7.

7

List of Background Information for Summit of the Americas

1. Background Note – The Summits of The Americas

2. Briefing Note – Fifth Summit of The Americas (Draft Declaration of Commitment)

3. Background Note – Regional Integration in the Americas

4. Americas Summit 2009; the issue of Cuba

5. The reactions of the Governments of the Americas to the international crisis: an overview of policy measures up to 31 March 2009

6. Summit of the Americas (1994 – 2009); Selected Indicators

Background Note

THE SUMMITS OF THE AMERICAS

Background

1. Emerging from the Cold War, the Americas constructed an agenda based on three fundamental areas of consensus: democracy, free markets and multilateralism. The Summits of the Americas gather all 34 nations of the Americas, with the exception of Cuba, to examine political, economic and social priorities in the hemisphere and to provide the OAS with a broad agenda of work. The Summits are attended by Heads of State and Government, whereas the yearly OAS General Assemblies gather the region's Foreign Ministers. This note presents key information about the Summit of the Americas process, which began in 1994 at the initiative of the Clinton Administration.

The Fifth Summit of the Americas, Port of Spain, Trinidad and Tobago, 17-19 April 2009

2. The theme for the Trinidad and Tobago Fifth Summit of the Americas is "Securing our citizen's future by Promoting Human Prosperity, Energy Security and Environmental Sustainability". The Summit is largely expected to provide an early opportunity for the engagement of the Obama Administration with hemispheric counterparts and an indication of the role that the United States will play vis-à-vis the wider region. Past Summits of the Americas have been seen as promoting a free trade agenda led by US interests. Over the past decade, however, Latin American countries have sought to emphasise a regional agenda that takes their own interests more clearly into account. This process has led to an increasing search for alternative regional integration mechanisms and fora. The rise of left-leaning governments with an anti-US agenda has been a factor in this process. The United States is seeking to approach the Summit with a "spirit of equality", hoping to reinvigorate US-Latin American relations after a period in which the region lost prominence on the US agenda.

3. Many observers believe that the Summit will allow OAS members to broach a discussion on the issue of Cuba, though OAS Secretary General José Miguel Insulza has indicated that there will be no written decision regarding Cuba taken during the Summit. In December 2008, a Latin American and Caribbean Summit held in Brazil issued an unprecedented declaration calling for an end of the US embargo against Cuba. Over the last few years, Latin American countries have normalized relations with Cuba and the island has joined in regional groupings such as the Group of Rio and the Bolivarian Alternative for the Americas (ALBA). Prime Minister Patrick Manning of Trinidad and Tobago indicated that, while there is no desire to "corner" the US President, "Cuba is on everyone's lips" prior to the Summit and that he had "no doubt" that Cuba would join the regional gathering soon.

Summit of the Americas, Miami, USA, 9-11 December 1994

4. The Summit of the Americas originated as a proposal from the Clinton Administration and its negotiations were completed outside the framework of the OAS, since United States considered at that moment that the OAS required profound reform and re-definition of its strategic objectives. It resulted in a Declaration of Principles signed by all Heads of State or

Government establishing a pact for development and prosperity based on the preservation and strengthening of the community of democracies of the Americas. The declaration sought to expand prosperity through economic integration and free trade; to eradicate poverty and discrimination in the Hemisphere; and to guarantee sustainable development while protecting the environment. A key goal put forward by the United States during this first Summit was the establishment of a Free Trade Area of the Americas (FTAA), to eliminate or reduce trade barriers among all countries in the Americas (except for Cuba). Discussion on the FTAA would continue in subsequent Summits and became an issue of controversy given that it was perceived as a neo-liberal initiative that would benefit the more developed north.

Second Summit of the Americas, Santiago, Chile, 18-19 April 1998

5. Unlike the Miami Summit, which was convoked by President Clinton, the decision to hold a Second Summit was jointly made by all the Heads of State and Government of the Americas. sub-regional organizations, such as the Caribbean Community (CARICOM) and the Rio Group, played an integral role in the Summit's preparations. Negotiations for a Declaration and a Plan of Action were carried out through a Summit Implementation Review Group (SIRG) supported by the OAS, the IDB, PAHO and ECLAC. The Summit's Plan of Action assigned the OAS responsibility to keep the institutional memory of the Summit process and provide technical support to the Summit Implementation Review Group. The meeting sought to make progress toward the FTAA.

Third Summit of the Americas, Quebec City, Canada, 20-22 April 2001

6. The OAS was officially designated as the Secretariat of the Summit of the Americas Process during the third summit. The Declaration of Quebec also paved the way for the signing of an Inter-American Democratic Charter to reinforce representative democracy. The Charter was adopted on 11September 2001, in Lima, Peru, in a Special OAS General Assembly. The Summit—particularly its discussions on the FTAA—elicited anti-globalization demonstrations that attracted some 20,000 protesters from throughout the Americas.

Fourth Summit of the Americas, Mar del Plata, Argentina, 4-5 November 2005

7. The theme of the Fourth Summit of the Americas was "Creating Jobs to Fight Poverty and Strengthen Democratic Governance". The Declaration and Plan of Action of Mar del Plata was expected to deal extensively with the topic of job creation. Most of the deliberations, however, concerned the FTAA, over which the Summit participants were not able to reach agreement. Some countries, such as Venezuela under the leadership of Hugo Chávez, were extremely opposed to the FTAA (calling it a "tool of imperialism"). Others, such as Brazil under President Lula or Argentina under Nestor Kirchner, opposed the focus of the FTAA, while stressing the need for the elimination of agricultural subsidies and effective access to foreign markets. Many countries also objected to the US-proposed rules on intellectual property and patents.

AD/DPA, 7 April 2009

Briefing Note

FIFTH SUMMIT OF THE AMERICAS' DRAFT DECLARATION OF COMMITMENT

The draft "Declaration of Commitment of Port of Spain" shows the Americas' commitment to several UN initiatives and calls upon the United Nations Organization for support on a number of issues. This note highlights those paragraphs of the draft declaration involving the UN in one way or another.

Preamble

Para 2: Reaffirms the principles and values of the charter of the United Nations and the Monterrey Consensus on Financing for Development and the Millennium Declaration.

Para 3: Commits to improve the quality of life of the peoples of the Americas and, **with the support of the United Nations** and other relevant regional institutions, to ensure greater opportunities for decent work; to improve nutrition and access to health, quality education and housing; to promote adequate and sustainable access to energy, food and water; and to manage our environment responsibly.

Para 8: Reaffirms the Americas commitment to the International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work. It also calls upon the Ministers of Labour, in collaboration with their workers' and employers' consultative bodies and with the **support of the ILO**, to endorse a work programme at the Inter-American Conference of Ministers of Labour to be held in 2009 that advances the creation of decent work in the formal sector, safe and healthy workplaces and training programmes to enable workers to respond to the demands of the labour market.

Para 9: Commits to adopt the necessary policies and regulations, **with the support of the ILO** and other regional bodies, to facilitate and promote the movement of enterprises and workers from the informal to the formal sector, without adversely affecting the rights of workers.

Para 12: Commits to take the necessary measures to simplify the processes involved in establishing and closing business ventures, with the goal of reducing business start-up time to a maximum of 30 days by 2015, and **request that ILO** and other relevant regional organisations support national and local government efforts to improve the legislative frameworks and administrative procedures for achieving this target.

Para 14: Reaffirms the Americas' commitment to the objective of the **Millennium Declaration** to halve by 2015 the proportion of people who suffer from hunger and recognizes United Nations General Assembly Resolution 63/235, which calls for addressing this challenge.

Para 18: Commits to measures to reduce tobacco consumption, including those embodied within the **World Health Organisation** (WHO) Framework Convention on Tobacco Control.

Para 23: Commits to meeting the Millennium Declaration objective of halting and beginning to reverse the spread of HIV/AIDS by 2015 and, **in coordination with UNAIDS** and other relevant institutions, implement the Regional HIV/STI Plan for the Health Sector 2006-2015. Reiterates the Americas' commitment to participating in and strengthening the Global Fund to Fight AIDS, Tuberculosis and Malaria, including through resource mobilisation.

Para 27.D: **Requests that the Economic Commission for Latin America and the Caribbean (ECLAC)** further strengthen its programmes to incorporate issues of aging into public policy agendas, through the creation of enhanced information and data systems on the social and economic impacts of aging, as well as technical assistance, as appropriate, for the development of policies and programmes in support of the elderly.

Para 27 ter: Notes that the region will promote, in a regional framework and with support from the Pan-American Health Organization and ECLAC, a review of the feasibility of preparing an inter-American convention on the rights of older persons.

Promoting Energy Security

Para 34: Affirms that nuclear energy production in the Americaswill be carried out in strict compliance with our respective obligations under the **Treaty on the Non-Proliferation of Nuclear Weapons**, as well as under other applicable multilateral international agreements on non-proliferation, nuclear safety and nuclear security, to which the Member State is a party.

Promoting environmental sustainability

Para 40: Reaffirms The Americas' commitment to the **United Nations Framework Convention on Climate Change** (UNFCCC) and its objective of achieving stabilization of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system.

Para 40bis: Supports further dialogue and cooperation under the UNFCCC and commits to work towards an agreed outcome at the Fifteenth Session of the **Conference of the Parties to the Climate Change Convention** (COP15) in Copenhagen in 2009, to enable the full, effective and sustained implementation of the UNFCCC.

Strengthening democratic governance

Para 52: Declares the Americas' support for the ratification and effective enforcement of the **United Nations Convention against Corruption**.

Americas Division, 13 April 2009

Americas Summit 2009: the issue of Cuba.

Cuba will not be present when the Heads of State and Government of the remaining 34 states of the Western Hemisphere meet at the Americas Summit in Trinidad and Tobago. This is hardly a new scenario, given that Cuba has not participated in events related to the Organization of American States (OAS) since it was suspended from the Organization in 1962. But this year Cuba will be, in the words of *The Economist*, very much "the ghost at the conference table" and Cuban issues may well be more in the media limelight than more predictable issues of democracy, prosperity, energy and the environment. This is largely because virtually all regional leaders are united on two basic issues: that the US embargo against the island should be lifted without preconditions and that Cuba belongs back in the OAS. Paradoxically, Cuba strongly rejects the notion that it would want to return to the OAS.

The arrival of President Obama has seen the demise of hostile US-Cuba rhetoric prevalent during the Bush Administration and the hope of a steady thaw in bilateral relations. President Raúl Castro's calls for dialogue and President Obama's 13 March executive order lifting all previous restrictions on Cuban-American family visits and remittances, and allowing US telecommunications firms to bid for licenses in Cuba, mark a significant shift. This is consistent with the President's campaign commitments and builds on recent US congressional activity to reverse restrictions. The White House is unlikely to go any further at this point without signs that the Cuban Government is prepared to improve human rights, but it clearly seems to be acknowledging the point made most recently by Republican Senator Richard Lugar, namely that the long standing US policy towards Cuba has been a failure. In this same vein, US academics have recently urged President Obama to "extricate Cuba policy from the tangle of domestic politics, enable our nation to engage Cuba on serious neighbourhood problems and build a sense of mutual confidence between our governments so that we can discuss our political differences".

President Obama's executive order has been timed to take some of the heat off Washington at the Trinidad and Tobago meeting. The Summit is the first high-profile meeting of regional leaders since Obama came into office. He will be seeing a renewed region, in which middle-income economies are growing and a plethora of regional and sub regional bodies and mechanisms have flourished without US stewardship. He will also have palpable evidence that US positions on Cuba are out of sync with the region[1]. While the issue of Cuba does not appear for now in the Summit's draft Declaration of Commitment, it is centre stage on the informal agenda from two perspectives: the unacceptability of the US embargo and Cuba's possible return to the OAS. The Obama Administration is well aware that the Summit could prove fractious and has been trying to set a broad agenda. Vice President Biden and Assistant Secretary of State Shannon have been, meeting with leaders across the hemisphere, calling for dialogue on two basic issues: the global financial crisis and narcotic-fuelled organized crime. Meanwhile, US envoy Jeffrey Davidow has noted that it would be

[1] Virtually the entire region, except for the US and El Salvador, have full diplomatic relations with Cuba, and Salvadorian President-elect Mauricio Funes has pledged to restore relations with Havana when he takes office.

"unfortunate if the principal theme of the meeting turned out to be Cuba" and stressed that the Summit should concentrate on the economic crisis and energy.

There is already strong international consensus in the UN General Assembly that the US embargo against Cuba and its extra-territorial application are contrary to the UN Charter and international law and should be lifted (185 votes in favour, 3 against, 2 abstentions). In addition, there is growing consensus in the US that the policy has been ineffective in bringing democracy to the island. President Obama's lifting of certain restrictions has been played down in Cuba. Significantly, former president Fidel Castro's column the day after the announcement was entitled "Not a word about the blockade" which described the embargo as "the cruelest of all anti-Cuban policies". The same message will be echoed by Cuba's ideological partners Bolivia, Nicaragua and Venezuela and the other members of the Bolivarian Alternative for the Americas (ALBA) who are meeting prior to the Summit and will clearly be playing the Cuba card in Port of Spain. Bolivian President Evo has said he will present a resolution urging Washington to end the embargo while Venezuela's President Hugo Chávez has also repeatedly stated that Cuba will be on the agenda whether the new US Government likes it or not. Playing the role of moderate interlocutors are the Summit's host, Prime Minister Patrick Manning, who is reportedly trying to preempt adversarial conduct by President Chávez and, more significantly, Brazil, whose President Luiz Inacio Lula is broadly seen as capable of neutralizing the ALBA's overtly anti-American stance. At a time when Havana also seems to prioritize fostering a new relationship with President Obama, it appears that Cuba may also want to ward off open confrontation in Trinidad. Indeed Brazilian dailies *Folha* and *O Estado de S. Paulo*, quote reliable Government sources revealing that the Cubans have asked Brazilian diplomacy "to help contain the tone of the discussion at the Summit".

Cuba's return to the OAS is a thorny question. It may also be moot given that Cuba has publicly scorned the OAS as a US instrument since its membership was suspended in 1962, and so far strongly rejected any notion of returning to the Organization[2]. Instead it highlights its active role in the UN, its chairmanship of the Non-Aligned Movement, its membership of the Rio Group and the ALBA, and its close working relation with CARICOM and other sub-regional organizations. It is reported, however, that OAS Secretary-General José Miguel Insulza and President Raúl Castro held a lengthy meeting on the sidelines of the last Rio Group meeting. Insulza himself would rather that the issue of Cuba not become fractious in Trinidad and hijack broader discussions. Instead he wants Cuba to be "discussed calmly" in the lead up to the next OAS General Assembly in June which will have "the capacity to resolve" the issue. Discussions at the OAS could be complex and divisive, prompting the US and probably Canada to insist on the need for all members of the Organization to prove democratic credentials. For now, however, Insulza seems to believe that a compromise solution could be found to end Cuba's 47-year absence[3].

[2]In his 14 April 2009 column entitled "Does the OAS have a right to exist?" Fidel Castro refers to the body as a "repugnant institution" and adds "we are offended by those who suppose we are anxious to join the OAS (...) some day many countries will beg forgiveness for having belonged to the Organization".

[3] According to the Argentine daily La Nación, Insulza would focus on the original 1962 resolution which expelled Cuba from the OAS and called on all members to break off relations with the island. Insulza would reportedly use the fact that all member states except the US have now restored relations, and that the US and Cuba maintain Interest Sections, as the starting point for discussion of Cuba's return.

