

Latin America and the Caribbean to return to positive growth in 2017: UN report

headwinds

Mexico, 17 January After contracting for two consecutive years, the economy of Latin America and the

cent in 2017/18 amid buoyant public investment, strong private consumption and dynamic tourism industries.

In the Caribbean, the economic situation and prospects vary widely across countries. The Dominican Republic and Guyana are expected to remain the strongest performers in the subregion. The outlook is less favourable in the Bahamas, Cuba and Trinidad and Tobago – countries with deep-rooted structural impediments and high vulnerability to external developments.

There are significant risks to the outlook

The report cautions that there are significant risks to the global and the regional outlook. Among other issues, the report highlights the high degree of uncertainty in the international policy environment and elevated foreign currency-denominated debt levels as key downside risks that may derail global growth.

For Latin America and the Caribbean, major risk factors are a sharper-than-expected slowdown in China, the potential adoption of protectionist measures by the new Administration in the United States and renewed financial market turbulences. The latter could, for example, be triggered by a faster-than-expected pace of interest rate hikes in the United States.

The report notes that the medium-term growth outlook for many Latin American and Caribbean economies is clouded by persistent structural weaknesses, including a high dependence on commodities and low productivity growth. A prolonged period of weak growth could pose a threat to the social achievements of the past decade and complicate the r Sustainable Development Goals. The report calls for a reorientation of macroeconomic and other policies to more effectively promote investment in physical and human capital and strengthen innovative capacities across the region.

About the report: *The World Economic Situation and Prospects report is the UN's flagship publication on expected trends in the global economy. The WESP is produced annually by the UN*