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An Uneven Recovery

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Preface

The October 2018 *Regional Economic Outlook: Western Hemisphere* was prepared by Juan Yépez, under the guidance of Jorge Roldós and the overall direction of Alejandro Werner and Krishna Srinivasan. Jorge Restrepo contributed in several sections of the report. Ali Alichi coordinated the Caribbean section, and Jasmin Sin coordinated the Central America section. The box on effects of US tariffs and potential retaliatory measures was prepared by Carlos Caceres, Diego Cerdeiro, Troy Matheson, and Peter Williams. The report reflects the contents of a set of background papers (2018a, 2018b, 2018c, 2018d, and 2018e; available online at http://www.imf.org) coordinated by Jorge Roldós and prepared by the following contributors: Carlos Goncalves, Frederic Lambert, Ana Lariau, Nicolas E. Magud, Pedro Rodriguez, Frederik Toscani, and Fabio Di Vittorio. Genevieve Lindow provided excellent research assistance. Pablo Bejar and Ravi Sundararajan provided valuable production support. Linda Long of the Communications Department coordinated editing and production. Carlos Viel and Virginia Masoller, with the administrative support of María Fraile de Manterola, led the translation and editing team in the production of the Spanish edition. Solange M. dos Santos led the translation and editing team in the production of the Portuguese edition. This report reflects developments and staff projections through early September 2018.

Outlook for Latin America and the Caribbean: An Uneven Recovery

Amid escalating trade tensions, tighter financial conditions, and volatile commodity markets, economic recovery in Latin America and the Caribbean (LAC) has both moderated and become more uneven. The recovery has slowed in some of the region's largest economies (Brazil and Mexico), even coming to a halt in the case of Argentina, as the impact of external headwinds has been amplified by country-specific vulnerabilities. In a similar vein, higher oil prices coupled with increased political uncertainty have dampened the near-term outlook in several economies in Central America. There is still no end in sight to the economic and humanitarian crisis in Venezuela. Meanwhile, better terms of trade over the past year and improvements in consumer and business confidence have provided a fillip to growth prospects in some Andean economies, and activity is recovering in the Caribbean, reflecting the uptick in tourism owing to robust US and global growth. Downside risks to economic prospects in LAC have risen and potential for upside surprises has receded. With major currencies registering sharp declines and debt levels remaining at relatively elevated levels in many economies in the region, the scope for near-term countercyclical policy support is generally limited. And with external financing needs being relatively high in some countries and capital flows ebbing, policymakers in the region should be prepared for further capital outflow pressures. In this regard, exchange rate flexibility will remain key, but foreign exchange market intervention could be appropiate under excessive volatility and market dislocation. Beyond the near term, countries should continue to focus on much-needed structural reforms to boost productive capacity and help anchor strong, durable, and inclusive growth over the medium term. Reforms should focus on increasing saving and investment rates, reducing misallocation of resources, making labor markets more flexible and reducing informality, liberalizing trade, improving the business climate, and continued strengthening of anti-corruption frameworks.

Global Crosscurrents

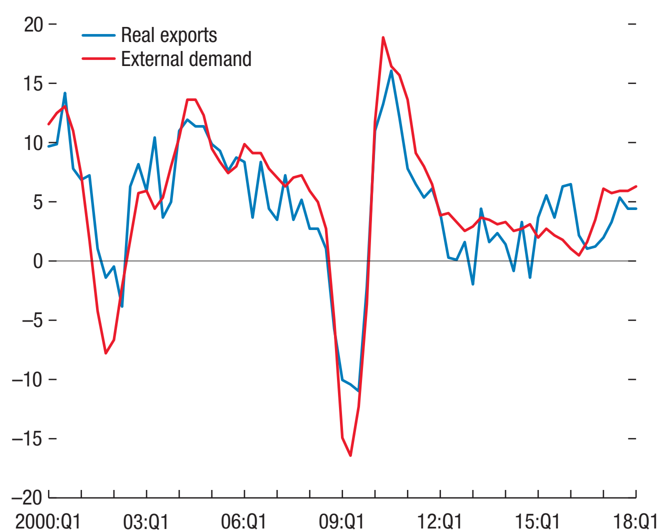
While global economic activity remains reasonably strong, especially in the United States, there are some strong undercurrents, which are likely to affect growth prospects in Latin America and the Caribbean (LAC). Specifically:

External demand and world trade growth are losing momentum (Figure 1). The steady global expansion that began two years ago continues but has become less balanced and appears to have peaked in some major economies. Global growth is projected at 3.7 percent for 2018–19—0.2 percentage point lower for both years than forecast in the April 2018 *World Economic Outlook*. Risks to global growth are skewed to the downside in a context of high policy uncertainty.

Growth in China—a key trading partner for LAC—is projected to moderate from 6.9 percent in 2017 to 6.6 percent in 2018 and 6.2 percent in 2019, reflecting slowing external demand growth and necessary financial regulatory tightening. Growth was marked down in 2019 by 0.2 percentage point as a result of recently announced trade measures, including the tariffs imposed on $200 billion in US imports from China. Growth developments in China will have significant implications for LAC economies, given China's growing trade and financial involvement in the region (see IMF 2018a, which describes trade and financial links with Asia, and particularly China).

GDP continues to grow faster than potential in the United States, led largely by a sizable fiscal stimulus. The stronger growth momentum in the United States has provided some support to economic activity in LAC, particularly to countries with strong links to the US economy, including through trade (Mexico and Central

Figure 1. External Demand and Real Exports Growth
(Year-over-year percent change)



Sources: IMF, Direction of Trade Statistics database; IMF, Global Data Source database; and IMF staff calculations.
Note: External demand is the country-specific component of import growth of trading partners, weighted by the share of exports to each trading partner. US dollar nominal GDP-weighted average of Argentina, Brazil, Chile, Colombia, Mexico, and Peru.

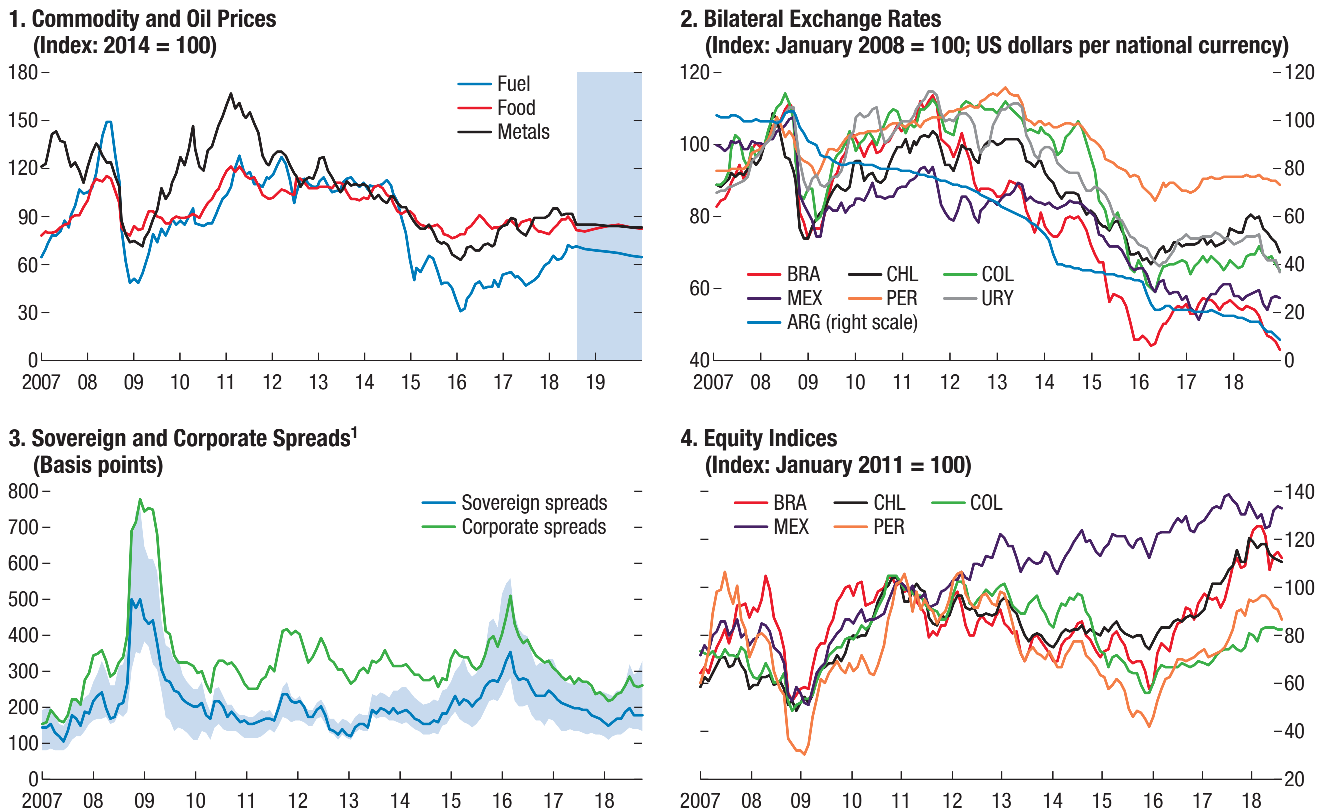
America), remittances (Central America, and to a lesser extent, Mexico) and tourism (Caribbean). The forecast for 2019 has been revised down, however, as a result of the negative effect of recent tariff actions. US growth is expected to dip over the next few years as the economy hits capacity constraints and the current tax cuts begin reversing in 2020, and this would bear upon medium-term prospects for LAC.

Commodity prices have recovered from their trough but are expected to remain considerably below 2011–12 levels (Figure 2, panel 1). Higher commodity prices have supported the recovery in some of the region's net commodity exporters. However, they are projected to stop rising and to slowly decline, putting a ceiling on near-term growth prospects for net commodity exporters in LAC. Moderating demand in China and other large emerging market economies and ongoing trade tensions could increase the volatility of commodity prices. Agricultural goods and metals stand out among the commodities that could be affected by these factors.

Financial conditions have tightened somewhat since the spring in response to a changing external environment, although they continue to remain accommodative and generally supportive of growth. The stronger growth momentum in the United States—with attendant implications for policy tightening by the US Federal Reserve—has translated into a stronger US dollar. Many currencies in the region have depreciated in line with the US dollar appreciation (Figure 2, panel 2). In addition, net portfolio capital flows to the region have turned negative in recent months, exerting further pressure on exchange rates, particularly in countries with weak fundamentals and large external financing needs. However, despite a recent blip, sovereign and corporate spreads remain low by historical standards, while equity prices are elevated (Figure 2, panels 3 and 4).

Trade tensions have escalated, with varying effects not only across countries, but also across sectors. A sequence of US tariff actions and retaliation by trading partners has complicated global and regional trade relations. IMF staff simulations suggest that the impact on global activity of the tariffs that have been imposed to date is small, but material (see the scenario analysis in Chapter 1 of October 2018 *World Economic Outlook*). However, the indirect effects of the ongoing trade tensions, through increased uncertainty and financial volatility, could be large if trade tensions persist or further escalate (Box 1). Although the imposition of tariff and nontariff barriers would affect several countries in the region, the overall impact would vary across countries and sectors. Mexico, with several industries that are deeply integrated in global and regional supply chains, faces a particularly high risk to shifts in global trade policies. However, after a year of renegotiation on the trilateral North American Free Trade Agreement, the United States, Canada, and Mexico have reached a preliminary agreement, and this could dampen some of the uncertainty. The revised deal includes significant changes to rules of origin for the automobile sector, and a review clause after six years.

Figure 2. Less-Favorable External Financial Conditions



Sources: Bloomberg Finance L.P.; IMF, Primary Commodity Price System database; and IMF staff calculations.
Note: Data labels use International Organization for Standardization (ISO) country codes. LA5 = Brazil, Chile, Colombia, Mexico, Peru; LA6 = Brazil, Chile, Colombia, Mexico, Peru, Uruguay.
[1]Sovereign spreads refer to the median of LA6 J.P. Morgan Emerging Market Bond Index Global spread; US-dollar-denominated sovereign bonds. Corporate spreads refer to the median of LA5 J.P. Morgan Corporate Emerging Market Bond Index spread; US-dollar-denominated corporate bonds. Shaded area refers to the minimum-maximum range of LA6 sovereign spreads.

An Uneven Regional Recovery

Against this backdrop, economic recovery in Latin America and the Caribbean is losing momentum, with activity now projected to grow this year at broadly the same pace as in 2017 (Table 1). Growth projections for LAC have been revised downward, with activity expected to expand by 1.2 percent in 2018 and 2.2 percent in 2019. Prospects for long-term growth in LAC remain modest, at 2.8 percent, noticeably lower than in other emerging market economies.

The moderating recovery is underpinned by divergent growth outcomes across the region. The recovery has slowed sharply in some of the region's largest economies, even coming to a halt in the case of Argentina, as the impact of external headwinds has been amplified by country-specific characteristics. In a similar vein, higher oil prices coupled with heightened political uncertainty and civil unrest have dampened the near-term outlook in several economies in Central America. Regional spillovers from the deceleration of these economies has been limited, so far (see Country Focus section).