Background Note

REGIONAL INTEGRATION IN THE AMERICAS

Introduction

1. Since its foundation as The Pan American Union in 1889 the Organization of American States (OAS) has been the key regional organization in the Americas. Its preeminence, however, has been challenged in recent years as is evidenced by a proliferation of regional and sub-regional fora. This note provides an update on the state of play of selected integration efforts.

2. Since the return of democratic rule in the 1990s, the Americas have been prolific in terms of regional integration mechanisms. The first organizations were conceived as trading blocs, namely the Andean Community of Nations (CAN), the Common Market of the South (MERCOSUR), the Central America Integration System (SICA) and the Caribbean Community (CARICOM). At the same time, all Latin American nations with the exception of Suriname are members of the Rio Group, an informal mechanism for political dialogue. In addition, all South American nations save for French Guyana have gathered under the recently created Union of South American Nations (UNASUR).

3. The global economic crisis is expected to have an impact on Latin American countries this year and the region will have to make important and strategic decisions affecting integration processes. There are signs that the global downturn is leading to a rise in protectionism, amid a collapse in export demand and efforts by local producers to shore up their position in domestic markets. The conflict between the Government of Argentina and the nation's federations of farmers is a case in point.

4. In response to the global crisis, last December all the countries of Latin America and the Caribbean held a Summit in Bahia, Brazil. This was the first time that the entire region met alone without the United States. The summit demonstrated Brazil's efforts to take on a leadership role to which it has long aspired. Simultaneously, UNASUR, MERCOSUR, SICA and the Rio Group also held mini-summits. According to analysts, during these meetings Latin American countries sent a clear and strong message reaffirming their independence and regional unity.

5. The following is a compilation of the major regional and sub-regional groups in the Americas.

The Common Market of the South (MERCOSUR)

Members: Argentina, Brazil, Paraguay and Uruguay. (Venezuela is in the process of becoming a full member—while Bolivia, Chile, Colombia, Ecuador and Peru are associate members.)

6. MERCOSUR originated in 1991 as an economic integration scheme. With the recent incorporation of Venezuela (whose full entry is pending approval by the Brazilian and Paraguayan legislatures), MERCOSUR now accounts for approximately 70 per cent of South America's population, 75 per cent of its GDP and 72 per cent of its territory. MERCOSUR has achieved little progress in recent years in trade negotiations and macroeconomic coordination, partly due to the lack of an adequate institutional framework to support the process. It has resulted in excessive

recourse to ad-hoc solutions to trade-related problems. Another weakness has been the persistent perception of smaller members that they do not receive adequate benefits from the process.

7. During their December 2008 meeting in Bahia, MERCOSUR member countries were unable to reach an agreement on one of the main points of the agenda: the elimination of double tariffs on imports from countries outside the trading block. Talks to secure a trade accord with the European Union (EU) have stalled as a result of tensions between Argentina and Uruguay due to the latter's decision to allow the construction of a paper-mill on the banks of the Uruguay River, which is shared by both countries. Argentina and Brazil are experiencing tensions since last February as a result of protectionist measures by businesses on both sides.

8. Venezuela formally entered MERCOSUR in 2006, but its membership requires ratifications by the parliaments of all four member countries. Venezuela's membership still requires the approval of the Paraguayan Congress and the Brazilian Senate. Venezuela's accession has raised concerns because of its "potential destabilizing political influence". According to José Sarney, former President of Brazil and current President of the Brazilian Senate, "Venezuela's accession to MERCOSUR will be counterproductive, because President Chávez of Venezuela will try to transform MERCOSUR into a political forum".

The Andean Community of Nations (CAN)

Members: Bolivia, Colombia, Ecuador and Peru. Venezuela withdrew from the CAN in 2006.

9. The CAN promotes cooperation among its Member States on issues such as the environment, labour, agriculture, commerce and development. Ideological divisions among its members recently have weakened the group. Venezuela left the CAN in 2006 to protest the trade negotiations between the Unites States, Colombia and Peru (eventually the US signed a free trade agreement with Peru, while the one with Colombia is still pending US Congressional approval).

10. The Bolivian and Ecuadorian Governments disapprove of traditional free-trade policies. They want to remain in the CAN in order "to change it from within" and re-establish Andean integration based on values of solidarity that should prevail over commercial considerations. In contrast to this "anti-globalization" view, Colombia and Peru remain determined advocates of open regionalism and free trade. In June 2008, the European Union (EU) announced that it was postponing negotiations on a free trade agreement with the CAN. In a change of strategy, the EU began bilateral trade negotiations with Colombia, Peru and Ecuador in February 2009. Bolivia is not participating in these meetings alleging that the EU's terms are not fair.

11. Diplomatic tensions between Colombia and Ecuador (arising from the 1 March 2008 military operation conducted by Colombia against guerrillas of the Revolutionary Armed Forces of Colombia in Ecuadorian territory) are a further obstacle to progress in the process of integration. The CAN was not effective in addressing the diplomatic crisis between these two Member States and the countries called instead on the OAS and the Rio Group to address this issue.

The Rio Group

Members: Argentina, Belize, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Ecuador, El Salvador, Guatemala, Guyana, Haití, Honduras, Jamaica, México, Nicaragua, Panamá, Paraguay, *Perú, Dominican Republic, Uruguay and Venezuela. (Jamaica was designated by CARICOM in 2008 as its representative to the Rio Group for a three-year period)*

12. The Rio Group was created as a permanent political consultation and coordination mechanism in Latin America in 1986, building on the experience of the Contadora Group supporting the peace process in Central America. Since then, its membership has expanded to include Central American states and a growing number of Caribbean nations. The Rio Group aims to establish systematic political cooperation among its members; to coordinate common positions on international issues; to present solutions to conflicts affecting the region; and to explore new fields of cooperation on economic, social, scientific and technological development. Its ultimate stated goal is to promote democracy by fostering social and economic development.

13. The Group is coordinated by a temporary Secretariat that rotates on an annual basis and which holds an annual Presidential Summit. The work of the Secretariat is supported by a troika, involving the preceding and future Secretariats of the Group. The current temporary Secretariat is held by Mexico. The latest Presidential Summit took place on 4-7 March 2008 in The Dominican Republic and afforded the Rio Group an opportunity to defuse tensions between Colombia and Ecuador. Cuba joined the Rio Group at the Latin American and Caribbean Summit in Brazil in December 2008.

The Bolivarian Alternative for the Americas (ALBA)

Members: Bolivia, Cuba, Dominica, Honduras, Nicaragua, Venezuela.

14. The ALBA is a political bloc without structured institutions established in 2004 by Venezuela and Cuba as an alternative to the US initiative of the Free Trade Area of the Americas (FTAA). Seeking to reduce poverty and social exclusion in the region, ALBA claims to have already restored eyesight to a million Latin Americans by providing medical services, taught three million illiterate people to read and write and trained 6,500 new doctors since 2004. In November 2008, the ALBA countries met in Caracas seeking solutions to the world financial, food and ecological crises. During that meeting, Venezuelan President Chávez proposed the creation of a regional monetary bloc with its own currency to break the hegemony of the US dollar. In February 2009, ALBA members signed a "food sovereignty and security agreement".

15. Critics contend that the main motivation behind joining ALBA is not ideological, but rather to access Venezuelan oil and cash. The Peruvian Government has denounced Venezuela's meddling in domestic politics by using the so-called ALBA houses, which function as civil society groups, allegedly with a strong ideological bias. The Peruvian Government claims that the ALBA houses, reportedly located in cities in the highlands, have been used as centres to spread "revolutionary ideas" throughout the country.

The Union of South American Nations (UNASUR)

Members: all South American nations.

16. The idea of a South American Community of Nations was launched by Brazil in 2005, but only came into being in May 2008 under the name of UNASUR with the signing of a Constitutive Treaty in Brasília. To date, UNASUR has not led to the creation of new institutional structures.

UNASUR played a key role in helping manage the crisis in Bolivia and its involvement helped establish a dialogue between the Government of Bolivia and the opposition.

17. Nevertheless, UNASUR faces many challenges including differences in ideological persuasion and tensions regarding regional interests vis-à-vis national priorities. Since May 2008, UNASUR members have not been able to reach a consensus on the selection of a Secretary General. Ecuador nominated Argentina's former president Néstor Kirchner for the post, but Uruguay opposed his candidacy.

The Central American Integration System (SICA)

Members: Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panamá. The Dominican Republic holds the status of associated state.

18. SICA was created in 1991 as an intergovernmental organization to promote the integration of Central America in order for the sub-region to become a region of peace, freedom, democracy and development. The system has established several supranational institutions such as the Central American Parliament, the Central American Bank for Economic Integration and the Central American Common Market. SICA has a standing invitation to participate as observer in the sessions of the UN General Assembly and maintains permanent offices at UN Headquarters

The Caribbean Community (CARICOM)

Members: Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, Saint Kitts and Nevis, Saint Vincent and the Grenadines, Suriname and Trinidad and Tobago. Anguilla, Bermuda, British Virgin Islands, Caiman Islands and Turks and Caicos Islands hold associate status.

19. The Caribbean Community is an organization of fifteen Caribbean nations and five British Overseas Territories. CARICOM's main purposes are to promote economic integration and cooperation among its members, to ensure that the benefits of integration are equitably shared, and to coordinate foreign policy. It also serves to implement a regional common market through the CARICOM Single Market and Economy (CSME) and operates the Caribbean Court of Justice (CCJ), which it is hoped will become the final court of appeal for many CARICOM members although so far only Guyana and Barbados have accepted it as the final court of appeal. The CCJ also handles regional trade disputes.

The Association of Caribbean States (ACS)

Members: Antigua & Barbuda, the Bahamas, Barbados, Belize, Colombia, Costa Rica, Cuba, Dominica, Dominican Republic, El Salvador, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, St Kitts & Nevis, St. Lucia, St Vincent & the Grenadines, Suriname, Trinidad & Tobago, Venezuela. Aruba, France, Netherland Antilles, Turks and Caicos hold associate status.

20. The Association of Caribbean States is an organization that brings together the twenty-five Caribbean, Central and South American countries that border the Caribbean Sea. The overseas territories of France, the United Kingdom and the Netherlands have associate membership. The ACS was established in 1994 to collaborate in the management of the Caribbean Sea from which

arose the political concept of the Greater Caribbean in recognition of the common geographic space and the common interests and objectives shared by the Member States. The Greater Caribbean Zone of Co-operation consists of joint actions in the priority areas of the ACS, namely, trade, sustainable tourism, transport and natural disasters.

Observations

21. Despite the efforts undertaken by the OAS' Secretary General José Miguel Insulza to promote the OAS' credibility, Latin American countries continue to seek alternative integration or political frameworks that are more in line with their new realities. Although the OAS has asserted a more independent line in recent years, there continues to be among some of its members a perception that the United States plays an inordinate role in the organization. In that regard, the Fifth Summit of the Americas is expected to shed some light on the future of US-Latin America relations, in particular in view of the arrival of the new Administration in Washington.

DPA/AD, 7 April 2009

CENTRAL AND SOUTH AMERICAN INTEGRATION ARRANGEMENTS

NORTH AND CENTRAL AMERICAN INTEGRATION ARRANGEMENTS

NAFTA: North American Free Trade

SICA: Central American Integration System

CAFTA-DR: Dominican Republic – Central America Free Trade

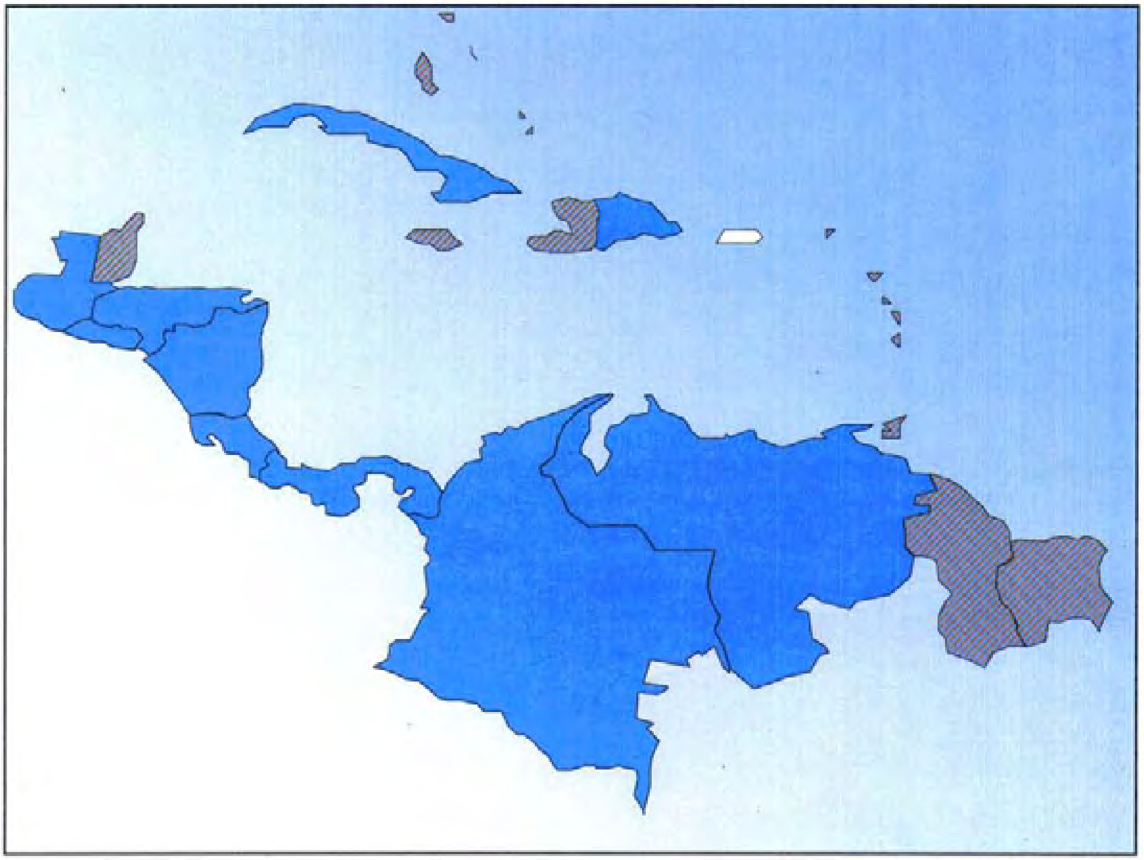
PPP: Plan Puebla Panama

* Members of the Bolivarian Alternative for the Americas (ALBA)

CARIBBEAN BASIN INTEGRATION ARRANGEMENTS

Association of Caribbean States (All States bordering the Caribbean Sea)

Caribbean Community (CARICOM) (All Caribbean island states except Cuba and the Dominican Republic; includes also Belize, Guyana and Suriname)



The reactions of the Governments of the Americas to the international crisis:

an overview of policy measures up to 31 March 2009

Fifth Summit of the Americas

Port of Spain, 17-19 April 2009

UNITED NATIONS

ECLAC

Alicia Bárcena
Executive Secretary

Laura López
Secretary of the Commission

Osvaldo Kacef
Director of the Economic Development Division

Diane Frishman
Officer-in-Charge
Documents and Publications Division

This publication presents a compilation of most of the measures announced by the countries of the Americas up to 31 March 2009. Information for some countries which was received or processed after that date could not be included in this document. In order to access the most up-to-date information, the reader is encouraged to consult the electronic version of this document on the ECLAC web page, which is being updated on an ongoing basis.

