to strengthen institutional capacities not only to identify the current demand for skills, but also to anticipate the evolution of this demand, so that vocational education and training institutions can adjust their supply to ensure its relevance in the future (Gontero and Albornoz, 2019). Information generated in this

process should be made available to all relevant actors, not only to vocational education and training institutions, but also to workers and young people who have to make decisions about the profession or trade for which they want to prepare.

All of this requires the strengthening of labour information systems, both to improve the match between labour demand and supply and to eliminate inequalities arising from a lack of transparency and gaps in social capital (Gontero and Zambrano, 2018). It is also essential to foster the development of basic digital skills, not only in primary education, but also as a central part of lifelong learning strategies (UNESCO, 2021). It is crucial to make significant progress in this area, from the elimination of digital illiteracy to the development of advanced digital skills, so that the region can close both external and internal gaps.

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Statistical annex

Table A.1
Latin America and the Caribbean: main economic indicators

	2012	2013	2014	2015	2016	2017	2018	2019	2020[a]
Annual growth rates									
Gross domestic product[b]	2.8	2.9	1.1	-0.2	-1.2	1.1	1.1	0.1	-6.8
Gross domestic product per capita[b]	1.6	1.8	0.1	-1.3	-2.2	0.1	0.1	-0.8	-7.7
Consumer prices[c]	2.7	2.7	2.9	0.0	4.1	3.6	3.2	3.1	3.0
Percentages									
National unemployment	6.3	6.1	6.6	7.8	8.1	7.9	8.0	10.5	10.5
Total gross external debt/GDP[d e]	24.7	26.3	29.4	34.7	37.5	35.3	38.0	40.0	48.9
Total gross external debt/exports of goods and services[d e]	107.1	117.5	133.9	154.4	165.3	156.9	151.3	159.2	189.0
Millions of dollars									
Balance of payments									
Current account balance	-147 454	-171 987	-183 558	-169 348	-98 972	-94 390	-141 126	-109 826	4 264
Exports of goods f.o.b.	1 126 632	1 117 709	1 086 230	926 520	895 123	1 004 497	1 092 511	1 069 895	959 725
Imports of goods f.o.b.	1 085 595	1 114 615	1 103 318	979 830	891 382	975 344	1 087 622	1 056 509	885 293
Services trade balance	-76 200	-80 816	-78 338	-55 535	-45 377	-52 398	-52 133	-44 557	-43 085
Income balance	-179 493	-161 185	-160 038	-132 091	-136 299	-153 157	-183 957	-177 438	-133 662
Net current transfers	63 431	63 929	67 960	69 251	76 500	82 011	90 074	98 783	106 578
Capital and financial balance[f]	204 464	187 699	221 527	141 490	119 124	111 810	125 954	61 284	9 817
Net foreign direct investment	160 867	151 782	135 786	135 906	126 288	119 443	149 117	113 585	92 208
Other capital movements	43 597	35 917	85 741	5 585	-7 164	-7 633	-23 163	-52 300	-82 391
Overall balance	57 010	15 712	37 969	-27 858	20 151	17 420	-15 172	-48 542	14 080
Variation in reserve assets[g]	-58 100	-16 144	-38 425	27 132	-19 453	-17 979	-13 205	30 517	-15 200
Other financing	1 091	433	456	726	-699	559	28 378	15 788	1 119
Net transfer of resources	29 439	29 719	66 111	12 680	-14 794	-40 788	-29 625	-100 366	-122 726
International reserves	834 208	829 117	857 148	811 779	831 571	859 610	868 029	852 243	890 174
Percentages of GDP									
Fiscal sector[h]									
Overall balance	-2.0	-2.6	-2.9	-3.1	-3.3	-3.2	-2.9	-3.0	-6.9
Primary balance	-0.3	-0.8	-1.0	-1.0	-1.1	-0.9	-0.5	-0.4	-4.2
Total revenue	18.3	18.3	18.1	18.0	18.0	17.9	18.0	18.5	17.8
Tax revenue	15.1	15.2	15.2	15.4	15.4	15.3	15.4	15.3	14.7
Total expenditure	20.3	20.9	21.0	21.1	21.2	21.1	20.9	21.4	24.7
Capital expenditure	4.1	4.3	4.2	3.9	3.8	3.6	3.3	3.1	3.4
Central-government public debt[h]	31.1	32.8	34.2	36.7	38.4	39.9	43.3	46.1	56.2
Public debt of the non-financial public-sector[h]	33.8	35.2	37.1	40.0	41.7	43.5	46.8	50.1	60.0

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 2010 dollars.

[c] Weighted average. Does not include data on economies with chronic inflation (Argentina, Haiti, Suriname and Venezuela (Bolivarian Republic of)).

[d] Based on figures denominated in dollars at current prices.

[e] Simple averages for 17 countries. Does not include Cuba, Haiti and Venezuela (Bolivarian Republic of).

[f] Includes errors and omissions.

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

[h] Coverage corresponds to the central government. Simple averages for 16 countries. Does not include Bolivia (Plurinational State of) , Cuba, Haiti and Venezuela (Bolivarian Republic of).

Table A.2
Latin America and the Caribbean: gross domestic product in millions of dollars
(Current prices)

	2012	2013	2014	2015	2016	2017	2018	2019	2020[a]
Latin America and the Caribbean	**6 042 631**	**6 213 149**	**6 138 523**	**5 048 240**	**4 876 097**	**5 431 082**	**5 311 547**	**5 234 510**	**4 374 237**
Latin America	**5 970 202**	**6 139 404**	**6 063 644**	**4 974 962**	**4 806 499**	**5 359 377**	**5 236 193**	**5 158 062**	**4 307 074**
Argentina	581 431	613 316	567 050	644 903	557 532	643 628	524 820	452 819	389 591
Bolivia (Plurinational State of)	27 084	30 659	32 996	33 000	33 941	37 509	40 288	40 895	38 090
Brazil	2 465 228	2 472 819	2 456 044	1 802 212	1 795 693	2 063 515	1 916 934	1 877 824	1 442 182
Chile	267 122	278 384	260 542	243 919	250 440	277 035	297 572	279 385	252 940
Colombia	370 921	382 116	381 112	293 482	282 825	311 884	334 198	323 430	271 438
Costa Rica	47 232	50 950	52 016	56 442	58 847	60 516	62 420	64 073	61 847
Cuba	73 141	77 148	80 656	87 133	91 370	96 851	100 050	103 131	95 994
Dominican Republic	60 682	62 682	67 180	71 165	75 705	79 998	85 555	88 941	78 845
Ecuador	87 925	95 130	101 726	99 290	99 938	104 296	107 562	108 108	98 808
El Salvador	21 386	21 991	22 593	23 438	24 191	24 979	26 021	26 897	24 639
Guatemala	49 589	52 996	57 852	62 186	66 053	71 654	73 209	77 020	77 605
Haiti	13 588	14 787	14 941	14 204	13 333	15 237	15 822	14 007	15 242
Honduras	18 529	18 500	19 757	20 980	21 718	23 136	24 068	25 090	23 828
Mexico	1 201 094	1 274 444	1 315 356	1 171 870	1 078 493	1 158 912	1 222 406	1 269 432	1 073 915
Nicaragua	10 532	10 983	11 880	12 757	13 286	13 786	13 025	12 611	12 634
Panama	40 430	45 600	49 921	54 092	57 908	62 203	64 928	66 788	52 938
Paraguay	33 296	38 651	40 378	36 211	36 090	38 997	40 225	37 907	35 670
Peru	192 650	201 176	200 786	189 803	191 898	211 008	222 575	228 473	207 240
Uruguay	55 691	62 498	62 178	57 874	57 237	64 234	64 515	61 231	53 629
Venezuela (Bolivarian Republic of)	352 652	334 573	268 678	...	...	...	...	...	...
The Caribbean	**72 429**	**73 745**	**74 879**	**73 278**	**69 598**	**71 705**	**75 354**	**76 448**	**67 163**
Antigua and Barbuda	1 200	1 181	1 250	1 337	1 437	1 468	1 606	1 688	1 370
Bahamas	10 721	10 495	11 143	11 891	11 993	12 360	12 838	13 164	9 908
Barbados	4 610	4 677	4 696	4 715	4 829	4 986	5 123	5 298	4 548
Belize	1 523	1 579	1 667	1 722	1 789	1 859	1 916	1 983	2 080
Dominica	486	498	520	541	576	522	555	612	504
Grenada	800	843	911	997	1 062	1 126	1 167	1 213	1 043
Guyana	4 063	4 168	4 128	4 280	4 483	4 748	4 788	5 174	5 471
Jamaica	14 807	14 264	13 899	14 189	14 077	14 809	15 731	15 831	13 821
Saint Kitts and Nevis	826	875	954	958	1 009	1 061	1 079	1 109	885
Saint Lucia	1 605	1 665	1 755	1 808	1 865	1 999	2 066	2 122	1 620
Saint Vincent and the Grenadines	693	721	728	755	774	792	811	825	807
Suriname	5 332	5 510	5 612	5 126	3 317	3 592	3 996	4 221	3 242
Trinidad and Tobago	25 763	27 268	27 616	24 960	22 386	22 385	23 680	23 208	21 863

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

Table A.3
Latin America and the Caribbean: annual growth rates in gross domestic product
(Constant prices)

	2012	2013	2014	2015	2016	2017	2018	2019	2020[a]
Latin America and the Caribbean[b]	**2.8**	**2.9**	**1.1**	**-0.2**	**-1.2**	**1.1**	**1.1**	**0.1**	**-6.8**
Latin America	**2.8**	**2.9**	**1.1**	**-0.2**	**-1.2**	**1.1**	**1.1**	**0.1**	**-6.8**
Argentina	-1.0	2.4	-2.5	2.7	-2.1	2.8	-2.6	-2.0	-9.9
Bolivia (Plurinational State of)	5.1	6.8	5.5	4.9	4.3	4.2	4.2	2.2	-8.0
Brazil	1.9	3.0	0.5	-3.5	-3.3	1.3	1.8	1.4	-4.1
Chile	5.3	4.0	1.8	2.3	1.7	1.2	3.7	0.9	-5.8
Colombia	3.9	5.1	4.5	3.0	2.1	1.4	2.6	3.3	-6.8
Costa Rica	4.9	2.5	3.5	3.7	4.2	4.2	2.6	2.3	-4.1
Cuba	3.0	2.8	1.0	4.4	0.5	1.8	2.2	-0.2	-10.9
Dominican Republic	2.7	4.9	7.1	6.9	6.7	4.7	7.0	5.1	-6.7
Ecuador	5.6	4.9	3.8	0.1	-1.2	2.4	1.3	0.0	-7.8
El Salvador	2.8	2.2	1.7	2.4	2.5	2.2	2.4	2.6	-7.9
Guatemala	3.0	3.7	4.4	4.1	2.7	3.1	3.3	3.9	-1.5
Haiti	0.5	4.3	1.7	2.6	1.8	2.5	1.7	-1.7	-3.3
Honduras	4.1	2.8	3.1	3.8	3.9	4.8	3.8	2.7	-9.0
Mexico	3.6	1.4	2.8	3.3	2.6	2.1	2.2	-0.2	-8.3
Nicaragua	6.5	4.9	4.8	4.8	4.6	4.6	-3.4	-3.7	-2.0
Panama	9.8	6.9	5.1	5.7	5.0	5.6	3.6	3.0	-17.9
Paraguay	-0.7	8.3	5.3	3.0	4.3	4.8	3.2	-0.4	-0.6
Peru	6.1	5.9	2.4	3.3	4.0	2.5	4.0	2.2	-11.1
Uruguay	3.5	4.6	3.2	0.4	1.7	1.6	0.5	0.4	-5.9
Venezuela (Bolivarian Republic of)	5.6	1.3	-3.9	-6.2	-17.0	-15.7	-19.6	-28.0	-30.0
The Caribbean	**1.3**	**0.7**	**0.7**	**1.1**	**-1.3**	**0.1**	**1.9**	**0.6**	**-7.7**
Antigua and Barbuda	3.4	-0.6	3.8	3.8	5.5	3.1	6.9	4.9	-20.2
Bahamas	3.1	-3.6	2.3	1.6	0.1	1.6	2.8	0.7	-14.5
Barbados	-0.4	-1.4	-0.1	2.5	2.5	0.4	-0.6	-1.3	-17.6
Belize	2.4	1.3	4.0	2.6	0.0	1.8	2.9	1.8	-14.0
Dominica	-1.1	-1.0	4.8	-2.7	2.8	-6.6	3.5	5.5	-16.6
Grenada	-1.2	2.4	7.3	6.4	3.7	4.4	4.4	0.7	-13.8
Guyana	5.3	3.7	1.7	0.7	3.8	3.7	4.4	5.4	43.5
Jamaica	-0.6	0.5	0.7	0.9	1.4	1.0	1.9	0.9	-9.9
Saint Kitts and Nevis	-0.5	5.7	7.6	0.7	3.9	0.9	2.7	4.2	-14.4
Saint Lucia	-0.1	-2.0	1.3	0.1	3.4	3.5	2.6	1.7	-23.8
Saint Vincent and the Grenadines	1.4	1.8	1.2	1.3	1.9	1.0	2.2	0.5	-3.3
Suriname	2.7	2.9	0.3	-3.4	-4.9	1.6	4.9	1.1	-14.5
Trinidad and Tobago	1.3	2.2	-0.9	1.5	-5.6	-3.0	0.1	-1.2	-6.8

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 2010 dollars.

Table A.4
Latin America and the Caribbean: per capita gross domestic product
(Annual growth rates)

	2012	2013	2014	2015	2016	2017	2018	2019	2020[a]
Latin America and the Caribbean[b]	**1.6**	**1.8**	**0.1**	**-1.3**	**-2.2**	**0.1**	**0.1**	**-0.8**	**-7.7**
Latin America	**1.7**	**1.8**	**0.1**	**-1.3**	**-2.2**	**0.1**	**0.1**	**-0.8**	**-7.7**
Argentina	-2.1	1.3	-3.5	1.7	-3.1	1.8	-3.5	-2.9	-10.7
Bolivia (Plurinational State of)	3.5	5.1	3.8	3.3	2.7	2.7	2.8	0.8	-9.3
Brazil	1.0	2.1	-0.4	-4.4	-4.1	0.5	1.0	0.7	-4.7
Chile	4.3	3.0	0.7	1.1	0.4	-0.2	2.3	-0.2	-6.6
Colombia	3.0	4.2	3.4	1.8	0.7	-0.2	1.0	1.9	-7.8
Costa Rica	3.7	1.3	2.4	2.5	3.1	3.1	1.6	1.3	-4.9
Cuba	2.8	2.5	0.8	4.3	0.4	1.8	2.3	-0.2	-10.8
Dominican Republic	1.5	3.7	5.8	5.7	5.5	3.5	5.8	4.0	-7.7
Ecuador	4.1	3.4	2.2	-1.5	-2.9	0.6	-0.5	-1.7	-9.2
El Salvador	2.4	1.8	1.2	1.9	2.0	1.7	1.9	2.1	-8.4
Guatemala	0.8	1.5	2.3	2.0	0.6	1.1	1.3	1.9	-3.4
Haiti	-1.0	2.8	0.3	1.2	0.5	1.2	0.4	-2.9	-4.5
Honduras	2.2	0.9	1.3	2.0	2.1	3.1	2.1	1.0	-10.4
Mexico	2.2	0.0	1.5	2.0	1.4	0.9	1.1	-1.3	-9.3
Nicaragua	5.1	3.5	3.4	3.4	3.2	3.3	-4.6	-4.9	-3.1
Panama	7.9	5.1	3.3	3.9	3.2	3.8	1.9	1.4	-19.2
Paraguay	-2.1	6.8	3.9	1.6	2.9	3.4	1.9	-1.7	-1.8
Peru	5.3	4.9	1.3	2.0	2.4	0.8	2.2	0.6	-12.4
Uruguay	3.2	4.3	2.9	0.0	1.3	1.3	0.1	0.0	-6.2
Venezuela (Bolivarian Republic of)	3.9	-0.1	-4.7	-6.3	-16.4	-14.4	-18.2	-27.1	-29.8
The Caribbean	**0.6**	**0.0**	**0.0**	**0.4**	**-1.9**	**-0.5**	**1.3**	**0.0**	**-8.2**
Antigua and Barbuda	2.1	-1.8	2.6	2.7	4.4	2.2	5.9	4.0	-20.9
Bahamas	2.0	-4.5	1.3	0.6	-0.9	0.6	1.7	-0.3	-15.3
Barbados	-0.7	-1.7	-0.3	2.3	2.4	0.3	-0.7	-1.4	-17.7
Belize	0.1	-1.0	1.8	0.5	-2.1	-0.2	0.9	-0.1	-15.6
Dominica	-1.1	-1.1	4.7	-2.9	2.6	-6.8	3.3	5.2	-16.8
Grenada	-1.8	1.7	6.6	5.8	3.1	3.9	3.8	0.2	-14.2
Guyana	4.8	3.1	1.1	0.2	3.3	3.2	3.9	4.8	42.8
Jamaica	-1.2	-0.1	0.1	0.4	0.8	0.5	1.4	0.4	-10.3
Saint Kitts and Nevis	-1.4	4.8	6.6	-0.1	3.1	0.1	1.9	3.4	-15.0
Saint Lucia	-0.7	-2.5	0.9	-0.4	2.9	3.0	2.1	1.2	-24.1
Saint Vincent and the Grenadines	1.3	1.7	1.0	1.1	1.6	0.7	1.8	0.2	-3.6
Suriname	1.5	1.8	-0.8	-4.4	-5.9	0.6	3.9	0.2	-15.3
Trinidad and Tobago	0.6	1.6	-1.5	0.9	-6.1	-3.4	-0.4	-1.6	-7.1

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 2010 dollars.

Table A.5
Latin America and the Caribbean: year-on-year growth rates in gross domestic product[a]
(Constant prices)

	2019				2020				2021
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Argentina	-5.9	0.6	-1.8	-1.2	-5.0	-19.0	-10.2	-4.3	2.5
Belize	5.8	1.3	2.0	-2.2	-6.4	-23.8	-12.8	-12.8	-8.4
Bolivia (Plurinational State of)	3.1	2.6	2.2	1.1	0.6	-21.7	...	...	...
Brazil	1.2	1.5	1.3	1.6	-0.3	-10.9	-3.9	-1.1	1.0
Chile	1.1	1.5	3.4	-2.0	0.2	-14.2	-9.0	0.0	0.3
Colombia	3.6	3.1	3.2	3.3	0.6	-15.7	-8.4	-3.6	1.1
Costa Rica	2.1	0.7	2.2	4.1	1.8	-7.7	-6.2	-4.3	-2.2
Dominican Republic	5.7	3.7	4.9	5.8	0.0	-16.9	-7.2	-2.9	3.1
Ecuador	1.2	0.4	0.0	-1.4	-1.9	-12.8	-9.1	-7.2	-5.6
El Salvador	3.0	1.7	2.8	3.0	0.1	-19.8	-10.0	-2.1	3.3
Guatemala	3.8	3.7	3.8	4.1	1.2	-8.9	-1.4	3.0	4.8
Honduras	3.0	1.7	3.3	2.6	-1.3	-19.2	-7.9	-7.8	1.2
Jamaica[b]	1.8	1.4	0.6	0.0	-2.4	-18.4	-10.6	-8.3	-6.7
Mexico	1.3	-1.0	-0.2	-0.7	-1.3	-18.7	-8.7	-4.5	-3.6
Nicaragua	-9.0	-3.8	-3.0	1.2	1.2	-6.4	-0.9	-1.9	3.4
Panama	3.1	2.9	2.8	3.4	0.4	-38.2	-23.6	-10.9	-8.5
Paraguay	-3.0	-3.7	2.2	3.2	4.3	-6.7	-1.3	1.0	0.6
Peru	2.5	1.3	3.2	1.9	-3.7	-30.0	-9.0	-1.7	3.8
Trinidad and Tobago	-3.5	-3.2	1.3	1.8	-1.9	-10.0	...	...	...
Uruguay	-1.5	2.2	1.4	-0.5	-1.9	-12.9	-5.8	-2.9	-2.8
Venezuela (Bolivarian Republic of)	-26.8	...	...	...	...	...	...	...	...

