

Latin America Will Grow Meager 0.3 Says World Bank

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Brazil might do a little better, but growth in Latin America will plunge strongly this year to 0.3%, forecasted Pamela Cox, World Bank vice-president for Latin America and the Caribbean. Last September the WB forecast was 2.7%, in January it was down to 1% and now 0.3%.

Addressing the Ibero-American forum in Madrid, Ms Cox anticipated that impacts will not be the same in the different countries of the region with those closely linked to the US economy and exports "suffering the most," in spite of the very good macroeconomic showing in 2008.

Ms Cox named Mexico, Central America and the Caribbean among the first group and Ecuador and Venezuela in the second.

However countries such as Chile and Brazil will be able to better weather the global slowdown, "the worst suffered by the world in over eight decades." She recalled that the WB forecast for global growth was 1% with leading countries such as the US and the EU recording negative percentages.

Regarding recovery Ms Cox was more cautious and said it was "difficult" to anticipate, but mentioned "two to three years" much of which will depend on the different plans and keeping the tendency to protectionism "distant."

"Protectionist policies will not be good for Latin American recovery from the crisis" said Ms Cox, recalling the debate over the "Buy American" phrase in the US stimulus plan which was finally watered down to some extent in the US Senate.

The WB official also mentioned the impact in several Latin American countries of the fall in remittances from the US and Spain, as well as the credit crunch which will have an impact on investment. In this case she mentioned the WB was working with Mexico and Central America to have remittances delivered through the normal financial system so they could be computed both for consumption and investment.

Finally she spoke about the humanitarian impact on the vulnerable population underlining that the multilateral organization has estimated that another 53 million people will fall into that category, after several years of reducing those numbers.

"For this, developed countries much help by allocating 0.7% of their stimulus plans to the "Vulnerability Fund" established by the World Bank," she said.

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