Better terms of trade over the last year and improvements in consumer and business confidence have provided a fillip to growth prospects for some Andean economies (Figure 3). The upswing in economic activity in these economies has been largely driven by domestic demand, with private consumption being the

Table 1. Real GDP Growth
(Percent)

	2016	2017	Projections 2018	Projections 2019
Latin America and the Caribbean	**−0.6**	**1.3**	**1.2**	**2.2**
LAC excluding Argentina and Venezuela	0.3	1.8	2.3	2.8
South America	−2.4	0.7	0.6	1.9
CAPDR	4.6	4.0	3.8	4.1
Caribbean				
Tourism dependent	1.1	1.1	1.4	1.8
Commodity exporters	−4.7	−1.3	1.4	1.6
Memorandum items:				
LA6	−0.1	1.5	2.1	2.7
Brazil	−3.5	1.0	1.4	2.4
Mexico	2.9	2.0	2.2	2.5

Sources: IMF, World Economic Outlook database; and IMF staff calculations.
Note: Purchasing-power-parity GDP-weighted average. For country group information, see page 25. CAPDR = Central America, Panama, and the Dominican Republic; LAC = Latin America and the Caribbean; LA6 = Brazil, Chile, Colombia, Mexico, Peru, Uruguay.

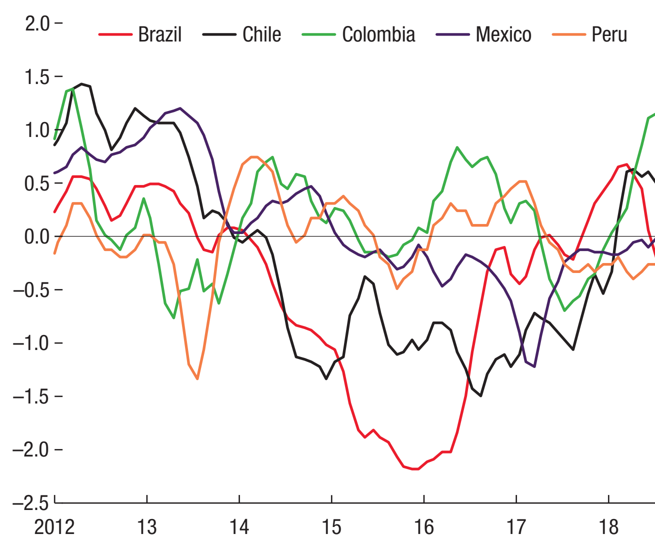
largest contributor to growth. Meanwhile, activity in the Caribbean is recovering, reflecting the uptick in tourism owing to higher US growth.

Private Investment Is Showing Signs of Life

Having contracted for three years in a row, private investment in LAC is estimated to have stopped being a major drag in 2017 and is gaining further strength (Figure 4, panel 1). In the last quarter of 2017 and the first quarter of 2018, the contribution of investment to growth in LAC turned positive and is projected to continue supporting the recovery this year and next. High-frequency indicators confirm these projections (Figure 4, panel 2). However, investment levels are expected to remain below the levels observed in other regions, which could be explained in part by low aggregate saving rates (see IMF 2018b, which documents saving and investment trends in the region).

Private consumption is projected to continue being the largest contributor to regional growth. IMF staff analysis suggests that unemployment in the region has remained relatively stable in recent years, even after the commodity price bust (see IMF 2018c for a discussion on labor market dynamics during recent boom-bust episodes).

Figure 3. Business Confidence
(Normalized; three-month moving average)

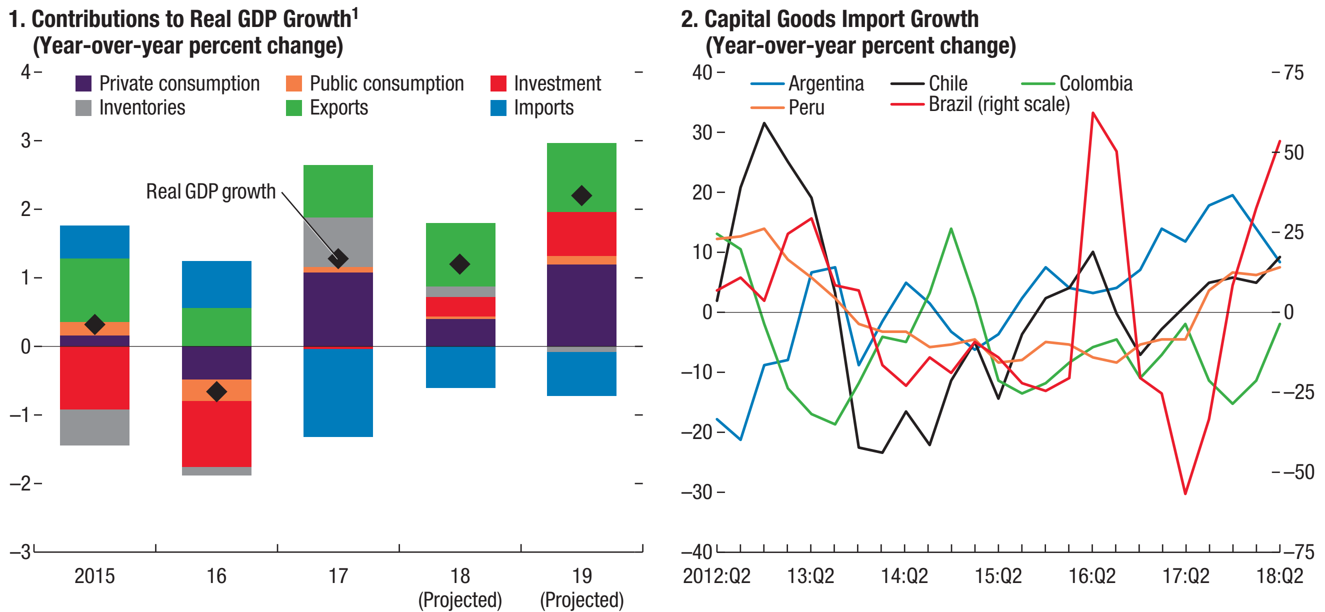


Sources: Haver Analytics; national authorities; and IMF staff calculations.

Despite the moderation in activity in the first half of 2018, employment and real wage growth remain solid in some key economies (Figure 5).

Despite several central banks ending the monetary policy easing cycle in recent months, monetary policy remains supportive. Amid subdued inflation pressure, long-term inflation expectations remain well anchored, and real policy rates, with the notable exception of Mexico, are

Figure 4. Investment Is Recovering



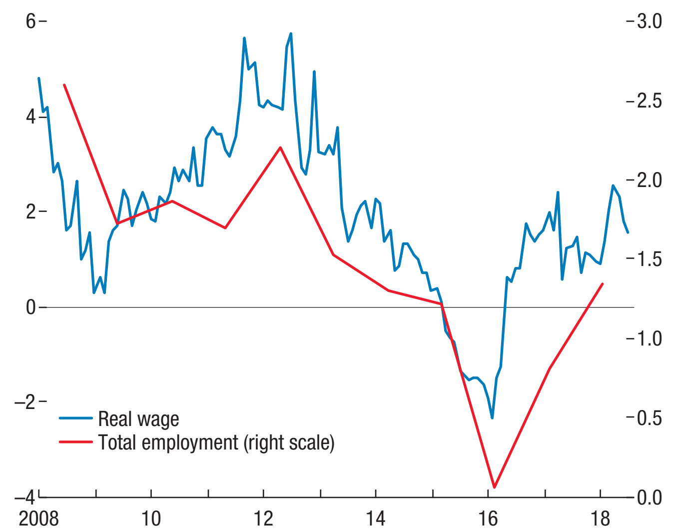
Sources: Haver Analytics; IMF, World Economic Outlook database; national authorities; and IMF staff calculations.
[1]Purchasing-power-parity GDP-weighted average. Excludes Barbados, Dominica, Grenada, Guyana, Jamaica, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines due to data limitations. Inventories include statistical discrepancies.

at or below neutral levels (Figure 6). Hence, the still-expansionary monetary policy stance, coupled with the delayed pass-through from policy interest rates to market rates and credit—estimated to take about 12–18 months in several inflation-targeting economies in LAC—implies that monetary policy will continue to support domestic demand growth in the near term. However, higher energy prices and continued depreciation pressures are likely to limit the room to maneuver interest rate policy in the face of transitory inflationary shocks. For some LAC economies, markets have begun to price in additional hikes over the next year.

Real credit growth decelerated in many countries in 2015–17, with the exceptions of Mexico and Trinidad and Tobago, but the delayed pass-through from last year's easing cycle along with relatively sound bank and corporate balance sheets augur well for credit recovery in support of domestic demand (Figure 7, panel 1). In particular, while overall banking sector profitability has declined in many countries—partly because of a rise in nonperforming loans,

Figure 5. Real Wage and Total Employment Growth

(Year-over-year percent change)

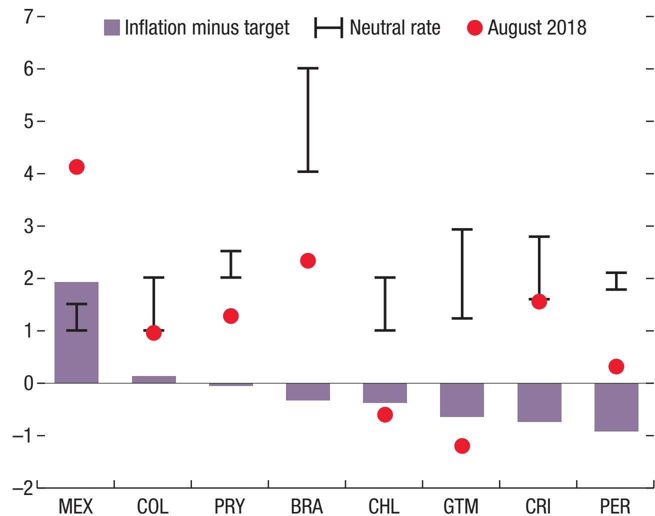


Sources: Haver Analytics; IMF, World Economic Outlook database; national authorities; and IMF staff calculations.
Note: Simple average of Brazil, Chile, Colombia, Ecuador, Mexico, Peru, and Uruguay. Real wage data are seasonally adjusted. Peru data are based on minimum wage real index.

albeit modestly and from a low base—the capital ratios of financial institutions in the region remain above regulatory requirements. However, the situation is different in the Caribbean where the level of nonperforming loans remains high, constraining credit availability and economic activity and increasing the vulnerability of banks to shocks (see the Country Focus section). Also, the loss of corresponding banking relations has increased financial transaction costs, exacerbating the risk of financial exclusion.

Moreover, balance sheets of nonfinancial corporates have deteriorated as a result of the sharp currency depreciations, erasing the improvements observed earlier in the year (Figure 7, panel 2). Metrics of debt repayment capacity remain stretched in some of the region's large economies (see Chapter 1 in the October 2018 *Global Financial Stability Report*). The economic slowdown in these economies has also taken a toll on corporate profitability, which has fallen relative to recent peaks.

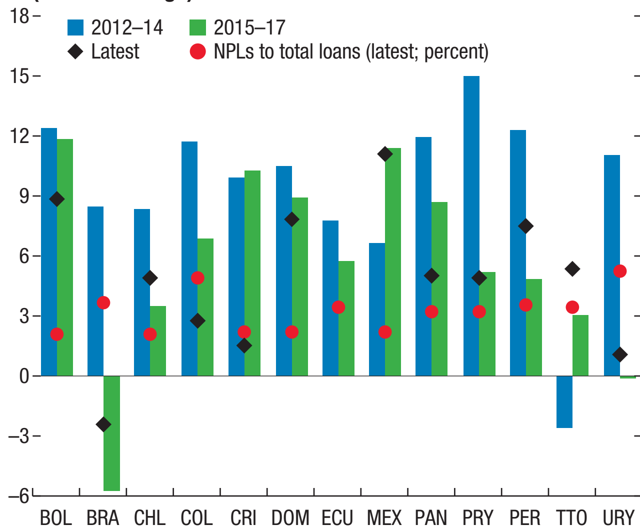
Figure 6. Real Policy Rates and Inflation Gap
(Percent)



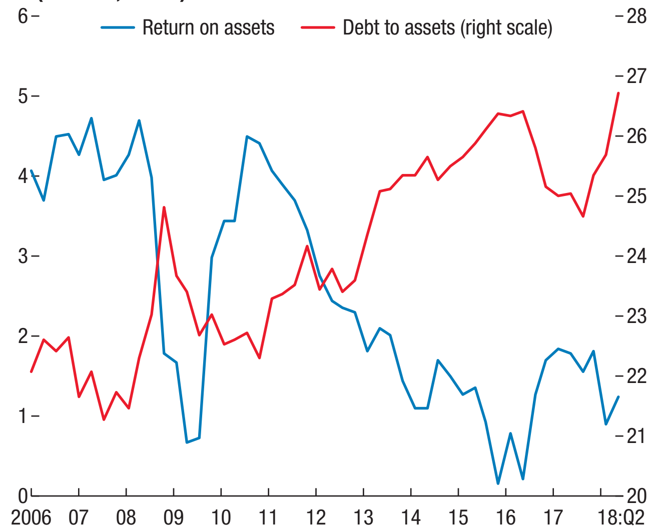
Sources: Haver Analytics; national authorities; and IMF staff calculations.
Note: Real (ex ante) policy rates calculated as the difference between the policy rate and the one-year-ahead inflation expectations. Target is taken at the midpoint of the inflation target range. The high-low lines represent the range of IMF staff's neutral rate estimates. Data labels use International Organization for Standardization (ISO) country codes.