This document was prepared by the Economic Development Division in collaboration with the ECLAC subregional headquarters in Mexico and the ECLAC subregional headquarters for the Caribbean, the ECLAC offices in Bogota, Brasilia, Buenos Aires, Montevideo and Washington, D.C. and other divisions of the Commission.

LC/L.3025 • 31 March 2009
© United Nations • Printed in Santiago, Chile
2009-154

There can be little doubt that the world is facing its worst crisis since the 1930s. The long build-up in uncertainty is preventing the credit markets from returning to normality, despite the efforts of monetary authorities to inject liquidity. Against this background, the recession is slowly worsening as a result of huge losses of both financial and non-financial wealth, particularly in developed countries but in emerging economies as well. This extremely negative picture is dampening expectations, and this, in turn, is giving rise to a slump in labour markets and to lower investment and consumption levels.

In response to the crisis, the countries of the American continent have unveiled various sorts of measures, which are outlined in this document. Broadly speaking, those measures aim either to restore confidence and unlock financial markets or to bolster weakened aggregate demand.

A very broad range of measures have been implemented. This is partly because the effects of the crisis vary from country to country, and the instruments required in order to deal with those effects therefore differ as well, and partly because of the differences that exist in terms of the resources at the disposal of individual countries and, hence, in their capacity for implementing initiatives of various kinds.

Initially, as may be expected in such a situation, the central banks made strenuous efforts to provide the financial systems with liquidity in an attempt to enable local credit markets to function normally, as well as to supply financing themselves to borrowers not covered by those markets. Apart from the large differences between economies in terms of their degree of monetization or the depth of their financial markets, however, the nature of the current crisis and, in particular, the plunge in confidence, call for measures of another type. Liquidity must be ensured and interest rates should be as low as possible, but greater liquidity does not guarantee an increase in the supply of credit, and a larger supply of credit does not guarantee a stronger demand for goods. Although monetary and exchange-rate policies should form part of a coherent and well-structured package of measures, fiscal policy is the most powerful instrument in these cases.

The type of fiscal policy to be applied is also important. First, measures designed to raise spending levels have more potential than those based on tax cuts. The former provide a direct means of boosting demand, whereas the latter increase the private sector's disposable income and, given the prevailing level of uncertainty, a large proportion of that increase is likely to be saved rather than spent.

Even if the analysis is limited to increases in spending, there may be major differences. If spending is raised by increasing direct transfers, the impact will be greater if the transfers can be targeted on sectors which have a higher propensity to consume. Transfers of this type are, however, harder to implement in the short term and are more demanding in institutional terms than untargeted transfers are.

By the same token, when measures designed to expand investment in infrastructure are used to increase spending, it must be borne in mind that not all projects have the same impact in terms of employment and demand for locally-produced inputs. In addition, timing is an extremely important factor in these cases, and a list of ready-made projects that can be executed in the short term is not always available.

It may therefore be the case that, even though tax cuts (or untargeted subsidies) may have less of a potential impact than spending increases, governments will often prefer the former, at least in the short run. Be this as it may, insofar as possible, the preferred approach would be to prepare spending plans and to implement well designed investment projects in order to ensure the most efficient use of public funds.

Generally speaking, there is a marked difference between the scope of the policies announced by the developed countries and the developing countries of the region and, among the latter group, between the South American countries and some of the Central American and Caribbean nations. This is attributable, at least in part, to differences in their capacities for implementing countercyclical policies, as noted on precious occasions, and in their institutional structures for the design and application of those policies.

The following table provides an overview of the measures that have been implemented or announced in the countries of the Americas. These measures are then described in greater detail in the annex. They are listed schematically in the following categories:

- Monetary and financial policy
- Fiscal policy
- Exchange-rate and external trade policy
- Sectoral policies
- Labour and social policies.

Although almost all these measures have fiscal impacts, many of them clearly target a particular sector or market or are designed to deal with social issues. In these cases, the measures are mentioned twice, as they are included under fiscal policy in order to give a clear picture of the public finance effort that is being made, and are also listed in the section corresponding to their objective.

SUMMARY OF MEASURES, BY COUNTRY

Measure	Country											
	AR	BO	BR	CL	CO	CR	CU	EC	SV	GT	HT	HN
Monetary and financial policy												
Reduction or relaxation of reserve requirements	X		X	X	X					X		X
Provision of liquidity in national currency	X	X	X	X	X	X				X		X
Fiscal policy												
Tax cuts or increased subsidies	X		X	X	X			X	X			X
Spending increased or brought forward (infrastructure)	X	X	X	X	X	X				X		X
Exchange-rate and external trade policy												
Provision of liquidity in foreign currency *	X	X	X	X	X				X	X		
Increased tariffs or import restrictions	X							X				
Tariff cuts	X		X					X				
Financing of exporters	X		X	X	X			X				
Obtaining credit from international financial bodies					X	X		X	X	X		X
Sectoral policies												
Housing	X	X	X	X	X	X				X		X
Small and medium-sized enterprises	X			X	X	X				X		X
Agriculture		X	X	X					X	X	X	X
Tourism										X		
Manufacturing	X	X	X	X	X							X
Employment and social policies												
Promoting job creation	X		X	X	X	X						
Social programmes			X	X	X	X			X		X	X

* Does not include central bank interventions involving the sale of foreign exchange in currency markets

Note: AR= Argentina
BO= Bolivia
BR= Brazil
CL= Chile
CO= Colombia
CR= Costa Rica
CU= Cuba
EC= Ecuador
SV= El Salvador
GT= Guatemala
HT= Haiti
HN= Honduras
MX= Mexico
NI= Nicaragua
PA= Panama
PY= Paraguay
PE= Peru
DO= Dominican Republic
UY= Uruguay
VE= Venezuela (Bol. Rep. of)
BS= Bahamas
BB= Barbados
BZ= Belize
GY= Guyana
JM= Jamaica
AG= Antigua and Barbuda
DM= Dominica
GD= Grenada
KN= Saint Kitts and Nevis
LC= Saint Lucia
VC= Saint Vincent and the Grenadines
SR= Suriname
TT= Trinidad and Tobago
CA= Canada
US= United States

MX	NI	PA	PY	PE	DO	UY	VE	BS	BB	BZ	GY	JM	AG	DM	GD	KN	LC	VC	SR	TT	CA	US
			X	X	X																X	
X	X		X	X	X	X			X			X									X	X
X		X			X	X			X	X	X	X	X	X	X	X	X	X			X	X
X	X		X	X		X		X		X		X									X	X
				X		X						X									X	X
			X			X				X												
X	X			X										X	X	X	X	X				
			X	X		X						X										
X	X	X	X	X	X					X		X										
X	X		X	X	X	X															X	X
X			X	X		X			X	X												X
X	X	X	X		X	X		X		X	X	X				X					X	
X	X					X		X	X			X										
X	X		X			X			X		X	X							X		X	X
X	X		X	X	X	X															X	X
X	X		X	X	X			X		X	X	X	X	X	X					X	X	X

DETAILED MEASURES, BY COUNTRY

Country	Monetary and financial policy	Fiscal policy
ARGENTINA	Lowering of legal reserve in dollars and other measures that implied a reduction in the legal reserve in local currency. Programme of daily automatic repurchase of securities issued by the Central Bank of Argentina maturing within six months. Tripling of the central bank's credit line for local banks. Swap of secured loans to refinance government liabilities issued in 2001.	**Tax and pension fund moratorium** Covers all tax and social security liabilities payable at 31 December 2007. **Reduction in employer contributions** All firms creating or regularizing jobs pay 50% of contributions for the first year and 75% for the second. Reduction in withholding tax on exports of wheat and maize: rates of export duty on wheat fall from 28% to 23%, and on maize from 25% to 20%. Additional one-point reduction for every million tons of production above the recent average. Reduction of 50% on withholding tax on exports of all fresh fruit and vegetables. **Pension system reform** Unification of system under State regime: elimination of funded segment managed by retirement and pension fund management companies (AFJPs). Transfer to public sector of flow of contributions formerly collected by AFJPs, representing almost 1.5% of GDP. Transfer to public sector of assets formerly administered by pension system (some 10% of GDP, just under half of which consists of private-sector liabilities and assets held abroad). Public works plan worth US$ 33.21 billion, of which US$ 21.25 billion already has structured funding, and the remainder is under negotiation. US$ 17.06 billion of that amount will be executed in 2009, more than double the figure for 2008. Measures to promote the declaration of assets at home and abroad and incentives to bring funds held abroad by residents into the country. Elimination of the scheme of income tax deductions applicable to wage-earners since 2000. This measure benefits some 800,000 middle- or high-income workers. Additional payment for retirees of a fixed sum equivalent to US$ 60, to be covered by the social security administrator. One-year extension of regime of incentives for the purchase of capital goods, which lowers tariffs on imported goods and provides a 14% rebate for local manufacturers, in the form of bonds that can be used to pay taxes. 30% of government revenues from soybean export duties to be distributed to the provinces. This measure (announced on 19 March 2009) is intended to inject funds into the provinces.

Exchange-rate and foreign-trade policy	Sectoral policies	Labour and social polices
Greater demand-side controls over foreign currency. Alteration of rules for the purchase of public securities liquidated overseas and other interventions by the National Securities Commission, Federal Administration of Public Revenues (AFIP) and the central bank. Sliding exchange rate with a managed floating exchange rate regime (depreciation against the dollar: 12.5% between 1 September and 3 December 2008). **Restrictions on imports** Customs imposed tighter controls on products sensitive for national industry, such as textiles, footwear, metallurgical goods, white goods and motorcycles. Reference values created and import duties raised, and procedures related to unfair trade expedited. Reduction of withholding tax on exports of wheat, maize, fresh fruit and vegetables. Lifting of ban on exports of maize and wheat, which had been in place since June 2008. The export of 6 million tons of maize and 520,000 tons of wheat was authorized. On 30 March 2009 the central bank announced a preliminary agreement to establish a US$ 10 billion currency swap mechanism with the Central Bank of China. This will be treated as a contingency mechanism for strengthening the Argentine central bank's reserve position.	**Creation of a Ministry of Production** **Ministry of Economy and Production split** Merger into a single ministerial structure of existing departments of industry, commerce and SMEs; agriculture, livestock, fisheries and food; tourism and (to be confirmed) mining. Also the Office of the Under-Secretary for Small and Medium-Sized Enterprises and the National Investment Development Agency. Loans for financing sales of motor vehicles and consumer durables, pre-financing of exports and working capital. Announcement of credit lines targeting these activities, to be financed from official funds, for US$ 3.95 billion. The public works programme will focus mostly on housing projects, hospitals, sewerage systems and roads.	Subsidy of 10% of labour cost (12 months), extendable by 12 months (5%), by waiving employer contributions. Promotion of worker formalization (through incentives). **Regularization of unregistered employment** Waivers of all capital and interest owed for regularization of the employment situation of up to 10 workers. From the eleventh worker on, the debt owed can be paid in instalments. Up to five years of pension contributions will be recognized for employees whose situation is regularized.

Country	Monetary and financial policy	Fiscal policy
BOLIVIA	Decrease in rate of liquidity absorption through open market operations (second half of 2008). Provision of liquidity in national currency through the redemption of securities issued in open-market operations. Early redemption options are also available. Facility for repo operations and liquidity credits backed by the Liquid Asset Requirement Fund (RAL). Steps have been taken to avoid the dollarization of liabilities in the financial system by increasing the RAL for additional deposits in hard currency, while leaving the provisions for local-currency deposits unchanged, and by creating additional provisions for loans denominated in foreign currency. Decrease in commission charged for transfers from abroad transacted through the central bank and increase in commission on outward transfers.	The government supported zinc prices to maintain production, using a mineral price stabilization account. **Contingency plan for 2009** Public investment will rise to US$ 1.871 billion in 2009, 20.6% more than the 2008 figure; that figure will increase to US$ 2.871 billion if Congress approves a loan of US$ 1 billion for the operations of Yacimientos Petrolíferos Fiscales Bolivianos (YPFB) during 2009. US$ 870 million will be invested in the infrastructure sector (47% of the total budget), of which US$ 690 million (37.5%) will be devoted to road building. The energy-sector budget will be increased by 51.8%; it will receive US$ 150 million, equivalent to 7.9% of the total calculated for 2009. The budget for hydrocarbons projects will be 30.5% higher than the current figure. Agricultural production projects will receive US$ 150 million, equivalent to 8.1% of the budget. Mining will receive US$ 110 million, 168.4% more than in 2008. The budget for multisectoral projects will be increased by 35.9% to a total of US$ 105 million. Urban development and housing projects will be given a strong boost, with their budget increasing by 18% to a total of US$ 200 million.
BRAZIL	Reduction in effective legal reserve. Rediscount operations streamlined (September 2008). Authorization to acquire portfolios of small and medium-sized banks, and to extend loans in foreign currency (September 2008). Broader powers for the central bank to intervene in failing financial institutions. Banco do Brasil and the Federal Economic Fund authorized to buy struggling financial institutions, as well as insurance and social security enterprises. Announcement of the creation of an investment bank within the Federal Economic Fund to buy the stock of real estate firms, as well as other sectors (this bank will have start-up resources of between US$ 900 million and US$ 1.13 billion). This replaces the process used by these firms until recently to raise capital, through share issues. Central bank authorized to grant loans to banks secured by loan portfolios. The central bank has offered loans to companies to facilitate refinancing of their external debts (allocating up to US$ 20 billion of the country's reserves). This measure is expected to benefit around 4,000 enterprises. On 21 January 2009, the central bank cut its base rate by 100 basis points (from 13.75% to 12.75%). Later, on 11 March, it cut this rate by a further 150 basis points, to 11.25%. Official banks reduced the spread between deposits and loans, as a way of inducing private banks to do the same. The central bank announced its willingness to use up to US$ 3 billion in foreign-currency reserves for loans to ailing firms to refinance debts in the external market.	Reduction in primary surplus target for 2009, from 4.3% to 3.8% of GDP, as a way of freeing up resources and increasing overall expenditure. The government is currently evaluating the possibility of reducing it further, to 3.3%. Public investment capacity may be increased by US$ 9.03 billion in 2009. (i) injection of over US$ 45.16 billion to keep up consumption levels; (ii) ministries will be required to bring forward spending and ensure a parallel budget of at least US$ 11.74 billion; (iii) the sectors worst hit by the crisis may be granted fresh tax cuts and more resources; (iv) US$ 9.48 billion earmarked for the Growth Acceleration Programme (PAC) in the 2009 budget; (v) the government will spend the US$ 6.55 billion reserved for the Sovereign Fund on projects to maintain overall demand; (vi) federal State enterprises to release at least US$ 18.06 billion in investment to help Brazilian firms that provide them with inputs and raw materials; (vii) the government to launch an advertising campaign to stimulate consumption. Federal government and some states have extended the time allowed for monthly tax payments, thus easing pressure on corporate cash flows. A series of tax cuts have been announced, totalling around US$ 3.79 billion, in order to boost consumption: (i) the tax on financial operations will be cut from 3% to 1.5% for direct consumer credit operations and the overdraft credit line; (ii) the processed products tax applicable to vehicles was temporarily cut (originally until March 2009, then for three more months up to June 2009); for the purchase of motor vehicles with cylinder capacities of up to 1,000 cc., the tax will be cut from 7% to 0%, and for those up to 2,000 cc., from 13% to 6.5%; and (iii) income tax tables for physical persons were revised, introducing lower rates (7.55% and 22.5%), which favour the middle class, that is, those who earn up to US$ 900 per month.