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Based on figures in local currency at constant prices.
[b] Gross domestic product measured in basic prices.

Table A.6
Latin America and the Caribbean: gross fixed capital formation[a]
(Percentages of GDP)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020[b]
Latin America and the Caribbean	**21.0**	**21.2**	**21.2**	**20.6**	**19.5**	**18.4**	**18.1**	**18.2**	**18.0**	**17.1**
Argentina	18.4	17.3	17.3	16.5	16.7	16.0	17.7	17.1	14.7	14.2
Bahamas	27.6	30.1	27.9	30.7	24.5	25.8	27.7	26.1	26.4	19.7
Belize	15.0	14.6	18.0	18.1	22.0	23.7	20.2	20.9	21.9	...
Bolivia (Plurinational State of)	19.5	19.0	19.9	20.7	20.7	20.6	22.1	21.9	20.7	...
Brazil	21.1	20.9	21.4	20.4	18.2	16.6	15.9	16.5	16.8	17.4
Chile	23.6	24.9	24.8	23.1	22.6	21.9	21.0	21.2	22.0	20.6
Colombia	23.1	23.0	23.7	24.8	24.8	23.6	23.7	23.3	23.3	19.8
Costa Rica	19.2	19.9	20.4	20.4	20.4	20.8	20.0	19.7	18.3	18.8
Dominican Republic	23.9	23.1	21.5	22.0	24.4	25.7	24.5	26.0	26.7	25.2
Ecuador	26.1	27.3	28.7	28.3	26.5	24.5	25.2	25.3	24.5	23.4
El Salvador	15.7	15.7	16.3	14.5	15.4	15.6	15.8	16.5	17.2	17.2
Guatemala	16.1	16.2	15.9	15.9	15.0	14.4	14.5	14.7	15.3	14.7
Honduras	24.3	24.2	23.1	22.5	24.4	21.7	23.0	23.8	22.0	18.4
Mexico	22.5	22.7	21.7	21.7	22.0	21.6	20.9	20.6	19.7	17.6
Nicaragua	24.3	27.5	27.6	27.3	30.4	29.5	28.8	23.2	18.1	20.3
Panama	31.6	36.0	40.8	42.2	42.5	41.3	42.1	41.0	38.7	24.6
Paraguay	21.0	19.3	19.3	19.6	18.6	18.2	18.4	19.1	18.0	19.2
Peru	24.3	26.3	26.2	25.1	22.5	20.7	20.5	20.6	20.7	19.7
Uruguay	17.4	19.8	19.7	19.5	17.6	17.1	16.9	15.3	15.3	16.2
Venezuela (Bolivarian Republic of)	18.7	21.9	19.6	17.0	14.4	9.5	6.2	4.8	...	...

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Based on official figures expressed in 2010 dollars.
[b] Preliminary figures.

Table A.7
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		
	2018	2019	2020[a]	2018	2019	2020[a]	2018	2019	2020[a]	2018	2019	2020[a]
Latin America and the Caribbean	**1 092 511**	**1 069 895**	**959 725**	**176 993**	**179 552**	**112 402**	**1 087 622**	**1 056 509**	**885 293**	**229 126**	**224 109**	**155 487**
Latin America	**1 074 568**	**1 053 967**	**952 319**	**162 723**	**164 020**	**105 590**	**1 063 404**	**1 031 220**	**871 496**	**218 309**	**213 212**	**148 513**
Argentina	61 801	65 156	54 945	15 342	14 765	9 400	62 544	46 928	40 315	24 277	19 629	11 640
Bolivia (Plurinational State of)	8 940	8 819	6 953	1 459	1 443	603	9 302	9 055	6 517	3 089	2 893	1 842
Brazil	239 522	225 800	210 707	35 378	34 275	28 576	196 147	199 253	178 337	71 374	69 765	49 517
Chile	74 708	68 763	73 485	9 940	9 259	6 318	70 498	65 810	55 116	14 609	14 362	11 316
Colombia	44 259	42 079	33 273	10 617	10 587	5 670	49 534	50 708	41 290	14 881	14 941	10 110
Costa Rica	11 730	11 885	12 028	9 751	10 360	7 752	16 350	15 838	14 181	4 212	4 547	4 017
Dominican Republic	10 638	11 193	10 297	9 414	9 317	4 147	20 197	20 268	17 047	3 917	4 258	3 142
Ecuador	22 133	22 774	20 461	3 249	3 346	1 800	22 359	21 749	17 131	3 936	4 143	2 786
El Salvador	4 736	4 748	4 158	2 829	3 234	2 132	10 376	10 458	9 363	1 947	1 995	1 453
Guatemala	9 644	9 919	10 514	3 707	3 681	2 604	17 629	17 885	16 441	3 541	3 632	2 854
Haiti	1 079	1 201	886	701	385	251	4 484	4 198	3 473	1 187	1 003	621
Honduras	8 644	8 788	7 683	1 254	1 177	722	12 462	12 149	10 241	2 316	2 406	1 837
Mexico	451 082	460 939	417 151	29 014	31 695	17 057	464 850	455 772	383 172	40 493	39 976	28 259
Nicaragua	4 197	4 341	4 396	1 364	1 373	943	5 802	5 397	5 324	953	855	615
Panama	13 353	13 214	10 240	14 461	14 663	9 377	23 966	22 261	14 347	4 908	5 113	2 980
Paraguay	13 730	12 702	11 494	946	923	628	12 917	12 251	10 035	1 280	1 248	819
Peru	49 066	47 688	42 413	7 090	7 523	3 268	41 870	41 074	34 663	9 850	10 675	7 438
Uruguay	11 628	11 732	10 064	5 410	5 264	3 706	9 336	8 663	7 808	4 480	4 645	3 562
Venezuela (Bolivarian Republic of)	33 677	22 227	...	798	748	...	12 782	11 504	...	7 058	7 127	...
The Caribbean	**17 943**	**15 929**	**7 406**	**14 270**	**15 532**	**6 812**	**24 217**	**25 289**	**13 796**	**10 817**	**10 897**	**6 973**
Antigua and Barbuda	43	55	36	993	1 141	563	623	622	385	510	534	270
Bahamas	642	654	400	3 738	3 923	1 288	3 317	2 966	2 224	1 799	1 825	1 414
Barbados	448	444	345	1 338	1 471	773	1 499	1 502	1 422	470	523	70
Belize	451	462	287	620	668	427	917	969	731	238	264	170
Dominica	12	18	15	145	182	85	285	281	188	135	150	86
Grenada	46	46	28	576	580	401	411	413	348	274	303	195
Guyana	1 377	1 567	2 587	157	225	201	2 410	4 040	2 073	1 027	1 111	1 994
Jamaica	1 961	1 640	1 219	3 829	4 338	2 146	5 476	5 685	4 149	2 414	2 632	1 741
Saint Kitts and Nevis	27	29	26	571	612	314	355	358	269	226	260	176
Saint Lucia	70	82	64	1 055	1 143	397	580	526	459	396	440	207
Saint Vincent and the Grenadines	46	38	54	262	286	114	312	295	267	135	144	87
Suriname	2 065	2 129	2 344	171	157	103	1 403	1 598	1 283	667	815	563
Trinidad and Tobago	10 756	8 764	...	814	808	...	6 631	6 034	...	2 526	1 896	...

Table A.7 (continued)

	Goods and services balance			Income balance			Current transfers balance			Current account balance		
	2018	2019	2020[a]	2018	2019	2020[a]	2018	2019	2020[a]	2018	2019	2020[a]
Latin America and the Caribbean	**-47 243**	**-31 170**	**31 348**	**-183 957**	**-177 438**	**-133 662**	**90 074**	**98 783**	**106 578**	**-141 126**	**-109 826**	**4 264**
Latin America	**-44 422**	**-26 445**	**37 900**	**-181 069**	**-174 799**	**-132 039**	**87 185**	**94 791**	**102 198**	**-138 306**	**-106 453**	**8 058**
Argentina	-9 678	13 363	12 391	-18 650	-17 892	-10 197	1 245	819	1 119	-27 084	-3 710	3 313
Bolivia (Plurinational State of)	-1 992	-1 685	-802	-976	-847	-436	1 243	1 134	1 033	-1 725	-1 398	-206
Brazil	7 379	-8 942	11 428	-58 824	-57 272	-39 696	-15	1 184	2 344	-51 460	-65 030	-25 923
Chile	-458	-2 150	13 371	-13 532	-10 144	-10 964	2 349	1 840	963	-11 640	-10 454	3 370
Colombia	-9 539	-12 982	-12 457	-11 773	-10 230	-5 601	7 643	8 704	8 732	-13 669	-14 508	-9 326
Costa Rica	919	1 860	1 582	-3 344	-3 833	-3 499	558	596	568	-1 867	-1 376	-1 349
Dominican Republic	-4 063	-4 017	-5 744	-3 692	-4 069	-3 857	6 433	6 898	8 060	-1 322	-1 188	-1 541
Ecuador	-913	228	2 344	-2 829	-3 028	-2 869	2 409	2 739	2 993	-1 333	-61	2 469
El Salvador	-4 758	-4 472	-4 525	-1 470	-1 337	-1 314	5 369	5 644	5 960	-859	-165	121
Guatemala	-7 819	-7 918	-6 177	-1 507	-1 412	-1 398	9 948	11 120	11 824	622	1 791	4 249
Haiti	-3 892	-3 615	-2 956	50	50	28	3 469	3 442	3 847	-373	-123	918
Honduras	-4 880	-4 589	-3 673	-1 882	-1 901	-1 610	5 180	5 894	5 983	-1 582	-596	700
Mexico	-25 247	-3 114	22 777	-33 269	-36 864	-36 894	33 406	36 200	40 069	-25 110	-3 777	25 953
Nicaragua	-1 193	-537	-599	-652	-466	-364	1 611	1 758	1 920	-234	754	958
Panama	-1 061	503	2 289	-3 836	-3 804	-1 187	-70	-31	131	-4 967	-3 332	1 233
Paraguay	479	126	1 268	-1 348	-1 133	-1 075	801	795	694	-68	-212	887
Peru	4 437	3 462	3 579	-11 908	-9 838	-6 146	3 556	3 718	4 071	-3 915	-2 657	1 504
Uruguay	3 222	3 689	2 400	-3 656	-3 047	-2 961	99	190	186	-336	832	-375
Venezuela (Bolivarian Republic of)	14 635	4 345	...	-7 973	-7 733	...	1 951	2 146	...	8 613	-1 242	...
The Caribbean	**-2 821**	**-4 726**	**-6 551**	**-2 887**	**-2 639**	**-1 623**	**2 889**	**3 992**	**4 380**	**-2 819**	**-3 373**	**-3 794**
Antigua and Barbuda	-97	40	-56	-78	-106	-25	-59	-46	-28	-233	-112	-109
Bahamas	-737	-215	-1 950	-682	-547	-489	-69	846	373	-1 488	84	-2 065
Barbados	-183	-110	-374	...	...	...	-44	-46	93	-227	-156	-281
Belize	-84	-103	-187	-145	-158	-59	78	84	118	-151	-177	-128
Dominica	-263	-231	-174	-1	-10	14	25	18	21	-239	-223	-139
Grenada	-63	-91	-114	-109	-120	-81	-10	8	20	-181	-202	-175
Guyana	-1 903	-3 359	-1 278	-28	-47	-32	492	581	658	-1 439	-2 824	-652
Jamaica	-2 100	-2 339	-2 525	-596	-441	-455	2 452	2 416	2 961	-244	-364	-18
Saint Kitts and Nevis	17	22	-105	-47	-48	-13	-29	-30	-24	-58	-56	-142
Saint Lucia	150	258	-204	-112	-134	-37	7	5	22	45	129	-219
Saint Vincent and the Grenadines	-138	-115	-185	-2	-7	2	41	42	41	-98	-80	-142
Suriname	166	-126	601	-387	-413	-450	103	90	124	-119	-449	275
Trinidad and Tobago	2 413	1 642	...	-700	-608	...	-100	22	...	1 613	1 056	...

Table A.7 (concluded)

	Capital and financial balance[b]			Overall balance			Reserve assets (variation)[c]			Other financing		
	2018	2019	2020[a]	2018	2019	2020[a]	2018	2019	2020[a]	2018	2019	2020[a]
Latin America and the Caribbean	**125 954**	**61 284**	**9 817**	**-15 172**	**-48 542**	**14 080**	**-13 205**	**30 517**	**-15 200**	**28 378**	**15 788**	**1 119**
Latin America	**124 164**	**58 114**	**4 601**	**-14 143**	**-48 339**	**12 659**	**-14 112**	**30 545**	**-13 704**	**28 254**	**15 586**	**1 046**
Argentina	10 031	-33 872	-11 040	-17 052	-37 582	-7 727	-11 277	21 375	7 727	28 329	16 208	0
Bolivia (Plurinational State of)	495	-1 441	-1 546	-1 230	-2 839	-1 752	1 230	2 839	1 752	0	0	0
Brazil	54 387	38 974	11 692	2 928	-26 055	-14 232	-2 928	26 055	14 232	0	0	0
Chile	13 037	10 301	-6 265	1 397	-152	-2 895	-1 397	152	2 895	0	0	0
Colombia	14 855	17 841	13 655	1 187	3 333	4 328	-1 187	-3 333	-4 328	0	0	0
Costa Rica	2 257	2 768	-405	390	1 393	-1 754	-390	-1 393	1 754	0	0	0
Dominican Republic	2 155	2 313	2 836	833	1 125	1 295	-847	-1 150	-1 963	14	24	668
Ecuador	1 504	777	1 677	171	715	4 146	-171	-715	-4 146	0	0	0
El Salvador	861	1 041	-1 508	2	876	-1 387	-2	-876	1 387	0	0	0
Guatemala	366	7	-1 060	988	1 798	3 189	-988	-1 798	-3 189	0	0	0
Haiti	322	-67	-918	-51	-190	...	-33	109	...	84	81	...
Honduras	1 627	1 585	1 211	46	988	1 911	-50	-993	-2 381	4	5	470
Mexico	25 593	6 416	-13 963	483	2 638	11 990	-483	-2 638	-11 990	0	0	0
Nicaragua	-279	-635	-51	-513	119	907	513	-119	-907	0	0	0
Panama	4 512	5 291	4 410	-455	1 958	5 643	632	-1 227	-5 550	-177	-731	-93
Paraguay	-115	157	918	-183	-55	1 805	183	55	-1 805	0	0	0
Peru	286	9 566	4 058	-3 629	6 909	5 562	3 629	-6 909	-5 562	0	0	0
Uruguay	-72	-1 943	2 004	-408	-1 111	1 630	408	1 111	-1 630	0	0	0
Venezuela (Bolivarian Republic of)	-7 658	-965	...	955	-2 207	...	-955	...	...	0	...	...
The Caribbean	**1 790**	**3 170**	**5 216**	**-1 030**	**-203**	**1 422**	**907**	**-28**	**-1 496**	**123**	**201**	**74**
Antigua and Barbuda	249	62	52	15	-50	-57	-15	50	57	0	0	0
Bahamas	1 267	478	2 429	-221	562	364	221	-562	-364	0	0	0
Barbados	521	396	871	294	241	590	-294	-241	-590	...	...	...
Belize	133	160	197	-18	-18	69	18	18	-69	0	0	0
Dominica	218	198	149	-21	-25	10	21	25	-10	0	0	0
Grenada	216	204	232	35	2	57	-35	-2	-57	0	0	0
Guyana	1 307	2 775	712	-132	-49	61	56	-47	-105	77	96	44
Jamaica	-5	463	467	-249	99	449	249	-99	-449	...	...	...
Saint Kitts and Nevis	56	47	151	-2	-9	9	2	-21	-9	0	0	0
Saint Lucia	-80	-154	189	-36	-25	-30	36	25	30	0	0	0
Saint Vincent and the Grenadines	86	104	156	-12	24	13	12	-24	-13	0	0	0
Suriname	220	136	-388	101	-313	-113	-148	208	83	47	105	30
Trinidad and Tobago	-2 397	-1 699	...	-784	-644	...	784	644	...	0	...	...

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

[a] Preliminary figures.

[b] Includes errors and omissions.

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

Table A.8
Latin America: international trade of goods
(Index 2010=100)

	Exports of goods, f.o.b.								
	Value			Volume			Unit value		
	2018	2019	2020[a]	2018	2019	2020[a]	2018	2019	2020[a]
Latin America	**123.1**	**120.7**	**109.1**	**128.2**	**128.3**	**122.0**	**96.0**	**94.1**	**89.4**
Argentina	90.5	95.4	80.4	89.4	100.3	87.1	101.3	95.1	92.4
Bolivia (Plurinational State of)	145.9	143.9	113.4	122.2	118.8	94.9	119.4	121.1	119.5
Brazil	119.0	112.2	104.7	130.1	127.6	127.8	91.5	87.9	81.9
Chile	105.1	96.7	103.3	115.8	113.0	116.4	90.7	85.6	88.8
Colombia	108.6	103.2	81.6	139.5	142.1	139.8	77.8	72.6	58.4
Costa Rica	156.6	158.6	160.5	147.6	151.0	152.6	106.0	105.0	105.2
Dominican Republic	156.1	164.2	151.1	152.2	159.6	136.7	102.6	102.9	110.5
Ecuador	122.0	125.6	112.8	124.5	132.2	138.7	98.0	95.0	81.3
El Salvador	136.3	136.7	119.7	115.5	117.1	102.2	118.1	116.7	117.2
Guatemala	134.0	137.8	146.1	144.3	149.2	156.6	92.8	92.4	93.3
Haiti	191.4	213.2	157.3	177.5	196.5	144.2	107.8	108.5	109.1
Honduras	138.0	140.3	122.7	134.4	139.4	116.1	102.7	100.7	105.6
Mexico	150.9	154.2	139.6	151.6	153.5	146.2	99.5	100.5	95.5
Nicaragua	154.0	159.2	161.2	168.3	178.6	170.4	91.5	89.2	94.6
Panama	105.3	104.3	80.8	109.7	115.4	86.9	96.1	90.3	93.0
Paraguay	131.1	121.3	109.7	112.8	102.3	90.7	116.2	118.6	121.0
Peru	137.0	133.2	118.5	133.8	134.7	116.7	102.4	98.9	101.5
Uruguay	144.8	146.1	125.3	141.7	147.7	127.9	102.2	98.9	98.0
Venezuela (Bolivarian Republic of)	50.3	33.2	...	58.9	44.7	...	85.5	74.4	...
	Imports of goods, f.o.b.								
	Value			**Volume**			**Unit value**		
	2018	**2019**	**2020**	**2018**	**2019**	**2020**	**2018**	**2019**	**2020[a]**
Latin America	**128.9**	**125.0**	**105.6**	**127.0**	**126.3**	**112.1**	**101.5**	**99.0**	**94.3**
Argentina	115.5	86.6	74.4	119.8	95.0	84.6	96.4	91.2	88.0
Bolivia (Plurinational State of)	185.8	180.8	130.2	110.4	105.0	76.0	168.3	172.3	171.2
Brazil	107.3	109.0	97.5	107.0	113.8	111.0	100.3	95.8	87.9
Chile	127.7	119.2	99.8	136.2	132.4	117.4	93.8	90.0	85.0
Colombia	129.0	132.0	107.5	144.5	156.3	133.8	89.3	84.5	80.3
Costa Rica	148.1	143.5	128.4	146.8	144.6	134.0	100.9	99.2	95.9
Dominican Republic	132.8	133.3	112.1	128.4	134.1	116.4	103.5	99.3	96.3
Ecuador	113.8	110.7	87.2	105.7	102.4	81.7	107.7	108.2	106.8
El Salvador	138.4	139.5	124.9	114.9	117.4	109.2	120.5	118.8	114.4
Guatemala	148.4	150.6	138.4	149.6	153.4	150.0	99.2	98.1	92.3
Haiti	149.0	139.5	115.4	119.4	112.3	93.4	124.8	124.2	123.5
Honduras	139.9	136.4	115.0	134.0	130.8	109.2	104.4	104.3	105.2
Mexico	154.0	151.0	127.0	148.7	147.6	127.9	103.5	102.3	99.3
Nicaragua	128.6	119.6	118.0	144.7	142.8	154.0	88.8	83.7	76.6
Panama	139.2	129.3	83.3	133.7	129.3	89.6	104.1	100.0	93.0
Paraguay	134.7	127.7	104.6	144.4	129.5	109.7	93.3	98.6	95.4
Peru	145.3	142.5	120.3	131.5	131.2	116.6	110.5	108.6	103.1
Uruguay	109.1	101.2	91.2	119.1	117.6	114.7	91.6	86.1	79.6
Venezuela (Bolivarian Republic of)	30.6	27.6	...	28.9	25.7	...	105.9	107.3	...