Figure 7. Credit Growth and Corporate Balance Sheets

1. Real Credit Growth and NPLs
(Percent change)

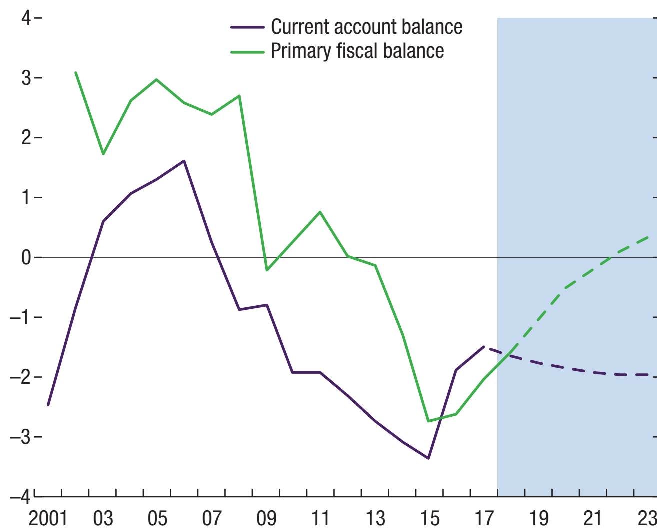


2. Corporate Vulnerabilities[1]
(Percent; mean)



Sources: Bloomberg Finance L.P.; IMF, International Financial Statistics database; national authorities; and IMF staff calculations.
Note: Data labels use International Organization for Standardization (ISO) country codes. NPLs = nonperforming loans.
[1]Mean of the nonfinancial corporations of Argentina, Brazil, Chile, Colombia, Mexico, and Peru.

Figure 8. LAC: Current Account and Primary Fiscal Balance
(Percent of GDP)



Source: IMF, World Economic Outlook database.
Note: Current account balance is US dollar nominal GDP-weighted average. Primary fiscal balance is fiscal year US dollar nominal GDP-weighted average. LAC = Latin America and the Caribbean.

The recovery of consumption and investment primarily in net oil-exporting countries, coupled with higher oil import bills in net commodity importers, has resulted in a widening of the region's current account deficit compared to its 2017 level (Figure 8). As of August, the US dollar had appreciated close to 5 percent in real effective terms. Exchange rate flexibility in the largest economies should prevent a larger deterioration of the external accounts.

Fiscal Consolidation Is Expected to Continue

In 2018, half of the countries in the region are expected to reduce their primary fiscal deficit as a share of GDP (Figure 8). So far, the improvement in primary balances has been primarily driven by an increase in revenues rather than a reduction in expenditures, and the balance may have to shift going forward while maintaining efforts to improve administration and collection. Fiscal policy in some large economies is modestly expansionary, providing a small impulse of 0.2 percent of GDP for the region as a whole (Table 2).

Table 2. Fiscal Impulse[1]
(Percentage points of GDP)

	2018	2019
Argentina[2]	−2.3	−1.8
Brazil	1.0	−0.2
Chile[3]	−0.4	0.2
Colombia	0.3	−0.1
Ecuador[4]	−1.2	0.3
Mexico	0.5	0.1
Peru	−0.1	−0.3
Uruguay	−0.2	−0.2
Latin America	**0.2**	**−0.3**

Sources: IMF, World Economic Outlook database; and IMF staff calculations.
Note: Regional aggregate is fiscal year US dollar nominal GDP-weighted average.
[1]Defined as the change in structural primary deficit.
[2]General government. Adjusted by the GDP gap and soy prices.
[3]Change in the nonmining structural overall balance.
[4]Change in the non-oil structural primary balance.

This fiscal impulse is expected to reverse next year, with these economies pursuing fiscal adjustment even as private sector demand strengthens. This is important because LAC countries continue to register primary deficits that exceed their debt-stabilizing levels, and as a consequence public debt continues to rise (see the April 2018 *Regional Economic Outlook: Western Hemisphere*). Importantly, since the private sector accounted for most of the adjustment to the reduction in real income as a result of the negative terms-of-trade shocks in 2013–15 (see IMF 2018b), a failure to increase net public savings would likely increase funding costs and fully crowd out private investment and hinder the much-needed and long-awaited investment recovery.

Risks to the Outlook

The slowing pace of recovery is subject to increased downside risks. Several of the downside risks highlighted in the April 2018 *Regional Economic Outlook: Western Hemisphere* have either intensified or have already partially materialized—including rising trade tensions and the reversal of capital flows in economies with weaker fundamentals and higher political risks. The main risks to the current outlook are outlined below.

External Risks

Waning growth momentum in the region's main trade partners and a slowdown in global trade—owing to a range of factors, including rising protectionism and an escalation of ongoing trade disputes (Box 1), implementation of unsustainable macroeconomic policies in some advanced economies, declining trust in orthodox policies, and rising inequality—and sizable deviations from baseline energy prices could undermine the nascent recovery and further reduce long-term growth in LAC.

Rising US interest rates and a stronger US dollar—coupled with intensified trade tensions—have triggered a reduction in net capital inflows, an increase in borrowing costs, and a weakening in local currencies in emerging markets (Chapter 1, October 2018 *Global Financial Stability Report*), including in some large countries in the region. Against this backdrop, there are risks that increased capital outflow pressures and tighter financial conditions could derail the recent recovery in investment observed in several LAC economies. A sudden tightening in global financial conditions could come as a result of inflation surprises in the United States, leading to a steeper path of interest rate hikes than markets anticipate and to further US dollar appreciation. Higher than expected capital outflows could pose serious problems for several countries in the region, notably those with large external financing needs, significant currency mismatches, and high corporate leverage (Figure 9, panels 1 and 2). These pressures are likely to be transmitted quickly to domestic financial conditions and investment as sovereign spreads in the region remain highly sensitive to global market developments (Figure 9, panels 3 and 4).

IMF staff estimates suggest that a 10 percent real exchange rate appreciation of the US dollar, for example, could cause a one standard deviation tightening of the financial conditions index (FCI) for the financially integrated LAC economies (Figure 10, panel 1), abstracting from balance sheet pressures arising from exchange rate changes. This in turn is estimated to lower the level of one-year-ahead GDP by between 0.5 and 1 percent (Figure 10, panel 2).[1] A deterioration in sovereign and corporate balance sheets would further increase borrowing costs and exacerbate the negative impact on economic activity.

Regional and Domestic Risks

Regional and domestic risks have also intensified since the spring, and include political risks, regional spillovers, and noneconomic factors.

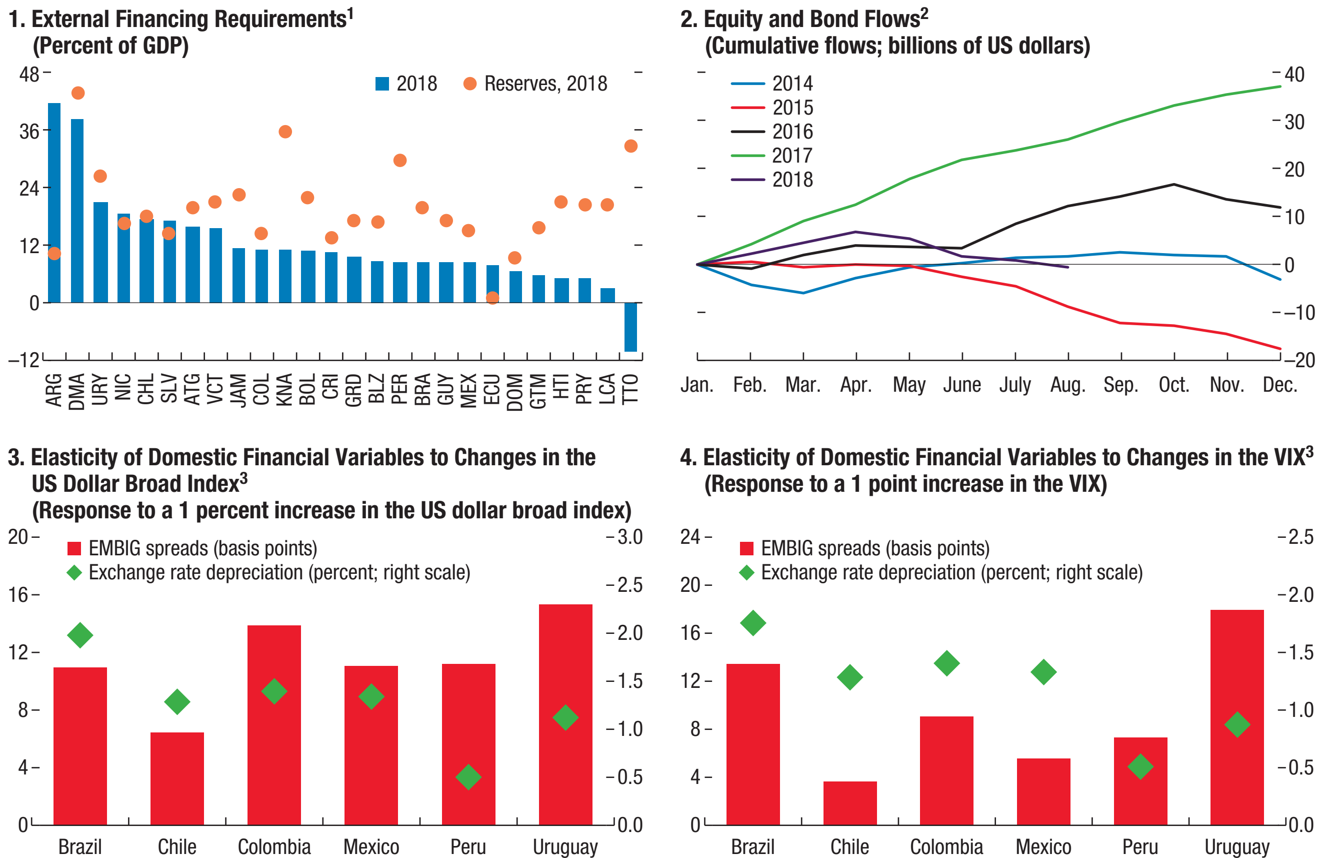
Political risks. Upcoming elections this year (Brazil) and in 2019 (Argentina, Bolivia, Ecuador, El Salvador, Guatemala, Panama, Peru, and Uruguay) will give rise to economic and policy uncertainty. Failure to implement much-needed reforms will weigh on economic prospects. Although the external adjustment to the commodity price bust is largely completed, several countries need to continue their fiscal consolidations, and there is an increasing risk of adjustment fatigue.

Regional spillovers. A larger-than-expected recession in Argentina could have significant spillover effects to neighboring countries with strong trade exposures (Figure 11). At the same time, an intensification of the financial strain in Argentina could result in an increase in risk aversion and capital flow reversals for financially integrated economies in the region. In addition, large migration flows are expected to persist as social conditions in Venezuela continue to deteriorate. This in turn will lead to intensifying spillover effects on neighboring countries, owing to rapidly deteriorating living conditions, including the collapsing provision of public goods (health care, electricity, water, transportation, and security).

Noneconomic factors. The impact of climate change and the recurrence of extreme weather events and natural disasters represent an important source of risk for parts of the region, most notably the Caribbean.

[1]In periods of financial stress, however, the effect of financial tightening on economic activity is found to be significantly higher than in periods of more favorable financial conditions (Brandao-Marques and Pérez Ruiz 2017)

Figure 9. Vulnerabilities to a Sudden Tightening of External Financial Conditions



Sources: Emerging Portfolio Fund Research (EPFR) database; IMF, World Economic Outlook database; and IMF staff calculations.
Note: Data labels use International Organization for Standardization (ISO) country codes. EMBIG = J.P. Morgan Emerging Market Bond Index Global (US-dollar-denominated sovereign bonds); VIX = Chicago Board Options Exchange Volatility Index.
[1]External financing requirements (public and private sector) calculated as the difference between short-term debt on a remaining maturity basis and current account balance. For Chile and Peru, reserves include the fiscal stabilization fund.
[2]Estimates of fund flows. Includes Argentina, Brazil, Chile, Colombia, Mexico, Peru, and Venezuela.
[3]Cumulative impulse response functions after three months to a 1 percent increase in the US dollar broad index and 1 basis point in the VIX, respectively.