Exchange-rate and foreign-trade policy	Sectoral policies	Labour and social polices
Provision of liquidity in dollars by increasing the daily amount auctioned by the central bank from US$ 15 million to US$ 20 million.	Increases are planned for budget items relating to the agriculture, energy, mining and housing sectors, and for multisectoral projects.	A 12% increase in the minimum wage is planned (including the police and armed forces) and wages in the health and education sectors will rise by 14%.
Use of forex reserves to finance exports, by reverse auction of bank securities to backstop foreign trade. The contracts tie in the repurchase of these instruments, thus maintaining the current level of reserves. Central bank allowed to grant foreign-currency loans directly to private banks, exclusively to finance foreign trade transactions. Resumption of foreign exchange swap auctions in order to provide liquidity to importers. Extension of up to one year for businesses that benefited from the drawback scheme to demonstrate their exports. The same applies to businesses that benefited from advance exchange contracts (soft loans for exporters). In addition, income tax has been eliminated on measures to promote exports and the government has announced an integrated drawback scheme, which will enable primary goods exporters to discount the tax paid on raw materials, in order to benefit agro-industry. The government placed a series of non-tariff restrictions on imports. Importers from 17 sectors will now have to request an import licence in advance. The main sectors affected are: wheat, plastics, copper, aluminium, iron, capital goods, electrical and electronic material, autoparts and transport material in general (this measure was temporarily suspended on 28 January 2009). 306 products included in the "ex-tariff" list (mechanism that temporarily reduces tariffs on products that do not have a locally-made counterpart), which will make it cheaper to buy imported capital goods and products in the electrical, paper and pulp, graphics, medical and hospital, automobile and electronics sectors, among others.	**Oil** Expansion of borrowing capacity of PETROBRÁS and the National Bank for Economic and Social Development (BNDES) (US$ 5.3 billion) to keep up planned investment levels. **Agriculture** US$ 6.68 billion in support for the agricultural sector: • US$ 2.26 billion in advances of resources from Banco do Brasil. • US$ 2.48 billion increase in the resources that banks earmark for the agricultural sector. • Increase in rate for compulsory rural savings deposits from 65% to 70%, which represents US$ 1.13 billion. • Use of forex reserves to finance the rural sector through the intermediary of trading companies. • Use of US$ 2.25 million in resources from constitutional funds. • US$ 450 million in assistance for agricultural cooperatives. • Allocation of US$ 160 million to family agriculture using resources from the Workers' Protection Fund (FAT). **Housing** Creation of a real estate credit line for public servants (including staff of public enterprises and mixed public-private firms), as a means to stimulate civil building work. Banco do Brasil and the Federal Economic Fund to grant real estate loans at below-market rates. The Treasury authorized a US$ 45.16 billion loan to BNDES; thus, the bank will have a total of US$ 74.97 billion in 2009 for business loans. This will be financed by the Treasury using its own resources and issuing real-estate debt instruments.	Maintenance of expenditure levels in the Bolsa Familia programme, adjustment of the minimum wage (estimated at over 12% in 2009) and works included under the Growth Acceleration Programme (PAC). Expansion of unemployment insurance for workers laid off as of December 2008, particularly for sectors of the economy that have experienced higher numbers of lay-offs than in the preceding months.

Country	Monetary and financial policy	Fiscal policy
BRAZIL		An increase of US$ 4.29 billion was agreed in the area of government investment, adding to the US$ 17.12 billion already planned. As an additional source of receipts (around US$ 1.13 billion), it was agreed that the assets of the Federal Railway Company, which were due to be auctioned in 2008, will be sold. The creation of a sovereign fund was agreed, with an initial amount of 0.5% of GDP (around US$ 5 billion). The government intends to use these funds to provide the country with savings to compensate for any future economic fluctuations and finance the internationalization of Brazilian companies. This will be financed through the issue of Treasury bonds. It was announced that US$ 2.5 billion was being released for infrastructure investments. This was funded by the Unemployment Insurance Fund (FGTS). On 4 February it was announced that resources for the Growth Acceleration Programme were to be increased by over US$ 64.17 billion up to 2010 and another US$ 226.8 billion as of 2011. 90% of the first amount will go to three projects: investment in PETROBRAS, construction of a rail ink between Rio de Janeiro and Sao Paulo and a ports upgrading plan. The government announced that it would allow the renegotiation of debts owned by mayors' offices to the social security system, for periods of up to 20 years, in order to enable offices in arrears to gain access to federal government loans, especially those associated with the Growth Acceleration Programme. On 30 March 2009 a new fiscal covenant was announced, with additional tax cuts of over US$ 750 million. The main measures in this package refer to the industrial products tax (IPI): as well as the extension of the reduction in IPI on vehicles for three more months (to June 2009), taxes on motorcycles and 30 categories of construction materials will also be cut. In exchange for these benefits for the automobile sector, the assembly firms agreed to maintain their level of employment. In addition, a number of sectors were added to the list of priorities of the Development Agency for the Amazon Region, which benefit from an income tax exemption: pulp and paper (if they have reforestation projects), material disposable materials, toys, watches and optical materials. In order to help offset the drop in takings, tax on cigarettes will be raised as of May 2009. In March 2009 public spending cuts of US$ 11.47 billion were announced. The Ministry of Justice and the Ministry of Sports and Tourism were among the worst affected.

Exchange-rate and foreign-trade policy	Sectoral policies	Labour and social polices
	BNDES has softened its rules for loans for investments and working capital, and increased specific financing for used work vehicles. Loan totalling up to US$ 560 million approved for used vehicle firms, using resources from the Workers' Protection Fund.	

Country	Monetary and financial policy	Fiscal policy
CHILE	One stop 28-day and 60-90 day repo operations. Temporary relaxation of legal reserve requirement. Calls to bid for fiscal resources in United States dollars for local banking. On 8 January 2009, the central bank cut its monetary policy rate by 100 basis points (from 8.25% to 7.25%). On 12 February 2009 it cut this rate by a further 250 basis points, bringing it to 4.75%. On 12 March another cut followed, this time of 250 basis points, taking the rate to 2.25%.	Countercyclical fiscal policy in the 2009 budget law. Real increase of 5.7% in total spending (GDP 2.5%). Social spending up 7.8% (69% of total spending). Spending on infrastructure up 8.8%. US$ 1.15 billion economic stimulus programme to encourage house purchases and support financing of small companies. Temporary increase in housing subsidy and new subsidy for middle-income housing. In March 2009 a payment of US$ 65 per family dependent was made available for the most vulnerable households. Some US$ 7 billion will be spent on public investment. The goal is to concentrate public works execution in the first half of 2009. The ministries with the largest shares in this will be those of Public Works (US$ 2.5 billion), Housing and Urban Development (US$ 1.46 billion) and Health (US$ 300 million), and the Department of Regional and Administrative Development (US$ 1.07 billion). In the case of public works, investment will be increased by 14.6% in projects which improve connectivity, infrastructure and transport. Investment for development in the country's regions will be up by 7.3%, thanks to resources from the National Fund for Regional Development. Housing investment will rise by 10% in real terms. It is intended that 140,000 new homes will be built. More roads and minor side streets will be paved, and 50,000 subsidies will be provided for the programme to protect family property. **Fiscal stimulus plan for 2009** The Economic and Social Stabilization Fund will be used for the first time to finance this plan; other revenue will come from the debt issue authorized in the 2009 budget (with a maximum of US$ 3 billion) and from a reduction in the fiscal regulation target. **Economic incentive plan** Totalling US$ 4 billion, equivalent to 2.8% of GDP; its purpose is to stimulate growth and employment through the application of short-term measures and structural reforms. The plan includes increased public spending, tax cuts and injections of capital. It also provides for direct, targeted incentives intended to have direct impacts on the economy. The planned measures are as follows: (i) Stimulating investment and consumption: An additional US$ 700 million will be allocated to a massive public investment plan, which will include urban and rural road-building, housing and irrigation works throughout the country. Stamp duty will be eliminated for all credit transactions in 2009 and the rate of that duty will be halved for the first semester of 2010. (ii) Business financing: Temporary reductions in businesses' monthly interim corporate income tax payments on the basis of their past profits. In 2009, payments by small and medium-sized enterprises will be reduced by 15%, and those of larger businesses by 7%. (iii) Individual support: Income tax rebates will be brought forward for natural persons in respect of the 2010 fiscal year.

Exchange-rate and foreign-trade policy	Sectoral policies	Labour and social polices
Exchange rate intervention ended. Calls to bid for US$ 5 billion for foreign exchange swap (1 to 6 months). Enhancement of the programme covering bank loans to exporters. Expedited processing of VAT rebates for exporters.	**SMEs** Additional resources (US$ 500 million) for Investment Guarantee Fund (FOGAIN). Enhancement of Guarantee Fund for Small Business Owners (FOGAPE). Capitalization of Banco Estado (US$ 500 million) to increase loans to SMEs. **Housing** An increase of 10% in real terms in housing investment in 2009. Temporary increase in housing subsidy. New subsidy for middle-income housing sectors. Enhanced coverage for housing foreclosure insurance. **Mining and industry** Capitalization of Corporación Nacional del Cobre de Chile (CODELCO) for US$ 1 billion to boost its investment plan. Support for small-scale mining with a price support fund of US$ 18 million. Support for salmon industry by means of credit guarantees of up to US$ 130 million provided by the Production Development Corporation (CORFO). **Primary sector** Increase in benefits under decree law 701 on incentives for the forestry industry. **Other sectors** Expansion of the financing facility of CORFO for banking and non-banking factoring; implementation of a new CORFO facility to guarantee loan rescheduling. A one-off payment of US$ 41 million to the Municipal Common Fund.	Additional budgetary allocation for labour-intensive employment or investment schemes; funds will be executed if the rise in the unemployment rate or the slowing of GDP growth exceeds expected levels. (Additional) hiring subsidies under consideration. Labour subsidy for low-wage workers between the ages of 18 and 24. It is planned to broaden the Unemployment Solidarity Fund to give access to all unemployed workers, not only those with permanent contracts. Payment of US$ 65 per family dependent made available for most vulnerable households in March 2009.

Country	Monetary and financial policy	Fiscal policy
COLOMBIA	Reduction in bank reserve for current and savings accounts (from 11.5% to 11.0%) and term deposits under 18 months (from 6.0% to 4.5%). Provision of temporary liquidity through 14- and 30-day repos. Temporary replacement of monetary contraction auctions through the implementation of non-reserve interest-bearing deposits. On 19 December 2008, the central bank cut its intervention rate by 50 basis points to 9.5%. On 30 January 2009, this rate was cut by another 50 basis points to 9.0%. On 27 February 2009 the central bank reduced the intervention rate by a further 100 basis points, from 9.0% to 8.0%. This was followed on 20 March 2009 by another rate cut of 100 basis points, to 7.0%.	Creation of an Infrastructure Fund for US$ 500 million for up to 12 years. Inter-American Development bank (IDB) and Andean Development Corporation (ADC) participating. Priority given to infrastructure programmes and sectors (concessions, major highways, departmental roads, tertiary roads, housing, drinking water and basic sanitation) and to social and productive stimulus programmes. Total investment of the national central government in public works in 2009 will reach over US$ 2.5 billion (US$ 1.8 billion on roads, US$ 311 million on housing and US$ 235 million on irrigation, among others). Total infrastructure spending by other public bodies (territorial agencies, decentralized bodies and infrastructure spending financed by royalties), will be US$ 7.5 billion in 2009. If this is carried out as planned, public sector demand will grow by 5.5%. The central government projects lower income (US$ 1.09 billion) and a larger deficit of the same magnitude (allowing the automatic stabilizers to operate). The Ministry of Finance prefinanced the central government's 2009 deficit using resources from international bond issues and disbursements from multilateral banks. Tax payers will benefit from cuts amounting to US$ 1 billion under the tax reform of 2006, which introduced changes that will come into effect in 2009: (i) the nominal rate of income tax drops from 34% in 2008 to 33% in 2009; (ii) stamp duty comes down from 1.0% to 0.5%; (iii) the number of payments of wealth tax is reduced from three to two in 2009. Central government to spend US$ 290 million on programmes to bolster production.

Exchange-rate and foreign-trade policy	Sectoral policies	Labour and social polices
Assurance of resources needed for external financing in 2009 through multilateral loans (IDB, World Bank and ADC), for US$ 2.4 billion. Assurance of US$ 650 million in resources for the Foreign Trade Bank of Colombia (Bancoldex), by means of a government-backed loan from IDB, and a further US$ 260 million from ADC, to finance the export sector. Approval given to government's request to authorize free-use programmatic external borrowing and contingent credit lines with international financial entities for US$ 1.5 billion, in order to make up possible gaps in the event that the global financial crisis worsens. Elimination of capital controls for fixed-income portfolio investment. All capital controls on foreign portfolio investment eliminated. 40% external borrowing deposit eliminated. Suspension of auctions for direct purchase of international reserves for US$ 20 million per day.	Investment plan for public works: road building, housing and irrigation districts. Together with the Government of the Bolivarian Republic of Venezuela, the national government will create a joint fund to finance micro-enterprises and small businesses in the two countries. The fund will be endowed with resources of US$ 200 million (Colombia and the Bolivarian Republic of Venezuela will each contribute US$ 100 million). A credit plan of almost US$ 200 million is to be set up to fund the purchase of bottom-of-the-range automobiles and prevent the loss of 4,000 assembly jobs. The national government will allocate US$ 240 million to housing, US$ 22 million to backing for loans to upgrade low-income housing and US$ 220 million to lowering interest rates on mortgage loans of less than US$ 75,000. The government is seeking to stimulate construction and consumption of materials in order to safeguard employment.	Protection of social investment despite public spending cuts, through the General System of Participation (SGP). Increases are planned regardless of the GDP growth rate. Increase of 1.5 million in the number of families covered by the Families in Action Programme. Decree No. 4868 set the minimum wage at US$ 217, a 7.67% increase. The transport allowance was also raised, to US$ 26. Central government spending on social support programmes for 2009 is projected at US$ 1.35 billion, distributed as follows: US$ 740 million on Families in Action, US$ 240 million for older adult programmes and US$ 330 million in assistance for the displaced, poor and vulnerable populations. Social programmes are estimated to grow by 42% over 2008, when US$ 960 million was spent. Reduction of payroll taxes for micro-enterprises and SMEs in their first three years of operation. The reduction amounts to 75% in the first year, 50% in the second and 25% in the third. A credit plan of almost US$ 200 million is to be set up to fund the purchase of bottom-of-the-range automobiles and prevent the loss of 4,000 assembly jobs. The National Apprenticeship Service (SENA) will use resources invested in public securities (TES) for youth training courses. SENA is to double the number of places for technical and technological training, offering 250,000 new places for unemployed 16- to 26-year-olds living in extreme poverty in urban areas. This project has a budget of US$ 140 million.