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

Table A.9
Latin America: exports of goods, f.o.b.
(Millions of dollars)

	2019				2020				2021
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Latin America	**247 189**	**262 665**	**259 719**	**257 796**	**233 738**	**193 530**	**244 912**	**260 624**	**254 510**
Argentina	14 170	16 620	17 170	17 156	13 340	14 213	14 613	12 718	15 407
Bolivia (Plurinational State of)	1 999	2 169	2 433	2 218	2 049	1 130	1 583	2 192	2 305
Brazil	49 565	57 898	58 107	55 557	48 099	52 593	55 043	53 446	55 607
Chile	18 242	17 018	16 706	16 796	17 198	17 845	17 987	20 454	21 897
Colombia	9 594	10 708	9 587	9 600	8 802	6 375	7 682	8 197	8 934
Costa Rica	2 774	2 997	2 828	2 835	3 005	2 625	2 855	3 141	3 345
Dominican Republic	2 655	2 816	2 805	2 942	2 694	2 055	2 713	2 835	2 897
Ecuador	5 245	5 763	5 681	5 640	5 317	4 190	5 150	5 568	5 780
El Salvador	1 467	1 543	1 492	1 403	1 454	742	1 396	1 452	1 601
Guatemala	2 815	2 819	2 753	2 783	3 045	2 495	2 807	3 166	3 407
Honduras	2 211	2 312	2 231	2 034	2 178	1 454	2 110	1 942	2 417
Mexico	108 094	119 261	116 347	116 901	108 325	74 386	111 040	123 248	111 864
Nicaragua	690	705	654	647	787	733	683	649	897
Panama	2 952	3 229	3 474	3 559	2 704	1 801	2 819	2 916	...
Paraguay	3 199	3 191	3 223	3 089	2 995	2 412	3 006	3 081	3 092
Peru	11 253	11 590	12 132	12 714	10 322	6 776	11 592	13 724	13 288
Uruguay	1 638	2 028	2 094	1 921	1 425	1 704	1 833	1 895	1 772
Venezuela (Bolivarian Republic of)	8 627	...	...	...	...	...	...	...	...

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

Table A.10
Latin America: imports of goods, c.i.f.
(Millions of dollars)

		2019				2020				2021
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Latin America		**247 391**	**251 645**	**262 953**	**249 057**	**230 260**	**172 713**	**207 284**	**237 810**	**249 673**
Argentina	CIF	12 166	12 988	13 307	10 663	9 880	9 359	11 088	12 027	12 877
Bolivia (Plurinational State of)	FOB	2 251	2 297	2 247	2 307	1 845	1 122	1 601	2 031	1 818
Brazil	FOB	45 086	44 739	50 999	45 104	45 306	33 090	36 540	43 850	47 755
Chile	FOB	16 449	16 296	16 868	16 197	14 120	11 896	13 867	15 234	17 940
Colombia	FOB	12 555	13 301	13 678	13 169	11 886	8 873	10 693	12 037	12 661
Costa Rica	CIF	4 002	3 982	3 933	4 112	3 854	3 278	3 482	3 879	3 990
Dominican Republic	CIF	4 791	5 133	5 258	5 107	4 600	3 527	4 074	4 845	5 057
Ecuador	CIF	5 562	5 877	5 674	5 451	4 971	3 715	4 256	4 964	5 378
El Salvador	CIF	2 812	2 954	2 930	2 908	2 737	2 010	2 594	2 984	3 355
Guatemala	CIF	4 772	4 923	5 020	5 167	4 739	3 953	4 380	5 135	5 614
Honduras	FOB	2 998	2 978	3 077	3 095	2 811	1 986	2 469	2 976	3 254
Mexico	FOB	109 868	114 252	117 387	113 735	104 773	75 548	94 833	107 832	113 371
Nicaragua	FOB	1 061	1 086	1 067	1 139	1 108	1 005	1 094	1 204	1 277
Panama	FOB	5 541	5 906	5 577	5 237	3 960	3 047	3 500	3 840	...
Paraguay	FOB	2 841	2 794	3 324	3 292	2 742	1 975	2 578	2 741	2 702
Peru	FOB	9 969	10 216	10 537	10 352	9 163	6 786	8 470	10 244	10 700
Uruguay	FOB	1 723	1 923	2 070	2 022	1 765	1 544	1 763	1 987	1 924
Venezuela (Bolivarian Republic of)	FOB	2 947	...	...	...	...	...	...	...	...

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

Table A.11
Latin America: terms of trade for goods f.o.b./f.o.b.
(Index 2010=100)

	2012	2013	2014	2015	2016	2017	2018	2019	2020[a]
Latin America	**102.5**	**100.4**	**98.0**	**88.7**	**89.7**	**93.9**	**94.6**	**95.0**	**94.8**
Argentina	115.7	108.1	106.0	101.0	107.3	104.1	105.1	104.4	105.0
Bolivia (Plurinational State of)	112.3	100.4	95.1	71.2	60.1	66.7	70.9	70.3	69.8
Brazil	101.5	99.4	96.1	85.5	88.1	93.2	91.3	91.8	93.2
Chile	94.6	91.6	89.8	87.2	90.4	99.7	96.7	95.1	104.4
Colombia	108.4	100.6	91.5	68.9	68.1	79.7	87.2	86.0	72.7
Costa Rica	97.6	96.5	98.9	106.4	109.9	107.0	105.1	105.9	109.7
Dominican Republic	98.8	96.5	96.1	104.4	109.0	104.1	99.1	103.6	114.8
Ecuador	112.9	113.5	106.3	80.6	76.9	83.5	91.0	87.8	76.2
El Salvador	99.4	98.6	96.7	100.9	102.6	100.6	98.0	98.3	102.4
Guatemala	95.2	92.9	93.8	94.3	102.1	99.7	93.6	94.1	101.1
Haiti	86.0	80.6	83.1	87.4	86.4	87.6	86.4	87.4	88.3
Honduras	101.4	95.4	98.9	104.3	104.6	104.9	98.4	96.5	100.3
Mexico	97.3	97.8	97.1	93.0	93.6	96.5	96.1	98.3	96.2
Nicaragua	106.7	98.4	98.3	115.8	114.7	112.2	103.0	106.5	123.5
Panama	96.4	91.3	92.9	90.6	89.0	90.6	92.2	90.3	100.0
Paraguay	102.5	113.3	126.4	128.5	128.9	127.5	124.6	120.2	126.9
Peru	104.7	98.4	93.1	86.7	86.5	93.0	92.6	91.0	98.5
Uruguay	106.3	108.1	112.3	114.5	117.6	117.2	111.5	114.9	123.2
Venezuela (Bolivarian Republic of)	120.8	119.8	115.9	66.7	57.5	63.9	80.8	69.4	53.6

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

Table A.12
Latin America and the Caribbean (selected countries): remittances from emigrant workers
(Millions of dollars)

	2016	2017	2018	2019	2020				2021	
					Q1	Q2	Q3	Q4	Q1	Q2
Bolivia (Plurinational State of)	1 233	1 392	1 370	1 318	285	171	306	353	338	112[a]
Brazil	2 365	2 300	2 565	2 880	728	794	886	904	963	599[b]
Colombia	4 851	5 498	6 321	6 733	1 758	1 322	1 871	1 902	1 937	1 395[b]
Costa Rica	515	527	499	519	104	119	138	134	127	...
Dominican Republic	5 261	5 912	6 494	7 087	1 703	1 772	2 375	2 369	2 549	1 845[b]
Ecuador	2 602	2 840	3 031	3 235	721	677	953	986	921	...
El Salvador	4 544	4 985	5 391	5 649	1 308	1 210	1 666	1 746	1 706	1 329[b]
Guatemala	7 160	8 192	9 288	10 508	2 389	2 491	3 180	3 280	3 135	3 831
Honduras	3 949	4 438	4 884	5 522	1 221	1 247	1 593	1 676	1 583	1 274[b]
Jamaica	2 071	2 157	2 226	2 292	566	697	832	811	804	289[a]
Mexico	26 993	30 291	33 677	36 439	9 398	9 892	10 676	10 635	10 615	8 563[b]
Nicaragua	1 264	1 391	1 501	1 682	425	436	482	509	500	171[a]
Paraguay	547	587	569	555	115	94	150	127	115	80[b]
Peru	2 884	3 051	3 225	3 326	710	573	794	861	751	...

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Figures as of April.
[b] Figures as of May.

Table A.13
Latin America and the Caribbean: net resource transfer[a]
(Millions of dollars)

	2012	2013	2014	2015	2016	2017	2018	2019	2020[b]
Latin America and the Caribbean	**29 439**	**29 719**	**66 111**	**12 680**	**-14 794**	**-40 788**	**-29 625**	**-100 366**	**-122 726**
Latin America	**33 072**	**32 382**	**65 651**	**14 192**	**-14 936**	**-40 499**	**-28 651**	**-101 098**	**-126 393**
Argentina	-14 921	-11 864	-1 240	611	17 224	29 327	19 710	-35 557	-21 237
Bolivia (Plurinational State of)	-1 888	-1 838	-1 336	-811	-1 760	556	-480	-2 288	-1 982
Brazil	39 455	36 580	63 085	18 423	-7 830	-16 043	-4 437	-18 297	-28 004
Chile	-2 493	-486	-3 796	-1 460	-1 026	-7 757	-494	157	-17 228
Colombia	2 038	5 310	12 147	13 990	7 719	2 881	3 083	7 611	8 054
Costa Rica	3 065	1 064	226	185	-1 429	-1 391	-1 087	-1 064	-3 905
Dominican Republic	933	735	-882	-1 249	-1 659	-2 930	-1 523	-1 732	-353
Ecuador	-1 611	1 450	-1 286	-961	-1 088	-4 466	-1 325	-2 251	-1 191
El Salvador	1 020	201	145	-225	-244	-615	-609	-296	-2 822
Guatemala	1 340	1 741	518	-207	-639	242	-1 141	-1 405	-2 459
Haiti	784	625	718	165	261	349	456	64	-890
Honduras	32	894	225	-144	-759	-234	-250	-312	71
Mexico	9 501	10 815	9 070	-15 565	-5 176	-14 150	-7 676	-30 448	-50 857
Nicaragua	804	942	788	968	436	575	-931	-1 101	-414
Panama	1 667	2 096	4 134	171	1 684	-322	498	755	3 130
Paraguay	-1 184	-1 127	-279	-1 775	-1 794	-1 545	-1 464	-975	-157
Peru	7 738	1 214	-2 999	1 714	-3 749	-7 116	-11 622	-272	-2 088
Uruguay	1 472	1 932	-528	-3 977	-5 250	-1 097	-3 729	-4 989	-956
Venezuela (Bolivarian Republic of)	-14 681	-17 901	-13 062	4 339	-9 856	-16 763	-15 631	-8 698	...
The Caribbean	**-3 633**	**-2 663**	**460**	**-1 512**	**142**	**-289**	**-974**	**732**	**3 667**
Antigua and Barbuda	140	191	30	-55	-88	20	171	-44	27
Bahamas	1 162	1 227	1 861	1 271	363	1 662	584	-69	1 941
Barbados	139	-38	188	-13	-154	76	521	396	871
Belize	-48	72	78	-24	-20	-46	-12	1	138
Dominica	77	23	26	32	119	38	218	188	163
Grenada	157	223	44	36	30	32	107	85	151
Guyana	466	411	344	146	-30	267	1 355	2 825	725
Jamaica	400	946	1 769	426	-269	473	-601	22	12
Saint Kitts and Nevis	52	50	-40	-23	97	107	10	-1	138
Saint Lucia	158	84	2	-92	-6	-72	-193	-288	152
Saint Vincent and the Grenadines	208	247	183	113	122	78	84	97	158
Suriname	-175	-84	196	507	74	-442	-121	-171	-808
Trinidad and Tobago	-6 369	-6 015	-4 222	-3 837	-96	-2 482	-3 097	-2 307	...

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

[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.14
Latin America and the Caribbean: net foreign direct investment[a]
(Millions of dollars)

	2012	2013	2014	2015	2016	2017	2018	2019	2020[b]
Latin America and the Caribbean	**160 867**	**151 782**	**135 786**	**135 906**	**126 288**	**119 443**	**149 117**	**113 585**	**92 208**
Latin America	**160 362**	**150 767**	**133 029**	**133 359**	**124 333**	**117 846**	**146 587**	**110 769**	**89 307**
Argentina	14 269	8 932	3 145	10 884	1 474	10 361	9 991	5 124	2 725
Bolivia (Plurinational State of)	1 060	1 750	690	556	246	633	387	-265	-996
Brazil	90 485	59 568	67 107	61 604	59 601	47 545	76 138	46 355	48 129
Chile	10 812	12 322	10 758	4 948	5 334	993	6 450	3 247	-3 197
Colombia	15 646	8 558	12 270	7 506	9 330	10 147	6 409	11 160	6 355
Costa Rica	1 803	2 401	2 818	2 541	2 127	2 652	2 434	2 695	1 644
Dominican Republic	3 142	1 991	2 209	2 205	2 407	3 571	2 535	3 021	2 554
Ecuador	567	727	777	1 331	756	625	1 388	974	1 190
El Salvador	466	179	306	396	348	889	826	636	201
Guatemala	1 226	1 449	1 388	1 048	965	934	778	799	704
Haiti	156	162	99	106	105	375	105	75	...
Honduras	851	992	1 315	952	900	1 035	895	500	366
Mexico	-571	32 758	22 955	24 815	30 956	30 245	25 557	23 433	25 128
Nicaragua	712	815	983	922	924	971	763	444	143
Panama	3 254	3 612	4 130	3 966	4 652	4 314	4 917	3 686	627
Paraguay	697	245	412	308	425	576	458	522	568
Peru	11 867	9 334	2 823	8 125	5 583	6 360	6 831	7 115	478
Uruguay	2 240	3 045	2 247	775	-1 828	-2 079	-500	1 248	2 685
Venezuela (Bolivarian Republic of)	1 679	1 928	-3 401	370	27	-2 302	225	...	...
The Caribbean	**505**	**1 015**	**2 757**	**2 546**	**1 955**	**1 597**	**2 530**	**2 816**	**2 901**
Antigua and Barbuda	133	95	40	100	59	144	193	84	13
Bahamas	530	688	475	526	390	305	491	265	359
Barbados	565	-62	...	...	...	...	...	...	...
Belize	193	92	138	59	42	24	121	101	72
Dominica	59	23	14	19	41	23	77	59	25
Grenada	31	113	100	137	93	152	164	196	146
Guyana	294	214	255	122	6	212	1 232	1 695	1 811
Jamaica	323	470	523	891	658	855	762	219	318
Saint Kitts and Nevis	108	136	151	133	124	42	36	66	54
Saint Lucia	74	92	98	129	149	59	67	4	54
Saint Vincent and the Grenadines	115	160	119	116	89	143	34	75	76
Suriname	173	188	164	267	300	98	119	-20	-27
Trinidad and Tobago	-2 094	-1 192	679	48	2	-459	-765	70	...

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

Table A.15

Latin America and the Caribbean: total gross external debt[a]

(Millions of dollars, end-of-period stocks)

		2013	2014	2015	2016	2017	2018	2019	2020
Latin America and the Caribbean[b]		**1 511 936**	**1 687 042**	**1 694 082**	**1 765 310**	**1 869 170**	**1 946 882**	**2 014 455**	**2 054 230**
Latin America[b]		**1 492 203**	**1 666 267**	**1 671 480**	**1 740 873**	**1 843 383**	**1 920 897**	**1 988 869**	**2 026 172**
Argentina	Total	155 489	158 742	167 412	181 432	234 549	277 932	278 489	271 443
	Public	91 444	98 229	101 659	122 022	161 289	197 330	197401	193 756
	Private	64 045	60 513	65 753	59 410	73 260	80 602	81 088	77 686
Bolivia (Plurinational State of)	Total	7 756	8 543	9 445	10 703	11 702	12 491	13 473	14 205
	Public	5 262	5 736	6 341	7 268	9 428	10 178	11 268	12 172
	Private	2 494	2 807	3 104	3 435	2 274	2 313	2 206	2 034
Brazil	Total	621 439	712 655	665 101	675 841	667 103	665 777	675 789	639 308
	Public	122 641	139 051	130 587	130 274	125 492	129 139	123 810	123 860
	Private	498 797	573 604	534 513	545 567	541 611	536 638	551 979	515 448
Chile	Total	136 351	152 135	160 904	164 815	180 449	183 344	197 234	208 981
	Public	27 994	31 285	31 831	35 370	47 270	51 176	59 507	67 757
	Private	108 357	120 849	129 073	129 445	133 179	132 168	137 727	141 224
Colombia	Total	92 073	101 404	110 502	120 153	124 636	132 016	138 683	154 605
	Public	52 216	59 767	66 158	71 308	71 870	72 999	73 835	89 699
	Private	39 856	41 637	44 344	48 844	52 767	59 017	64 848	64 906
Costa Rica	Total	19 504	21 628	23 576	25 565	26 920	28 997	30 840	31 785
	Public	7 381	8 974	10 363	10 756	11 016	11 808	13 456	14 107
	Private	12 123	12 654	13 213	14 809	15 904	17 189	17 385	17 677
Dominican Republic	Public	14 919	16 074	16 029	17 567	18 821	21 565	23 383	30 703
Ecuador	Total	18 788	24 112	27 933	34 181	40 323	44 239	52 668	56 963
	Public	12 920	17 582	20 226	25 680	31 750	35 730	41496	45 369
	Private	5 868	6 531	7 707	8 909	8 573	8 508	11 172	11 593
El Salvador	Total	14 035	14 800	15 217	16 376	16 474	16 603	17 390	18 349
	Public	7 764	8 673	8 553	9 169	9 414	9 236	9 941	10 781
	Private	6 271	6 127	6 663	7 207	7 060	7 367	7 469	7 569
Guatemala	Total	19 825	21 577	22 235	23 333	24 982	24 462	24 947	25 374
	Public	7 573	7 617	8 007	8 645	8 912	8 738	9 825	11 750
	Private	12 252	13 960	14 228	14 687	16 071	15 725	15 122	13 623
Haiti	Total	1 478	1 833	1 985	2 013	2 133	2 125	2 104	...
	Public	1 475	1 830	1 981	2 009	2 129	2 122	2 100	...
	Private	3	4	4	5	4	3	4	...
Honduras	Total	6 709	7 184	7 456	7 499	8 572	9 112	9 604	10 981
	Public	5 202	5 569	5 927	6 108	7 145	7 375	7 699	9 112
	Private	1 507	1 616	1 530	1 391	1 428	1 736	1 905	1 869
Mexico	Total	259 977	286 624	296 399	314 202	333 398	342 711	355 795	373 079
	Public	134 436	147 666	162 210	180 986	193 981	202 355	204 684	223 649
	Private	125 541	138 958	134 189	133 216	139 417	140 356	151 111	149 430
Nicaragua	Total	9 677	10 134	10 548	11 054	11 551	11 703	11 763	12 040
	Public	4 724	4 796	4 804	5 042	5 546	5 950	6 279	6 957
	Private	4 954	5 338	5 743	6 011	6 005	5 753	5 485	5 084
Panama	Public	12 231	14 352	15 648	16 902	18 390	20 575	24 223	29 817
Paraguay	Total	4 780	5 839	6 197	6 677	7 738	8 591	9 802	13 675
	Public	2 677	3 680	3 993	4 823	5 592	6 403	7 230	10 182
	Private	2 103	2 159	2 203	1 854	2 146	2 188	2 573	3 493
Peru	Total	60 559	69 271	73 129	74 571	76 499	78 170	80 200	88 768
	Public	24 039	23 951	26 710	29 617	32 953	34 912	39 264	48 632
	Private	36 519	45 320	46 418	44 954	43 547	43 258	40 936	40 136
Uruguay	Total	38 092	41 194	43 752	40 002	41 274	42 611	44 584	46 098
	Public	18 047	18 959	18 977	17 170	17 837	19 199	20 206	22 174
	Private	20 045	22 234	24 775	22 832	23 436	23 412	24 378	23 923

Table A.15 (concluded)

		2013	2014	2015	2016	2017	2018	2019	2020
Venezuela (Bolivarian Republic of)	Total	132 362	135 767	149 755	149 859	148 328	148 432	147 899	...
	Public	112 103	117 217	128 283	128 056	128 768	128 543	129 260	...
	Private	20 259	18 550	21 472	21 803	21 199	19 889	18 639	...
The Caribbean[b]		**19 733**	**20 774**	**22 602**	**24 437**	**25 787**	**25 985**	**25 586**	**28 058**
Antigua and Barbuda	Public	577	560	573	573	562	584	615	628
Bahamas	Public	1 616	2 095	2 176	2 373	3 234	3 172	3 123	4 478
Barbados	Public	1 434	1 521	1 460	1 442	1 413	1 599	1 545	1 987
Belize	Public	1 083	1 126	1 179	1 204	1 257	1 285	1 272	1 454
Dominica	Public	275	287	285	285	244	256	252	238
Grenada	Public	618	634	613	613	602	533	562	524
Guyana	Public	1 246	1 216	1 143	1 162	1 248	1 322	1 305	1 321
Jamaica	Public	8 310	8 659	10 314	10 244	10 103	9 937	9 253	9 180
Saint Kitts and Nevis	Public	320	284	214	214	199	156	149	142
Saint Lucia	Public	488	526	537	537	529	598	599	607
Saint Vincent and the Grenadines	Public	354	387	399	399	455	387	391	384
Suriname	Public	878	942	1 156	1 872	2 046	2 060	2 298	2 312
Trinidad and Tobago	Public	2 534	2 537	2 553	3 519	3 896	4 096	4 222	4 803

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Includes debt owed to the International Monetary Fund.
[b] Does not include Haiti and Venezuela (Bolivarian Republic of).