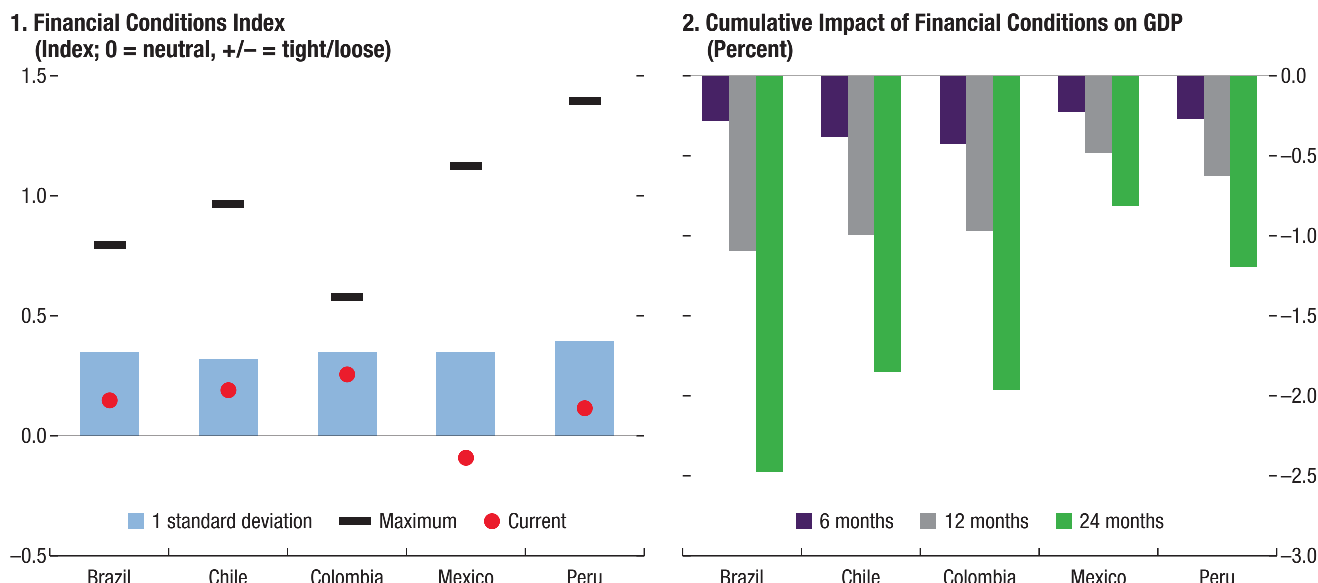
Regional Policy Focus

The recent differentiation in market pressures highlights the importance of policies to strengthen domestic fundamentals. Credible policy frameworks should guide policies and expectations over time, to protect the recovery from a less-benign external environment.

For the region's net commodity exporters, higher global growth and commodity prices provide a narrow window of opportunity to rebuild fiscal buffers. Debt levels in the region are now higher than in other emerging market and developing economies, so there is no scope for complacency (Figure 12). In some cases, the pace of fiscal consolidation will need to accelerate. However, attention should be given to the quality and composition of fiscal adjustment (see Chapter 4 of the April 2018 *Regional Economic Outlook: Western Hemisphere*).

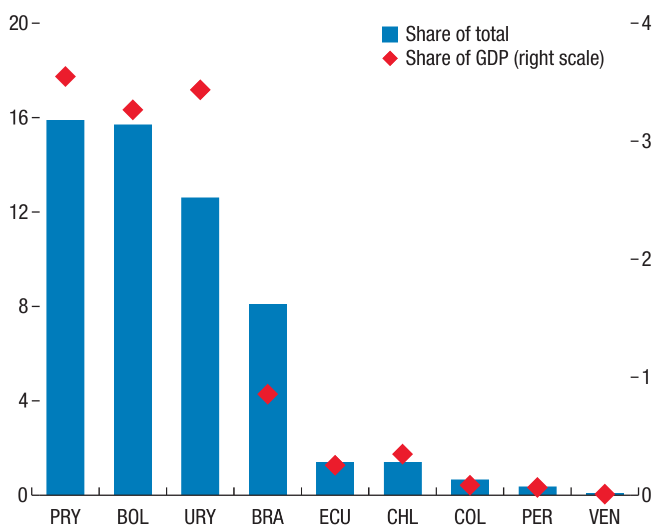
The burden of *fiscal adjustment* should not fall on public capital spending, and policies should be geared toward safeguarding much-needed spending on education and infrastructure. There is a need to improve the efficiency of public investment management frameworks, so that

Figure 10. Financial Conditions and Effects on Macroeconomic Activity



Source: IMF staff calculations.
Note: For methodology and variables included in the financial conditions index, refer to Annex 3.2 of the October 2017 *Global Financial Stability Report*. For details on the estimation of the financial conditions index and impulse responses, see Brandao-Marques and Pérez Ruiz (2017).

Figure 11. Exports of Goods to Argentina, 2017
(Percent)



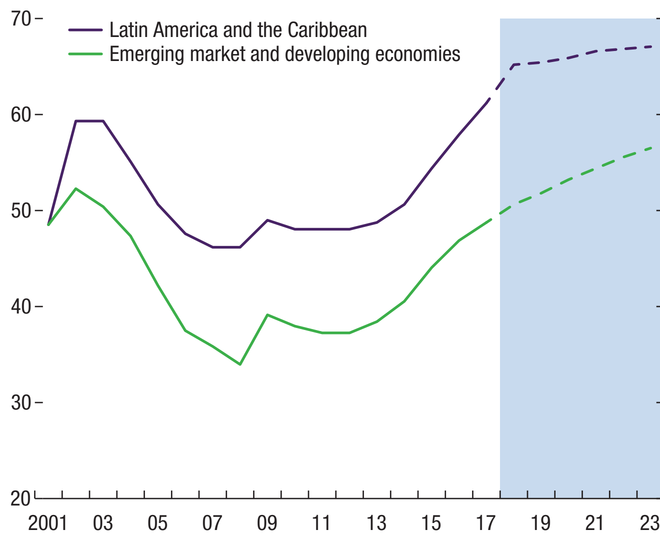
Sources: IMF, Direction of Trade Statistics database; IMF, World Economic Outlook database; and IMF staff calculations.
Note: Uruguay includes total expenditures by Argentinian tourists. Data labels use International Organization for Standarization (ISO) country codes.

priority is given to high-quality investment projects. At the same time, fiscal reforms should consider measures to reduce government inefficiency and corruption, the top two challenges to doing business in Latin America (Figure 13).[2] Entitlement reform aimed at containing future fiscal pressures is also crucial, particularly because of changing demographic trends. With a tighter fiscal envelope and poverty rates already edging up in some countries, policies will have to be carefully calibrated to sustain social progress. Increasing personal income tax revenues while rebalancing spending can help maintain key social transfers and infrastructure spending (see Chapter 5 of the April 2018 *Regional Economic Outlook: Western Hemisphere*).

Monetary policy needs to manage the trade-off between supporting activity and keeping inflation expectations anchored in the face of higher commodity prices and exchange rate depreciations. As documented in Chapter 3 of the April 2018 *Regional Economic Outlook: Western*

[2]See IMF (2017) for a detailed discussion on the measures taken to fight corruption in LAC.

Figure 12. General Government Gross Debt
(Percent of fiscal year GDP)



Source: IMF, World Economic Outlook database.
Note: Fiscal year US dollar nominal GDP-weighted average.

Figure 13. LAC: Challenges to Doing Business
(Percent of countries identifying the constraint among the top 5)

Sources: World Economic Forum, Executive Opinion Survey 2017; and IMF staff calculations.
Note: Doing Business Indicators are perception indices; they measure aspects of business regulation affecting domestic small- and medium-size firms. Due to changes in methodology, coverage, and data sources, there is some degree of uncertainty around rankings. In this context, rankings based on these indices reflect relative (and not absolute) performance. LAC = Latin America and the Caribbean.

Hemisphere and Chapter 3 of the October 2018 *World Economic Outlook*, firmer anchoring of inflation expectations reduces the persistence of inflation and limits the pass-through of currency depreciations to domestic prices, allowing monetary policy greater leeway to support output.

Exchange rate flexibility has served the region well. However, excessive exchange rate volatility and a lack of foreign-currency hedging instruments during times of large external shocks and market dislocation could warrant foreign exchange market intervention. In this regard, most central banks in the region have converged to using transparent and preannounced mechanisms to deal with excessive foreign exchange volatility, maintain financial stability, and deepen financial markets (see IMF 2018d, which documents experiences regarding foreign exchange intervention in Latin America).

In terms of *managing corporate and financial sector risks*, despite sizable depreciations and significant financial distress in Argentina, most LAC economies have so far avoided systemic stress in sovereign, corporate, and banking sectors. This reflects improved policy and supervisory frameworks, increased hedging practices, and reduced financial dollarization. With high corporate and public sector leverage in some countries, supervisory authorities should ensure that corporate balance sheets are not overstretched and that banks' asset quality remains sound. Adequate consolidated supervision where financial and nonfinancial companies are interlinked is important, in particular to identify sources of risk and their transmission channels. Given the risks arising from the potential withdrawal of correspondent banks, strengthening and proactively enforcing anti–money laundering/combating the financing of terrorism (AML/CFT) frameworks is also high on the agenda (see the April 2018 *Regional Economic Outlook: Western Hemisphere*).

Boosting Long-Term Growth by Improving Productivity

Prospects for long-term growth in LAC remain weak. Over the medium term, the region is

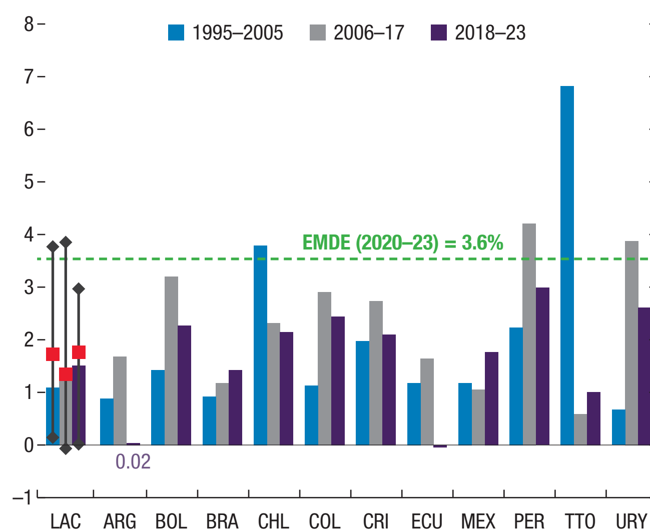
estimated to grow at about 1.9 percent in per capita terms. This is identical to the region's performance over the past quarter century—a figure that is well below the rates observed in the group of emerging market and developing economies (3.6 percent)—and essentially equal to that of advanced economies, suggesting that the region as a whole is not converging to the income levels of those advanced economies (Figure 14).

Against this backdrop, the small contribution of productivity to overall growth calls into question the sustainability of growth, particularly as the region prepares to face demographic transitions to an older population that will limit the growth of labor supply. A number of factors could help explain low productivity growth in the region. Preliminary results (see IMF 2018e, which documents productivity trends in Latin America) suggest that the misallocation of labor resources, particularly in the nontradables sector, appears to be associated with low productivity and subdued long-term growth. In terms of policies, in order to limit the survival of unproductive firms, policymakers should try to streamline entry and exit restrictions, targeted subsidies, national content laws, and import tariffs; improve poorly functioning credit markets; and reduce financial subsidies to individual firms and sectors.

With respect to the need for economic diversification—most notably reducing commodity dependence—two areas deserve special attention: *labor market reforms* and improvements to the *business environment* (Figure 13). A number of countries, such as Brazil and Colombia, have recently undertaken reforms that aim to address labor market distortions and reduce employment in the public sector. Yet about 9 percent of the working-age population in LAC still works in the public sector, well above the 5 percent in emerging market and developing economies.

In Central America and the Caribbean, tackling *corruption and improving law enforcement and security* to address high levels of crime remain imperative to attract foreign direct investment and durably increase investment and potential growth. In the Caribbean, there is also a need for

Figure 14. Real GDP Growth Per Capita
(Percent)



Sources: IMF, World Economic Outlook database; and IMF staff calculations.
Note: Bars denote purchasing-power-parity GDP-weighted averages; red markers indicate the medians; and black markers denote the top and bottom deciles of per capita GDP growth in the country groups. LAC and EMDE aggregates are based on PPP 2011 international dollars. Data labels use International Organization for Standardization (ISO) country codes. EMDE = emerging market and developing economies; LAC = Latin America and the Caribbean; PPP = purchasing power parity.

policy frameworks to entrench the need to build resilience to natural disasters and climate change (see the April 2018 *Regional Economic Outlook: Western Hemisphere* for a discussion on possible risk transfer mechanisms).

Country Focus

South America

Revisions to the near-term outlook for growth have been mixed across South America, driven largely by a deceleration of the two largest economies in the region, Brazil and Argentina.

Brazil's economy is expected to grow at 1.4 and 2.4 percent in 2018 and 2019, up from 1 percent growth in 2017, driven by a recovery of private demand. The growth forecast for 2018 was revised downward on account of the disruptions caused by the nationwide strike by truck drivers and tighter financial conditions. Growth is

still expected to moderate to 2.2 percent in the medium term. Inflation is projected to accelerate to 4.2 percent in 2019 as monetary policy remains supportive and food price inflation rebounds after a notable fall due to an exceptional harvest in 2017. Regarding policies, given the high and rising level of public debt, fiscal consolidation is the key priority, and this will need to be underpinned by a much-needed pension reform.

In *Argentina*, the economy is now expected to contract this year and next, reflecting recent financial market disruptions, high real interest rates, and the faster fiscal consolidation under the authorities' program supported by an exceptional access Stand-By Arrangement with the IMF. Growth is expected to recover over the medium term under the steady implementation of reforms and returning confidence. Inflation is likely to end the year above 40 percent, driven by the significant currency depreciation, and to gradually decline in 2019. In terms of policies, while the more front-loaded fiscal rebalancing is needed to lessen the financing burden and put public debt on a firm downward trajectory, it is also necessary to smooth the impact on the most vulnerable by strengthening the social safety net and safeguarding spending on key social programs.