Country	Monetary and financial policy	Fiscal policy
COSTA RICA	The Central Bank opened up a special line of financing in local currency, available to financial entities subject to the oversight of the General Financial Institute Audit Bureau. On 29 January 2009 the government announced a social protection and economic stimulus plan, also known as Plan Escudo, in response to the international crisis. As well as confirming the capitalization of State banks, for a sum of US$ 117.5 million, part of the Plan is to promote a draft law on subordinated debt, which will enable public banks to issue this sort of contact. A loan of US$ 500 million is being negotiated with IDB, to augment the central bank's capacity to bolster national banks.	In August 2008, the government presented an extraordinary budget for US$ 90 million. The budget included US$ 1.4 million to subsidize fuel for the fisheries industry, as well as spending on items such as health care, education and social security. In the first semester a budget of US$ 35 million was also approved to help deal with any crisis which may be caused by rising international food prices. An expansionary fiscal policy will be applied, increasing spending on public investment through external borrowing and public-works concessions. The Congress approved a special budget of US$ 117.5 million to capitalize three State-owned banks and revive lending to the productive sector. Up to 10 March, 17% of this budget had been used. On 29 January 2009 the government announced Plan Escudo, a social protection and economic stimulus plan to deal with the international crisis. Plan Escudo has four pillars: families, workers, firms and the financial sector. The public sector aims to invest an amount equivalent to 5% of GDP in education infrastructure and road construction and refurbishment through the Plan. Much of this investment will depend on the approval of an US$ 850 million loan by IDB. On 19 March 2009 the Minister of Finance announced measures to deal with the growing fiscal deficit. Changes will be made to the legislation to allow increased borrowing in foreign currency (from 20% to 40%) and the use of borrowing to finance current spending. In addition, the portion of the budget of public entities that comes from the national budget will be cut by 20%. In March 2009 it was announced that US$ 1.26 billion would be invested in infrastructure works through trust funds.

Exchange-rate and foreign-trade policy	Sectoral policies	Labour and social polices
On 22 January 2009 the adjustment rate of the exchange-rate band ceiling was increased from 6 to 20 cents daily, in order to provide more leeway to adapt to international conditions.	**Agriculture** Creation of the National Food Plan, which includes production development policies. The government asked banks to reduce by 2% the interest rate on mortgage loans of less than US$ 90,000. The National Institute of Cooperative Development (INFOCOOP) made a commitment to reduce mortgage rates by 2.5%. Ceiling of Family Housing Benefit lifted to over US$ 9.000. Economic support in the form of start-up capital for young people wishing to develop production projects. Resources in the amount of US$ 400 million for loans to small producers and merchants affected by the international situation. Negotiation with banks to reduce the interest rate by 2% for loans to microenterprises and SMEs. Reduction of 1% in interest rate on INFOCOOP microcredit. Congress approved a loan of US$ 500 million from IDB to bolster the Costa Rican Electricity Institute.	Increase in central government spending on social affairs. Part of this went to subsidies on food, transport and gasoline. Social spending on education and housing also rose. Social security coverage has been increased for workers who lose their jobs and for their dependent family members, from three months to six months. Increase of 15% in pensions of the non-contributory regime of the Costa Rican social security fund. Project to offer children's meals at weekends in child-care centres in the country's 37 poorest districts. Increase in the number of beneficiaries of the Avancemos programme, with more grants for young people. Revision of pricing procedures so that the drop in the oil price can be passed through more quickly to public transport fares. Draft law establishing an agreement between employers and workers, whereby firms reduce the number of hours worked, but do not reduce hourly wages or dismiss staff. Project to modernize labour legislation, to introduce more flexible schemes, such as the four-day week and annualized working hours. Employee training for firms hurt by the crisis. Grants for employees wishing to train in exchange for a guarantee from the firm of job stability and payment of social contributions.

Country	Monetary and financial policy	Fiscal policy
CUBA	No information is available on specific measures to deal with the crisis.	
DOMINICAN REPUBLIC	Approval of a short-term liquidity mechanism for financial intermediation entities through repos of securities issued by the central bank or other eligible instruments. In its second resolution (12 February 2009), the monetary board authorized the central bank to free US$ 210 million corresponding to the legal reserve and up to US$ 85 million against government bond issues provided for in the 2009 budget law, for financial intermediation agencies to lend to production sectors, including agriculture, manufacturing, construction, microenterprises and SMEs. On 16 February 2009 the central bank cut the overnight interest rate to 6.0% and the Lombard rate to 11.5%, which was one percentage point lower than the rates a month earlier. In view of the success of the measures adopted to control inflation and reduce the current-account deficit, as of February 2009 monetary policy began to be eased by reducing the central bank's reference rate of interest and making the legal reserve more flexible, among other measures.	The following subsidies were allocated in 2008: - Subsidy to the electric power sector: 2.4% of GDP. - Subsidy for liquefied petroleum gas: 0.5% of GDP. - Fuel price subsidy: 0.25% of GDP. - Direct subsidy to free zone export firms: 0.13% of GDP. - Subsidies to the agricultural sector: 0.17% of GDP.

Exchange-rate and foreign-trade policy	Sectoral policies	Labour and social polices
	IDB was asked for a loan of US$ 300 million to promote private sector activities through the multiple banks. In the second week of February a series of measures were announced to protect and strengthen food security programmes, rural prosperity and competitiveness. It was agreed to boost the financing extended by the Agricultural Bank and allocate US$ 100 million from National Bank for the Promotion of Housing and Production (BNV) to develop the sector. A training programme for rural youth will also be rolled out, endowing young people with land from the agrarian reform to attract them into the sector.	The liquefied petroleum gas (LPG) subsidy has been targeted since the last quarter of 2008 to benefit the poorest segments of the population. Two programmes were created: (i) a targeted LPG subsidy for public transport, which benefits 24,000 public transport drivers, and (ii) a targeted LPG subsidy for households, with an estimated coverage of 800,000 homes. As of August 2008 the public sector minimum wage, including civil and military pensions and retirement benefits, was adjusted by 67%. On the same date, a 15% wage rise was decreed for public-sector employees earning up to US$ 870 per month, which benefits 97.6% of civil servants. As of the last quarter of 2008, the coverage of the Dominican Republic's main social welfare scheme, the Solidarity Programme, was extended to 50,000 new households. This scheme includes subsidies for the purchase of food, school aid and assistance for the elderly. The transfer corresponding to Solidarity Programme's subsidy for food purchases ("Eating comes first") was increased by 27%. School attendance incentives for over 292,000 children and adolescents in households identified through the Solidarity Programme. An increase of 33% is expected in food purchase transfers under the Older Adult Programme, which will benefit 50,000 elderly.

Country	Monetary and financial policy	Fiscal policy
ECUADOR	Tax credit of 12.5% of the amount allocated to loans to the production sector using fresh capital from the financial sector. Establishment of a monthly tax on available funds and investments held abroad by private entities regulated by the bank and insurance oversight bureau and the stock market departments of the Superintendency of Companies. Extension of second-tier credit lines by National Development Bank. These credit lines will be available to financial institutions which sustain their operations using remittances from outside the country. Suspension of the reduction of interest rates until June 2009. On 11 March 2009 the Ecuadorian Social Security Institute announced the decision to buy US$ 400 million in performing mortgage portfolio from the private banking sector. The banks have committed to plough these funds back into new lending and to apply the same loan mortgage conditions as they did in 2008.	Tax credit allowed for above-minimum bank provisions. Moratorium on advance income tax payment up to December 2009 for exporters in the sectors worst affected by the crisis; reduction in the withholding tax on interest paid abroad, to 0% for the banking sector and 5% for private firms until December 2009 (except for capital from tax havens). Taxes on private banks to be temporarily reduced and financial institutions to be required to capitalize their profits. Banks will also be allowed access to fiscal incentives in exchange for issue of credit to the production sectors. Banks' stocks of external assets to be taxed to encourage national saving and levy on capital outflows to be raised from 0.5% to 1%. Provision of loans for public servants (of up to three months of salary) to stimulate domestic demand. Negotiation of a US$ 500 million loan from IDB to finance fiscal policy. A tax reform bill has been drafted and will need to be approved by the legislative commission, to assist the productive sector and strengthen the country's financial system. The government reduced the State-financed part of Petroecuador's budget to US$ 3 billion in 2009 (compared to US$ 4.884 billion in 2008). This will be accomplished by means of staff cuts, among other measures. The government is engaged in negotiations to obtain financing for large infrastructure works, such as the Pacific Refinery, the Coca Codo Sinclair hydroelectric project and others.
EL SALVADOR	In December 2008, IMF announced that it would backstop the Salvadoran government's economic programme for 2009 with a 15-month stand-by agreement for the equivalent of 513.9 special drawing rights (about US$ 800 million). The government intends to treat the agreement as a precautionary measure. Banks were required to hold 3% of their liquid assets in the central bank. The IDB Executive Board approved a loan for US$ 400 million to the central bank under the Liquidity for Growth Sustainability Project, in response to the liquidity squeeze in the international financial markets. In November 2008 a loan was agreed with IDB and the World Bank for US$ 653 million to restructure the Eurobond debt (issued after the earthquakes of 2001) maturing in 2011. Financial Stability Committee created. Measures to be taken to strengthen instruments of participation in the repo market and the mechanism to facilitate the operability of the interbank market.	Subsidies for the entire population on consumption of electric power, water, liquefied gas and public transport, for US$ 400 million (1.8% of GDP). This support will be targeted in 2009.

Exchange-rate and foreign-trade policy	Sectoral policies	Labour and social polices
Expediting (from 30 days to 5) and reducing red tape for tax returns (drawbacks), leading to earlier reimbursement of tax pre-payments by exporters. Export sectors hurt by the crisis will be exempted from advance payment of income tax in 2009. Imports to be restricted, within the limits of the rules of the World Trade Organization. Elimination of tariffs on inputs and capital goods not produced in the country. A credit line of US$ 100 million will be opened by the National Finance Corporation for external trade operations. The external investment limit for investment funds will be lowered from 50% to 20%. Introduction of safeguard measures on imports for an (initial) period of one year, in order to help to offset the balance-of-payments deficit estimated for 2009. This includes countries with which Ecuador has preferential trade agreements. The determination, first, increases tariffs by 30% or 35% in ad valorem terms for 73 sub-categories and creates specific tariffs for 283 others. Second, it places quantitative restrictions on 248 sub-categories by allocating quotas by importer and by sub-category. In total, 627 sub-categories are covered by the measure.		
	In the agricultural sector, there are plans to strengthen the improved seed programme and provide small farmers with fertilizers. Creation of a strategic reserve of maize and beans to guarantee supply. Setting of benchmark prices for gasoline and diesel.	Solidarity Network programme to combat extreme poverty strengthened by doubling the amount of assistance per family, from US$ 150 to US$ 300 for families with children in primary education. Alliance for the Family programme implemented to increase standards of living for middle-income families through discounts on schooling costs, broader health coverage and increase in pensions. Loan of US$ 297 million secured from IDB and the World Bank to strengthen social development.

Country	Monetary and financial policy	Fiscal policy
GUATEMALA	Temporary, moderate easing of restrictions of banks' accounting of reserves (November 2008). Temporary suspension of issues of fixed-term certificates of deposit of over seven days and measures allowing their early redemption. The use of central government cash resources is projected to increase liquidity in December 2008. Congress will take measures to activate loan commitments with multilateral agencies, negotiate credit lines for banks in the financial system with regional and international agencies and expedite the negotiation of contingency credit lines with international financial agencies.	More expansionary fiscal policy projected for 2009, with a central government deficit of 2% of GDP, compared with 1.2% in 2008. A proposal for gradual income tax reform was sent to congress. Priority will be afforded to spending on labour-intensive physical and social infrastructure. In February 2009, five external loans were approved, totalling US$ 950 million for financing different development programmes.
HAITI		
HONDURAS	Reduction in legal reserve requirement from 12% to 10% (October 2008). Temporary credit lines for some US$ 106 million for mortgage loans for new housing (November 2008). Reduction of the legal reserve in dollars and in lempiras for any bank at least 60% of whose loan portfolio is devoted to productive activities (December 2008). The monetary policy rate was reduced to 5.75% in March. Flexibilization of requirements so that private banks can make US$ 1.16 billion in surplus liquidity available to the production sectors. Debts in arrears owned by producers to be restructured to enable them to surmount the financial crisis or problems caused by natural phenomena. The government will share the credit risk with the banking system to stimulate lending to producers. The financial system to be strengthened by guaranteeing savers' deposits and capitalizing the deposit insurance fund. A special fund has also been created to protect the financial system.	The government took a series of measures to subsidize fuel and stabilize food prices in mid-2008 in response to rising oil and food prices, especially in urban areas. Another series of measures were taken in 2008 to increase the availability of production resources in the agricultural sector, especially to ensure the supply of staple grains, and avoid price speculation. In January 2009, congress approved a new decree on income tax exemptions for employees earning less than US$ 7.940 per year. This decree came into effect for the 2009 tax year. The fiscal deficit will rise to 2.5% of GDP, above the target agreed upon with IMF. The implementation of public investment to be expedited to safeguard growth with equity and create jobs, particularly in road and energy infrastructure. Public investment to be increased to US$ 750 million. Increase in transfers to families in the poorest municipalities from 150,000 to 220,000 .

Exchange-rate and foreign-trade policy	Sectoral policies	Labour and social polices
Establishment by the central bank of a special account to inject dollar liquidity, with pre-established ceilings. The Monetary Board authorized the Bank of Guatemala to supply dollar liquidity to banks in the system for as much as US$ 290 million up to 31 May 2009. At the end of February 2009 the Monetary Board changed the rule on exchange-rate intervention in order to afford the Bank of Guatemala greater discretionality to offset the unusual volatility of the nominal exchange rate. The margin of fluctuation of the moving average of the flexible exchange-rate system was increased from 0.50% to 0.75%.	Implementation of programme to strengthen SMEs. A strategy has been created to promote local and foreign tourism. Projects in electric, thermal, hydroelectric and oil-fired power. A liquidity facility called "Housing Financing Fund" was create to provide lines of credit to finance housing, and a guarantee fund for banking institutions was set up to increase the availability of financing for the housing segment.	A 10.7% increase in the minimum wage for workers in the agricultural and non-agricultural areas. The maquila industry was not included, because the commission responsible for deciding on the increase was unable to reach a resolution. Regularization of part-time work through legal reform. A budgetary allocation was made to ensure the consolidation of the Mi Familia Progresa scheme, as well as other social programmes.
	Design and implementation of measures to stimulate sustainable productive activity in the municipalities with the highest poverty levels. Implementation of rural development programmes, with a budget allocation of US$ 70 million in 2009.	Programmes to subsidize food and transport costs.
	Signature of agreements with the Venezuelan government and in the framework of the Bolivarian Alternative for Latin America and the Caribbean (ALBA): bilateral agreement on food security between Honduras and the Bolivarian Republic of Venezuela; loans of up to US$ 30 million for agricultural producers; and a commitment by the Bolivarian Republic of Venezuela to buy Honduran bonds for a total value of US$ 100 million for housing programmes. The government also requested, together with other governments of the region, loans from CABEI and IDB. IDB extended US$ 2.1 million to the Network of micro-finance institutions of Honduras (REDMICROH), to enable it to offer soft loans to micro-enterprises and SMEs. This is a non-repayable fund that will help to improve access and coverage of financial services in low-income segments, with a particular emphasis on rural areas. Investment of US$ 530 million of public funds to finance the private production sectors, with preferential rates for SMEs. Broadening of credits for construction, urban developments, industrial parks, commercial centres and education establishments, hospitals, hotels and so forth. Financing for the construction of small hydroelectric projects. Targeted support of US$ 159 million for the social sectors: US$ 106 million for social housing; US$ 32 million to finance agricultural micro-enterprises and small businesses; and US$ 21 million to support other social sectors in housing, agricultural production and other areas. Creation of credit lines to facilitate payment of suppliers, contractors and micro-enterprises, and to pay for health care provision. US$ 42 million is to be allocated to benefits to pay for agricultural arrears and certification of urban plots. The government will pay rural landowners in order to extend definitive registration documents to the reformed sector and bring these plots into the production system. Facilities and support to be provided to businesses in the environmental licensing process. Measures relating to electric power and fuel will be taken to provide support to the production sector.	In January 2009 a new monthly minimum wage was approved, of US$ 290 for urban areas and US$ 215 for rural areas. Budgets were increased for such programmes as school lunches, free matriculation, community schools (in rural areas), the basic health services package, reforestation, various education benefits, and subsidies for fuel and electric power. Targeted support of US$ 159 million for the social sectors, to be channelled to social housing, support for SMEs and other social sectors. Increase in transfers to families in the poorest municipalities.