Table A.16
Latin America and the Caribbean: sovereign spreads on EMBI global
(Basis points to end of period)

	2016	2017	2018	2019	2020				2021	
					March	June	September	December	March	June
Latin America	**473**	**419**	**568**	**346**	**703**	**552**	**476**	**386**	**390**	**380**
Argentina	455	351	817	1744	3803	2495	1300	1368	1589	1596
Belize	1 837	771	858	869	1039	1515	1475	1406	1606	1543
Bolivia (Plurinational State of)	83	203	378	218	645	630	622	461	501	481
Brazil	330	232	273	212	389	373	334	250	272	256
Chile	158	117	166	135	301	211	183	144	122	135
Colombia	225	173	228	161	376	293	262	206	216	247
Dominican Republic	407	275	371	309	621	567	483	340	342	352
Ecuador	647	459	826	826	4553	3373	1015	1062	1201	776
El Salvador	536	383	515	394	825	832	852	732	595	721
Jamaica	375	304	346	282	577	479	443	317	288	295
Mexico	296	245	357	292	653	526	501	361	351	348
Panama	187	119	171	114	283	212	193	149	155	170
Paraguay	281	200	260	203	429	312	267	213	212	216
Peru	170	136	168	107	265	182	170	132	152	163
Uruguay	244	146	207	148	298	215	186	135	125	129
Venezuela (Bolivarian Republic of)	2 168	4 854	6 845	14 740	19 270	30 757	29 608	24 099	26 168	31 091

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of information from JPMorgan Emerging Markets Bond Index (EMBI).

Table A.17
Latin America and the Caribbean: risk premia on five-year credit default swaps
(Basis points to end of period)

	2016	2017	2018	2019	2020				2021	
					March	June	September	December	March	June
Argentina	419	232	794	899	899	899	356	545	1 906	1 954
Brazil	281	162	208	99	276	257	250	143	225	165
Chile	83	49	63	42	130	86	69	45	59	58
Colombia	164	105	157	72	232	161	152	89	135	136
Mexico	156	106	155	79	241	158	152	81	114	93
Panama	127	67	85	41	144	113	87	48	82	66
Peru	108	72	94	41	119	92	77	56	83	83
Venezuela (Bolivarian Republic of)	3 750	15 047	8 281	5 381	5 381	5 381	5 381	5 381	5 381	1 697

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

Table A.18
Latin America and the Caribbean: international bond issues[a]
(Millions of dollars)

	2016	2017	2018	2019	2020				2021	
					Q1	Q2	Q3	Q4	Q1	Q2
Total	**129 364**	**144 702**	**94 058**	**118 577**	**44 665**	**44 027**	**29 022**	**27 572**	**52 027**	**39 311**
Latin America and the Caribbean	**124 528**	**140 855**	**88 582**	**114 687**	**44 665**	**41 238**	**27 100**	**27 331**	**49 029**	**38 328**
Argentina	33 783	27 676	13 367	1 720	-	250	135	-	1 100	300
Bahamas	-	750	-	-	-	-	-	825	-	-
Barbados	-	-	-	-	-	-	-	-	-	400
Bolivia (Plurinational State of)	-	1 000	-	-	-	-	-	-	-	-
Brazil	20 481	32 066	18 979	29 147	8 200	7 250	5 675	5 850	9 644	13 395
Chile	5 336	14 449	8 635	12 629	10 358	5 457	500	3 814	7 752	3 357
Colombia	4 061	7 842	5 786	4 793	4 279	4 900	3 092	120	2 840	5 755
Costa Rica	500	300	-	1 500	-	-	-	-	-	-
Dominican Republic	1 870	2 017	3 118	2 500	2 500	-	3 799	1 266	2 500	2 353
Ecuador	2 750	5 800	3 000	4 525	327	-	-	-	-	-
El Salvador	-	951	-	1 097	-	-	1 000	-	-	-
Guatemala	700	1 330	-	1 200	-	1 200	200	-	300	700
Honduras	-	850	-	-	-	600	-	-	-	300
Jamaica	364	869	-	1 415	225	-	-	-	-	-
Mexico	41 539	29 222	23 879	33 546	14 826	10 950	6 494	9 632	14 047	8 118
Otros	-	500	500	750	-	-	-	500	-	-
Panama	2 200	3 321	2 636	5 800	2 500	350	5 355	663	2 450	2 400
Paraguay	600	500	530	1 532	800	1 000	-	361	826	-
Peru	1 960	9 062	5 876	10 002	650	5 150	700	4 300	7 571	-
Suriname	636	-	-	125	-	-	-	-	-	-
Trinidad and Tobago	1 600	-	525	500	-	500	-	-	-	-
Uruguay	1 147	2 350	1 750	1 905	-	2 505	150	-	-	1 250
Venezuela (Bolivarian Republic of)	5 000	-	-	-	-	1 125	-	-	-	-
Supranational issues	**4 837**	**3 847**	**5 476**	**3 890**	**-**	**2 789**	**1 922**	**242**	**2 998**	**984**
Central American Bank for Economic Integration (CABEI)	887	382	772	573	-	1 181	-	100	500	-
Foreign Trade Bank of Latin America (BLADEX)	73	-	-	76	-	-	400	35	59	27
Development Bank of Latin America (CAF)	3 376	3 465	4 503	3 091	-	1 608	1 522	106	2 216	582
Inter-American Investment Corporation (IIC)	500	-	-	-	-	-	-	-	-	-
Financial Fund for the Development of the River Plate Basin (FONPLATA)	-	-	-	150	-	-	-	-	223	-
Others	-	-	200	-	-	-	-	-	-	375

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures from LatinFinance Bonds Database and Bloomberg.
[a] Includes sovereign, bank and corporate bonds.

Table A.19
Latin America and the Caribbean: stock exchange indices
(National indices to end of period, 31 December 2005=100)

	2016	2017	2018	2019	2020				2021	
					March	June	September	December	March	June
Argentina	1 096	1 948	1 963	2 700	1 580	2 507	2 674	3 319	3 109	4 041
Brazil	180	228	263	346	218	284	283	356	349	379
Chile	211	283	260	238	178	202	185	213	249	220
Colombia	106	121	117	...	...	...	...	...	...	...
Costa Rica	114	116	92	77	69	49	63	61	60	68
Ecuador	150	185	203	195	202	196	190	190	187	177
Jamaica	184	276	363	488	363	363	359	371	390	...
Mexico	256	277	234	245	194	212	210	248	265	282
Peru	324	416	403	427	301	351	374	434	445	393
Trinidad and Tobago	113	119	122	138	123	123	123	124	126	131

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

Table A.20
Latin America and the Caribbean: gross international reserves
(Millions of dollars, end-of-period stocks)

	2016	2017	2018	2019	2020				2021	
					March	June	September	December	March	June
Latin America and the Caribbean	**831 571**	**859 610**	**868 029**	**852 243**	**840 088**	**864 707**	**886 529**	**890 174**	**886 285**	**886 346**
Latin America	**814 680**	**842 966**	**852 282**	**836 221**	**824 069**	**847 432**	**869 258**	**872 355**	**868 740**	**870 073**
Argentina	38 772	55 055	65 806	44 781	43 561	43 242	41 379	39 387	39 593	42 437
Bolivia (Plurinational State of)	10 081	10 261	8 946	6 468	6 091	6 272	6 356	5 276	4 526	4 624
Brazil	365 016	373 972	374 715	356 884	343 165	348 781	356 606	355 620	347 413	352 486
Chile	40 494	38 983	39 861	40 657	37 952	36 390	37 822	39 200	40 220	46 746
Colombia	46 683	47 637	48 402	53 174	53 341	56 629	56 987	59 039	58 909	59 153[a]
Costa Rica	7 574	7 150	7 501	8 937	8 059	8 600	8 238	7 232	7 174	6 837[a]
Dominican Republic	6 047	6 781	7 628	8 782	9 325	7 172	10 552	10 752	12 174	12 418[a]
Ecuador[b]	4 259	2 451	2 677	3 397	1 990	2 666	3 443	7 196	5 779	6 049
El Salvador	3 238	3 567	3 569	4 446	3 998	3 442	4 015	3 083	2 449	3 342[a]
Guatemala[b]	9 160	11 770	12 756	14 789	15 338	16 992	17 611	18 468	18 700	18 930[a]
Haiti	1 105	1 258	1 309	1 352	1 293	1 396	1 386[c]	...	...	...
Honduras	4 100	5 012	5 073	6 029	6 304	7 609	7 745	8 381	8 482	8 788[a]
Mexico	178 025	175 450	176 384	183 028	189 780	197 055	199 816	199 056	199 302	199 458
Nicaragua	2 296	2 593	2 081	2 174	2 369	2 534	2 701	3 003	3 143	3 412[a]
Panama	4 511	3 531	2 932	4 146	3 223	5 910	10 046	9 682	8 894	...
Paraguay	7 144	8 146	7 970	7 675	8 241	9 238	8 954	9 490	9 970	10 326
Peru	61 746	63 731	60 288	68 370	68 150	71 472	72 428	74 909	79 942	71 920
Uruguay	13 436	15 959	15 557	14 505	15 340	15 576	16 711	16 217	15 831	16 966
Venezuela (Bolivarian Republic of)	10 992	9 662	8 830	6 630	6 549	6 456	6 462	6 364	6 239	6 181
The Caribbean	**16 892**	**16 643**	**15 748**	**16 021**	**16 018**	**17 276**	**17 272**	**17 820**	**17 545**	**16 273**
Antigua and Barbuda[b]	330	314	328	279	337	291	269	222	237[d]	...
Bahamas	902	1 408	1 197	1 758	2 001	2 028	2 106	2 381	2 255	2 380[a]
Barbados	320	206	500	739	786	1 003	1 012	1 325	1 272	1 238[a]
Belize	371	306	287	271	253	284	326	340	343	347
Dominica[b]	221	211	189	166	172	182	167	176	176[d]	...
Grenada[b]	201	195	231	234	284	319	337	291	322[d]	...
Guyana	616	584	528	576	499	573	639	681	627	642[a]
Jamaica	3 291	3 781	3 532	3 631	3 688	3 905	3 713	4 081	4 244	4 349[a]
Saint Kitts and Nevis [b]	313	357	355	346	357	377	382	356	354[d]	...
Saint Lucia[b]	289	307	275	253	288	299	249	224	197[d]	...
Saint Vincent and the Grenadines[b]	191	180	168	192	173	173	214	204	200[d]	...
Suriname	381	424	581	648	554	528	551	585	612	645[a]
Trinidad and Tobago[b]	9 466	8 370	7 575	6 929	6 626	7 313	7 306	6 954	6 705	6 672[a]

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Figures as of May.
[b] Net international reserves.
[c] Figures as of August.
[d] Figures as of January.

Table A.21
Latin America and the Caribbean: real effective exchange rates[a] [b]
(Index 2005=100, average values for the period)

	2016	2017	2018	2019	2020[c]				2021[c]	
					Q1	Q2	Q3	Q4	Q1	Q2[d]
Latin America and the Caribbean[e]	**84.9**	**83.7**	**85.7**	**86.4**	**88.2**	**90.1**	**91.8**	**91.9**	**91.8**	**92.2**
Barbados	82.8	80.7	79.8	77.0	76.1	75.8	76.5	75.5	75.8	76.1
Bolivia (Plurinational State of)	62.0	64.0	60.6	57.1	55.3	51.8	52.5	53.6	54.1	54.9
Brazil	98.0	89.5	99.8	101.4	112.3	133.3	135.9	135.9	136.9	135.4
Chile	107.3	103.6	101.4	107.0	119.2	118.0	114.4	112.8	107.8	105.6
Colombia	102.4	97.8	96.1	101.2	106.8	112.3	112.3	111.7	109.4	113.5
Costa Rica	73.9	77.6	78.9	78.5	75.7	74.9	78.9	81.7	83.4	84.9
Dominica	111.9	113.3	115.0	113.9	115.2	114.1	114.8	116.5	116.0	116.3
Dominican Republic	110.8	114.2	117.0	117.2	120.5	124.6	128.0	129.6	127.7	125.3
Ecuador	81.0	83.5	85.2	83.4	83.0	80.4	83.5	85.2	86.7	87.1
El Salvador	100.3	102.1	102.6	102.4	103.5	101.7	103.7	105.2	105.7	105.8
Guatemala	72.5	68.6	69.1	68.2	67.8	65.3	65.7	66.4	66.6	66.9
Honduras	83.0	84.4	84.1	82.8	81.6	80.1	80.5	79.7	79.1	79.3
Jamaica	91.6	92.8	88.6	83.3	84.3	83.5	86.9	85.7	90.0	93.7
Mexico	139.8	136.7	135.8	131.7	133.8	155.2	147.5	137.3	135.1	133.4
Nicaragua	91.4	95.4	95.6	93.0	93.5	90.4	91.8	91.8	92.2	92.1
Panama	83.7	85.0	86.6	86.6	87.2	86.7	88.7	90.2	90.6	90.3
Paraguay	69.3	71.2	67.3	68.7	68.5	64.8	69.0	69.9	67.5	66.8
Peru	95.3	92.1	93.7	91.6	92.1	89.6	95.0	98.6	100.7	103.2
Trinidad and Tobago	61.2	63.0	63.9	63.1	62.6	61.5	62.4	62.5	63.3	64.1
Uruguay	69.3	65.4	63.5	64.7	67.7	67.8	67.7	68.0	68.6	70.4

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

[a] 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.

[b] A currency depreciates in real effective terms when this index rises and appreciates when it falls.

[c] Preliminary figures.

[d] Figures as of May.

[e] The extraregional real effective exchange rate index excludes trade with other Latin American and Caribbean countries.

Table A.22
Latin America and the Caribbean: participation rate
(Average annual rates)

			2014	2015	2016	2017	2018	2019	2020	2020	2021[a]
										First quarter	
Latin America and the Caribbean[b]		**Total**	**62.1**	**62.0**	**62.1**	**62.4**	**62.6**	**62.6**	**57.7**	**61.7**	**59.1**
Argentina[c]	Urban areas	Total	58.3	57.7[d]	57.5[e]	57.8	58.5	59.1	54.9	58.6	58.9
		Female	46.9	46.4[d]	46.9[e]	47.1	48.7	49.4	45.9	49.5	49.0
		Male	70.9	70.1[d]	69.4[e]	69.7	69.6	69.9	64.9	68.7	69.7
Bahamas	Nationwide total	Total	73.7	74.3	77.1	80.5	82.8	80.3	...	...	...
		Female	70.1	71.7	73.1	74.7	76.7	75.5	...	...	...
		Male	77.8	79.5	81.7	83.7	85.5	83.0	...	...	...
Barbados	Nationwide total	Total	63.8	65.1	66.5	65.3	64.8	63.4	...	...	...
		Female	60.4	61.7	62.8	61.5	60.6	59.9	...	...	...
		Male	67.7	68.7	70.4	69.7	69.4	67.4	...	...	...
Belize	Nationwide total	Total	63.6	63.2	64.0	64.1	65.5	68.1	55.1	...	...
		Female	78.2	77.8	78.0	78.2	78.3	80.5	68.7	...	...
		Male	49.2	48.7	50.3	50.2	52.9	56.0	42.4	...	...
Bolivia (Plurinational State of)[f]	Nationwide total	Total	65.8	61.0 I	66.0	67.4	70.8	73.0	67.0	73.7	75.3
		Female	57.1	50.4 I	56.1	58.3	63.0	65.5	58.9	66.7	68.5
		Male	75.0	72.1 I	76.4	76.8	79.1	80.7	75.4	81.0	82.4
Brazil	Nationwide total	Total	61.0	61.3	61.4	61.7	61.6	62.0	57.1	61.0	56.8
		Female	50.6	51.2	51.4	52.3	52.5	53.2	48.0	52.1	47.9
		Male	72.5	72.4	72.3	72.0	71.7	71.7	67.2	70.8	66.9
Chile	Nationwide total	Total	59.8	59.7	59.5	59.7	59.7	62.8	56.1	62.5	57.3
		Female	48.4	48.2	48.0	48.5	49.1	52.5	45.3	52.1	46.1
		Male	71.6	71.5	71.3	71.2	70.6	73.6	67.3	73.3	69.0
Colombia	Nationwide total	Total	64.2	64.7	64.5	64.4	64.0	62.9	58.6	61.1	60.2
		Female	54.0	54.8	54.5	54.5	53.8	52.5	47.3	50.3	49.1
		Male	74.9	75.2	74.9	74.8	74.6	73.7	70.7	72.5	71.9
Costa Rica	Nationwide total	Total	62.6	61.2	58.4	58.8	60.7	62.5	60.2	63.4	60.8
		Female	49.2	48.1	44.3	44.5	46.9	50.6	48.1	52.1	49.3
		Male	75.9	74.3	72.4	73.0	74.3	74.4	72.2	74.7	72.3
Cuba	Nationwide total	Total	71.9	67.1	65.2	63.4	63.8	65.2	...	...	...
		Female	56.3	52.6	50.9	49.4	49.5	53.3	...	...	...
		Male	86.2	80.4	78.2	76.2	76.9	76.0	...	...	...
Dominican Republic[g]	Nationwide total	Total	59.1 I	61.8	62.3	62.2	63.6	65.1	60.2	63.4	61.7
		Female	44.0 I	48.1	48.9	49.0	50.4	52.7	47.6	51.5	49.3
		Male	74.6 I	76.3	76.6	76.1	77.8	78.4	74.0	76.3	75.3
Ecuador[h]	Nationwide total	Total	63.2	66.2	68.2	68.8	67.0	66.6	62.5[i]	...	64.9
		Female	48.5	52.7	56.2	56.9	55.0	54.5	51.3[i]	...	53.5
		Male	78.8	80.5	81.0	81.0	79.7	78.3	73.8[i]	...	76.7
El Salvador	Nationwide total	Total	63.6	62.8	62.1	61.9	61.3	62.2	...	...	...
		Female	49.3	47.8	46.7	46.3	46.1	46.8	...	...	...
		Male	80.7	80.7	80.2	80.6	79.5	80.5	...	...	...
Guatemala	Nationwide total	Total	60.9	60.7	60.8	61.0	60.2[i]	59.2	...	...	...
		Female	40.6	38.9	39.2	39.2	39.2[i]	37.9	...	...	...
		Male	83.8	84.7	85.0	85.3	84.2[i]	83.7	...	...	...

