

June 2021

**Recent developments:** The region continues to be severely affected by the COVID-19 pandemic, and new cases have spiked after slowing in early 2021. Brazil in particular is grappling with outbreaks of variants that have not only infected but re-infected people. Mobility restrictions were tightened in countries including Argentina, Barbados, Brazil, Colombia, Ecuador, Paraguay, Peru, and Uruguay in the first half of the year, hindering economic activity, especially in the services sector. Vaccination is uneven across countries.

External economic conditions have improved since the start of the year. Rising commodity prices have bolstered government revenues and remittance inflows remain robust, supporting consumer spending in Honduras, El Salvador, Jamaica, Guatemala, and Nicaragua. International tourist arrivals are at a small fraction of pre-pandemic levels in much of the Caribbean but have approached half of pre-pandemic levels in the Dominican Republic and Mexico in recent months.

Portfolio inflows have slowed, however. Currencies have depreciated and inflation has risen in many countries, albeit from low levels. Given fiscal strains and an assumption of progress in combating the pandemic, spending and tax relief related to COVID-19 is winding down in most countries. Yet the effects of the pandemic remain severe. Employment has not returned to pre-pandemic levels. Income losses have worsened poverty and food security in many countries.

**Outlook:** Regional GDP is projected to grow 5.2% in 2021, assuming moderate progress in vaccine rollouts in most countries, eased mobility restrictions, positive spillovers from advanced economies, and a rise in commodity prices. Growth is projected to wane to 2.9% in 2022. A full recovery to pre-pandemic levels of output will be protracted in much of the region. In 2022, per capita GDP in the region is projected to be 1.5% below its 2019 level.

Brazil's economy is projected to grow 4.5% in 2021, supported by a fresh round of emergency payments to households and benign domestic and international credit conditions. Mexico's economy is projected to expand by 5% in 2021, as the manufacturing industry and the services sector are expected to benefit from increased export demand associated with robust growth in the United States. Growth in Argentina is expected to rebound to 6.4% in 2021, while Colombia's economy is expected to expand 5.9% this year. Chile's economy is anticipated to expand 6.1% and Peru is forecast to grow 10.3% this year.

Growth in Central America is expected to reach 4.8% in 2021 on robust remittances and commodity price rises. In the Caribbean, where COVID-19 caseloads have been relatively low, growth is anticipated to expand 4.7%, although the outlook for most tourism-reliant economies has been revised downward since January with the recovery in tourism still sluggish.

**Risks:** Risks to the outlook are predominantly to the downside, including slower-than-expected COVID-19 vaccination, surges in new cases, adverse market reactions to strained financial conditions, and disruption related to social unrest and natural disasters. The durability of the recovery is highly contingent on containment of the pandemic. Concerns about fiscal sustainability have intensified as gross government debt in the median economy climbed to 64% last year, and external debt has also jumped. Disruptions related to natural disasters are a persistent risk to the region. In the longer term, failure to pursue policies to heal from the damage caused by the pandemic, such as investing in new technology and infrastructure, would weaken prospects.

An upside risk to the forecast is stronger-than-expected spillovers through trade and confidence channels from the strong growth rebound in the United States.

[Download \*Global Economic Prospects\*](#)

## Latin America and the Caribbean Country Forecasts

(Annual percent change unless indicated otherwise)

	2018	2019	2020e	2021f	2022f	2023f
GDP at market prices (average 2010-19 US\$)						
<b>Argentina</b>	-2.6	-2.1	-9.9	6.4	1.7	1.9
<b>Bahamas, The</b>	3.0	1.2	-16.2	2.0	8.5	4.0
<b>Barbados</b>	-0.6	-0.1	-18.0	3.3	8.5	4.8
<b>Belize</b>	2.9	1.8	-14.1	1.9	6.4	4.2
<b>Bolivia</b>	4.2	2.2	-8.8	4.7	3.5	3.0
<b>Brazil</b>	1.8	1.4	-4.1	4.5	2.5	2.3
<b>Chile</b>	3.7	0.9	-5.8	6.1	3.0	2.5
<b>Colombia</b>	2.6	3.3	-6.8	5.9	4.1	4.0
<b>Costa Rica</b>	2.1	2.2	-4.1	2.7	3.4	3.1
<b>Dominica</b>	2.3	3.6	-10.0	1.0	3.0	2.5
<b>Dominican Republic</b>	7.0	5.1	-6.7	5.5	4.8	4.8
<b>Ecuador</b>	1.3	0.1	-7.8	3.4	1.4	1.8
<b>El Salvador</b>	2.4	2.6	-7.9	4.1	3.1	2.4
<b>Grenada</b>	4.1	1.9	-12.6	3.5	5.0	4.9
<b>Guatemala</b>	3.3	3.9	-1.5	3.6	4.0	3.8
<b>Guyana</b>	4.4	5.4	43.5	20.9	26.0	23.0
<b>Haiti<sup>a</sup></b>	1.7	-1.7	-3.3	-0.5	1.5	2.0
<b>Honduras</b>	3.8	2.7	-9.0	4.5	3.9	3.8
<b>Jamaica</b>	1.9	0.9	-10.0	3.0	3.8	3.2
<b>Mexico</b>	2.2	-0.2	-8.3	5.0	3.0	2.0
<b>Nicaragua</b>	-3.4	-3.7	-2.0	0.9	1.2	1.4
<b>Panama</b>	3.6	3.0	-17.9	9.9	7.8	4.9
<b>Paraguay</b>	3.2	-0.4	-0.6	3.5	4.0	3.8
<b>Peru</b>	4.0	2.2	-11.1	10.3	3.9	3.5
<b>St. Lucia</b>	2.6	1.7	-20.4	2.6	11.5	8.1
<b>St. Vincent and the Grenadines</b>	2.2	0.5	-3.8	-6.1	8.3	6.1
<b>Suriname</b>	2.6	0.3	-14.5	-1.9	0.1	1.3
<b>Uruguay</b>	0.5	0.4	-5.9	3.4	3.1	2.5

Source: World Bank.

Note: e = estimate; f = forecast. World Bank forecasts are frequently updated based on new information and changing (global) circumstances. Consequently, projections presented here may differ from those contained in other Bank documents, even if basic assessments of countries' prospects do not significantly differ at any given moment in time. Due to lack of reliable data of adequate quality, the World Bank is currently not publishing economic output, income, or growth data for República Bolivariana de Venezuela, and República Bolivariana de Venezuela is excluded from cross-country macroeconomic aggregates.

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### World Bank Group COVID-19 Response

The [World Bank](#), one of the largest sources of funding and knowledge for developing countries, is taking [broad, fast action](#) to help developing countries respond to the health, social and economic impacts of COVID-19. This includes [\\$12 billion](#) to help low- and middle-income countries purchase and distribute COVID-19 vaccines, tests, and treatments, and strengthen vaccination systems. The financing builds on the broader [World Bank Group COVID-19 response](#), which is helping more than 100 countries strengthen health

systems, support the poorest households, and create supportive conditions to maintain livelihoods and jobs for those hit hardest.