Country	Monetary and financial policy	Fiscal policy
MEXICO	Additional short-term financing lines for banks. Temporary authorization to banks to inject liquidity into their own investment funds. Announcement of a plan to buy back medium- and long-term government securities for up to US$ 3.06 billion. The Secretariat of Finance and Public Credit and the central bank announced a cut in long-term debt issues and the launch of a forward swap mechanism to inject money into the markets. The Central Bank created a forward swap programme for US$ 6 billion, which will enable banks to swap the exposure of instruments with long-term fixed rates for variable-rate short-term securities. On 16 January 2009, the central bank announced a cut of 50 basis points in its monetary-policy rate, lowering it to 7.75%. The credit from the World Bank and IDB will be increased to US$ 7.1 billion (US$ 5.3 billion for the federal government and US$ 1.8 billion for development banks).	An economic support programme presented on 3 March 2008 contained 10 measures covering taxes, social security contributions, employment generation, tariff simplification, public spending, development of marginalized areas, electric power rates and financing for development banks to boost economic activities, investment and employment. On 8 October the government announced the growth and employment stimulus programme (PICE), which comprises the following: (i) Fiscal stimulus for US$ 6.91 billion, equivalent to 0.7% of GDP, largely as additional expenditure on infrastructure. (ii) Increase of US$ 12.63 billion in financing: US$ 9.95 billion through the development banks and US$ 2.68 billion through the National Infrastructure Fund. (iii) Government procurement programme to support development of SMEs. (iv) Comprehensive reform of the investment scheme of Petróleos Mexicanos (PEMEX) and reforms to expedite spending on infrastructure. The government acquired coverage of US$ 70 per barrel against fluctuation in the oil price (the coverage cost US$ 1.5 billion, and covers 90% of exports). Resources are also available from the Petroleum Stabilization Fund. The national agreement for family economy and employment (ANFEFE), announced on 7 January 2009, includes the following items: (i) In 2009, gasoline prices will be frozen and the price of liquefied petroleum gas will be cut by 10%. The rise in diesel prices is also cut by 75%. (ii) The price of electric power will be lowered. The formula for determining electric power charges for industry will be modified, and more businesses will be allowed to opt for a 12-month fixed-charging system. (iii) The National Infrastructure Programme will be accelerated. Investments in this area by the public and private sectors will rise to US$ 43.63 billion in 2009.

Exchange-rate and foreign-trade policy	Sectoral policies	Labour and social polices
Cuts in tariffs, particularly for products imported from countries with which Mexico has no free trade agreement. The central bank set up a swap mechanism of US$ 30 billion with the United States Federal Reserve. IMF was requested to provide a one-year contingency credit line of US$ 47 billion, for preventive purposes. This instrument will act as financial armouring for the economy.	**Oil** Overhaul of Petróleos Mexicanos (PEMEX) investment scheme. Announcement that an oil refinery is to be built (PICE). **Transport** Programme of federal support for mass transit, with an investment of US$ 1.3 billion in 2009, supported by PICE. In the framework of the National Agreement on Family Economy and Employment, the following measures will be implemented: (i) Direct or financial support worth US$ 57 million to enable low-income families to replace their electrical appliances with new, more energy-efficient models. (ii) Increase in credit support for the purchase of low-cost housing. (iii) The federal government will make at least 20% of its purchases from small or medium-sized enterprises in 2009. (iv) A US$ 380 million trust fund will be established to launch the development programme for small and medium-sized enterprises which are suppliers of the country's oil industry. (v) Small and medium-sized enterprises will be provided with technical assistance and will receive financial support through the México Emprende trust fund, which will have US$ 540 million to generate support to the tune of US$ 19.1 billion in loans in 2009-2012. (vi) Nacional Financiera and Bancomext will increase direct and indirect financing for businesses to a total credit balance of US$ 13.5 billion. (vii) Lending to the rural sector, through Financiera Rural and the Agricultural Trust Funds (FIRA), will increase by 10% to US$ 6.43 billion. (viii) Direct lending and credit generated by the development banking sector will rise by over US$ 9.57 billion in 2009 (an increase of over 26%). (ix) A new brand with the slogan "Made in Mexico" will be registered and disseminated, to promote purchases of Mexican goods and services. (x) In addition to the financing already approved, PEMEX will receive an additional US$ 1.3 billion for investment, and the individual states will receive an additional US$ 1.07 billion for infrastructure investments. (xi) The National Bank for Public Works and Services and the National Infrastructure Fund will provide loans and guarantees totalling over US$ 4.98 billion for the execution of infrastructure projects planned for 2009 in partnership with the private sector. On 17 February, Nafin announced the launch of a credit line of US$ 730 million for the automobile industry, with three pillars: first, US$ 310 million for brand lenders, which Nafin will allocate to credit lines destined for vehicle consumption; the second, also US$ 310 million, earmarked for guarantees to back commercial bank auto loans; and third, US$ 110 million to lend to automobile distributors at preferential rates (interbank equilibrium rate plus 5%).	Additional assignment (US$ 50 million, March 2008) to the national employment and training system, to be used to broaden coverage and quality of the National Employment Service. On 30 April 2008 a food support programme was established in priority areas, aimed at improving nourishment and nutrition in households in very isolated areas not covered by other federal government food programmes. In the framework of the National Agreement on Family Economy and Employment, the following measures have been taken: (i) The temporary employment programme at the federal level was expanded by 40% over what had been planned, bringing it up to US$ 170 million in 2009. (ii) Employment protection programme. US$ 150 million was earmarked for protecting sources of employment in businesses which are the most vulnerable to world events and are declaring layoffs. (iii) Expansion of the savings withdrawal capacity in case of unemployment. (iv) Expansion of social security coverage for unemployed workers. (v) Strengthening of the national employment service. A budget of around US$ 96 million will be provided. Programme to support workers (Employment preservation programme) who will be affected by technical outages in industries involved in manufacturing, assembly and repair of non-electrical, electrical and electronic machinery and equipment and transport and autoparts. Under the programme, resources of up to US$ 150 million will be used to support some 500,000 sources of work. The programme started on 11 February 2009 and complements the national agreement to promote household finances and employment.

Country	Monetary and financial policy	Fiscal policy
MEXICO		
NICARAGUA	Through the Central American Integration System (SICA), the Central American Bank for Economic Integration (CABEI) was asked to extend a line of credit to its members to provide loans for central and private banks. A loan of US$ 300 million is being sought from IDB to be channelled through the national financial system in order to support production activities.	On 20 January the government presented the "Production, growth and employment support programme, 2009", whose main pillars are: financial stability and external cooperation; public investment; production and private investment; promotion of solidary employment; and promotion of fiscal austerity. The general budget was cut by US$ 66 million and current spending by 20% in relation to 2008. Public-sector wages were frozen and expenditures on procurement of vehicles, informatics equipment and foreign travel was reduced by 50%. Efforts will be made to re-establish relations with foreign cooperation agencies to reactivate budgetary assistance allocations not received in 2008. US$ 300 million will be allocated to road, schools and sanitation infrastructure. Central government social spending was increased.

Exchange-rate and foreign-trade policy	Sectoral policies	Labour and social polices
	Nafin indicated that it is preparing another credit line for the autoparts sector and an additional loan for distributors.	The first initiative reforms the provisions of the social security law in order to flexibilize requirements for retirement due to unemployment, and to increase the amount available for workers' retirements. The initiative proposes to: improve access to and level of unemployment benefits offered by the retirement savings system; increase the social contribution paid by the federal government into workers' individual accounts and redistribute it in favour of lower-income workers; allow workers to make more flexible use of social security contributions to secure higher credit and increase the resources available for their retirement. The second initiative reforms a number of provisions of the Workers' National Housing Fund Institute (INFONAVIT) in order to make more flexible use of housing contributions, so that part of these can be put towards retirement savings. This initiative proposes to: redistribute employer contributions between savings for housing and savings for retirement, and give greater control of these to the worker; and reform the legislation on INFONAVIT to improve its financial operation and oversight capacities. The government will offer monthly support of up to US$ 120 for urban unemployed for four to six months providing they participate in social programmes; this will be implemented through the temporary urban employment programme. It is estimated that 60,000 urban workers will benefit from these measures.
Import tariffs temporarily reduced or eliminated for various products (edible oils, beans, cereal products and barley, among others), in order to offset the rise in international food prices. Steps will be taken to open new markets and strengthen trade ties with the Russian Federation, Iran and the countries of the Bolivarian Alternative for Latin America and the Caribbean (ALBA). The crawling-peg rate will be maintained at 5% per year and free convertibility of foreign currency is to be guaranteed. Efforts will be made to keep international reserves at the 2008 level.	A loan of US$ 200 million to be sought from CABEI to strengthen production activities. US$ 18 million to be allocated to strengthening the food production programme. A loan of US$ 300 million is being sought from IDB to be channelled through the national financial system in order to support production activities. The construction of 4,800 dwellings was announced, with financing from IDB and CABEI. Procedures for obtaining exemption benefits for essential goods for the agricultural sector will be simplified and tax exemptions will be extended for agriculture.	Central government social spending increased. Subsidies created for fuel purchases, targeting urban collective transport. Different types of food support and subsidies provided by strengthening or launching initiatives such as the Food for the People programme and the Food Distribution and Sale at Fair Prices programme. Transfers to vulnerable and low-income sectors to soften the impact of food and energy price rises.

Country	Monetary and financial policy	Fiscal policy
NICARAGUA		On 2 March 2009 it was announced that a new budget cut would have to be made for 2009, in addition to the US$ 66 million announced previously. The government is assessing the possibility of using international reserves to cover shortfalls in the public budget. A number of measures were also announced to enhance efficiency in public spending.
PANAMA	In January the government announced a financial stimulus programme for US$ 1.11 billion, to be focused on stimulating credit and investment. The funds are being provided through loans from the Andean Development Corporation, IDB and the National Bank of Panama. Panama reopened its 2015 global bond in March, selling US$ 323 million to cover borrowing needs arising in the 2009 general budget law.	The government introduced new legislation lowering the income tax rate for workers with a monthly wage of less than US$ 1,000. As of 2009, workers earning less than US$ 2,500 will also benefit. There are also income tax exemptions for workers earning less than US$ 800 per month. On 21 January 2009, a financial stimulus programme was announced. This government initiative provides for US$ 1.11 billion to boost bank lending to benefit workers and private enterprise. The funds are being provided by ADC, IDB and the National Bank of Panama. The specific measures will be announced later.
PARAGUAY	The legal reserve in national currency was lowered from 17% to 15% in October 2008. In February 2009, it was reduced to 0% for deposits of over one year. The legal reserve in foreign exchange was lowered from 26.5% to 21% for all deposits of up to 360 days in October 2008. In February 2009 it was reduced to 0% for all deposits of over 541 days. The curve of the base interest rate for monetary regulation instruments (IRMs) was cut 1% in October and again in November 2008. A liquidity facility was set up for local financial entities, known as the Short-term Liquidity Facility through Repurchase of Monetary Regulation Instruments (FLIR) (October 2008). A facility was opened for automatic early payment of IRMs (November 2008). In March 2009 the central bank (BCP) set up a short-term liquidity facility for repurchase of monetary regulation instruments and letters of commitment issued by BCP, treasury bonds and financial development agency bonds. In October 2008 the maximum daily variation of the net foreign-exchange position was limited to US$ 1 million and the ceiling ratio of this position was reduced from 50% to 30% of effective assets (October 2008). The Central Bank of Paraguay was bolstered by the adoption of a scheme that allows it to maintain an adequate level of capitalization. Banking provisions were increased to up to 1.5% of the entire loan portfolio for entities failing to comply with the requirements of the central bank (1 January 2009).	An expansionary fiscal policy was adopted for 2009, including: - Investment in road infrastructure (US$ 194 million, double the budget for 2008). - Investment in social housing (US$ 37 million, double the budget for 2008). - Expansion of conditional transfer programme to benefit 120,000 families. Loans amounting to US$ 300 million to be secured to finance the 2009 budget through contingency credit lines with international agencies. This measure is to be submitted to congress. Labour-intensive municipal investment in the six poorest departments using funds from the Itaipú and Yacyretá binational entities. Concessions and public-private partnerships to be approved by congress in the first semester of 2009 (US$ 542 million). An inter-agency unit is to be created to monitor trends in economic activity. In 2009 management and auditing controls will be strengthened in the different entities. Administrative procedures for public procurement to be expedited.

Exchange-rate and foreign-trade policy	Sectoral policies	Labour and social polices
	Free-zone procedures will be facilitated and simplified to attract foreign direct investment. Tourism will be promoted by eliminating visa requirements.	Steps will be taken to open the labour market to recent university graduates, through agreements with business associations. Training will be provided to unemployed groups, with an emphasis on selected priority sectors.
	Agriculture Implementation of the Agro Compita programme, with preferential financing for producers of food sold in the market at lower prices. Maintenance of the Food Solidarity Programme (provision of tools, inputs and animals to boost agricultural production for own consumption).	
US$ 50 million in funds to support export activity. Measures to eliminate protectionist measures in MERCOSUR. Control of contraband. Temporary application of special import tariffs to correct trade distortions in intra-zone commerce.	US$ 194 million in investment in road infrastructure. Implementation of a policy to support the agricultural sector in order to soften the impact of the drought and safeguard the 2009/2010 harvest; this includes loans, technical assistance and seed distribution. The Financial Development Agency also has US$ 50 million to finance the harvest and exports. Loans to micro-enterprises and SMEs (US$ 125.4 million). Long-term provision of funding to banks through the Financial Development Agency (US$ 155 million). External loans awaiting approval by Congress: US$ 105 million (March 2009). The projects chosen will afford priority to the impact on employment (rural and community development, road networks) and to the reorganization of the State (strengthening of justice system, modernization of fiscal, tax and customs administration). External loans being sought from financial agencies: US$ 285 million (first semester of 2009). This financing will be channelled to upgrading of rural roads, basic health works, the supply of funds through the Financial Development Agency, educational reform, and modernization of the drinking water and sanitation sector. Creation of regime to support production and industrial and agricultural development and promote the use of national labour through preference margins for provincial and municipal hiring processes. Preference margins of up to 70% will be afforded to national manufactured products, and to agricultural goods from the rural family production system. Budget of US$ 37 million given to the National Housing Council (CONAVI) and to the Social Action Secretariat (SAS) to build economy housing.	Expansion of conditional transfers programme to benefit 120,000 extremely poor families (US$ 50 per family). The benefits will extend to 600,000 people, i.e., half of those living in extreme poverty. Budget of US$ 37 million given to the National Housing Council (CONAVI) and to the Social Action Secretariat (SAS) to build economy housing. Credit lines amounting to US$ 30 million for 30,000 small producers through the agricultural loans facility (CAH), with 150,000 beneficiaries. Implementation of a job creation programme based on labour-intensive construction of works for the community. This programme will be implemented in the short term by the municipalities of six of the country's departments. The total investment will be US$ 6 million. Adjustment to minimum wage postponed. Under law 2051/03 on public procurement, it was established that successful bidders in tenders for provincial and municipal works or services must employ at least 70% local workers.