Table A.22 (concluded)

			2014	2015	2016	2017	2018	2019	2020	2020 First quarter	2021[a] First quarter
Honduras	Nationwide total	Total	56.0	58.3	57.5	59.0	60.4	57.3	59.5	...	...
		Female	40.6	44.1	43.0	43.8	46.0	41.4	47.8	...	...
		Male	73.6	74.4	74.0	76.0	76.3	75.1	73.3	...	...
Jamaica	Nationwide total	Total	62.8	63.1	64.8	65.1	64.1	62.8	62.5	64.1	62.8
		Female	55.9	56.3	58.6	59.1	58.0	56.3	56.0	57.9	56.6
		Male	70.0	70.3	71.2	71.3	70.4	69.5	69.2	70.5	69.3
Mexico[k]	Nationwide total	Total	59.8	59.8	59.7	59.3	59.6	60.1	55.3	59.9	56.7
		Female	43.1	43.4	43.4	43.0	43.5	44.7	40.7	45.0	41.1
		Male	78.3	78.0	77.7	77.6	77.4	77.1	71.5	76.4	74.0
Nicaragua	Nationwide total	Total	74.0	72.4	73.6	73.5	71.7	71.1	69.1	70.9	69.5
		Female	63.0	60.9	63.1	63.2	61.6	61.0	58.7	61.1	59.4
		Male	85.8	84.6	84.9	84.7	82.6	82.3	80.6	82.1	80.7
Panama	Nationwide total	Total	64.0	64.2	64.4	64.0	65.4	66.5	63.0	...	...
		Female	49.8	50.8	51.1	51.2	52.8	55.0	...	...	...
		Male	79.4	78.4	78.6	77.6	78.8	78.8	...	...	...
Paraguay[l]	Nationwide total	Total	61.6	62.1	62.6 l	71.0	71.9	72.4	70.2	71.2	72.9
		Female	49.6	50.2	50.8 l	57.8	59.4	60.2	57.4	59.1	60.8
		Male	74.1	74.1	74.5 l	84.4	84.5	84.8	83.5	83.8	85.2
Peru	Nationwide total	Total	72.3	71.6	72.2	72.4	72.2	72.6	62.3	70.2	70.0
		Female	63.3	62.3	63.3	64.0	64.2	64.7	52.9	62.2	61.0
		Male	81.4	81.0	81.2	81.0	80.2	80.6	71.9	78.3	79.0
Trinidad and Tobago	Nationwide total	Total	61.9	60.6	59.7	59.2	58.9	57.5	...	...	...
		Female	51.8	50.1	50.1	49.5	49.4	...	...	...	...
		Male	72.2	71.2	69.5	68.9	68.1	...	...	...	...
Uruguay	Nationwide total	Total	64.7	63.8	63.4	62.9	62.4	62.1	60.5	61.6	61.5
		Female	55.9	55.4	55.3	55.0	54.9	54.9	53.8	55.4	55.0
		Male	74.3	72.9	72.3	71.4	70.7	70.1	67.9	68.4	68.4
Venezuela (Bolivarian Republic of)	Nationwide total	Total	65.1	63.7	64.0	66.3	67.9	...	...	...	...
		Female	51.2	49.8	50.2	52.7	55.0	...	...	...	...
		Male	79.1	77.9	77.9	80.0	81.0	...	...	...	...

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

[a] Preliminary figures.

[b] The data relating to the different countries are not comparable owing to differences in coverage and in the definition of the working-age population. The regional series are weighted averages of national data (excluding Belize and Nicaragua) and include adjustments for lack of information and changes in methodology.

[c] The National Institute of Statistics and Censuses (INDEC) of Argentina does not recognize the data for the period 2007-2015 and has them under review. These data are therefore preliminary and will be replaced when new official data are published.

[d] The figures correspond to the average for the first three quarters.

[e] The figures correspond to the average for the last three quarters.

[f] New measurements have been used since 2016; the data are not comparable with the previous series.

[g] New measurements have been used since 2015; the data are not comparable with the previous series.

[h] Up to 2013, the figures correspond to December of each year. From 2014, they correspond to the average for the year.

[i] No data are available for the first quarter.

[j] The figures correspond to the measurement for June.

[k] New measurements have been used since 2013; the data are not comparable with the previous series.

[l] New measurements have been used since 2017; the data are not comparable with the previous series.

Table A.23
Latin America and the Caribbean: national unemployment[a]
(Average annual rates)

			2013	2014	2015	2016	2017	2018	2019	2020[b]	2020[b] First quarter	2021[b] First quarter
Latin America and the Caribbean[c]		**Total**	**6.3**	**6.1**	**6.6**	**7.8**	**8.1**	**7.9**	**8.0**	**10.5**	**9.0**	**10.7**
		Female	**7.5**	**7.1**	**7.7**	**9.0**	**9.3**	**9.2**	**9.3**	**11.9**	**11.2**	**12.3**
		Male	**5.4**	**5.3**	**5.7**	**6.9**	**7.1**	**7.0**	**6.9**	**9.3**	**9.7**	**8.5**
America Latina												
Argentina	Urban areas	Total	7.1	7.3	6.5[d]	8.5[e]	8.4	9.2	9.8	11.5	10.4	10.2
		Female	8.5	8.4	7.6[d]	9.4[e]	9.5	10.5	10.7	12.4	11.2	12.3
		Male	6.1	6.5	5.7[d]	7.8[e]	7.5	8.2	9.2	10.8	9.7	8.5
Bolivia (Plurinational State of)[f]	Nationwide total	Total	2.9	2.3	3.5	3.5	3.6	3.5	3.7	7.9	4.2	6.3
		Female	3.5	3.1	4.2	5.1	4.1	3.6	4.1	8.3	4.3	6.7
		Male	2.3	1.7	3.0	3.1	3.3	3.4	3.4	7.6	4.1	5.8
Brazil	Nationwide total	Total	7.1	6.8	8.5	11.5	12.7	12.3	11.9	13.5	12.2	14.7
		Female	8.9	8.2	10.1	13.3	14.6	14.1	14.0	15.7	14.5	17.9
		Male	5.8	5.7	7.3	10.1	11.3	10.8	10.1	11.8	10.4	12.2
Chile	Nationwide total	Total	6.1	6.5	6.3	6.7	7.0	7.4	7.2	10.8	8.2	10.4
		Female	7.1	7.1	7.0	7.2	7.6	8.3	8.0	11.0	9.7	11.0
		Male	5.4	6.1	5.8	6.3	6.5	6.7	6.7	10.6	7.1	9.9
Colombia[g]	Nationwide total	Total	9.0	8.5	8.3	8.6	8.8	9.1	9.9	15.1	11.9	15.1
		Female	11.7	11.0	10.8	11.1	11.4	11.6	12.6	19.2	15.3	19.9
		Male	7.0	6.7	6.4	6.8	6.9	7.1	7.8	12.3	9.5	11.7
Costa Rica	Nationwide total	Total	9.4	9.6	9.6	9.5	9.1	10.3	11.8	19.6	12.5	18.7
		Female	11.1	11.9	12.2	12.1	11.6	13.2	15.3	25.7	18.0	26.1
		Male	8.3	8.1	8.0	8.0	7.5	8.4	9.3	15.6	8.6	13.7
Cuba	Nationwide total	Total	3.3	2.7	2.4	2.0	1.7	1.7	1.2	...	...	...
		Female	3.5	3.1	2.6	2.2	1.6	1.8	1.2	...	...	...
		Male	3.1	2.4	2.3	1.9	1.7	1.6	1.2	...	...	...
Dominican Republic[h]	Nationwide total	Total	7.4	6.7	7.3	7.1	5.5	5.7	6.2	5.8	5.7	8.0
		Female	10.5	9.7	10.5	10.5	7.8	8.8	9.3	8.6	8.6	12.8
		Male	5.3	4.8	5.2	4.8	4.0	3.5	3.9	3.9	3.6	4.6
Ecuador[g]	Nationwide total	Total	3.0	3.4	3.6	4.5	3.8	3.5	3.8	5.9[i]	...	5.1
		Female	3.7	4.1	4.5	5.8	4.9	4.4	4.6	9.5[i]	...	6.3
		Male	2.7	3.0	3.0	3.7	3.0	2.9	3.2	6.4[i]	...	4.2
El Salvador	Nationwide total	Total	5.9	7.0	7.0	7.0	7.0	6.3	6.3	...	...	...
		Female	4.7	4.7	5.0	5.3	5.2	4.9	5.4	...	...	...
		Male	6.8	8.6	8.4	8.1	8.3	7.3	7.0	...	...	...
Guatemala	Nationwide total	Total	3.1	2.9	2.6	2.7	2.5	2.4	2.3	...	...	...
		Female	3.7	3.5	3.6	3.5	3.5	3.0	3.0	...	...	...
		Male	2.7	2.6	2.0	2.2	2.0	2.1	1.9	...	...	...
Honduras	Nationwide total	Total	3.9	5.3	7.3	7.4	6.7	5.7	5.7	10.9	...	...
		Female	5.0	6.7	11.7	10.7	10.8	7.4	8.1	13.7	...	...
		Male	3.3	4.5	4.4	5.1	4.0	4.5	4.2	8.7	...	...
Mexico	Nationwide total	Total	4.9	4.8	4.4	3.9	3.4	3.3	3.5	4.4	3.4	4.3
		Female	5.0	4.9	4.5	3.9	3.6	3.4	3.5	4.2	3.5	4.2
		Male	4.9	4.8	4.3	3.9	3.3	3.2	3.5	4.6	3.4	4.4
Nicaragua	Nationwide total	Total	5.8	6.6	5.9	4.5	3.7	5.4	5.4	5.0	4.8	4.9
		Female	6.0	7.0	6.3	4.8	3.8	5.5	5.5	4.7	4.2	4.6
		Male	5.6	6.2	5.6	4.2	3.5	5.4	5.4	5.2	5.3	5.2

Table A.23 (concluded)

			2013	2014	2015	2016	2017	2018	2019	2020[b]	2020[b] First quarter	2021[b] First quarter
Panama[g]	Nationwide total	Total	3.2	3.5	3.9	4.4	4.9	4.9	5.8	18.6	...	...
		Female	4.1	4.6	5.0	5.4	6.4	6.4	7.3	...	...	...
		Male	2.5	2.7	3.1	3.7	3.8	3.9	4.8	...	...	...
Paraguay[j]	Nationwide total	Total	5.0	6.0	5.4	6.0	6.1	6.2	6.6	7.7	7.9	8.1
		Female	5.7	8.1	6.1	7.5	7.6	7.4	8.0	10.2	10.1	10.2
		Male	4.5	4.6	4.9	5.0	5.1	5.4	5.5	5.9	6.3	6.7
Peru	Nationwide total	Total	3.9	3.7	3.5	4.2	4.1	3.9	3.9	7.6	5.1	7.5
		Female	4.7	4.0	3.6	4.6	4.4	4.4	4.5	7.6	5.8	8.4
		Male	3.4	3.4	3.4	3.9	3.8	3.5	3.5	7.7	4.5	6.8
Uruguay	Nationwide total	Total	6.5	6.6	7.5	7.8	7.9	8.3	8.9	10.1	9.7	10.5
		Female	8.2	8.3	8.9	9.4	9.5	10.1	10.7	12.4	10.9	12.6
		Male	5.0	5.1	6.4	6.5	6.6	6.9	7.3	8.7	8.6	8.6
Venezuela (Bolivarian Republic of)	Nationwide total	Total	7.8	7.2	7.0	7.3	7.2	6.8	...	...	...	...
		Female	8.8	8.0	7.7	7.8	8.4	8.1	...	...	...	...
		Male	7.1	6.7	6.6	7.1	6.3	5.9	...	...	...	...
The Caribbean												
Bahamas[k]	Nationwide total	Total	15.8	14.6	13.4	12.2	10.0	10.3	10.1	...	...	...
		Female	16.1	15.4	15.0	14.2	11.0	10.6	10.3	...	...	...
		Male	15.6	13.8	11.9	10.3	8.6	10.1	10.0	...	...	...
Barbados[k]	Nationwide total	Total	11.6	12.3	11.3	9.7	10.0	10.1	10.1	...	...	...
		Female	11.6	12.8	10.3	10.1	10.1	10.3	8.5	...	...	...
		Male	11.7	11.7	12.3	9.3	9.8	9.9	11.6	...	...	...
Belize[k]	Nationwide total	Total	13.2	11.6	10.1	9.5	9.3	9.4	9.1	13.7	...	...
		Female	20.8	19.9	15.4	15.6	14.6	14.9	13.4	17.0	...	...
		Male	7.8	6.3	6.8	5.6	5.9	5.6	5.9	11.6	...	...
Jamaica[g]	Nationwide total	Total	10.3	9.5	9.8	9.0	7.7	5.6	5.0	6.4	5.2	8.9
		Female	13.6	12.4	12.5	12.0	10.2	7.2	6.5	7.2	5.9	10.4
		Male	7.8	7.2	7.2	6.6	5.6	4.2	3.8	5.7	4.4	7.6
Trinidad and Tobago[k]	Nationwide total	Total	3.7	3.3	3.5	4.0	4.8	4.1	4.2	...	...	...
		Female	4.6	4.0	4.2	4.0	5.6	4.5	...	...	...	...
		Male	3.0	2.8	2.9	3.9	4.2	3.3	...	...	...	...

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

[a] Percentage of unemployed population in relation to the total workforce.

[b] Preliminary figures.

[c] Weighted average adjusted for lack of information and differences and changes in methodology. Includes a data adjustment for the exclusion of hidden unemployment in Colombia, Ecuador, Jamaica and Panama.

[d] The figures correspond to the average for the first three quarters.

[e] The figures correspond to the average for the last three quarters.

[f] New measurements have been used since 2016; the data are not comparable with the previous series.

[g] Open unemployment rate includes an adjustment for workforce figures due to exclusion of hidden unemployment.

[h] New measurements have been used since 2015; the data are not comparable with the previous series.

[i] No data are available for the first quarter.

[j] New measurements have been used since 2017; the data are not comparable with the previous series.

[k] Includes hidden unemployment.

Table A.24
Latin America and the Caribbean: employment rate[a]
(Average annual rates)

		2013	2014	2015	2016	2017	2018	2019	2020	2020	2021[b]
										First quarter	
Latin America and the Caribbean[c]		**58.3**	**58.3**	**57.9**	**57.3**	**57.4**	**57.6**	**57.6**	**51.4**	**56.2**	**53.0**
Argentina[d]	Áreas urbanas	54.7	54.0	53.9[e]	52.6[f]	52.9	53.1	53.3	48.6	52.5	53.0
Bahamas	Total nacional	61.6	62.8	64.3	67.7	72.5	74.2	72.2	...	...	...
Barbados	Total nacional	58.9	56.0	57.7	60.0	58.8	58.3	57.0	...	...	...
Belize	Total nacional	55.9	56.6	56.8	57.9	58.1	59.0	62.0	47.6	...	...
Bolivia (Plurinational State of)[g]	Total nacional	61.5	64.3	58.9 |	63.8	64.9	68.4	70.3	61.8	70.6	70.6
Brazil	Total nacional	56.9	56.8	56.1	54.3	53.9	54.1	54.6	49.3	53.5	48.4
Chile	Total nacional	56.0	56.0	56.0	55.6	55.7	55.5	58.3	50.1	57.3	51.4
Colombia	Total nacional	58.0	58.4	59.0	58.5	58.4	57.8	56.6	49.8	53.8	51.1
Costa Rica	Total nacional	56.4	56.6	55.4	52.8	53.5	54.4	55.2	48.5	55.5	49.4
Cuba	Total nacional	70.5	70.0	65.4	63.8	62.4	62.7	64.4	...	...	...
Dominican Republic[h]	Total nacional	54.6	55.4 |	57.3	57.9	58.7	60.0	61.0	56.7	59.8	56.8
Ecuador[i]	Total nacional	59.5	60.4	63.3	64.6	65.5	64.3	63.7	57.6[j]	...	61.6
El Salvador	Total nacional	59.9	58.4	57.8	57.9	57.6	57.4	58.2	...	...	...
Guatemala	Total nacional	58.7	59.1	59.2	59.2	59.4	58.6[k]	57.9	...	...	...
Honduras	Total nacional	51.6	53.1	54.0	53.2	55.1	57.0	54.1	52.9	...	...
Jamaica	Total nacional	53.4	54.2	54.6	56.2	57.5	58.2	59.6	56.6	60.8	57.3
Mexico	Total nacional	57.3	56.9	57.2	57.4	57.3	57.6	58.0	53.1	57.8	54.6
Nicaragua	Total nacional	71.5	69.1	68.1	70.2	70.8	67.8	67.2	65.6	67.5	66.1
Panama	Total nacional	61.5	60.9	60.9	60.8	59.8	60.6	61.8	51.3	...	...
Paraguay[l]	Total nacional	60.1	58.6	58.7	58.9 |	66.7	67.4	67.6	64.8	65.6	67.0
Peru	Total nacional	70.3	69.6	68.9	69.2	69.5	69.5	69.5	57.7	66.6	64.7
Trinidad and Tobago	Total nacional	59.1	59.9	58.5	57.4	56.3	56.5	55.0	...	...	...
Uruguay	Total nacional	59.5	60.4	59.0	58.4	57.9	57.2	56.6	54.3	55.6	55.0
Venezuela (Bolivarian Republic of)	Total nacional	59.3	60.4	59.2	59.3	61.5	63.3	...	...	...	...

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] The National Institute of Statistics and Censuses (INDEC) of Argentina does not recognize the data for the period 2007-2015 and has them under review. These data are therefore preliminary and will be replaced when new official data are published.
[e] The figures correspond to the average for the first three quarters.
[f] The figures correspond to the average for the last three quarters.
[g] New measurements have been used since 2016; the data are not comparable with the previous series.
[h] New measurements have been used since 2015; the data are not comparable with the previous series.
[i] Up to 2013, the figures correspond to December of each year. From 2014, they correspond to the average for the year.
[j] No data are available for the first quarter.
[k] The figures correspond to the measurement for June.
[l] New measurements have been used since 2017; the data are not comparable with the previous series.

Table A.25
Latin America and the Caribbean: formal employment indicators
(Index 2010=100)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2020	2021[a]
										First quarter	
Argentina[b]	107.0	109.6	110.9	114.0	114.3	115.3	115.6	114.4	112.3	114.0	112.8
Brazil[c]	111.4	114.8	117.2	115.2	110.6	108.7	109.7	111.0	103.2	112.2	113.6
Chile[d]	112.1	115.8	117.9	120.1	122.2	123.4	127.8	131.5	128.1	134.0	133.4
Costa Rica[e]	106.7	109.0	110.7	112.6	116.3	119.7	122.1	122.4	119.8	123.9	120.7
El Salvador[e]	105.5	111.0	113.5	115.1	117.3	118.3	120.3	123.0	119.3	124.4	122.1
Guatemala[e]	107.1	110.4	111.8	114.2	117.4	118.6	119.6	125.5	119.3	...	...
Jamaica[f]	99.0	100.4	...	...	...	...	...	...	...	...	...
Mexico[g]	109.2	113.0	117.0	122.0	126.7	132.2	137.6	140.7	137.2	141.3	137.2
Nicaragua[e]	116.6	125.9	132.8	144.6	160.3	170.9	153.0	141.5	133.6	138.1	139.3
Panama[h]	117.8	122.5	126.1	127.2	125.4	126.8	123.3	123.2	115.8	...	...
Peru[i]	109.6	112.7	114.8	115.8	118.3	120.7	125.4	128.8	124.4	129.7	124.8
Uruguay[j]	108.9	110.9	111.7	110.1	108.9	109.4	108.9	108.9	102.4	105.1	101.5

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Preliminary figures.
[b] Dependent workers paying into pension schemes.
[c] Workers covered by social and labour legislation.
[d] Dependent workers who contribute to the pension system.
[e] Workers with social security coverage.
[f] Workers at firms with 10 or more employees.
[g] Private workers covered by social and labour legislation.
[h] Up to 2012, workers with social security coverage. From 2013, corresponds to workers in small, medium and large enterprises in manufacturing, commerce and services.
[i] Jobs reported to the National Superintendency of Customs and Tax Administration. Until 2015, workers of companies with 10 or more employees.
[j] Employment positions generating social security contributions.