Growth in *Uruguay* is expected to slow from 2.7 percent in 2017 to 2.0 percent in 2018 in view of the recent drought, the adverse effect of the peso depreciation on real wages and consumption, and the worsening outlook for Argentina and Brazil. While the central bank tightened the monetary targets in July, real short-term interest rates remain low, warranting continued vigilance to avoid a deanchoring of inflation expectations, particularly given ongoing wage negotiations.

Paraguay's economy is expected to grow by about 4½ percent this year. While growth in its main export markets (Brazil and Argentina) has slowed, domestic demand remains strong. With the expansion underway, policy focus should shift from demand support to boosting potential GDP.

Bolivia remains one of the fastest-growing economies in Latin America. Real GDP is projected to grow by 4.3 percent in 2018, supported by accommodative fiscal policy, strong wages, and credit growth. The direct negative spillovers from the difficulties in Argentina and Brazil are expected to be limited in the near term as most of Bolivia's exports to these markets are natural gas, which is not expected to be affected; but the indirect impact through a change in broader market sentiment toward emerging markets could affect the outlook. A change in the policy stance is needed to restore external balance, narrow the fiscal and current account deficits, and improve competitiveness.

In *Chile*, growth for 2018 has been revised up to 4 percent against the backdrop of strong momentum in the first half of the year supported by the significant rebound in business and consumer confidence. Headline inflation is gradually moving toward target. Monetary policy remains accommodative, but normalization may soon be warranted in light of the recent rise in inflation and growth. The implementation of the authorities' structural reform priorities constitutes an upside risk to the outlook.

GDP growth in Peru accelerated in the first half of 2018, supported by a combination of factors, including a dissipation of weather- and corruption-related domestic headwinds, a recovery of both public and private investment, and robust external demand for both traditional and nontraditional exports. While momentum is expected to moderate somewhat in the second half of the year, the rate of annual growth should remain above 4 percent. Average inflation in 2018 is expected to reach 1.4 percent. Efforts to close infrastructure gaps, improve financial development, and expand social protection should remain a priority.

In *Colombia*, the economic recovery continues to be driven by higher oil prices since last year and, increasingly, by stronger private investment—which also benefited from the dissipation of political uncertainty. Inflation has moderated and is now broadly in line with the central bank's target. Fiscal policy remains anchored by the fiscal rule. A flexible exchange rate, ample reserves

(including the Flexible Credit Line with the IMF), and the strong policy framework remain important buffers against external shocks.

Economic activity in *Ecuador* appears to be cooling off following the 2017 recovery from the 2016 recession, with fiscal consolidation and more limited access to international capital markets acting as important headwinds. Addressing fiscal imbalances and weaknesses in competitiveness remain important policy priorities. The external position needs to be strengthened, including by building up adequate reserve cushions and implementing supply-side reforms to improve competitiveness.

There is still no end in sight to the economic and humanitarian crisis in *Venezuela*. Real GDP is projected to fall by about 18 percent in 2018, which would mean an economic contraction of about 45 percent since 2013, driven by a significant drop in oil production and widespread micro-level distortions on top of large macroeconomic imbalances. With monetary financing of large fiscal deficits expected to continue coupled with collapsing money demand, inflation will accelerate further. This scenario has significant downside risks, as the implementation of inappropriate policies to stabilize the economy in the current fragile socioeconomic situation could rapidly exacerbate the country's dire economic circumstances.

Mexico, Central America, Panama, and the Dominican Republic

The economic outlook for Mexico, Central America, Panama, and the Dominican Republic is shaped by complex and varying forces, both external and domestic. While strong growth in the United States is benefiting economies in the region, political and policy uncertainty are moderating growth.

In *Mexico*, despite a preliminary trade deal with the United States, lingering uncertainty on the final agreement and tight financial conditions suggest the economy will recover gradually. Aided by a modest contribution of net exports, growth is projected to reach 2.5 percent in 2019. Inflation has been on a declining path but remains above target and is projected to reach 4.8 percent on average in 2018 before gradually converging to 3 percent around mid-2019. Regarding policies, the new administration's strong mandate presents an opportunity to address Mexico's long-standing structural challenges while maintaining macroeconomic stability and market confidence. Fiscal consolidation efforts would help stabilize public debt as a share of GDP. The authorities should stand ready to ease monetary policy at the end of this year to support activity if inflation remains firmly on a downward path and as long as inflation expectations remain anchored.

Growth in *Central America, Panama, and the Dominican Republic* (CAPDR*)* has shown signs of deceleration since the beginning of 2018, driven by worsening terms of trade and subdued domestic demand. At the country level, growth slowed due to a long election cycle (*Costa Rica*), low business confidence (*Costa Rica* and *Guatemala*), low public investment (*Honduras*), and a prolonged strike in construction (*Panama*). After its onset in April, the political crisis in *Nicaragua* caused economic activity to contract by 12 percent in June (year over year), with sharp declines in tourism, commerce, investment, and exports. Despite the overall slowdown in the region, growth in the *Dominican Republic* and *El Salvador* has accelerated since the start of the year to above potential, supported by persistently robust inflows of remittances and, in the case of the Dominican Republic, the monetary easing in mid-2017.

Intraregional trade in Central America suffered as a result of the political unrest in *Nicaragua*, as the interruption of land transport increased the logistics costs for imports and exports. Combined with the effect of higher oil prices and falling coffee prices, *Guatemala*, *El Salvador,* and *Honduras* saw their trade deficits widen in the first half of 2018. The deterioration of the trade balance was partly offset by the strong growth in the United States in the second quarter of 2018, which helped boost exports. Inflation accelerated

in most CAPDR countries in the first half of 2018 on the back of rising oil and food prices, but remained within (*Costa Rica, Dominican Republic,* and *Honduras*) or slightly below (*Guatemala*) the target ranges set by the central bank (Figure 15).

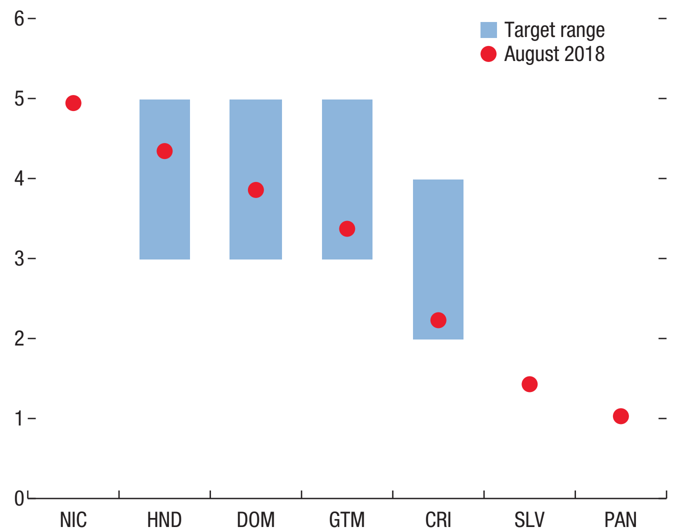
The near-term outlook for the region remains favorable. Growth is projected to remain robust at about 3.8 percent for 2018, lower than the 4 percent observed in 2017, mainly due to the economic contraction in Nicaragua. Overall, inflation is expected to continue increasing for the rest of 2018 due to higher fuel prices but remain within the central bank's target ranges. Despite a robust outlook for the US economy, the current account balance is expected to worsen in the face of higher oil prices and eventual normalization of remittance inflows.

Fiscal deficits are projected to widen in most countries over the next few years, and debt-to-GDP ratios are expected to continue rising or remain at elevated levels over the forecast horizon (Figure 16). These dynamics, combined with potentially less favorable external funding conditions, call for fiscal discipline and—in most cases—significant fiscal consolidations. Fiscal policy actions should encompass measures to increase revenue, reduce current spending, and reform entitlements. On the revenue front, higher revenues should be achieved through a combination of broadening tax bases, strengthening tax administration, and, if warranted, aligning tax rates with regional averages. Subsidy reform would both contribute to the fiscal consolidation effort and render fiscal spending less regressive. Finally, fiscal reform is needed to cope with longer-term pressures owing to existing entitlement programs and demographic changes, notably pensions and health care.

Dollarization remains persistently high in most countries in CAPDR. High dollarization not only exposes the banking system to solvency and liquidity risks, it also reduces the effectiveness of conventional monetary policy. Except for El Salvador and Panama—which are fully dollarized—allowing greater exchange rate flexibility would create buffers to external shocks and help reduce dollarization. To this end, increasing transparency regarding foreign exchange intervention (Costa Rica and Dominican Republic) and improving central bank communication policy would be key. Macroprudential regulations should also be calibrated in a way that discourages dollarization over the long term. To counter corruption and organized crime, efforts to strengthen the AML/CFT framework should be continued, even though progress has already been made, notably in Panama.

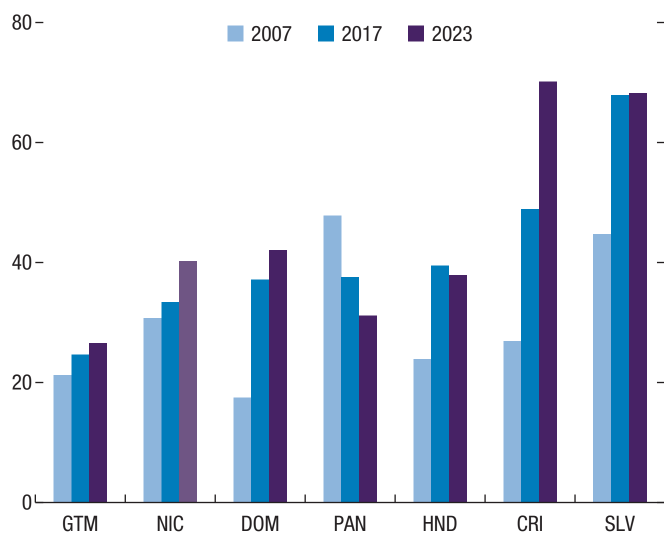
Structural policies geared toward improving the business environment, strengthening existing institutional frameworks, and reducing corruption remain crucial to boost investment and productivity. High levels of crime—particularly in the Northern Triangle countries—impose a significant human and economic cost (see Chapter 2 of the April 2018 *Regional Economic Outlook: Western Hemisphere*). The existing challenges, combined with subdued long-term productivity prospects, call for a deep and comprehensive reform agenda that entails strengthening the anti-corruption framework

Figure 15. CAPDR: Inflation
(12-month percentage change)



Sources: Haver Analytics; national authorities; and IMF staff calculations.
Note: Data labels use International Organization for Standardization (ISO) country codes. CAPDR = Central America, Panama, and the Dominican Republic.

Figure 16. CAPDR: General Government Gross Debt
(Percent of fiscal year GDP)



Sources: IMF, World Economic Outlook database; and IMF staff calculations.
Note: Data labels use International Organization for Standardization (ISO) country codes. CAPDR = Central America, Panama, and the Dominican Republic.

and higher investments in health, education, and infrastructure.

The Caribbean

Economic prospects for the *Caribbean* are generally improving. Growth in the region is expected to firm up in 2018 and 2019, supported by higher US and global growth. Reconstruction from the devastating hurricanes of 2017 in some tourism-dependent countries has been largely delayed so far but is expected to pick up in 2019. Rising commodity prices and production are projected to lead to stronger growth for commodity exporters in 2018–19.

Several countries in the region have experienced improved economic activity due to greater tourism demand, supported by higher economic growth in the United States—the main market for most destinations in the region. Most notably, *Grenada* and *St. Lucia* registered strong growth in 2017 and to date in 2018. Most others, including *Jamaica*, are experiencing moderate growth. Solid tourism demand is expected to continue in 2019.

However, some of the islands that were hit hard by hurricanes during 2017 face a protracted recovery. In *Dominica*, GDP is projected to further decline by 14.1 percent in 2018, before rebounding by about 9.4 percent in 2019 as reconstruction gathers pace.