Country	Monetary and financial policy	Fiscal policy
PERU	Legal reserve requirement reduced five times for local-currency deposits and three times for foreign-currency deposits. In March, the minimum reserve requirement stood at 6.0% and the marginal rate for foreign currency was 30%. The Central Reserve Bank of Peru lengthened the maturities of loans to some financial institutions. A number of monetary policy measures have been proposed to keep up levels of liquidity in the financial system, including: - repo operations of up to 12 months - swap operations in foreign currency - repurchase of central bank certificates in the secondary market - exemption from legal reserve of external liabilities with maturities of two years or more held by financial institutions - reduction in the minimum reserve funds banks must keep in their current account with the central bank, from 2.0% to 1.0%. It was announced that, on a temporary basis, in April the central bank could start conducting repo operations with smaller financial institutions, which could use their loan portfolio as collateral. The central bank reduced the benchmark rate of interest by 0.25 basis points in February, to 6.25% (the first cut since 2003) and then again in March.	Spending will not decrease in 2009, even though revenues will be below budgeted estimates. The gap will be financed in part with resources from the Fiscal Stabilization Fund, which had US$ 1.8 billion, equivalent to around 1.5% of GDP, as of December 2008. As well, an economic stimulus plan was announced, amounting to plan includes an increase in public spending of some US$ 2.5 billion (2.0% of GDP). The main components of the plan are infrastructure works (US$ 1.7 billion), support for sectors hit by the crisis (non-traditional exporters, SMEs and workers) for a total of US$ 300 million, and social protection (especially social infrastructure) for almost US$ 230 million. On 29 January the first package of measures for implementing the economic stimulus plan was announced. The package amounted to US$ 1.45 billion (about 1.1% of GDP) and included: - payments of government debt to refineries, feeding through into a reduction in fuel prices - temporary increase in drawback rate on non-traditional exports (from 5% to 8%) - Increase in investment resources and simplification of procedures - Resource transfer to local governments. Other measures were also announced, mainly aimed at expediting investment. They include a fund of resources from the public sector and pension fund administrators to finance infrastructure works through concessions or public-private partnerships. Also announced was the transfer of funds to the Ministry of Transport and Communications and to local governments, for infrastructure work, an accelerated depreciation scheme, the creation of guarantees for raising long-term capital for financing private infrastructure works, a cut in the initial rate of interest for purchasing social housing and the creation of a central bank fund for refinancing microfinance institutions. The Fiscal Responsibility and Transparency Act was altered to allow a larger increase in public spending.
URUGUAY	Early redemption, in two stages, of securities issued by the central bank, which offers the possibility of obtaining liquidity in local currency or dollars (November 2008). The central bank reduced the monetary policy rate from 10% to 9% on 18 March. The 10% rate had been adopted on 12 January, replacing the 7.75% rate that had been in place since October 2008.	Cut of at least 5% in spending and investment by the central government and public enterprises. Postponement of cut (from 2% to 1%) of the consular rate on imports, originally planned for June 2009. Advances on tax on income from business activities (IRAE) levied on imports of consumer goods, as already occurs with VAT. Regulation of IRAE for transfer prices. Increase in specific domestic tax (Imesi) on cigarettes. Bonus in the form of 120% exemption from IRAE for investments made in 2009, in the framework of the law on investment and the new weighting that rewards projects that create more employment.

Exchange-rate and foreign-trade policy	Sectoral policies	Labour and social polices
Temporary increase in the rate of tax rebate on non-traditional exports (from 5% to 8%).	The government will allocate additional resources to construction and infrastructure maintenance. Among others, extra support was allocated to programmes such as the My Home fund, My Roof, My Neighbourhood and Water for All, as well as the COFICASA mortgage loan programme managed by the Development Finance Corporation (COFIDE). Funds were approved for support to SMEs, including direct State procurement for US$ 48 million. The Business Guarantee Fund (FOGEM) was set up to help micro-enterprises and SMEs to gain access to credit.	Promotion of the formalization of workers. Additional support will be allocated to social programmes to improve the quality of life for the poorest sectors and those who are the most vulnerable to the global situation. A special programme will be set up to help workers who lose their jobs because of the crisis to find other employment. Additional resources will be invested in maintaining and equipping education and health institutions. Direct implementation of works to be allowed under the "Building Peru" programme (emergency job creation), which will expedite the start-up of such works.
Measures by which exporters can swap tax rebate certificates for cash through the Banco de la República Oriental del Uruguay, which will allow firms access to up to US$ 100 million. Increase in rate for 180-day credits to pre-finance exports, from 1.78% to 2.78%, up to December 2009. Postponement of cut (from 2% to 1%) of the consular rate on imports, originally planned for June 2009. Extension of tax-free imports of inputs for re-export (temporary admission). Preferential rates for pre-financing of textile exports to be maintained until December 2009 and this regime to be extended to the leather and automobile sectors. An additional US$ 125 will be made available to help the banking system to fund investment projects and pre-finance exports.	**Manufacturing** VAT reduction on purchases of gasoil for the manufacturing sector, for a 90-day period. Tax rebate certificates may be swapped for cash under the special regime for the automobile industry (which receives a 10% reimbursement in addition to the 2% all sectors receive). Tariff protection on specific segments of vehicle manufacture to be reviewed. Decree regulating the law on investment promotion altered, so that firms are exempted from tax on income from business activities (IRAE) for 120% of the amount invested. The amount of the exemption will also give particular consideration to the labour employed and exports generated by investment projects. The auto, electronics and naval industries have been added to the categories promoted. An additional US$ 125 will be made available to help the banking system to fund investment projects and pre-finance exports in the industrial sector.	Training subsidy (US$ 5 million), consisting of subsidizing training and part of the wage of workers in training, through the Labour Reconversion Fund of the National Employment Board (JUNAE).

Country	Monetary and financial policy	Fiscal policy
URUGUAY		Measures by which tax rebate certificates can be swapped for cash through Banco de la República Oriental del Uruguay, which will allow access to some US$ 100 million, also helping to inject liquidity into the economy. Tax exemptions decreed to promote the production of machinery for renewable energy and agriculture. The manufacture of energy equipment will be 100% exempted from the economic activities income tax (IRAE) starting this year, then the rebate will be gradually lowered to 50% in 2018. In addition, VAT will be reimbursed on imports of inputs for equipment manufacture and waived for local purchases of such inputs. In the case of agricultural machinery, VAT exemption will be raised from 75% to 100% for the purchase of manufacturing inputs, and an IRAE exemption regime will also be applied. One and a half times the real value of some expenditures (particularly those involved in funding innovation and technology projects) may be deducted from IRAE payments. VAT on purchases of gasoil in the manufacturing sector may be deducted for a 90-day period.
VENEZUELA (BOLIVARIAN REPUBLIC OF)		The following measures were announced on 21 March 2009: - Increase in the VAT rate from 9% to 12%. - Window for increasing public borrowing in 2009 up to US$ 17.4 billion (starting from the previous authorized amount of US$ 5.7 billion). - A draft law is to be sent to the National Assembly, aimed at changing the premises of the 2009 budget. In the new scenario, the average annual price of oil will be revised from US$ 60 per barrel to US$ 40 per barrel and the oil production target will be lowered from 3.6 million bpd to 3.17 million bpd. This, in turn, will make it necessary to revise public spending downwards for 2009. Wage ceilings to be established for senior civil servants. Spending cuts decreed for budget items the authorities considered to be superfluous, such as renewals of vehicles and representation expenditures.

Exchange-rate and foreign-trade policy	Sectoral policies	Labour and social polices
Banco de la República Oriental del Uruguay: guarantee fund of US$ 20 million created for exports to countries that classified as representing a non-payment risk. Advance IRAE payments on imports of certain consumer goods, such as clothing and footwear, will be upped from 4% to 8%. Customs valuation procedures will be stepped up to avoid undervaluation of import reference prices in the clothing and footwear sectors. Tariff protection on specific segments of vehicle manufacture to be reviewed.	Banco de la República Oriental del Uruguay: the amount earmarked to fund investment in industry, commerce and service provision will be doubled to US$ 200 million in 2009, with especially favourable rates and maturities. **Agricultural and renewable energy sector** Measures to provide loans and support to the dairy sector. Steps to promote the production of renewable energy equipment and agricultural machinery, through tax exemptions. The manufacture of energy equipment will be 100% exempted from IRAE starting this year, then the rebate will be gradually lowered to 50% in 2018. In addition, VAT will be reimbursed on imports of inputs for equipment manufacture and waived for local purchases of such inputs. In the case of agricultural machinery, VAT exemption will be raised from 75% to 100% for the purchase of manufacturing inputs, and an IRAE exemption regime will also be applied. **Tourism** Implementation of a system whereby tourists can buy national products tax-free. Real-estate companies' commissions for rentals to non-residents included in the services export regime. Tax Administration Department (DGI) to keep a record of dwellings offered for seasonal rental. **Housing** A new policy of State-subsidized mortgage loans for house purchase and/or construction. **SMEs** Creation of a national guarantee system to facilitate access to credit. Increase in guarantee fund for SME loans administered by the National Development Corporation. Regulations of the Subprogramme of public contracting for the development of micro-enterprises and SMEs. Implementation of a programme called "Exporta Fácil" ("easy exports") for micro-enterprises and SMEs. Greater benefits for SMEs under the investment promotion law.	
		A 20% rise in the minimum wage was announced. Wage ceilings to be established for senior civil servants.

Country	Monetary and financial policy	Fiscal policy
BAHAMAS	Following the bailout of CLICO financial group in Trinidad and Tobago in January 2009, in February the Government of the Bahamas took judicial control of CLICO operations in the Bahamas. In December legislation was approved to strengthen controls on money laundering and financing for terrorist activities. A commitment was made to ensure the use of international best practices in order to avoid being considered an uncooperative jurisdiction.	Government borrowing capacity increased from US\$ 100 million to US\$ 150 million as of November 2008. In February the government announced that it was arranging a loan of US\$ 200 million from a consortium of banks to provide funding for the stimulus programme. Also in February, the government announced that, in view of the adverse global and domestic environment, the most appropriate policy was to absorb the reduction in revenues and keep current expenditures steady, adjusting the projected fiscal deficit for 2008-2009 from 2.1% to at least 3%.
BARBADOS	Explicit support to Credit Union Movement (locally-owned financial institutions) in order to increase oversight and regulation, promote corporate governance, protect investors' interests and combat money-laundering. Following the bailout of CLICO financial group in Trinidad and Tobago in January 2009, in February the Central Bank of Barbados took steps to support CLICO subsidiaries in Barbados, providing liquidity funds and opening a facility for further liquidity support. In March the Government of Barbados entered into discussions regarding the acquisition of CLICO Life (a CLICO subsidiary in Barbados), with the intention that the funds generated by the purchase would be injected back into the entity. In October 2008 and January 2009 the central bank cut the minimum rate of interest payable on deposits. In January 2009 the central bank announced the establishment of a repurchase agreement facility to help commercial banks to obtain cheaper credit. Monitoring of the financial sector was increased.	In October and November 2008, the government issued debentures and treasury bills for a total of US\$ 135 million to provide liquidity to the public sector. Temporary subsidies for basic food items. Establishment of tax exemptions for low income workers.
BELIZE	Following the bailout of CLICO financial group in Trinidad and Tobago in January 2009, in March the Government of Belize took judicial control of CLICO Belize, through the Supervisor of Insurance.	Taxes on fuel were cut to offset the high cost of living during 2008. However in March 2009 the Prime Minister announced a rise in the excise tax on fuels in the 2009 budget. In March the government announced that it was seeking loans for around US\$100 million during 2009 from IDB, the Caribbean Development Bank, the World Bank, the European Commission and IMF, among others, for investment in infrastructure rehabilitation and upgrading after the floods and to provide a stimulus to activity.

Exchange-rate and foreign-trade policy	Sectoral policies	Labour and social polices
	Expedited implementation of projects to develop and expand infrastructure. The government has launched a series of initiatives to increase domestic food production and reduce food imports and is planning more. Pursuit of a marketing campaign, especially in the United States, to promote the country and limit the drop in tourist arrivals.	Surplus funds in the Medical Benefit Branch of the National Insurance Board (NIB) have been used to provide unemployment relief for workers who have lost their jobs or been placed on reduced work-weeks.
	Announcement of the creation of a task force with representatives of business and academia to identify strategies to deal with economic and social challenges arising from the global crisis. **Agriculture** Efforts are planned to mobilize more credit for small farmers. The government is increasing the marketing budget of the Barbados Tourism Association. In February, the government announced proposals to create a Special Department or Ministry of Innovation and Economic Empowerment to support the small business sector. In January the central bank expanded the range of entities eligible for credit guarantees under the Small Business Guarantee Scheme, to include medium-sized companies in the tourism and manufacturing sectors.	A conditional transfer programme is being designed with assistance from the World Bank, and economic support is being negotiated with IDB to expand health care in the country's poorest areas. Temporary subsidies for basic food items. Expansion of welfare grants and pensions. Establishment of tax exemptions for low income workers.
In March the Prime Minister announced a rise in the import duty on gasoline and diesel in the 2009 budget.	Mobilization of additional credit for the agricultural sector and SMEs through a revitalized national financial institution, the Development Finance Corporation (DFC). In March the government announced the approval of a US$10 million loan for the Development Finance Corporation (DFC) of Belize, a public financial institution that provides credit for small farmers, young entrepreneurs and small business.	A support programme was designed with help from the World Bank, based on conditional money transfers. With support from IDB, the coverage of a primary health care programme in underprivileged areas of the country was expanded. In January the government approved a cut in the retail price of domestic gas, and in February negotiated a reduction in the price of flour. In February the government re-established the position of Controller of Supplies to monitor and enforce price controls. In March the government proposed a sharp increase in its funding of the National Health Insurance Program to compensate for the cessation of the Social Security Board's funding for the scheme.