Table A.26
Latin America: visible underemployment by hours
(Percentages of employed workers)

		2013	2014	2015	2016	2017	2018	2019	2020	2020	2021[a]
										First quarter	
Argentina[b c]	Urban areas	9.2	9.6	9.0[d]	11.5[e]	11.4	12.3	14.1	14.1	13.1	13.3
Brazil[f]	Nationwide total	5.5	4.9	5.4	5.3	6.6	7.2	7.5	7.3	7.0	8.2
Chile[g h]	Nationwide total	11.6	11.3	10.3	10.9|	9.6	9.5	9.5	6.4	7.1	5.6
Colombia[i]	Nationwide total	11.8	10.1	10.3	9.9	9.5	8.9	9.6	9.8	9.3	9.0
Costa Rica[j]	Nationwide total	12.5	12.8	12.4	9.0	8.1	8.7	10.2	19.8	12.4	16.4
Ecuador[f]	Nationwide total	9.9	10.6	11.7	15.7	17.0	15.4	16.6	25.5	...	24.2
El Salvador[f]	Urban total	5.8	6.7	6.8	7.7	7.6	6.3	6.3	...	...	...
Honduras[k]	Nationwide total	11.7	12.5	14.1	11.5	11.8	14.2	10.6	27.3	...	...
Mexico[j]	Nationwide total	8.3	8.1	8.3	7.6	7.1	6.9	7.5	16.4	8.5	14.0
Panama[f]	Nationwide total	2.5	2.0	2.5	2.3	2.5	3.7	4.4	...	...	...
Paraguay[l]	Asunción and urban areas of the Departamento Central[h]	4.7	4.8	4.6	4.0|	5.5	5.3	7.0	7.6	6.2	6.1
Peru[b]	Metropolitan Lima	11.6	11.3	10.4	11.3	11.5	13.6	13.2	20.2	14.6	13.6
Uruguay[f]	Nationwide total	6.8	6.6	7.1	8.3	8.4	8.5	9.6	9.1	9.1	...

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Preliminary figures.
[b] Employed persons who work less than 35 hours per week and wish to work more hours.
[c] The National Institute of Statistics and Censuses (INDEC) of Argentina does not recognize the data for the period 2007-2015 and has them under review. These data are therefore preliminary and will be replaced when new official data are published.
[d] The figures correspond to the average for the first three quarters.
[e] The figures correspond to the average for the last three quarters.
[f] Employed persons who work less than 40 hours per week and wish to work more hours.
[g] Employed persons who work less than 30 hours per week and wish to work more hours. Since 2017, employed persons who work two thirds of the established full-time work, and wish to work more hours and are available to do so.
[h] Up to 2017, nationwide total.
[i] Employed persons who work less than 48 hours per week and wish to work more hours.
[j] Employed persons wishing to work more than their current job permits.
[k] Employed persons who work less than 36 hours per week and wish to work more hours.
[l] Employed persons who work less than 30 hours per week and wish to work more hours.

Table A.27
Latin America: real average wages[a]
(Index 2010=100)

	2013	2014	2015	2016	2017	2018	2019	2020[b]	2020	2021[b]
									First quarter	
Bolivia (Plurinational State of)[c]	100.3	101.8	107.7	109.5	111.5[d]	115.0	114.6	114.2	114.3	112.4
Brazil[e]	107.4	108.4	108.9	107.6	110.2	110.0	110.3	115.5	111.4	113.1
Chile[f]	109.9	111.9	113.9	115.4	119.0	121.3	123.8	124.5	124.6	126.3
Colombia[g]	104.0	104.5	105.7	103.4	106.6	107.7	108.6	103.3	105.7	107.5
Costa Rica[h]	108.5	110.7	115.2	118.2	119.6	121.7	123.2	117.8	120.1	113.1
El Salvador[h]	97.8	98.5	100.9	102.3	103.4	103.4	104.7	104.7	105.8	108.4
Guatemala[h]	104.3	106.8	110.4	108.2	107.2	107.9	...	...	...	...
Mexico[i]	101.3	101.7	103.2	104.1	102.9	103.7	106.7	110.8	110.0	114.0
Nicaragua[h]	100.7	102.4	105.1	107.5	109.1	114.1	113.5	111.2	111.7	...
Panama[j]	103.8	109.5	113.1	117.5	122.1	127.0	130.1	126.3	124.1	...
Paraguay[k]	105.7	107.0	107.5	108.2	108.5	110.4	112.0	111.1	...	...
Peru[l]	114.7	117.9	117.5	122.2	121.8	125.8	125.0	123.7	123.2	121.3
Uruguay[m]	111.7	115.4	117.3	119.1	122.6	122.8	124.4	122.2	125.2	122.3
Venezuela (Bolivarian Republic of)[n]	104.3	...	...	...	...	...	...	...	...	...

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] Preliminary figures.
[c] Private-sector average wage index.
[d] The figures correspond to the average of March and June.
[e] Private-sector workers covered by social and labour legislation. New series from 2013.
[f] General index of hourly remuneration.
[g] Manufacturing. New series from 2015.
[h] Average wage declared by workers registered with and paying into social security.
[i] Average wage declared by private workers covered by social security.
[j] Average wage declared by workers covered by social security. As from 2013, corresponds to workers in small, medium and large businesses, in manufacturing, commerce and services.
[k] Wage and salary index.
[l] Average income in the formal sector. Until 2015, wages of employed workers in Lima metropolitan area.
[m] Average salary index.
[n] Remuneration index.

Table A.28
Latin America and the Caribbean: monetary indicators
(Average percentage variation with respect to the year-earlier period)

		2016	2017	2018	2019	2020				2021	
						Q1	Q2	Q3	Q4	Q1	Q2
Latin America and the Caribbean											
Argentina	Monetary base	27.9	31.0	33.7	23.0	37.2	62.1	72.1	51.0	39.8	19.2
	Money (M1)	20.2	29.4	23.6	16.9	58.0	93.3	91.9	82.3	65.3	43.0[a]
	M2	23.9	28.0	37.8	25.4	40.5	70.0	84.6	87.0	69.9	57.3[a]
	Foreign-currency deposits	172.5	96.1	81.6	55.2	-3.4	-13.4	-9.5	11.5	26.4	41.5[a]
Bolivia (Plurinational State of)	Monetary base	3.9	0.1	8.7	8.5	8.7	12.4	19.3	21.0	24.6	13.5[a]
	Money (M1)	9.6	2.0	6.4	0.7	-5.4	8.4	7.8	9.7	14.5	...
	M2	12.5	7.7	10.8	3.5	-0.5	5.8	5.8	8.5	10.3	...
	Foreign-currency deposits	-1.0	-2.7	-4.2	2.1	11.1	14.7	16.3	13.4	10.9	...
Brazil	Monetary base	3.2	6.2	6.3	3.5	8.5	30.3	47.9	41.0	34.7	16.9[b]
	Money (M1)	0.2	4.4	8.3	5.7	11.0	34.3	49.4	48.8	39.2	23.0[a]
	M2	3.7	12.2	12.5	9.4	12.4	32.1	41.5	43.5	36.9	21.8[a]
Chile	Monetary base	11.4	7.1	6.0	10.5	7.8	24.2	77.2	102.6	120.0	124.9
	Money (M1)	6.4	8.7	11.8	12.6	21.8	34.8	54.5	52.4	56.5	51.3[b]
	M2	9.8	4.9	9.8	7.8	11.1	9.9	5.5	1.3	1.6	3.5[b]
	Foreign-currency deposits	8.0	-2.8	3.5	16.2	49.7	55.3	46.3	20.7	0.5	-2.3[b]
Colombia	Monetary base	8.8	1.3	7.3	11.7	15.7	20.9	20.0	18.3	17.7	10.4[b]
	Money (M1)	3.9	1.1	6.7	11.1	16.3	30.0	26.8	25.8	25.0	16.0[b]
	M2	10.5	5.7	5.6	7.5	10.8	16.9	15.9	14.1	11.7	6.0[b]
Costa Rica	Monetary base	10.1	7.5	4.1	-1.3	-2.4	5.0	14.3	15.1	14.0	7.7[b]
	Money (M1)	17.8	1.7	4.4	6.2	17.1	39.2	43.4	36.4	25.1	...
	M2	4.1	0.5	-1.4	1.3	8.5	17.8	21.1	19.2	13.9	...
	Foreign-currency deposits	1.4	11.6	2.4	4.2	0.7	8.3	18.7	25.0	23.4	...
Dominican Republic	Monetary base	9.1	1.7	-1.4	10.1	8.3	9.4	13.5	20.6	20.8	16.9[b]
	Money (M1)	13.9	6.2	13.6	10.6	17.8	26.4	29.8	31.4	33.3	25.5[a]
	M2	12.2	7.5	8.1	6.9	9.1	12.2	16.1	17.4	18.6	17.3[a]
	Foreign-currency deposits	8.9	9.9	12.8	13.4	19.9	30.9	40.8	37.1	28.3	25.5[a]
Ecuador	Monetary base	22.8	12.9	4.6	3.1	7.3	14.5	16.3	21.2	16.8	8.9[a]
	Money (M1)	10.4	13.1	5.6	3.4	4.9	9.4	9.0	8.4	7.6	5.7[a]
	M2	6.6	13.5	8.3	6.5	8.9	9.4	9.6	10.4	10.0	10.3[a]
El Salvador	Monetary base	3.5	9.3	5.5	10.5	11.5	-17.5	-18.7	-29.1	-39.1	-21.4[b]
	Money (M1)	3.9	6.5	5.8	7.3	7.6	10.7	16.4	17.6	16.6	10.1[a]
	M2	5.7	7.3	7.5	7.6	10.9	12.2	12.2	11.9	10.6	8.0[a]
Guatemala	Monetary base	9.7	11.3	8.8	10.8	15.2	19.7	21.9	25.3	22.6	15.0
	Money (M1)	6.1	7.7	8.1	11.6	13.9	16.9	24.6	26.6	25.3	23.8[a]
	M2	7.9	8.4	8.8	10.5	12.0	12.9	16.9	18.5	18.2	17.8[a]
	Foreign-currency deposits	4.2	-1.9	6.8	5.0	3.4	14.3	15.0	17.3	15.3	9.5[a]
Haiti	Monetary base	26.2	15.6	14.7	31.1	85.4	102.2	107.2	14.1	6.8[c]	...
	Money (M1)	6.0	16.6	22.3	11.3	16.5	30.8	39.0	32.2	37.2[c]	...
	M2	8.5	13.5	18.1	12.1	15.5	25.0	31.0	23.0	27.6[c]	...
	Foreign-currency deposits	27.7	18.2	5.4	28.1	15.8	24.2	13.1	-18.2	-10.7[c]	...
Honduras	Monetary base	14.9	18.8	8.2	10.0	17.8	41.4	71.2	66.2	72.5	50.6[a]
	Money (M1)	10.2	18.3	7.4	8.6	12.8	23.5	30.5	32.9	38.6	...
	M2	10.9	18.2	9.3	10.3	14.5	16.8	19.2	20.5	21.5	...
	Foreign-currency deposits	8.3	16.3	4.9	4.2	2.7	7.2	10.6	12.3	6.7	...

Table A.28 (continued)

		2016	2017	2018	2019	2020				2021	
						Q1	Q2	Q3	Q4	Q1	Q2
Mexico	Monetary base	15.9	10.9	10.2	4.0	8.3	16.5	22.2	22.4	23.9	17.3
	Money (M1)	11.9	10.0	9.8	5.2	9.5	19.1	20.4	20.2	20.5	13.2[a]
	M2	10.6	9.5	11.2	5.7	8.5	15.9	16.0	15.4	13.8	6.6[a]
	Foreign-currency deposits	30.2	29.6	5.0	-7.2	-5.9	7.8	14.0	18.7	13.4	-1.4[a]
Nicaragua	Monetary base	11.3	7.4	3.7	-2.5	17.3	7.3	23.0	23.9	23.7	23.2[b]
	Money (M1)	9.5	8.8	0.1	-4.5	23.1	25.2	35.8	33.6	27.7	...
	M2	9.5	8.8	0.1	-4.5	23.1	25.2	35.8	33.6	27.7	...
	Foreign-currency deposits	14.0	11.6	-5.5	-13.6	5.2	8.8	11.7	11.2	10.5	...
Panama	Monetary base	7.9	3.2	5.2	8.1	10.1	9.7	0.4	-2.2	-3.7	...
	Money (M1)	0.2	0.5	1.1	-3.2	-1.9	2.7	5.9	12.1	15.2	...
	M2	6.1	5.4	3.0	2.4	3.3	4.4	6.1	7.0	8.4	...
Paraguay	Monetary base	2.7	11.1	13.3	3.5	4.5	15.9	14.2	10.5	12.0	-0.4[b]
	Money (M1)	3.1	14.2	10.1	4.3	6.5	22.3	22.5	24.5	25.8	17.1[a]
	M2	3.9	13.2	10.8	6.7	6.0	16.7	17.6	19.9	21.4	15.2[a]
	Foreign-currency deposits	13.9	1.8	4.0	9.8	12.5	13.8	23.3	19.9	13.7	20.1[a]
Peru	Monetary base	3.3	5.5	8.1	5.7	9.0	26.8	32.6	32.0	40.4	23.0[b]
	Money (M1)	5.1	7.9	13.5	10.1	12.3	33.7	45.5	44.9	47.3	34.3[a]
	M2	7.8	11.0	13.2	10.7	13.4	26.5	34.5	32.7	30.8	21.5[a]
	Foreign-currency deposits	9.6	-4.7	6.4	5.7	7.4	10.5	13.1	17.1	23.1	27.0[a]
Uruguay	Monetary base	10.9	13.2	0.9	6.0	22.9	7.3	8.5	12.0	7.6	18.1[b]
	Money (M1)	2.2	13.1	5.5	7.1	8.2	7.9	12.9	17.7	17.5	16.1[a]
	M2	11.1	15.4	10.7	8.9	8.0	10.0	13.3	17.1	20.1	14.0[a]
	Foreign-currency deposits	17.2	-6.9	6.7	17.3	30.5	33.5	33.7	28.8	22.8	17.2[a]
Venezuela (Bolivarian Republic of)	Monetary base	144.2	873.1	30 129.5	13 737.7	2 124.1	1 502.6	1 256.7	1 131.0	1 060.5	1 040.2[b]
	Money (M1)	116.6	551.7	37 111.7	9 188.3	1 965.8	1 589.7	1 383.2	1 225.0	1 297.1	1 343.1[a]
	M2	116.4	544.9	36 973.8	9 187.0	1962.4	1 584.3	1 379.9	1 224.1	1 296.9	1 342.9[a]
The Caribbean											
Antigua and Barbuda	Monetary base	12.5	-17.1	5.3	-7.6	...	...	...	...	...	...
	Money (M1)	12.0	12.6	8.8	11.8	...	...	...	...	...	...
	M2	0.1	5.1	4.8	2.3	...	...	...	...	...	...
	Foreign-currency deposits	17.3	18.3	32.9	9.1	...	...	...	...	...	...
Bahamas	Monetary base	24.7	9.9	7.6	-0.6	36.8	30.8	36.8	29.4	15.1	...
	Money (M1)	9.0	13.6	6.3	8.5	23.2	18.0	18.2	10.6	3.4	...
	M2	2.7	4.9	1.2	2.7	10.4	8.1	8.7	4.9	1.3	...
	Foreign-currency deposits	1.2	32.2	29.7	16.1	53.9	28.2	10.5	-23.2	-42.9	...
Barbados	Monetary base	23.4	11.7	1.0	12.6	10.8	12.3	18.8	18.0	27.6	27.1[b]
	Money (M1)	6.1	4.1	0.6	2.8	4.8	5.4	7.6	9.1	8.5	...
Belize	Monetary base	12.6	-11.9	-9.7	0.6	5.4	5.1	15.8	21.5	26.2	30.6[a]
	Money (M1)	10.3	-4.9	6.5	4.4	5.9	4.0	12.5	16.8	15.2	22.6[a]
Dominica	Monetary base	40.7	25.4	-1.0	-21.2	...	...	...	...	...	...
	Money (M1)	18.1	13.2	42.9	-14.3	...	...	...	...	...	...
	M2	6.0	7.5	17.4	-7.2	...	...	...	...	...	...
	Foreign-currency deposits	3.2	-20.6	-7.7	30.8	...	...	...	...	...	...
Grenada	Monetary base	5.6	1.7	2.1	4.6	...	...	...	...	...	...
	Money (M1)	11.1	3.0	11.0	9.8	...	...	...	...	...	...
	M2	1.7	0.9	4.2	3.8	...	...	...	...	...	...
	Foreign-currency deposits	35.9	10.2	0.5	16.9	...	...	...	...	...	...
Guyana	Monetary base	13.5	6.2	10.5	10.8	15.8	24.0	26.0	34.8	40.6	35.2[b]
	Money (M1)	7.1	9.0	8.9	20.7	44.1	49.0	48.3	29.2	22.7	18.1[a]

Table A.28 (concluded)

		2016	2017	2018	2019	2020				2021	
						Q1	Q2	Q3	Q4	Q1	Q2
Jamaica	Monetary base	9.0	15.2	13.3	...	...	...	...	...	...	...
	Money (M1)	21.8	11.2	20.0	...	...	...	...	...	...	...
	M2	15.2	24.1	18.4	...	...	...	...	...	...	...
	Foreign-currency deposits	19.4	21.0	10.5	...	...	...	...	...	...	...
Saint Kitts and Nevis	Monetary base	15.8	2.3	3.5	-7.1	...	...	...	...	...	...
	Money (M1)	-0.7	-7.9	-1.4	10.7	...	...	...	...	...	...
	M2	0.2	-4.2	1.3	3.0	...	...	...	...	...	...
	Foreign-currency deposits	-6.3	-5.9	-12.9	-4.1	...	...	...	...	...	...
Saint Lucia	Monetary base	3.3	-4.9	5.9	-7.4	...	...	...	...	...	...
	Money (M1)	6.5	8.3	9.0	7.1	...	...	...	...	...	...
	M2	3.1	1.3	2.0	3.6	...	...	...	...	...	...
	Foreign-currency deposits	11.1	5.5	-10.5	0.4	...	...	...	...	...	...
Saint Vincent and the Grenadines	Monetary base	8.9	2.4	-2.2	9.0	...	...	...	...	...	...
	Money (M1)	10.0	4.6	0.2	11.1	...	...	...	...	...	...
	M2	4.6	3.6	0.4	6.0	...	...	...	...	...	...
	Foreign-currency deposits	6.4	-7.4	-7.9	47.1	...	...	...	...	...	...
Suriname	Monetary base	30.3	23.9	24.4	70.0	80.3	50.8	35.9	36.2	41.0	36.7[b]
	Money (M1)	15.0	14.1	14.8	26.9	26.4	42.8	51.7	47.5	39.9	37.4[a]
	M2	12.4	11.7	15.1	24.5	21.5	31.2	38.3	36.9	32.2	32.1[a]
	Foreign-currency deposits	85.5	20.3	5.8	-3.0	-9.7	-10.3	24.0	88.2	97.5	110.9[a]
Trinidad and Tobago	Monetary base	-7.3	-8.4	-2.6	-0.1	-1.9	9.5	23.1	18.8	24.3	...
	Money (M1)	1.2	-1.9	0.1	-0.3	2.6	2.8	8.8	17.1	16.1[c]	...
	M2	2.8	-1.4	0.1	1.9	3.7	5.4	8.0	10.0	8.6[c]	...
	Foreign-currency deposits	7.3	0.4	-1.3	3.9	2.9	-2.9	-2.1	0.9	-1.2[c]	...