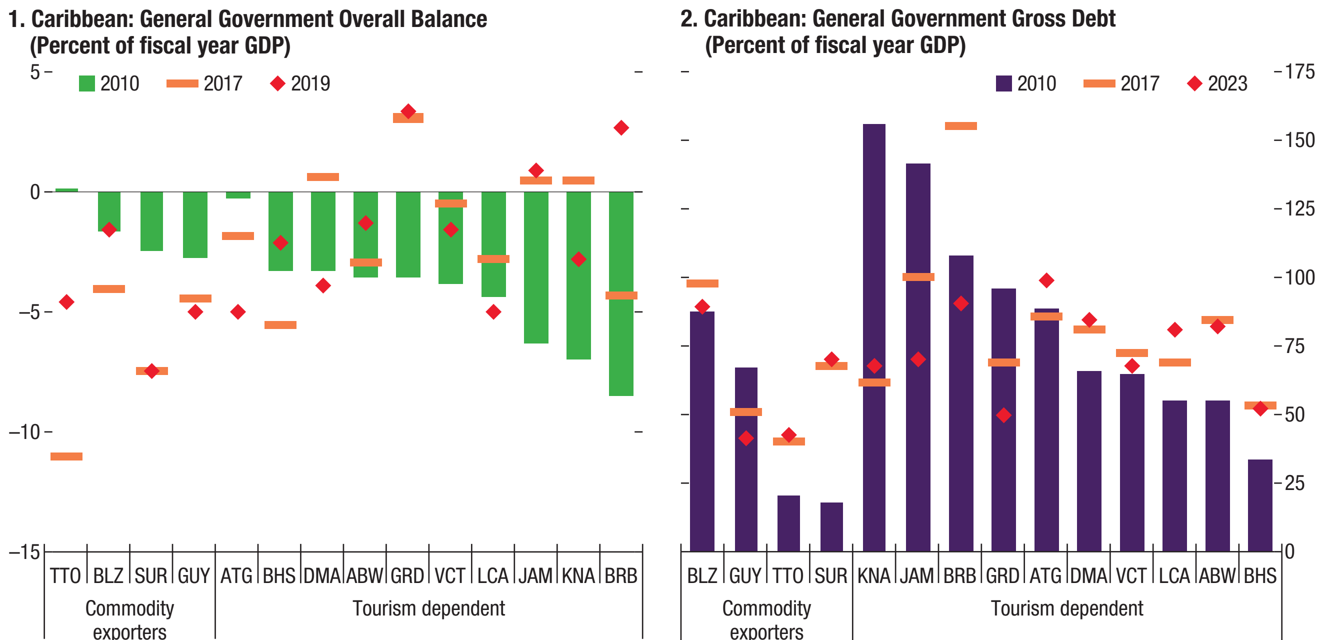
Economic activity in commodity exporters has also improved thanks to higher prices. *Trinidad and Tobago* is expected to register moderate growth in 2018–19, following two years of recession. New gold mines have further increased growth prospects in *Guyana* and *Suriname* for 2018–19. Guyana is also benefiting from investments in the oil sector, with production expected to start in 2020.

High fiscal deficits and public debt remain major vulnerabilities for the region (Figure 17). However, in some tourism-dependent economies, debt ratios are now retreating from very high levels, with several countries engaged in multiyear fiscal consolidation efforts, including *Grenada, Jamaica,* and *St. Kitts and Nevis*. In these cases, continued fiscal prudence will be necessary to gradually reduce debt to a sustainable level and to build and preserve buffers against adverse shocks. In *Antigua and Barbuda,* there is a clear need to tighten the fiscal stance, in combination with structural reforms to bolster growth, to reduce public debt. A well-designed fiscal rule could help guide the consolidation effort and broaden support for it.

The new government of *Barbados* reached agreement at the IMF staff level on a 48-month Extended Fund Facility, in support of an economic reform program. The program aims to restore macroeconomic stability and put the economy on a path of strong, sustainable, and inclusive growth, while safeguarding the resilience of the financial sector. The IMF's Executive Board approved the arrangement on October 1.

In commodity exporters such as *Suriname* and *Trinidad and Tobago*, the sudden decline in commodity prices in 2014–15 contributed to large fiscal deficits and a rapid increase in public debt. In these cases, tighter fiscal policies in the context of medium-term macroeconomic adjustment are

Figure 17. Caribbean: Fiscal Indicators



Sources: IMF, World Economic Outlook database; and IMF staff calculations.
Note: Data labels use International Organization for Standardization (ISO) country codes.

needed to reestablish a sustainable fiscal path and ensure debt sustainability.

Despite progress on financial sector reform, numerous banks in the region continue to have high levels of nonperforming loans. This constrains credit availability and economic activity and increases banks' vulnerability to shocks. In the *Eastern Caribbean Currency Union* and some other countries in the region, the authorities have made progress on reforms to strengthen bank resilience, including through regulatory enforcement of capital requirements and efforts to clean up banks' balance sheets. Further steps are required, however, including strengthening oversight of nonbank financial institutions and further enhancing the capital adequacy of indigenous banks. An additional priority for strengthening financial sector resilience is securing correspondent banking relationships through more effective implementation of AML/CFT frameworks, bank consolidation, and improved communication and information exchange with correspondent banks. Stronger implementation of structural reforms is also necessary to enhance competitiveness, private investment, and growth. In several countries, policy priorities include reducing high electricity costs by conserving energy and diversifying the energy mix, deepening financial systems and enhancing access to credit, tackling violent crime, and reducing high unemployment and brain drain by improving the business climate and strengthening institutions. Sector-specific policies to support structural transformation could help boost the region's key industry, tourism, including through advertising activities, training, nature conservation efforts, and the provision of transportation infrastructure.

Box 1. Effects of US Tariffs and Potential Retaliatory Measures

The ongoing trade tensions and accompanying heightened policy uncertainty pose downside risks to economic growth, both in the United States and elsewhere. This box summarizes some of the recent developments and quantifies the impact of already introduced and potential new tariffs on the US economy and some of its main trading partners. More importantly beyond the adverse effect on overall output growth, tariffs will have a heterogenous impact across sectors, which can lead to significant disruptions or the undoing of regional and global value chains and generate large labor market dislocations.

Since January 2018, the US government has announced and introduced a number of trade policy actions. These include tariffs on US imports of steel (at 25 percent) and aluminum (at 10 percent), originating mainly from Canada, China, the European Union, Mexico, and Russia. A second set of tariffs, entailing a 25 percent levy on about $50 billion in imports from China has also taken effect. More recently, additional tariffs on $200 billion in imports from China were introduced in September 2018, at a rate of 10 percent, increasing to 25 percent at the beginning of 2019 in the absence of a deal with China. These US tariffs prompted retaliatory measures from various trading partners. China and others announced tariffs on more than $30 billion in US exports in response to the US tariffs on steel and aluminum. China has also imposed tariffs on $50 billion and on an additional $60 billion in US exports in response to the last two rounds of US tariffs, respectively.

There is an ongoing risk of a further escalation of these trade tensions. The US administration has suggested imposing wider-ranging tariffs covering US imports from major trading partners—including on imports of vehicles and auto parts. Total US imports (exports) of goods and services amounted to close to $2.9 trillion ($2.4 trillion) in 2017, of which roughly 80 percent (two-thirds) are imports (exports) of goods. China and the euro area, along with the two other members of the North American Free Trade Agreement (NAFTA) (Canada and Mexico) are the largest trading partners, accounting for roughly 60 percent of total US merchandise trade (Figure 1.1, panel 1). In Latin America, a number of smaller economies—mainly from Central America and the Caribbean regions—have significant trade exposures to the United States relative to the size of their economy (Figure 1.1, panel 2). Changes in US trade policy can thus potentially have a significant impact on these economies.

As the dollar amount of goods affected by tariffs on US imports already introduced remains moderate relative to total US or global trade, the direct effects of these tariffs and the announced retaliatory measures on the United States and other trading partners, with the exception of China, are estimated to be small, but material (see the Scenario Box in Chapter 1 of the October 2018 *World Economic Outlook*).[1] However, the indirect effects of the ongoing trade tensions, through increased uncertainty—leading businesses and households to delay their investment and consumption spending plans, as well as heightened financial market volatility—could be large, especially if trade tensions escalate. Quantitative analysis shows that indirect effects tend to have a significant impact on economic activity, both inside the United States and elsewhere, including in LA5 economies, which remain vulnerable to financial market volatility and widening of risk spreads worldwide (Figure 1.1, panel 3).[2]

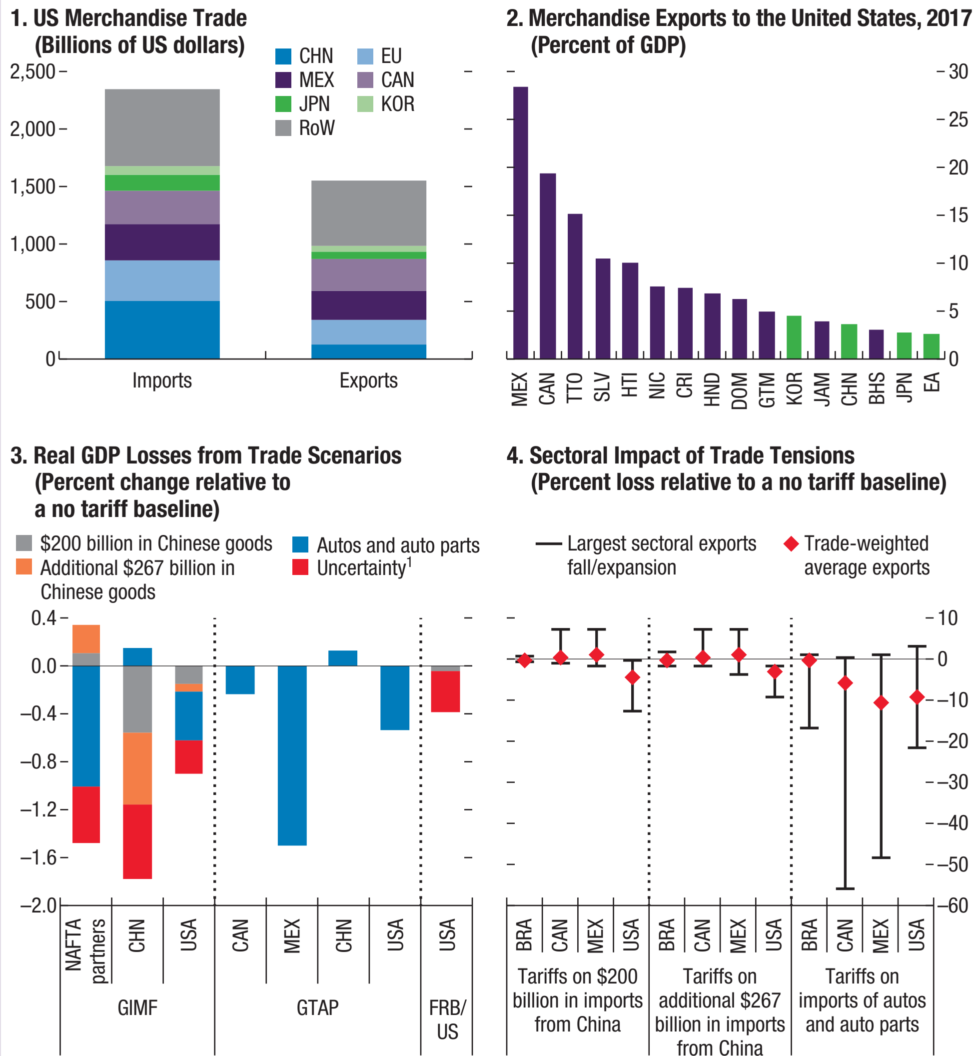
This box was prepared by Carlos Caceres, Diego Cerdeiro, Troy Matheson, and Peter Williams.

[1]In the simulations conducted by the IMF using the Global Integrated Monetary and Fiscal Model, China appears to be the economy most affected by the combined US tariffs on imports, with output losses of about 0.6 percent (relative to a no tariff baseline) (Figure 1.1, panel 3).

[2]For instance, simulations assuming a 100 basis point increase in risk spreads using the US Federal Reserve Board model lead to a fall in US investment of 1.4 percent and a fall in real output of 0.4 percent.

Box 1 *(continued)*

Figure 1.1. Exposures and Effects of Redirection of US Trade Policies



Sources: IMF, Direction of Trade Statistics database; IMF, World Economic Outlook database; and IMF staff calculations.
Note: Data labels use International Organization for Standardization (ISO) country codes. EA = euro area; EU = European Union; FRB = Federal Reserve Board; GIMF = Global Integrated Monetary and Fiscal Model; GTAP = Global Trade Analysis Project; NAFTA = North American Free Trade Agreement; RoW = rest of world.
[1]Captures the potential impact that rising trade tensions could have on confidence and firms' investment plans as well as a further tightening of financial conditions (see the Scenario Box in Chapter 1 of the October 2018 *World Economic Outlook*).

Box 1 *(continued)*

An escalation of these trade tensions would have more important consequences for the United States and the rest of the world, although the overall effects would be heterogenous, not only across countries but also across sectors. This is illustrated when analyzing the impact of a scenario in which the United States imposes a 25 percent tariff on motor vehicle imports and a 10 percent tariff on imports of auto parts using a sectoral model of trade.[3]

Increased barriers can generate substantial sectoral disruptions as some sectors are more severely affected than others.[4] In this scenario, total exports are estimated to fall by about ¼ percent in Brazil, 6 percent in Canada, 10 percent in Mexico, and 9 percent in the United States (Figure 1.1, panel 4). These averages, however, mask large sectoral heterogeneity. The sector with the largest export contraction sees its exports reduced by about half in Canada and Mexico (motor vehicles), and more than 25 percent in the case of the United States (agriculture and mining). In the short to medium term, these sectoral disruptions and the undoing of regional and global value chains can lead to large labor market dislocations as workers in the most affected sectors need to look for opportunities elsewhere.

[3]Based on simulations under the Global Integrated Monetary and Fiscal Model, this scenario implies—at its peak—a real GDP fall of around 0.4 percent for the United States, and a decline almost three times larger for its NAFTA trading partners.

[4]In line with *World Economic Outlook* assumptions, partners' retaliation on goods imports coming from the United States is set so as to match static tariff revenue. These results rely on a perfect competition model with intermediate-input trade (Costinot and Rodríguez-Clare 2014). The model is run using 2014 world input-output data (Timmer and others 2015), with an aggregation into nine countries/regions and 15 sectors.

