ECLAC updates growth projections for region

The Economic Commission for Latin America and the Caribbean (ECLAC) has updated its growth projections for the region, estimating that gross domestic product (GDP) will rise 2.4 per cent this year and slightly reduced to 2.3 per cent next year.

The new estimate for 2025 represents an upward revision from the 2.2 per cent forecast in the Economic Survey of Latin America and the Caribbean 2025, published on August 5.

This is the second upward revision since April, when the outlook for regional growth was two per cent and ECLAC said with this update, the expectation for regional growth is identical to the figure presented in December 2024 of 2.4 per cent.

ECLAC said that the adjustment to the projections reflects a less adverse international environment than what was foreseen in April, but it does not change the underlying diagnosis: the external drivers of growth have decelerated and the region continues to grow at a slow pace.

It said to break out of this situation, a more accelerated productive transformation is needed to fuel economic growth and productivity, diversify economies, and create more and better jobs.

ECLAC said the revisions to the 2025 projections reflect changes in the external conditions faced by the region.

These include modifications in the scenarios for international trade growth due to the effects of the tariff announcements made by the United States since April of this year, as well as adjustments in the growth prospects of the region's main trading partners— the pace of which, while decelerating versus 2024, has improved in comparison with the estimates from the start of the year.

In addition to these factors, inflation expectations at a global level have declined at a slower-than-expected speed, affecting interest rate reductions by the main central banks and the dollar's trajectory in international markets.

Although the international context has been the main conditioning factor in the current year, ECLAC emphasises that domestic determinants – such as the reduced space available for fiscal and monetary policies, productive specialisation and the destination of exports—also account for the differences in the performance of the region's economies.

The current projections point to heterogeneous behaviour among subregions.

In 2025, South America is seen growing by 2.9 per cent, above the 2.7 per cent forecast in August. This rise reflects an increase in trade between the subregion's countries and China and a rebound in the prices for precious metals and other products from extractive sectors.

The English-and Dutch-speaking Caribbean is forecast to grow by 4.7 per cent, or 1.9 per cent if Guyana is excluded, versus 4.1 per cent and 1.8 per cent in August, respectively, driven by a more favorable-than-expected result in the tourism sector.

For 2026, ECLAC has kept its regional projection unchanged at 2.3 per cent.

It says if this estimate is borne out, it would be the fourth straight year in which the region grows at rates of around 2.3 per cent, leading to average regional GDP growth of 1.6 per cent for the 2017-2026 period. By subregion, 2026 growth rates are forecast 1.7 per cent for the Caribbean region, but 1.7 per cent if Guyana is excluded).

ECLAC warns that the international outlook continues to be dominated by downward risks, including the possibility of abrupt corrections in international financial markets, pressures on fiscal sustainability in advanced economies, and possible additional trade disruptions – tensions that could affect the credibility of monetary policies in the world's main central banks and interest rate levels.

Given this scenario, ECLAC urges the region's countries to preserve macroeconomic stability, strengthen their fiscal and monetary institutions, and promote productive development policies aimed at increasing productivity, diversifying exports, boosting intraregional trade and fostering sustainable investment.

In December, ECLAC said it will publish its flagship report "Preliminary Overview of the Economies of Latin America and the Caribbean 2025," in which it will offer a detailed analysis of the year's results along with new perspectives for 2026.

(CMC)