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Figures as of April.
[b] Figures as of May.
[c] Figures as of February.

Table A.29
Latin America and the Caribbean: domestic credit
(Percentage variation with respect to the year-earlier period)

	2016	2017	2018	2019	2020				2021	
					Q1	Q2	Q3	Q4	Q1	Q2[a]
Latin America										
Argentina	25.0	35.0	41.4	30.2	36.1	61.0	75.6	84.1	70.4	59.4[b]
Bolivia (Plurinational State of)	18.5	16.9	13.7	10.3	8.7	11.9	10.7	12.6	...	...
Brazil	9.5	7.9	2.7	9.7	12.3	16.2	17.4	16.0	15.5	13.3[b]
Chile	8.8	5.5	10.2	7.5	8.6	10.3	8.5	6.2	3.2	...
Colombia	8.4	9.8	9.3	10.0	11.5	14.3	10.9	6.3	...	...
Costa Rica	13.5	11.0	5.8	2.3	1.1	3.9	7.6	10.6	10.6	...
Dominican Republic	14.5	8.6	9.4	11.3	4.9	10.5	14.7	7.8	8.2	4.1
Ecuador	5.6	12.0	10.4	10.8	12.4	10.9	9.4	5.8	4.1	4.7[b]
El Salvador	8.2	4.6	7.8	7.5	8.7	10.1	9.5	8.1	9.0	8.7[b]
Guatemala	6.0	2.2	3.2	2.9	3.6	3.6	7.1	8.2	8.6	12.4
Haiti	10.2	12.2	23.0	25.3	25.0	32.1	29.4	24.7	28.9[c]	...
Honduras	7.4	19.1	13.3	10.7	7.3	8.0	4.1	4.7	8.1	...
Mexico	14.1	8.0	10.1	9.4	12.3	7.7	9.1	4.6	3.2	...
Nicaragua	14.2	15.7	0.2	-19.6	-15.1	-12.0	-7.4	-9.2	-12.9	...
Panama	10.4	10.3	8.9	0.8	-3.2	-8.2	-8.4	-10.0	-11.0	...
Paraguay	5.9	-1.1	12.2	15.9	9.7	5.0	7.2	6.0	8.9	16.9
Peru	12.8	11.3	37.7	5.8	10.6	26.9	36.4	32.9	27.0	23.5[b]
Uruguay	33.4	4.1	-3.7	21.4	26.3	13.6	3.8	5.4	8.2	8.4[b]
Venezuela (Bolivarian Republic of)[d]	100.1	302.9	231 191.5	14 049.8	1 884.8	2 695.1	1 717.1	2 324.9	2 446.8	1 581.0[b]
The Caribbean										
Antigua and Barbuda	-10.5	5.1	-1.7	4.7	...	...	...	...	...	...
Bahamas	0.7	1.9	-3.5	0.5	0.4	2.0	1.7	-2.2	-1.4	...
Barbados	5.8	4.7	-1.6	-13.4	-0.4	-1.3	0.0	0.2	0.4	2.4[b]
Belize	18.5	2.5	6.2	6.4	6.3	5.3	4.6	4.5	4.9	7.1[b]
Dominica	-24.3	-24.6	24.4	39.7	...	...	...	...	...	...
Grenada	-11.2	-6.7	-5.5	-8.2	...	...	...	...	...	...
Guyana	11.3	9.3	19.0	15.1	20.2	18.4	11.7	12.0	10.4	9.0[b]
Jamaica	4.7	5.6	11.7	...	...	...	...	...	...	...
Saint Kitts and Nevis	-78.8	105.8	-0.1	44.0	...	...	...	...	...	...
Saint Lucia	-6.1	-8.0	-6.5	-1.0	...	...	...	...	...	...
Saint Vincent and the Grenadines	0.3	0.1	3.0	-3.2	...	...	...	...	...	...
Suriname	33.8	13.3	-3.0	16.1	7.8	31.2	53.2	69.0	70.0	56.7[b]
Trinidad and Tobago	36.6	13.5	12.7	16.6	20.8	15.0	14.2	5.5	13.0[c]	...

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Figures as of May.
[b] Figures as of April.
[c] Figures as of February.
[d] Credit granted by the commercial and universal banks.

Table A.30
Latin America and the Caribbean: monetary policy rates
(Average rates)

	2016	2017	2018	2019	2020				2021	
					Q1	Q2	Q3	Q4	Q1	Q2
Latin America										
Argentina	28.79	26.42	44.43	65.22	45.30	38.00	38.00	37.33	38.00	38.00[a]
Bolivia (Plurinational State of)	2.50	2.39	2.42	2.58	2.75	2.75	2.50	2.00	3.00	5.67
Brazil	14.17	9.83	6.56	5.96	4.17	3.00	2.08	2.00	2.25	3.50[a]
Chile	3.50	2.69	2.56	2.46	1.50	0.50	0.50	0.50	0.50	0.50[a]
Colombia	7.06	6.04	4.31	4.25	4.08	3.25	2.25	1.75	1.75	1.75[a]
Costa Rica	1.75	3.50	5.02	4.23	1.92	1.08	0.75	0.75	0.75	0.75[a]
Dominican Republic	5.13	5.44	5.38	4.98	4.17	3.50	3.17	3.00	3.00	3.00[a]
Guatemala	3.00	2.96	2.75	2.75	2.58	1.92	1.75	1.75	1.75	1.75
Haiti	14.67	12.00	12.00	16.67	13.33	10.00	10.00	10.00[b]	...	...
Honduras	5.73	5.50	5.50	5.73	5.08	4.50	4.00	3.25	3.00	3.00[a]
Mexico	4.21	6.75	7.69	8.00	6.92	5.50	4.58	4.25	4.08	4.08
Paraguay	5.73	5.40	5.25	4.50	3.75	1.42	0.75	0.75	0.75	0.75[a]
Peru	4.23	3.83	2.79	2.60	1.92	0.25	0.25	0.25	0.25	0.25[a]
Uruguay	...	...	...	...	...	...	4.50	4.50	4.50	4.50
Venezuela (Bolivarian Republic of)	6.50	6.37	6.20	16.54[c]	...	...	...	...	...	...
The Caribbean										
Antigua and Barbuda	6.50	6.50	6.50	6.50	6.50	2.00	2.00	...	...	...
Bahamas	4.46	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00[a]
Barbados	7.00	7.00	7.00	7.00	7.00	2.00	2.00	2.00	2.00	2.00[d]
Belize	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00[d]
Dominica	6.50	6.50	6.50	6.50	6.50	2.00	2.00	...	...	...
Grenada	6.50	6.50	6.50	6.50	6.50	2.00	2.00	...	...	...
Guyana	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00[d]
Jamaica	5.10	4.17	2.29	0.88	0.50	0.50	0.50	0.50	0.50	0.50[a]
Saint Kitts and Nevis	6.50	6.50	6.50	6.50	6.50	2.00	2.00	2.00[c]	...	...
Saint Lucia	6.50	6.50	6.50	6.50	6.50	2.00	2.00	2.00[c]	...	...
Saint Vincent and the Grenadines	6.50	6.50	6.50	6.50	6.50	2.00	2.00	2.00[c]	...	...
Trinidad and Tobago	4.75	4.75	4.90	5.00	4.50	3.50	3.50	3.50	3.50	3.50

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Figures as of May.
[b] Figures as of November.
[c] Figures as of October.
[d] Figures as of April.

Table A.31
Latin America and the Caribbean: representative lending rates
(Average rates)

	2016	2017	2018	2019	2020				2021	
					Q1	Q2	Q3	Q4	Q1	Q2[a]
Latin America										
Argentina[b]	33.3	26.8	47.7	66.9	46.8	32.2	29.8	38.2	40.0	40.3
Bolivia (Plurinational State of)[c]	6.2	6.0	6.4	6.4	6.4	6.0	6.5	6.4	8.0[d]	...
Brazil[e]	53.7	49.9	45.2	42.7	38.9	34.4	30.7	31.2	33.4	34.5[f]
Chile[g]	10.4	11.5	10.6	8.5	9.1	7.4	7.2	8.2	9.2	8.8
Colombia[h]	14.7	13.7	12.1	11.8	11.1	9.8	9.6	9.0	9.1	8.5
Costa Rica[i]	14.7	14.5	15.6	13.0	13.1	11.3	9.8	9.5	9.9	9.7
Dominican Republic[i]	15.1	13.9	12.5	12.5	12.8	10.7	10.5	10.0	9.5	10.0
Ecuador[j]	8.7	7.9	7.7	8.6	8.8	8.8	9.1	8.8	8.4	8.8
El Salvador[k]	6.4	6.5	6.5	6.6	6.5	7.2	6.8	6.6	6.4	6.4
Guatemala[i]	13.1	13.1	12.9	12.7	12.7	12.6	12.5	12.3	12.3	12.3
Haiti[l]	19.7	18.0	17.7	18.7	17.9	15.2	15.8	15.4[m]	...	...
Honduras[i]	19.3	19.3	17.8	17.3	17.4	17.0	16.9	16.8	16.5	16.4[f]
Mexico[n]	26.8	27.0	28.3	30.3	31.1	30.5	29.8	29.5	29.6	29.8[f]
Nicaragua[o]	11.4	10.9	10.9	12.5	11.5	12.0	10.7	10.4	10.3	...
Panama[p]	6.6	6.8	6.9	7.1	7.1	7.0	7.0	6.9	6.9	6.9[f]
Paraguay[q]	15.6	14.3	12.9	12.7	12.2	11.4	9.7	9.4	10.3	10.0[f]
Peru[r]	16.5	16.8	14.5	14.4	14.2	12.9	12.4	12.3	11.7	10.9
Uruguay[s]	17.6	15.4	14.2	13.3	13.4	13.9	12.4	11.0	9.6	8.6[f]
Venezuela (Bolivarian Republic of)[t]	21.4	21.5	21.9	29.3	29.0	37.1	34.8	31.8	41.1	47.0
The Caribbean										
Antigua and Barbuda[u]	9.2	9.0	8.8	8.6	...	...	...	...	...	...
Bahamas[v]	12.5	11.8	11.4	11.2	10.4	9.6	10.8	10.4	10.2	8.8[f]
Barbados[u]	6.7	6.6	6.7	6.5	6.3	6.1	6.0	5.9	5.8	...
Belize[w]	9.8	9.5	9.1	9.1	9.0	8.8	8.7	8.5	9.0	8.8[f]
Dominica[u]	8.2	8.0	7.7	7.5	...	...	...	...	...	...
Grenada[u]	8.4	8.2	7.7	7.3	...	...	...	...	...	...
Guyana[x]	10.7	10.6	10.4	8.9	8.6	8.5	8.4	8.5	8.5	8.6[f]
Jamaica[w]	16.5	14.9	14.1	13.0	12.3	12.1	12.0	11.8	11.8	...
Saint Kitts and Nevis [u]	8.5	8.5	8.2	8.0	...	...	...	...	...	...
Saint Lucia[u]	8.2	8.1	8.0	7.6	...	...	...	...	...	...
Saint Vincent and the Grenadines[u]	9.1	8.7	8.4	8.3	...	...	...	...	...	...
Suriname[y]	13.5	14.4	14.3	15.0	15.2	15.2	15.0	15.0	15.1	15.3[f]
Trinidad and Tobago[x]	9.1	9.1	9.1	9.3	8.8	7.6	7.6	7.6	7.6	7.6

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Figures as of May.
[b] Local-currency loans to the non-financial private sector, at fixed or renegotiable rates, signature loans of up to 89 days.
[c] Nominal local-currency rate for 60–91-day operations.
[d] Figures as of February.
[e] Interest rate on total consumer credit.
[f] Figures as of April.
[g] Non-adjustable 90–360 day operations.
[h] Weighted average of consumer, prime, ordinary and treasury lending rates for the working days of the month.
[i] Weighted average of the system lending rates in local currency.
[j] Effective benchmark lending rate for the corporate commercial segment.
[k] Basic lending rate for up to one year.
[l] Average of minimum and maximum lending rates.
[m] Figures as of October.
[n] Average interest rate for credit cards from commercial banks and the TAC rate (Total Annual Cost).
[o] Weighted average of short-term lending rates in local currency.
[p] Interest rate on one-year trade credit.
[q] Commercial lending rate, local currency.
[r] Market lending rate, average for transactions conducted in the last 30 business days.
[s] Business credit, 30–367 days.
[t] Average rate for loan operations for the six major commercial banks.
[u] Weighted average of lending rates.
[v] Weighted average of lending and overdraft rates.
[w] Rate for personal and business loans, residential and other construction loans; weighted average.
[x] Basic Prime lending rate
[y] Average of lending rates.

Table A.32
Latin America and the Caribbean: consumer prices
(12-month percentage variation)

	2016	2017	2018	2019	2020				2021	
					March	June	September	December	March	June
Latin America and the Caribbean[a]	**4.1**	**3.6**	**3.2**	**3.1**	**2.7**	**2.1**	**2.7**	**3.0**	**4.0**	**5.4**
Latin America										
Argentina	27.5	38.5	25.0	47.1	46.9	41.3	35.2	34.1	40.4	48.3
Bolivia (Plurinational State of)	3.0	4.0	2.7	1.5	1.4	1.4	0.5	0.7	1.2	0.2
Brazil	10.7	6.3	2.9	3.7	3.3	2.1	3.1	4.5	6.0	8.3
Chile	4.4	2.7	2.3	2.6	3.0	2.6	3.1	3.0	2.9	3.8
Colombia	6.8	5.7	4.2	3.1	3.8	2.2	2.0	1.6	1.5	3.6
Costa Rica	-0.8	0.8	2.6	2.0	1.9	0.3	0.3	0.9	0.5	1.9
Cuba[b]	2.4	-3.0	0.6	2.4	0.1	1.1	10.1	18.5	…	…
Dominican Republic	2.3	1.7	4.2	1.2	2.4	2.9	5.0	5.6	8.3	9.3
Ecuador	3.4	1.1	-0.2	0.3	0.2	0.2	-0.9	-0.9	-0.8	-0.7
El Salvador	1.0	-0.9	2.0	0.4	-0.5	-0.2	-0.4	-0.1	1.8	2.6[c]
Guatemala	3.1	4.2	5.7	2.3	1.8	2.4	5.0	4.8	5.8	3.9
Haiti	12.5	14.3	13.3	16.5	22.0	24.8	25.2	19.2	17.2	…
Honduras	2.4	3.3	4.7	4.2	3.9	2.7	3.4	4.0	3.9	4.7
Mexico	2.1	3.4	6.8	4.8	3.2	3.3	4.0	3.2	4.7	5.9
Nicaragua	2.9	3.1	5.8	3.3	4.6	3.8	2.8	2.6	4.2	4.1
Panama	0.3	1.5	0.5	0.2	-0.8	-1.6	-1.9	-1.6	0.3	1.9[c]
Paraguay	3.1	3.9	4.5	3.2	2.5	0.5	1.6	2.2	2.4	4.5
Peru	4.4	3.2	1.4	2.2	1.8	1.6	1.8	2.0	2.6	3.3
Uruguay	9.4	8.1	6.6	8.0	9.2	10.4	9.9	9.4	8.3	7.3
Venezuela (Bolivarian Republic of)	180.9	274.4	862.6	130 060.2	2 430.6	2 354.8	1 813.1	2 959.8	3 012.2	2 719.5[c]
The Caribbean										
Antigua and Barbuda	-1.1	2.4	1.7	0.7	1.3	1.0	0.8	2.8	2.2	0.6
Bahamas	0.8	1.8	2.0	1.4	0.2	-0.4	-0.7	1.2	1.4[d]	…
Barbados	3.8	6.6	0.6	7.2	4.3	2.4	0.6	1.3	1.1	1.6[c]
Belize	1.1	1.0	-0.1	0.2	0.2	0.2	0.3	0.4	1.5	3.0
Dominica	0.7	-1.5	4.0	0.1	-1.0	-1.2	-0.8	-0.7	1.8	…
Grenada	0.9	0.5	1.4	0.1	-0.2	-0.9	-1.2	-0.8	0.3	…
Guyana	1.4	1.5	1.6	2.1	1.6	0.5	0.8	1.3	2.4	3.8[c]
Jamaica	1.7	5.2	2.4	6.2	4.8	5.6	4.2	4.5	4.5	5.0[c]
Saint Kitts and Nevis	0.0	0.8	-0.8	-0.8	-1.1	-1.4	-0.7	-1.2	-0.4	…
Saint Lucia	-2.8	2.0	1.6	-0.7	-2.7	-3.0	0.0	-0.4	1.5	…
Saint Vincent and the Grenadines	1.0	3.0	1.4	0.5	0.4	-0.8	-1.2	-1.0	-0.1	…
Suriname	49.2	9.3	5.4	4.2	17.8	35.2	45.1	60.7	50.2	43.6[c]
Trinidad and Tobago	3.1	1.3	1.0	0.4	0.4	0.6	0.7	0.8	0.8	1.1[e]

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Weighted average. Does not include data on economies with chronic inflation (Argentina, Haiti, Suriname and Venezuela (Bolivarian Republic of)).
[b] Refers to national-currency markets.
[c] Figures as of May.
[d] Figures as of February.
[e] Figures as of April.

Table A.33
Latin America and the Caribbean: central government fiscal balances
(Percentages of GDP)

	Primary balance				Overall balance			
	2017	2018	2019	2020	2017	2018	2019	2020
Latin America and the Caribbean[a]	**-0.3**	**0.3**	**0.2**	**-4.4**	**-3.0**	**-2.3**	**-2.4**	**-7.0**
Latin America[b]	**-0.9**	**-0.5**	**-0.4**	**-4.2**	**-3.2**	**-2.9**	**-3.0**	**-6.9**
Argentina	-2.8	-1.9	0.6	-1.4	-5.8	-5.6	-3.7	-3.7
Bolivia (Plurinational State of)[c]	-4.4	-5.2	-6.1	...	-5.0	-6.0	-6.9	...
Brazil	-1.9	-1.7	-1.3	-10.0	-7.8	-7.2	-5.7	-13.8
Chile	-1.9	-0.8	-1.9	-6.3	-2.8	-1.7	-2.9	-7.3
Colombia	-1.1	-0.6	0.1	-5.1	-3.7	-3.1	-2.5	-7.8
Costa Rica	-2.9	-2.3	-2.7	-3.4	-5.9	-5.7	-6.7	-8.1
Dominican Republic	-0.8	0.3	0.7	-5.1	-3.4	-2.3	-2.1	-8.3
Ecuador	-3.5	-0.9	-1.9	-4.2	-5.9	-3.6	-5.0	-7.5
El Salvador	3.0	2.3	1.8	-5.0	-0.1	-1.1	-1.6	-9.2
Guatemala	0.1	-0.3	-0.6	-2.6	-1.4	-1.9	-2.2	-4.4
Haiti[d e]	...	...	...	...	...	...	...	...
Honduras	0.0	0.9	0.6	-3.5	-2.7	-2.1	-2.5	-7.0
Mexico[f]	1.4	0.6	1.1	0.1	-1.1	-2.0	-1.7	-2.8
Nicaragua	0.5	-0.8	1.6	0.2	-0.6	-1.9	0.3	-1.0
Panama	-1.4	-1.4	-2.3	-6.6	-3.1	-3.2	-4.1	-9.2
Paraguay	-0.5	-0.6	-2.0	-5.1	-1.1	-1.3	-2.8	-6.2
Peru[c]	-1.7	-0.8	-0.1	-6.9	-2.8	-2.0	-1.4	-8.4
Uruguay	-0.2	0.7	-0.4	-2.4	-2.7	-1.9	-2.8	-5.0
The Caribbean[g]	**0.5**	**1.3**	**1.1**	**-4.6**	**-2.7**	**-1.5**	**-1.6**	**-7.3**
Antigua and Barbuda	0.1	-0.7	-1.2	-2.9	-2.4	-3.2	-3.8	-5.4
Bahamas[h]	-3.2	-0.8	0.8	-3.6	-5.4	-3.3	-1.6	-6.3
Barbados[i j]	3.2	3.5	6.1	-0.8	-4.5	-0.3	3.7	-4.0
Belize[i]	1.4	2.4	-1.2	-8.5	-1.3	-0.9	-4.5	-10.2
Dominica	-3.4	-6.1	-14.3	-12.4	-5.0	-8.2	-16.5	-14.7
Grenada	5.7	6.9	6.9	-2.6	3.0	4.9	5.0	-4.6
Guyana	-2.5	-1.8	-2.0	-6.9	-3.3	-2.7	-2.8	-7.5
Jamaica[i]	7.5	7.5	7.1	3.5	0.5	1.2	0.9	-3.1
Saint Kitts and Nevis	3.4	4.6	2.9	-5.0	1.9	3.2	1.7	-6.4
Saint Lucia	1.7	1.0	0.7	-5.6	-1.0	-1.8	-2.2	-9.2
Saint Vincent and the Grenadines	0.3	0.8	-0.5	-3.4	-2.1	-1.6	-3.0	-5.9
Suriname[d]	-5.5	-6.7	-6.6	-11.5	-8.7	-10.1	-9.7	-13.5
Trinidad and Tobago[e]	-6.0	-0.6	0.6	-8.0	-9.0	-3.6	-2.6	-11.3

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Simple averages. Does not include Bolivia (Plurinational State of), Cuba, Dominica, Haiti or Venezuela (Bolivarian Republic of).
[b] Simple averages for 16 countries. Does not include Bolivia (Plurinational State of), Cuba, Haiti or Venezuela (Bolivarian Republic of).
[c] General government.
[d] Includes statistical discrepancy.
[e] Fiscal years, from 1 October to 30 September.
[f] Federal public sector.
[g] Simple averages for 12 countries. Does not include Dominica.
[h] Fiscal years, from 1 July to 30 June.
[i] Fiscal years, from 1 April to 31 March.
[j] Non-financial public sector.