Annex 1. Disclaimer

The consumer price data for *Argentina* before December 2013 reflect the consumer price index (CPI) for the Greater Buenos Aires Area (CPI-GBA), while from December 2013 to October 2015 the data reflect the national CPI (IPCNu). The government that took office in December 2015 discontinued the IPCNu, stating that it was flawed, and released a new CPI for the Greater Buenos Aires Area on June 15, 2016 (a new national CPI has been disseminated starting in June 2017). At its November 9, 2016, meeting, the IMF Executive Board considered the new CPI series to be in line with international standards and lifted the declaration of censure issued in 2013. Given the differences in geographical coverage, weights, sampling, and methodology of these series, the average CPI inflation for 2014, 2015, and 2016, and end-of-period inflation for 2015 and 2016 are not reported in the October 2018 *World Economic Outlook* (WEO).

Argentina's authorities discontinued the publication of labor market data in December 2015 and released new series starting in the second quarter of 2016.

Projecting the economic outlook in *Venezuela,* including assessing past and current economic developments as the basis for the projections, is complicated by the lack of discussions with the authorities (the last Article IV consultation took place in 2004), long intervals in receiving data with information gaps, incomplete provision of information, and difficulties in interpreting certain reported economic indicators given economic developments. The fiscal accounts include the budgetary central government and Petróleos de Venezuela, S.A. (PDVSA), and data for 2016–23 are IMF staff estimates. Revenue includes the IMF staff's estimate of foreign exchange profits transferred from the central bank to the government (buying US dollars at the most appreciated rate and selling at more depreciated rates in a multitier exchange rate system) and excludes IMF staff's estimate of revenue from PDVSA's sale of PetroCaribe assets to the central bank. The effects of hyperinflation and the noted data gaps mean that IMF staff's projected macroeconomic indicators need to be interpreted with caution. For example, nominal GDP is estimated assuming the GDP deflator rises in line with IMF staff's projection of average inflation. Public external debt in relation to GDP is projected using IMF staff's estimate of the average exchange rate for the year. Fiscal accounts for 2010–23 correspond to the budgetary central government and PDVSA. Fiscal accounts before 2010 correspond to the budgetary central government, public enterprises (including PDVSA), Instituto Venezolano de los Seguros Sociales (IVSS - social security), and Fondo de Garantía de Depósitos y Protección Bancaria (FOGADE - deposit insurance).

Venezuela redenominated its currency on August 20, 2018 by replacing 100,000 bolívares Fuertes (VEF) with 1 bolívar Soberano (VES). Local currency data, including the historical data, for *Venezuela* are expressed in the new currency beginning with the October 2018 World Economic Outlook database.

Venezuela's consumer prices (CPI) are excluded from all WEO group composites. *Argentina's* CPI, which were previously excluded from the group composites because of data constraints, are now included starting from 2017 onwards.

Annex Table 1. Western Hemisphere: Main Economic Indicators[1]

	Output Growth (Percent)					Inflation[2] (End of period, percent)					External Current Account Balance (Percent of GDP)				
	2015	2016	2017	2018	2019	2015	2016	2017	2018	2019	2015	2016	2017	2018	2019
				Projections					Projections					Projections	
North America															
Canada	1.0	1.4	3.0	2.1	2.0	1.3	1.4	1.8	2.7	2.1	−3.6	−3.2	−2.9	−3.0	−2.5
Mexico	3.3	2.9	2.0	2.2	2.5	2.1	3.4	6.8	4.3	3.1	−2.5	−2.2	−1.7	−1.3	−1.3
United States	2.9	1.6	2.2	2.9	2.5	0.7	2.2	2.2	2.1	2.3	−2.2	−2.3	−2.3	−2.5	−3.0
Puerto Rico[3]	−1.0	−1.3	−2.4	−2.3	−1.1	−0.2	0.5	1.2	2.7	1.2	. . .	. . .	. . .	. . .	. . .
South America															
Argentina[4]	2.7	−1.8	2.9	−2.6	−1.6	. . .	. . .	24.8	40.5	20.2	−2.7	−2.7	−4.9	−3.7	−3.2
Bolivia	4.9	4.3	4.2	4.3	4.2	3.0	4.0	2.7	3.7	4.5	−5.8	−5.6	−6.3	−5.2	−5.1
Brazil	−3.5	−3.5	1.0	1.4	2.4	10.7	6.3	2.9	4.2	4.2	−3.3	−1.3	−0.5	−1.3	−1.6
Chile	2.3	1.3	1.5	4.0	3.4	4.4	2.8	2.3	2.9	3.0	−2.3	−1.4	−1.5	−2.5	−2.7
Colombia	3.0	2.0	1.8	2.8	3.6	6.9	5.8	4.1	3.1	3.0	−6.3	−4.3	−3.3	−2.4	−2.4
Ecuador	0.1	−1.2	2.4	1.1	0.7	3.4	1.1	−0.2	0.7	0.1	−2.1	1.4	−0.3	−0.5	0.7
Guyana	3.1	3.4	2.1	3.4	4.8	−1.8	1.5	1.5	2.2	3.0	−5.1	0.4	−6.7	−6.1	−4.3
Paraguay	3.1	4.3	4.8	4.4	4.2	3.1	3.9	4.5	4.1	4.0	−0.8	1.2	−0.8	−1.3	−0.9
Peru	3.3	4.0	2.5	4.1	4.1	4.4	3.2	1.4	2.4	2.0	−4.8	−2.7	−1.1	−1.8	−2.2
Suriname	−2.6	−5.1	1.9	2.0	2.2	25.1	52.4	9.3	6.8	6.0	−16.3	−5.2	−0.1	−3.3	−2.4
Uruguay	0.4	1.7	2.7	2.0	3.2	9.4	8.1	6.6	7.9	6.5	−1.0	0.8	1.5	0.9	0.2
Venezuela[5]	−6.2	−16.5	−14.0	−18.0	−5.0	159.7	302.6	2,818	2,500,000	10,000,000	−6.6	−1.6	2.0	6.1	4.0
Central America															
Belize	3.8	−0.5	0.8	1.8	2.0	−0.6	1.1	1.1	1.6	2.1	−9.8	−9.0	−7.7	−6.0	−5.8
Costa Rica	3.6	4.2	3.3	3.3	3.3	−0.8	0.8	2.6	2.2	3.0	−3.5	−2.3	−2.9	−3.3	−3.5
El Salvador	2.4	2.6	2.3	2.5	2.3	1.0	−0.9	2.0	1.4	2.0	−3.2	−2.1	−2.0	−3.9	−4.3
Guatemala	4.1	3.1	2.8	2.8	3.4	3.1	4.2	5.7	3.2	3.9	−0.2	1.5	1.5	1.0	0.4
Honduras	3.8	3.8	4.8	3.5	3.6	2.4	3.3	4.7	4.7	4.5	−4.7	−2.7	−1.7	−3.2	−3.4
Nicaragua	4.8	4.7	4.9	−4.0	−1.0	3.1	3.1	5.7	7.0	7.0	−9.1	−7.5	−5.0	−6.2	−6.4
Panama[6]	5.8	5.0	5.4	4.6	6.8	0.3	1.5	0.5	2.0	2.4	−7.9	−5.5	−4.9	−7.0	−6.1
Caribbean															
Antigua and Barbuda	4.1	5.3	2.8	3.5	3.0	0.9	−1.1	2.8	2.0	2.0	6.8	0.2	−7.3	−13.8	−4.4
Aruba	−0.4	−0.1	1.2	1.1	1.0	−0.9	−0.3	−0.3	0.5	1.6	4.1	5.0	0.8	1.1	0.7
The Bahamas	1.0	−1.7	1.4	2.3	2.1	2.0	0.8	2.0	3.0	2.8	−13.7	−7.3	−15.7	−12.7	−8.0
Barbados	2.2	2.3	−0.2	−0.5	−0.1	−2.5	3.8	6.6	0.0	1.4	−6.1	−4.3	−3.8	−3.1	−3.4
Dominica	−3.7	2.6	−4.7	−14.1	9.4	−0.5	−0.2	1.4	1.4	1.8	−1.9	0.8	−12.5	−32.7	−23.4
Dominican Republic	7.0	6.6	4.6	6.4	5.0	2.3	1.7	4.2	4.1	4.1	−1.9	−1.1	−0.2	−1.6	−2.1
Grenada	6.4	3.7	5.1	3.6	3.6	1.1	0.9	0.5	3.0	1.9	−3.8	−3.2	−6.8	−7.5	−7.5
Haiti[7]	1.2	1.5	1.2	2.0	2.5	11.3	12.5	15.4	13.0	10.0	−3.1	−1.0	−4.0	−4.0	−2.9
Jamaica	0.9	1.5	0.7	1.2	1.5	3.7	1.7	5.2	3.5	5.0	−3.2	−2.7	−4.6	−4.9	−4.2
St. Kitts and Nevis	2.7	2.9	2.1	2.7	3.5	−2.4	0.0	0.8	2.0	2.0	−9.1	−10.7	−10.1	−9.9	−15.8
St. Lucia	−0.9	3.4	3.0	3.4	3.6	−2.6	−3.0	2.2	2.0	1.5	6.9	−1.9	1.3	−1.6	−3.0
St. Vincent and the Grenadines	0.8	0.8	0.7	2.0	2.3	−2.1	1.0	3.0	2.0	2.0	−14.9	−15.8	−14.8	−13.3	−12.3
Trinidad and Tobago	1.7	−6.1	−2.6	1.0	0.9	1.6	3.1	1.3	2.3	3.1	7.6	−2.9	10.2	10.7	7.3
Memorandum															
Latin America and the Caribbean	**0.3**	**−0.6**	**1.3**	**1.2**	**2.2**	**6.2**	**4.6**	**5.9**	**6.8**	**4.9**	**−3.3**	**−1.9**	**−1.5**	**−1.6**	**−1.8**
South America[8]	−1.1	−2.4	0.7	0.6	1.9	8.6	5.4	5.9	8.3	5.7	−3.6	−1.8	−1.4	−1.6	−1.8
Simple average	*1.0*	*−0.5*	*1.0*	*0.4*	*1.9*	*5.7*	*4.4*	*5.5*	*7.7*	*5.3*	*−3.6*	*−1.6*	*−1.5*	*−1.2*	*−1.3*
CAPDR[9]	5.0	4.6	4.0	3.8	4.1	1.7	2.1	3.6	3.3	3.6	−3.5	−2.0	−1.6	−2.8	−3.0
Simple average	*4.5*	*4.3*	*4.0*	*2.7*	*3.3*	*1.6*	*2.0*	*3.6*	*3.5*	*3.8*	*−4.3*	*−2.8*	*−2.2*	*−3.5*	*−3.6*
Caribbean															
Tourism dependent[10]	1.1	1.1	1.1	1.4	1.8	1.8	1.2	3.8	2.8	3.5	−5.8	−4.0	−7.8	−7.5	−5.7
Simple average	*1.3*	*2.1*	*1.2*	*0.5*	*3.0*	*−0.3*	*0.4*	*2.4*	*1.9*	*2.2*	*−3.5*	*−4.0*	*−7.4*	*−9.8*	*−8.1*
Commodity exporters[11]	1.3	−4.7	−1.3	1.4	1.6	4.1	8.5	2.4	2.9	3.5	2.1	−3.1	6.1	6.2	4.1
Simple average	*1.5*	*−2.1*	*0.5*	*2.1*	*2.5*	*6.1*	*14.5*	*3.3*	*3.2*	*3.6*	*−5.9*	*−4.2*	*−1.1*	*−1.2*	*−1.3*
Eastern Caribbean Currency Union[12]	1.6	2.9	1.8	2.0	3.8	−1.0	−0.7	1.8	2.0	1.9	−1.4	−5.4	−8.0	−11.6	−10.2

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

[1]Regional aggregates for output growth are purchasing-power-parity GDP-weighted averages unless noted otherwise. Consumer price index (CPI) inflation aggregates exclude Venezuela, but include Argentina starting from 2017 onward, and are geometric averages unless noted otherwise. Current account aggregates are US dollar nominal GDP-weighted averages unless noted otherwise. Consistent with the IMF *World Economic Outlook*, the cutoff date for the data and projections in this table is September 18, 2018.

[2]End-of-period (December) rates. These will generally differ from period average inflation rates reported in the IMF *World Economic Outlook*, although both are based on identical underlying projections.

[3]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.

[4]See Annex 1 for details on Argentina's data.

[5]See Annex 1 for details on Venezuela's data.

[6]Ratios to GDP are based on the "2007-base" GDP series.

[7]Fiscal year data.

[8]Includes Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru, Uruguay, and Venezuela. CPI series exclude Venezuela, but include Argentina starting from 2017 onward.

[9]Includes Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, and Panama.

[10]Includes Antigua and Barbuda, Aruba, The Bahamas, Barbados, Dominica, Grenada, Jamaica, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines.

[11]Includes Belize, Guyana, Suriname, and Trinidad and Tobago.

[12]Eastern Caribbean Currency Union comprises Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines, as well as Anguilla and Montserrat, which are not IMF members.

