



DIÁLOGO A FONDO

El blog del FMI sobre temas económicos de América Latina

Latin America and the Caribbean: Recovery Continues but Long-term Growth is Weak

By [Diálogo a fondo](#)

October 13, 2017



Worker at brick-making factory in La Plata, Argentina (photo: Enrique Marcarian/Reuters/Newscom)

After disappointing growth over the past few years, economic activity in Latin America and the Caribbean remains on track to recover gradually in 2017–18 as the [global economy gathers steam](#) and recessions in a few countries—notably Argentina and Brazil—come to an end.

The region is expected to grow by 1.2 percent in 2017 (0.1 percentage point higher than in the [April projections](#)) and 1.9 percent in 2018 (0.1 percentage point lower than in [April](#)), according to the IMF's [latest regional update](#). Venezuela, however, remains in a full-blown economic, humanitarian, and political crisis with no end in sight, with real GDP projected to fall by 35 percent in the period 2014–17.

Despite this ongoing recovery, prospects for strong long-term growth in Latin America look dimmer now than they did a few years ago. Low productivity continues to be a drag on overall growth and investment remains below its precrisis levels.

The report notes that there is limited room in terms of fiscal policy to support demand—particularly for commodity exporters—and suggests that monetary policy play a supportive role as inflation has been moderating rapidly. Countries will also need to push forward much-needed structural reforms with a greater sense of urgency to ensure sustainable and inclusive growth.

The table below shows the detailed projections for the region.

Latin America and the Caribbean: Gradual recovery

(real GDP growth, percent change)

	2015	2016	2017	2018
		Est.	Projections	
North America				
Canada	0.9	1.5	3.0	2.1
Mexico	2.6	2.3	2.1	1.9
United States	2.9	1.5	2.2	2.3
Puerto Rico ¹	-1.1	-2.6	-2.8	-2.5
South America				
Argentina	2.6	-2.2	2.5	2.5
Bolivia	4.9	4.3	4.2	4.0
Brazil	-3.8	-3.6	0.7	1.5
Chile	2.3	1.6	1.4	2.5
Colombia	3.1	2.0	1.7	2.8
Ecuador	0.2	-1.5	0.2	0.6
Guyana	3.1	3.3	3.5	3.6
Paraguay	3.0	4.1	3.9	4.0
Peru	3.3	4.0	2.7	3.8
Suriname	-2.7	-10.5	-1.2	1.2
Uruguay	0.4	1.5	3.5	3.1
Venezuela	-6.2	-16.5	-12.0	-6.0
Central America				
Belize	2.9	-0.8	2.5	2.3
Costa Rica	4.7	4.3	3.8	3.8
El Salvador	2.3	2.4	2.3	2.1
Guatemala	4.1	3.1	3.2	3.4
Honduras	3.6	3.6	4.0	3.6
Nicaragua	4.9	4.7	4.5	4.3
Panama	5.8	4.9	5.3	5.6
The Caribbean				
Antigua and Barbuda	4.1	5.3	2.7	3.0
The Bahamas	-1.7	-0.3	1.8	2.5
Barbados	0.9	1.6	0.9	0.5
Dominica	-2.5	2.6	3.9	2.8
Dominican Republic	7.0	6.6	4.8	5.8
Grenada	6.4	3.7	2.5	2.3
Haiti	1.2	1.4	1.0	3.0
Jamaica	0.9	1.3	1.7	2.3
St. Kitts and Nevis	4.9	3.1	2.7	3.5
St. Lucia	2.0	1.0	1.6	2.8
St. Vincent and the Grenadines	0.9	0.8	2.2	2.8
Trinidad and Tobago	-0.6	-5.4	-3.2	1.9
Latin America and the Caribbean	0.1	-0.9	1.2	1.9

Sources: IMF, World Economic Outlook database; and IMF staff calculations and projections.

Note: Regional aggregates are purchasing-power-parity GDP-weighted averages.

¹ The Commonwealth of Puerto Rico is classified as an advanced economy. It is a territory of the United States but its statistical data are maintained on a separate and independent basis.



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