Table A.34
Latin America and the Caribbean: composition of general government tax revenue
(Percentages of GDP)

	Total tax burden		Social security contributions		Direct taxes		Indirect taxes		Other taxes	
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Latin America and the Caribbean[a]	**23.0**	**22.2**	**3.8**	**3.8**	**7.1**	**6.9**	**11.8**	**11.2**	**0.4**	**0.3**
Latin America[a]	**22.0**	**21.2**	**4.5**	**4.3**	**6.9**	**6.7**	**10.0**	**9.6**	**0.6**	**0.6**
Argentina	28.9	30.1	5.7	5.7	7.8	8.7	15.2	15.5	0.2	0.2
Bolivia (Plurinational State of)	24.7	20.3	6.2	6.0	4.2	2.8	12.1	9.6	2.2	1.9
Brazil	32.4	30.0	8.4	6.8	9.6	8.8	13.8	13.7	0.7	0.7
Chile	20.8	19.3	1.5	1.5	8.4	7.4	11.1	10.6	-0.2	-0.2
Colombia	19.0	18.6	1.9	2.2	8.4	8.2	8.1	7.5	0.7	0.7
Costa Rica	23.1	22.2	7.6	7.5	6.8	6.6	8.2	7.6	0.5	0.5
Cuba	42.2	42.2	5.5	5.5	13.2	13.2	20.3	20.3	3.2	3.2
Dominican Republic	13.5	12.5	0.1	0.1	4.9	4.8	8.5	7.6	0.0	0.0
Ecuador	20.0	19.6	5.4	5.9	4.6	4.9	9.9	8.7	0.0	0.0
El Salvador	20.9	21.9	2.7	2.8	7.3	7.8	10.6	10.8	0.3	0.4
Guatemala	13.0	13.2	2.2	2.1	4.1	4.0	6.8	7.1	0.0	0.0
Haiti[b]	…	…	…	…	…	…	…	…	…	…
Honduras	21.3	19.1	3.4	4.0	6.3	5.0	10.8	9.4	0.6	0.7
Mexico	16.3	17.8	2.3	2.5	7.7	8.3	6.1	6.7	0.3	0.4
Nicaragua	25.8	25.4	6.6	6.7	8.0	7.6	9.5	9.5	1.7	1.6
Panama	14.0	13.6	5.6	5.8	4.2	4.1	4.1	3.6	0.1	0.2
Paraguay	13.8	10.7	3.7	1.0	2.7	2.6	7.3	6.9	0.1	0.1
Peru	16.6	15.3	2.0	2.1	6.5	6.0	7.8	7.2	0.3	0.1
Uruguay	29.6	30.0	10.1	10.0	9.0	9.2	10.4	10.7	0.2	0.2
The Caribbean[a]	**24.4**	**23.6**	**2.7**	**3.1**	**7.4**	**7.2**	**14.2**	**13.3**	**0.0**	**0.0**
Antigua and Barbuda	18.2	19.8	3.2	3.8	3.4	3.8	11.6	12.2	0.0	0.0
Bahamas[c]	18.8	19.6	2.6	3.1	2.5	1.5	13.7	14.9	0.0	0.0
Barbados[d]	31.7	32.4	5.5	5.8	9.9	13.0	16.3	13.6	0.0	0.0
Belize[d]	30.0	26.6	2.6	3.0	8.6	7.5	18.8	16.1	0.0	0.0
Dominica	31.5	27.0	3.7	4.2	5.5	4.6	22.3	18.3	0.0	0.0
Grenada	25.3	26.0	2.6	3.0	5.9	6.1	16.8	16.9	0.0	0.0
Guyana	23.1	20.1	2.2	2.0	9.1	9.1	11.6	8.9	0.2	0.2
Jamaica[d]	29.0	27.2	1.2	1.2	10.0	10.5	17.8	15.5	0.1	0.1
Saint Kitts and Nevis	22.8	24.0	3.5	4.3	6.3	6.2	13.0	13.5	0.0	0.0
Saint Lucia	20.5	22.6	2.1	2.6	4.9	5.4	13.5	14.6	0.0	0.0
Saint Vincent and the Grenadines	26.0	27.6	2.9	3.1	7.5	8.7	15.5	15.9	0.0	0.0
Suriname	15.5	11.8	0.5	0.3	8.0	6.5	7.0	4.9	0.0	0.0
Trinidad and Tobago[b]	24.5	21.8	3.0	3.2	14.5	10.6	7.0	8.0	0.0	0.0

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Simple averages. Does not include Haiti and Venezuela (Bolivarian Republic of).
[b] Fiscal years, from 1 October to 30 September.
[c] Fiscal years, from 1 July to 30 June.
[d] Fiscal years, from 1 April to 31 March.

Table A.35
Latin America and the Caribbean: central government income and expenditure
(Percentages of GDP)

	Total income		Total expenditure		Primary current expenditure		Interest payments		Capital expenditure	
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Latin America and the Caribbean[a]	**21.9**	**20.6**	**24.3**	**27.7**	**18.1**	**20.6**	**2.6**	**2.7**	**3.6**	**4.4**
Latin America[b]	**18.5**	**17.8**	**21.4**	**24.7**	**15.7**	**18.6**	**2.5**	**2.7**	**3.1**	**3.4**
Argentina	18.2	22.2	21.9	25.9	16.6	22.3	4.3	2.3	1.1	1.3
Bolivia (Plurinational State of)[c]	27.0	...	33.9	...	23.4	...	0.8	...	9.7	...
Brazil	22.1	19.7	27.7	33.5	22.4	28.0	4.4	3.8	0.9	1.7
Chile	21.7	20.0	24.5	27.3	19.8	23.0	0.9	1.0	3.8	3.4
Colombia	16.2	15.2	18.7	23.0	14.3	18.1	2.5	2.7	1.8	2.2
Costa Rica	14.3	13.3	21.0	21.3	15.0	15.4	4.0	4.7	1.9	1.2
Dominican Republic	14.7	14.2	16.8	22.5	11.5	15.4	2.8	3.2	2.5	3.8
Ecuador	22.8	19.8	27.8	27.3	19.6	18.9	3.0	3.4	5.2	5.1
El Salvador	19.0	19.9	20.7	29.1	14.1	21.6	3.5	4.2	3.1	3.3
Guatemala	11.2	10.7	13.4	15.0	9.1	10.9	1.6	1.7	2.7	2.4
Haiti[d e]	...	...	...	...	...	...	...	...	...	...
Honduras	19.2	16.6	21.6	23.6	14.0	15.9	3.0	3.4	4.6	4.2
Mexico[f]	22.0	23.1	23.7	26.0	18.0	19.6	2.7	3.0	3.0	3.4
Nicaragua	19.6	19.1	19.3	20.1	13.9	13.8	1.3	1.3	4.1	5.1
Panama	12.7	12.5	16.9	21.7	9.4	12.4	1.9	2.7	5.5	6.7
Paraguay	14.2	13.6	17.0	19.8	12.2	14.3	0.8	1.1	4.0	4.4
Peru[c]	19.9	18.0	21.4	26.4	15.5	20.4	1.3	1.5	4.6	4.5
Uruguay	27.5	27.0	30.3	32.1	26.5	28.2	2.4	2.7	1.4	1.2
The Caribbean[g]	**26.6**	**24.4**	**28.2**	**31.6**	**21.2**	**23.3**	**2.7**	**2.7**	**4.3**	**5.7**
Antigua and Barbuda	18.9	20.0	22.7	25.4	18.2	20.2	2.6	2.5	1.9	2.8
Bahamas[h]	18.2	16.8	19.9	23.2	15.7	17.5	2.5	2.7	1.7	3.0
Barbados[i j]	28.7	24.2	25.0	28.2	20.8	22.4	2.4	3.2	1.8	2.6
Belize[i]	30.4	27.2	34.9	37.4	25.0	26.8	3.3	1.7	6.6	8.9
Dominica	42.7	37.0	59.2	51.7	37.6	37.9	2.2	2.3	19.3	11.5
Grenada	26.8	28.3	21.8	32.9	17.3	21.2	1.9	2.0	2.6	9.6
Guyana	23.4	19.5	26.2	27.1	19.3	20.1	0.8	0.6	6.1	6.3
Jamaica[i]	30.6	29.1	29.7	32.2	20.2	23.2	6.2	6.5	3.3	2.5
Saint Kitts and Nevis	41.0	38.1	39.3	44.5	26.1	32.7	1.2	1.4	11.9	10.4
Saint Lucia	20.7	20.9	23.0	30.1	16.5	21.5	3.0	3.6	3.5	5.0
Saint Vincent and the Grenadines	29.9	33.0	32.8	38.9	24.6	27.6	2.4	2.4	5.9	8.8
Suriname[d]	20.9	11.9	30.6	25.4	23.7	18.2	3.1	2.1	3.8	5.2
Trinidad and Tobago[e]	29.7	23.0	32.2	34.3	26.6	28.2	3.2	3.4	2.4	2.8

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Simple averages. Does not include Bolivia (Plurinational State of), Cuba, Dominica, Haiti or Venezuela (Bolivarian Republic of).
[b] Simple averages for 16 countries. Does not include Bolivia (Plurinational State of), Cuba, Haiti or Venezuela (Bolivarian Republic of).
[c] General government.
[d] Includes statistical discrepancy.
[e] Fiscal years, from 1 October to September 30.
[f] Federal public sector.
[g] Simple averages for 12 countries. Does not include Dominica.
[h] Fiscal years, from 1 July to June 30.
[i] Fiscal years, from 1 April to March 31.
[j] Non-financial public sector.

Table A.36
Latin America and the Caribbean: non-financial public sector gross public debt
(Percentages of GDP)

	2013	2014	2015	2016	2017	2018	2019	2020
Latin America and the Caribbean[a]	**56.0**	**56.8**	**57.7**	**58.4**	**60.2**	**61.2**	**62.2**	**76.0**
Latin America[a]	**35.2**	**37.1**	**40.0**	**41.7**	**43.4**	**46.8**	**50.1**	**60.0**
Argentina[b]	43.5	44.7	52.6	53.3	56.5	85.2	88.8	102.8
Bolivia (Plurinational State of)[c]	30.4	30.0	31.6	34.1	37.2	37.9	43.2	57.4
Brazil[d]	56.7	58.9	66.5	70.0	74.0	77.2	74.3	88.8
Chile	20.3	24.0	27.4	30.3	32.1	34.9	38.4	42.7
Colombia	41.9	47.5	54.9	54.9	54.4	57.5	57.3	71.5
Costa Rica	44.1	46.9	49.2	52.8	58.0	61.8	71.9	77.0
Dominican Republic	37.4	36.0	35.1	35.3	36.9	37.6	40.4	56.6
Ecuador	24.0	29.6	33.0	38.2	44.5	45.0	52.3	63.1
El Salvador	51.3	51.8	52.2	52.7	52.2	51.4	52.6	62.4
Guatemala[e]	25.0	24.7	24.8	25.0	24.6	26.0	25.8	28.8
Haiti[e f]	30.5	35.1	39.7	40.8	38.3	39.9	47.0	47.0
Honduras[e]	43.4	44.4	44.4	46.1	47.5	48.8	48.9	58.9
Mexico[g]	36.8	40.1	44.2	49.4	46.9	46.9	46.8	53.8
Nicaragua	31.5	30.7	30.4	31.8	34.5	38.0	42.7	50.4
Panama	34.9	36.5	37.4	37.4	37.6	39.4	46.4	69.8
Paraguay	10.8	13.5	15.1	17.3	18.2	19.7	22.7	33.6
Peru	19.6	20.0	20.9	22.7	24.9	25.8	26.8	34.8
Uruguay	41.5	44.6	52.2	50.2	52.0	54.3	65.8	65.4
Venezuela (Bolivarian Republic of)[e]	32.9	28.5	31.7	31.1	...	...	...	...
The Caribbean[h]	**81.6**	**81.1**	**79.5**	**78.8**	**80.8**	**78.9**	**77.1**	**95.6**
Antigua and Barbuda	101.1	100.2	86.9	82.6	83.4	78.5	76.3	94.5
Bahamas	65.4	71.4	69.7	72.0	76.9	77.9	77.0	113.5
Barbados	131.5	137.0	142.4	151.2	148.4	126.3	120.0	144.0
Belize	79.4	77.7	80.9	87.3	95.0	93.6	94.5	122.6
Dominica	76.4	76.9	75.0	67.7	69.9	83.0	78.8	117.1
Grenada	103.7	96.9	88.6	80.0	69.6	66.3	59.8	69.8
Guyana	57.8	51.8	48.1	45.7	47.1	47.0	41.3	47.4
Jamaica	130.2	129.4	112.9	108.4	104.4	97.1	92.4	103.3
Saint Kitts and Nevis	93.3	71.7	63.7	59.0	59.3	57.3	57.6	64.8
Saint Lucia	61.3	61.1	60.4	59.9	59.0	59.9	61.0	89.8
Saint Vincent and the Grenadines	71.4	80.3	79.1	82.1	74.1	75.5	74.9	86.2
Suriname[e]	35.6	33.3	52.3	49.0	86.9	84.2	86.6	99.0
Trinidad and Tobago	53.8	66.5	73.5	80.1	75.8	79.1	81.7	90.6

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Simple averages. Does not include Bolivia (Plurinational State of), Haiti and Venezuela (Bolivarian Republic of).
[b] Central administration.
[c] Refers to the external debt of the non-financial public sector and central government domestic debt.
[d] General government.
[e] Central government.
[f] Does not include public sector commitments to commercial banks.
[g] Federal public sector.
[h] Simple averages.

Table A.37
Latin America and the Caribbean: central government gross public debt
(Percentages of GDP)

	2013	2014	2015	2016	2017	2018	2019	2020
Latin America and the Caribbean[a]	**50.2**	**51.4**	**52.2**	**52.8**	**54.9**	**55.9**	**57.1**	**70.5**
Latin America[a]	**32.8**	**34.2**	**36.7**	**38.4**	**39.9**	**43.3**	**46.1**	**56.2**
Argentina[b]	43.5	44.7	52.6	53.3	56.5	85.2	88.8	102.8
Bolivia (Plurinational State of)	28.4	27.7	29.5	31.4	34.4	36.0	40.4	54.4
Brazil[c]	56.7	58.9	66.5	70.0	74.0	77.2	74.3	88.8
Chile	12.7	15.0	17.3	21.0	23.6	25.6	28.2	32.5
Colombia	37.1	40.2	45.0	46.0	44.9	48.6	48.6	61.4
Costa Rica	35.9	38.5	41.0	44.9	48.4	51.7	56.5	67.5
Dominican Republic	37.2	35.9	34.4	34.5	36.1	36.8	39.6	55.9
Ecuador	22.9	27.5	30.9	35.7	41.3	42.2	48.2	59.0
El Salvador	49.2	49.6	49.7	49.6	48.2	47.6	48.8	58.7
Guatemala	25.0	24.7	24.8	25.0	24.6	26.0	25.8	28.8
Haiti[d]	30.5	35.1	39.7	40.8	38.3	39.9	47.0	47.0
Honduras	43.4	44.4	44.4	46.1	47.5	48.8	48.9	58.9
Mexico	29.8	31.7	34.1	37.0	35.2	35.4	36.1	42.0
Nicaragua	30.8	30.2	29.9	31.2	34.0	37.6	42.3	50.0
Panama	34.4	36.2	37.1	37.0	37.3	39.3	46.4	69.8
Paraguay	9.7	12.1	13.3	15.1	15.7	16.9	19.6	29.5
Peru	17.3	18.2	19.7	21.6	23.3	23.8	24.8	32.9
Uruguay	38.8	39.3	47.2	46.1	47.9	50.3	60.8	61.4
Venezuela (Bolivarian Republic of)	32.9	28.5	31.7	31.1	...	...	...	...
The Caribbean[e]	**71.7**	**72.5**	**71.1**	**70.6**	**73.4**	**71.3**	**70.6**	**88.0**
Antigua and Barbuda	78.7	84.1	71.1	67.8	67.2	64.2	64.9	81.5
Bahamas	52.5	57.5	56.6	58.8	63.8	64.3	64.2	99.5
Barbados	116.2	121.9	129.6	138.4	136.9	125.4	118.0	142.3
Belize[f]	76.4	75.3	78.4	84.8	92.4	90.4	91.0	118.2
Dominica	65.1	65.2	64.0	57.4	62.3	64.0	72.0	104.1
Grenada	94.6	89.6	82.7	75.7	65.8	62.7	57.8	67.6
Guyana[f]	57.8	51.8	48.1	45.7	47.1	47.0	41.3	47.4
Jamaica[f]	130.2	129.4	112.9	108.4	104.4	97.1	92.4	103.3
Saint Kitts and Nevis	72.2	59.9	51.3	47.9	47.6	41.5	40.1	44.2
Saint Lucia	56.9	57.6	57.4	57.6	55.2	56.5	57.6	85.0
Saint Vincent and the Grenadines	59.1	68.7	67.6	65.9	67.2	69.4	71.2	82.9
Suriname	35.6	33.3	52.3	49.0	86.9	84.2	86.6	99.0
Trinidad and Tobago	37.5	48.2	52.8	59.8	57.5	60.2	61.2	68.4

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
[a] Simple averages. Does not include Bolivia (Plurinational State of), Haiti or Venezuela (Bolivarian Republic of).
[b] Central administration.
[c] General government.
[d] Does not include public sector commitments to commercial banks.
[e] Simple averages.
[f] Public sector.

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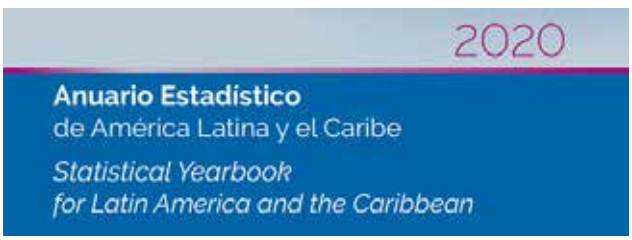

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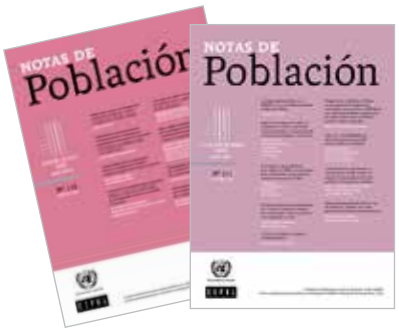

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ISBN 978-92-1-122075-9