Annex Table 2. Western Hemisphere: Main Fiscal Indicators[1]

	Public Sector Primary Expenditure (Percent of GDP)					Public Sector Primary Balance (Percent of GDP)					Public Sector Gross Debt (Percent of GDP)				
	2015	2016	2017	2018	2019	2015	2016	2017	2018	2019	2015	2016	2017	2018	2019
				Projections					Projections					Projections	
North America															
Canada	36.8	37.7	37.5	37.6	37.4	0.5	−0.4	−0.8	−0.9	−0.6	90.5	91.1	89.7	87.3	84.7
Mexico[2]	24.5	24.0	21.8	20.9	20.6	−1.0	0.6	3.0	1.3	1.1	52.8	56.8	54.3	53.8	53.7
United States[3]	32.7	32.9	32.6	33.4	33.6	−1.7	−2.3	−2.2	−2.9	−3.0	104.8	106.8	105.2	106.1	107.8
Puerto Rico[4]	19.6	18.8	19.5	21.7	21.7	−0.2	0.4	0.2	−2.6	−2.2	52.7	50.1	51.6	55.4	58.9
South America															
Argentina[5]	39.8	39.8	39.0	38.2	36.5	−4.4	−4.7	−4.2	−2.7	0.0	55.1	55.0	57.6	62.7	58.2
Bolivia[6]	43.6	38.9	37.5	37.9	37.3	−5.9	−6.3	−6.7	−6.5	−5.1	39.8	44.9	49.0	50.6	52.5
Brazil[7]	30.2	30.8	30.2	30.6	29.5	−2.0	−2.5	−1.7	−2.4	−1.8	72.6	78.4	84.0	88.4	90.5
Chile	24.2	24.6	24.6	24.2	24.4	−1.9	−2.4	−2.3	−1.2	−1.5	17.3	21.0	23.6	24.8	26.0
Colombia[8]	26.5	24.4	25.1	25.1	25.0	−0.8	0.2	−0.2	0.0	0.6	50.4	49.8	49.4	48.7	47.8
Ecuador[9]	38.2	37.0	34.5	35.7	34.8	−4.7	−6.7	−2.4	−0.2	0.3	33.8	43.2	45.4	48.4	50.2
Guyana[10]	28.3	31.5	33.6	35.2	35.7	−0.2	−3.3	−3.3	−4.2	−4.0	50.1	50.7	52.2	57.0	57.2
Paraguay	19.7	18.6	18.9	19.2	18.9	−1.0	0.5	0.1	0.0	0.3	18.1	18.9	19.5	20.4	20.1
Peru	21.3	20.0	20.1	20.6	20.6	−1.2	−1.3	−1.9	−1.5	−1.1	24.0	24.5	25.4	26.4	27.4
Suriname[11]	30.4	23.6	24.4	24.6	24.4	−7.9	−6.0	−5.7	−4.6	−4.0	43.0	75.8	69.3	62.5	64.5
Uruguay[12]	28.8	29.9	30.0	30.0	30.0	0.0	−0.5	−0.2	−0.2	0.1	64.6	61.6	65.7	68.1	67.3
Venezuela[13]	34.8	33.9	40.6	40.2	38.2	−15.9	−16.8	−31.5	−29.8	−29.2	31.9	31.3	38.9	159.0	162.4
Central America															
Belize[10,14]	33.0	29.9	30.5	27.7	27.8	−5.0	−1.1	−1.2	2.0	2.0	80.7	95.9	99.0	97.5	95.5
Costa Rica[10]	16.6	16.5	16.9	16.9	16.6	−3.0	−2.4	−3.0	−3.5	−2.5	40.9	44.9	48.9	53.7	57.6
El Salvador[15]	21.1	21.1	20.7	20.5	20.6	−0.8	0.0	1.0	1.5	1.2	65.1	66.4	67.9	67.9	68.1
Guatemala[10]	10.7	10.6	10.7	10.8	11.1	0.1	0.4	0.1	0.1	−0.1	24.2	24.5	24.7	25.1	25.3
Honduras	24.0	25.0	24.8	23.5	23.5	0.0	0.2	0.2	0.6	0.6	37.4	38.5	39.5	39.7	40.0
Nicaragua[15]	24.8	26.0	25.9	26.2	26.4	−0.9	−0.9	−0.7	−2.5	−2.6	29.2	31.2	33.3	37.5	39.5
Panama[16]	20.1	20.2	20.0	20.1	20.1	−0.6	−0.1	0.1	−0.1	−0.1	37.2	37.4	37.8	37.4	35.6
Caribbean															
Antigua and Barbuda[17]	23.7	21.8	20.0	21.8	20.3	−0.1	2.4	0.9	−2.8	−1.8	98.2	86.2	86.8	88.2	90.2
Aruba	23.8	23.7	23.5	24.8	24.2	2.5	3.0	1.6	1.2	2.4	81.3	84.7	86.0	86.6	85.9
The Bahamas[10]	16.7	16.6	20.5	17.3	19.2	−1.7	−0.3	−3.4	0.1	0.7	49.6	50.5	54.6	54.5	53.6
Barbados[18]	27.9	26.0	25.1	26.2	25.1	−2.0	2.2	3.3	3.3	6.0	146.7	149.1	157.3	123.6	116.7
Dominica[17]	30.5	41.7	44.8	39.2	37.1	1.0	5.4	2.0	−2.1	−2.2	75.3	71.7	82.7	87.8	83.5
Dominican Republic[15]	15.0	14.6	15.1	14.7	14.7	2.4	0.1	−0.2	0.3	0.4	32.7	34.6	37.2	36.5	37.4
Grenada[17]	22.3	21.2	20.0	20.0	19.8	2.1	5.2	5.7	5.6	5.3	90.1	82.0	70.4	64.6	59.3
Haiti[10]	21.5	18.3	17.9	20.6	19.4	−2.2	0.3	−0.2	−2.2	−1.8	30.2	33.9	31.1	33.3	35.2
Jamaica[17]	19.8	20.3	21.6	22.1	21.7	7.2	7.6	7.4	7.0	7.0	121.3	113.6	101.0	97.4	92.5
St. Kitts and Nevis[17]	28.1	26.6	28.1	27.6	28.9	8.2	5.6	2.1	5.1	−1.3	66.1	61.5	62.9	63.6	63.4
St. Lucia[17]	22.8	22.4	23.6	25.1	26.2	0.9	2.0	0.6	−0.3	−1.4	67.8	69.2	70.7	71.8	74.1
St. Vincent and Grenadines[17]	26.5	26.5	28.1	27.2	27.1	−0.2	2.4	1.5	0.3	0.6	79.4	82.8	73.8	73.0	71.8
Trinidad and Tobago[10]	35.4	32.5	29.3	28.8	29.1	−6.0	−10.0	−8.1	−3.1	−1.7	28.0	37.0	41.8	42.7	42.9
Memorandum															
Latin America and the Caribbean	**28.9**	**28.6**	**28.2**	**27.3**	**26.4**	**−2.7**	**−2.6**	**−2.0**	**−1.6**	**−1.0**	**54.4**	**57.8**	**61.1**	**65.0**	**65.1**
South America[19]	30.7	29.8	30.1	30.2	29.5	−3.8	−4.1	−5.1	−4.4	−3.7	40.8	42.9	45.8	59.8	60.2
CAPDR[20]	18.9	19.1	19.2	19.0	19.0	−0.4	−0.4	−0.4	−0.5	−0.5	38.1	39.6	41.3	42.5	43.3
Caribbean															
Tourism dependent[21]	24.2	24.7	25.5	25.1	25.0	1.8	3.5	2.2	1.7	1.5	87.6	85.1	84.6	81.1	79.1
Commodity exporters[22]	31.8	29.4	29.5	29.1	29.3	−4.8	−5.1	−4.6	−2.5	−2.0	50.5	64.9	65.6	64.9	65.0
Eastern Caribbean Currency Union[17,23]	25.5	25.2	25.4	26.2	26.1	1.8	3.4	2.3	0.6	−0.1	76.4	74.5	74.6	74.8	74.3

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

[1]Definitions of public sector accounts vary by country, depending on country-specific institutional differences, including on what constitutes the appropriate coverage from a fiscal policy perspective, as defined by the IMF staff. All indicators reported on a fiscal year basis. Regional aggregates are fiscal year US dollar nominal GDP-weighted averages unless noted otherwise. Consistent with the IMF *World Economic Outlook,* the cutoff date for the data and projections in this table is September 18, 2018.

[2]Includes central government, social security funds, nonfinancial public corporations, and nonmonetary public financial corporations.

[3]For cross-country comparability, expenditure and fiscal balances of the United States are adjusted to exclude the items related to the accrual basis accounting of government employees' defined-benefit pension plans, which are counted as expenditure under the 2008 System of National Accounts (2008 SNA) recently adopted by the United States, but not for countries that have not yet adopted the 2008 SNA. Data for the United States in this table may thus differ from data published by the US Bureau of Economic Analysis.

[4]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.

[5]Primary expenditure and primary balance include the federal government, provinces, and social security funds. Gross debt is for the federal government only.

[6]Nonfinancial public sector, excluding the operations of nationalized mixed-ownership companies in the hydrocarbon and electricity sectors.

[7]Nonfinancial public sector, excluding Petrobras and Eletrobras, and consolidated with the Sovereign Wealth Fund (SWF). The definition includes Treasury securities on the central bank's balance sheet, including those not used under repurchase agreements (repos). The national definition of general government gross debt includes the stock of Treasury securities used for monetary policy purposes by the central bank (those pledged as security in reverse repo operations). It excludes the rest of the government securities held by the central bank. According to this definition, general government gross debt amounted to 69.9 percent of GDP at end-2016.

[8]Nonfinancial public sector reported for primary balances (excluding statistical discrepancies); combined public sector including Ecopetrol and excluding Banco de la República's outstanding external debt reported for gross public debt.

[9]Public sector gross debt includes liabilities under advance oil sales, which are not treated as public debt in the authorities' definition. In late 2016, the authorities changed the definition of debt to a consolidated basis; both the historical and projection numbers are now presented on a consolidated basis.

[10]Central government only.

[11]Primary expenditures for Suriname exclude net lending.

[12]For Uruguay, public debt includes the debt of the central bank, which increases recorded public sector gross debt.

[13]See Annex 1 for details on Venezuela's data.

[14]Gross debt for Belize includes both public and publicly guaranteed debt. For 2017, the public sector primary balance projection includes a one-off capital transfer of 2.5 percent of GDP. Excluding this one-off capital transfer, a primary surplus of 1.3 percent of GDP is projected.

[15]Nonfinancial public sector. The outcome for the Dominican Republic in 2015 reflects the inclusion of the grant element of the debt buyback operation with Petróleos de Venezuela, S.A. amounting to 3.1 percent of GDP.

[16]Ratios to GDP are based on the "2007–base" GDP series. Fiscal data cover the nonfinancial public sector excluding the Panama Canal Authority.

[17]Central government for primary expenditure and primary balance; public sector for gross debt. For Jamaica, the public debt includes central government, guaranteed, and PetroCaribe debt.

[18]Overall and primary balances cover budgetary central government. Gross debt covers central government debt, central government guaranteed debt, and arrears.

[19]Simple average of Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru, Uruguay, and Venezuela.

[20]Simple average of Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, and Panama.

[21]Simple average of Antigua and Barbuda, Aruba, The Bahamas, Barbados, Dominica, Grenada, Jamaica, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines.

[22]Simple average of Belize, Guyana, Suriname, and Trinidad and Tobago.

[23]Eastern Caribbean Currency Union comprises Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines, as well as Anguilla and Montserrat, which are not IMF members.

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Country Groups and Country Abbreviations

Country Groups

Central America, Panama, and the Dominican Republic (CAPDR)	Caribbean: Commodity Exporters	Caribbean: Tourism-Dependent	Eastern Caribbean Currency Union (ECCU)	LA5	LA6	South America
Costa Rica	Belize	Antigua and Barbuda	Anguilla	Brazil	Brazil	Argentina
Dominican Republic	Guyana	Aruba	Antigua and Barbuda	Chile	Chile	Bolivia
El Salvador	Suriname	The Bahamas	Dominica	Colombia	Colombia	Brazil
Guatemala	Trinidad and Tobago	Barbados	Grenada	Mexico	Mexico	Chile
Honduras		Dominica	Montserrat	Peru	Peru	Colombia
Nicaragua		Grenada	St. Kitts and Nevis		Uruguay	Ecuador
Panama		Jamaica	St. Lucia			Paraguay
		St. Kitts and Nevis	St. Vincent and the Grenadines			Peru
		St. Lucia				Uruguay
		St. Vincent and the Grenadines				Venezuela

List of Country Abbreviations

Antigua and Barbuda	ATG	Guyana	GUY
Argentina	ARG	Haiti	HTI
Aruba	ABW	Honduras	HND
The Bahamas	BHS	Jamaica	JAM
Barbados	BRB	Mexico	MEX
Belize	BLZ	Nicaragua	NIC
Bolivia	BOL	Panama	PAN
Brazil	BRA	Paraguay	PRY
Canada	CAN	Peru	PER
Chile	CHL	Puerto Rico	PRI
Colombia	COL	St. Kitts and Nevis	KNA
Costa Rica	CRI	St. Lucia	LCA
Dominica	DMA	St. Vincent and the Grenadines	VCT
Dominican Republic	DOM	Suriname	SUR
Ecuador	ECU	Trinidad and Tobago	TTO
El Salvador	SLV	United States	USA
Grenada	GRD	Uruguay	URY
Guatemala	GTM	Venezuela	VEN