Country	Monetary and financial policy	Fiscal policy
GUYANA	Discussion of reforms to enhance the financial system's transparency and solvency, including the establishment of credit systems to improve credit information, measures to make the payments system more solid and laws to combat money-laundering. Following the bailout of CLICO financial group in Trinidad and Tobago in January 2009, in February the Government of Guyana took judicial control of CLICO Guyana. In March the government reiterated support and guarantees for CLICO Guyana's shareholders.	Several fiscal measures were taken in 2008 to deal with the rising cost of living: fuel tax was reduced and VAT was eliminated for some basic items. Renewed efforts to secure and conclude debt relief agreements with bilateral and commercial creditors. Cash subsidies and capital transfers to the electricity sector.
JAMAICA	In October 2008 the Bank of Jamaica established a special loan facility in foreign currency for security dealers and deposit-taking institutions. In November 2008 the Bank of Jamaica established an intermediation facility in foreign currency to facilitate the flow of credit. Later, this facility was extended to cover deposits and loans in local currency. In October and December 2008, the Bank of Jamaica increased interest rates across the spectrum of open-market instruments. In December the Bank of Jamaica increased the cash reserve and liquid assets requirements for commercial banks, merchant banks and building societies. Further rises were decreed in January and February 2009.	The government is negotiating with the European Union for funds to finance the budget for 2009 and to cover the projected shortfall in income. In November, the Government of Jamaica secured an emergency credit line from IDB, for US$ 500 million, in order to provide commercial banks with funds to lend to the production sectors. The Senate agreed to lift the public borrowing ceiling from US$ 9 billion to US$ 12 billion. In December the government announced an economic stimulus package that included tax cuts and low-cost loans for business, manufacturing and tourism activities. In January 2009 the government secured a loan of US$ 100 million from the World Bank to support its fiscal and debt sustainability programme. In February 2009 the government secured another US$ 100 million loan, this time from the Caribbean Development Bank, also to support its fiscal and debt sustainability programme.
SURINAME	Following the bailout of CLICO financial group in Trinidad and Tobago in January 2009, in late March the Central Bank of Suriname announced that it was closely monitoring the status of CLICO operations in Suriname to protect policyholders' interests, and was consulting with CLICO officers to find a solution to the growing liquidity and solvency problems faced by that firm's operations in Suriname.	A working group, including representatives of the Central Bank, the Ministry of Finance and other agencies, has been set up to formulate policy responses to the effects that the global slowdown is expected to have on the real sector and on fiscal revenue in 2009-2010.
TRINIDAD AND TOBAGO	CLICO financial group was bailed out to prevent contagion from spreading to other financial institutions. Regulation and supervision of the financial sector was improved. In late March the central bank reduced the repo rate by 25 basis points to 8.5%.	With revenue falling short of projections given the decline in energy prices, the government has cut current spending and postponed some non-essential investment projects in order to avoid generating a fiscal deficit.

Exchange-rate and foreign-trade policy	Sectoral policies	Labour and social polices
In February, the President called for a moratorium in the implementation of the Economic Partnership Agreement (EPA) between CARIFORUM and the European Union to enable the Caribbean countries to pull through the global economic crisis.	Cash subsidies and capital transfers to the electricity sector. In February the government announced its renewed commitment to provide support for the traditional sectors: sugar, rice and bauxite, including engagements with the major operators to ensure the viability and realization of planned investments, especially in the bauxite and alumina sectors. Increased support for the agricultural sector, including the "Grow More" campaign, the Agriculture Export Diversification Programme, and the Rural Enterprise and Agricultural Development Programme.	Direct intervention in the flour, rice and sugar markets through cash transfers to producers and suppliers and the introduction of subsidies. Adjustments in wages and salaries of public-sector employees and pensioners to compensate for the increased cost of living.
In October 2008 the Bank of Jamaica established a special loan facility in foreign currency for security dealers and deposit-taking institutions. In November 2008 the Bank of Jamaica established an intermediation facility on foreign currency to facilitate the flow of credit. During the last quarter 2008, the Bank of Jamaica increased its intervention in the foreign exchange market, making sales of US$ 432 million.	Establishment of an emergency credit line with IDB for US$ 500 million, to provide the financial system with funding for the production sector. In December the government announced an economic stimulus package that included tax cuts and low-cost loans for business, manufacturing and tourism activities. Creation of promotional programmes and subsidies to boost agricultural output. Intensive marketing campaign in the United States to position Jamaica as a sports tourism destination.	A loan is being negotiated with IDB to maintain and broaden the Programme of Advancement Through Health and Education (PATH), and training and community empowerment, as a safety net and a response to the food crisis and the economic slowdown. Wage rise for civil servants and adjustment of the national minimum wage.
	A working group; including representatives from the Central Bank, the Ministry of Finance and other agencies; has been set up to formulate policy responses to the effects that the global slowdown is expected to have on the real sector and on fiscal revenue in 2009-2010. Following the announcement by BHP Billiton that it will pull out of Suriname in 2010 (affecting the Bakhuys aluminium development project), the government has engaged in talks with Alcoa regarding that company's possible takeover of the project.	
		The government has committed to maintaining key social programmes to provide employment to the poor.

Country	Monetary and financial policy	Fiscal policy
EASTERN CARIBBEAN MONETARY UNION		
ANTIGUA AND BARBUDA	In February the Eastern Caribbean Central Bank assumed control of the Bank of Antigua Ltd. (part of the Stamford financial group) in order to protect the interests of depositors and preserve the stability of the country's financial system.	Extension of list of articles subject to a zero rate for the Antigua and Barbuda Sales Tax. Elimination of consumption tax on certain articles (mainly food items). Reduction in service charge on certain articles (mainly food items). Subsidized utilities for pensioners. Pension payments increased. The government has approached the Caribbean Development Bank with a view to accessing a policy-based loan of US$30 million to augment government revenues.
DOMINICA		Increase in income tax allowance and cut in tax rates.
GRENADA		
SAINT KITTS AND NEVIS		Elimination of consumption tax on 10 food and non-food products.
SAINT LUCIA		Suspension of common external tariff and consumption tax on nine articles. Increase in subsidies for bulk imports of rice, flour and sugar. Number of staple foods and health-related articles subject to price controls increased from 15 to 44.
SAINT VINCENT AND THE GRENADINES		Extension of list of zero-rated and VAT-exempt articles, including staple foods.

Exchange-rate and foreign-trade policy	Sectoral policies	Labour and social polices
		An unemployment fund was created to provide income for people who have lost their jobs. Subsidized utilities for pensioners. Pension payments increased.
Tariff reductions for selected articles (mainly food items).		Social welfare payments increased by 10%. Minimum wage increased. Exemption from hospital costs for certain sectors of the population. Increase in school transfer subsidy.
Suspension of common external tariff on selected goods.		Free milk programme for families with small children and persons with special needs. Food basket distribution programme.
Suspension of common external tariff on 31 food and non-food products.	Distribution of 224 acres of land to rural workers for agricultural production. Price controls extended to a larger number of goods.	Revision of minimum wage.
Suspension of common external tariff and consumption tax on nine articles.		
Review of common external tariff on certain commodities.		

Country	Monetary and financial policy	Fiscal policy
CANADA	The Bank of Canada lowered its overnight interest rate target from 1% to 0.5% on 3 March 2009; this decision brought the cumulative monetary policy easing to 400 basis points since December 2007. Crisis liquidity facilities: the following measures were taken to provide liquidity to the financial system: (i) On 12 December 2007, the Bank of Canada announced that it would enter into term purchase and resale agreements (term PRAs). (ii) The Bank of Canada announced the expansion of the range of acceptable collateral for its Standing Liquidity Facility (SLF). SLF provides liquidity to institutions that participate directly in the Large Value Transfer System (LVTS) and the Automated Clearing Settlement System (ACSS) (12 December 2007). This measure included: - lowering the minimum pool size for the National Housing Act Mortgage-Backed Securities (NHA-MBS) accepted as SLF collateral (5 June 2008); - the addition of United States Treasury securities (25 June 2008) and Asset-Backed Commercial Paper (ABCP) (31 March 2008) to the list of SLF-eligible securities; - changes in eligibility requirements for ABCP accepted as collateral (11 September 2008). (iii) Canada Mortgage and Housing Corporation (CMHC) launched a new quarterly 10-year Canada Mortgage Bond maturity on 31 July 2008; this was expected to raise up to US$ 8.4 billion in supplementary funding for financial institutions in 2009. (iv) As part of the G7 Action Plan, the Bank of Canada introduced the following new measures to provide liquidity to the financial system: - to provide significant term liquidity to the financial sector, the amount to be auctioned on 15 October of the 27-day Term Purchase and Resale Agreement (PRA) —an open-market operation designed to lower overnight interest rates and increase the money supply— was set at US$ 8.4 billion; - to enhance the distribution of liquidity, term PRAs were permitted to be transacted with direct participants in LVTS as well with primary dealers until further notice (effective 21 October 2008); - to enhance the functioning of money markets, the Bank of Canada offered a new term PRA facility on a temporary basis, directly for primary dealers and indirectly for other money market participants (term PRA facility for private sector money market, 14 October 2008); - to give institutions greater flexibility in managing collateral, the Bank of Canada is accepting an assignment of non-mortgage loan portfolios as eligible collateral for LVTS and SFL purposes, effective from 20 October 2008 until 2 November 2009; - up to US$ 21 billion in NHA-MBS insured mortgage pools to be purchased through CMHC to maintain availability of longer-term credit (10 October 2008). (v) As part of the G7 Action Plan, the Canadian Lenders Assurance Facility (CLAF) was created on 23 October 2008: this is a temporary programme to guarantee mid- to long-term debt issued by Canadian banks and other federally-regulated deposit-taking institutions.	Tax relief measures benefiting both businesses and private households were announced on 31 December 2008, amounting to a tax reduction of US$ 26 billion in fiscal year 2009-2010: (i) introduction of the Tax-Free Savings Account; (ii) reduction of the general corporate income tax rate from 19.5% to 19%; (iii) extension of accelerated capital cost allowance treatment for three years for investment in manufacturing or processing machinery and equipment; (iv) as part of the Fifth Protocol to the Canada-United States Income Tax Convention, the rate of withholding tax on interest payments from Canada to non-arm's length United States lenders is reduced from 7% to 4%; (v) proposal of a one-time change allowing Registered Retirement Income Fund (RRIF) holders to reduce their required minimum withdrawal by 25% for 2008. Economic Action Plan: unveiled with the Budget 2009 on 27 January 2009, the plan will provide temporary economic stimulus of almost US$ 25 billion (equivalent to 1.9% of GDP) to help Canadian families and businesses deal with short-term challenges. This plan includes the following measures: (i) investment in infrastructure, roads, bridges, broadband internet access, electronic health records, laboratories and border crossings countrywide (US$10 billion); (ii) tax cuts: US$17 billion in personal income tax relief over the next five fiscal years and continued low employment insurance rates; (iii) action to stimulate housing construction (US$ 6.5 billion); measures include a home renovation tax credit providing an estimated 4.6 million Canadian families with up to US$ 1,130 each, funding for energy retrofits, investments for social housing, and low-cost loans to municipalities; (iv) improved access to financing (up to US$ 170 billion) under the Extraordinary Financing Framework (EFF); (v) action to help the Canadians worst affected by the crisis (US $7 billion); (vi) support for businesses and communities (US$ 6.3 billion).

Exchange-rate and foreign-trade policy	Sectoral policies	Labour and social polices
Currency swaps: swap facility with United States Federal Reserve, the Bank of England, the European Central Bank (ECB), the Bank of Japan and the Swiss National Bank, as part of coordinated central bank actions to improve the liquidity conditions in global financial markets: (i) to respond to continued strains in short-term funding markets the swap facility was expanded from US$ 10 billion to US$ 30 billion on 29 September 2008; (ii) to address continued pressures in global United States dollar funding markets, on 3 February 2009 the temporary reciprocal currency arrangements between the United States Federal Reserve, the Bank of Canada and other central banks was extended to 30 October 2009.	Action to support businesses and communities (part of the Economic Action Plan): US$ 6.3 billion provided in extra support for sectors, regions and communities in order to protect jobs and support sectoral adjustments during the crisis. This includes targeted support for the automotive, forestry and manufacturing sectors, as well as funding for clean energy. Action to stimulate housing construction in the framework of the Economic Action Plan: US$ 6.5 billion to build quality housing, stimulate construction and enhance energy efficiency. Automotive Sector: (i) Canada contributed US$ 3.3 billion to the short-term automotive rescue announced by the United States Administration, providing emergency loans to the Canadian arms of General Motors (US$ 2.5 billion) and Chrysler (US$ 0.8 billion) to support them while they restructure their businesses (21 December 2008). (ii) Canadian Secured Credit Facility in the framework of the Extraordinary Financing Framework of the Economic Action Plan: up to US$ 10 billion will be allocated to this facility to purchase term asset-backed securities backed by loans and leases on vehicles and equipment, to help the competitiveness of the auto industry.	Action to stimulate housing construction (part of the Economic Action Plan): includes investments for social housing to support low-income Canadians, older adults, persons with disabilities and Aboriginal Canadians, and low-cost loans to municipalities. Action to help Canadians in the framework of the Economic Action Plan: US$ 7 billion for the Canada Skills and Transition Strategy , which includes extra support for Canadians most affected by the economic downturn, including enhancements to employment insurance and increased funding for skills and training.

Country	Monetary and financial policy	Fiscal policy
CANADA	(vi) The base commercial pricing of CLAF was reduced by 25 basis points, and the 25 basis points across-the-board surcharge for insurance provided under the Facility was waivered until further notice, making the facility more competitive with similar programmes offered in other countries (12 November 2008). (vii) The Office of the Superintendent of Financial Institutions (OSFI) announced an increase in the allowable limit of innovative and preferred shares in Tier 1 capital, providing financial institutions with more sources of funds to support lending (12 November 2008). (viii) Further to the measures implemented under the G7 Plan of Action, the Bank of Canada announced a Term Loan Facility (TLF) allowing LVTS participants to use non-mortgage portfolios as collateral for term loans (12 November 2008). (ix) To provide a source of liquidity for off-the-run Government of Canada securities, the Bank of Canada announced the following changes to the cash management and regular buyback programmes: the existing buyback floors were reduced to US$ 2.5 billion for all maturities; buyback operations were scaled back for the remainder of the fiscal year (22 December 2008). (x) Extraordinary Financing Framework (EFF) of the Economic Action Plan (27 January 2009): this framework will provide up to US$ 170 billion to address difficulties in specific credit market segments, mitigate systemic risks and put financial institutions on a more level playing field with initiatives undertaken by trading partners: - an additional US$ 42 billion of insured mortgage pools will be purchased under the Insured Mortgage Purchase Program (IMPP), in addition to the US$ 63 billion of purchases already authorized, increasing the total size of the Program to US$ 105 billion; - the resources and scope of action available to the federal Crown corporations was enhanced, with US$ 11 billion being provided in incremental financing to the business sector; - to further help small businesses gain access to financing, the government increased the maximum eligible loan amount under the Canada Small Business Financing Program for loans made after 31 March 2009 (lending under the scheme could be increased by some US$ 250 million per year); - up to US$ 10 billion will be allocated to a new Canadian Secured Credit Facility to purchase term asset-backed securities backed by loans and leases on vehicles and equipment (facilitating vehicle and equipment financing); - the deadline for CLAF was extended to 31 December 2009. (xi) A new term PRA facility was created for private sector instruments (23 February 2009), incorporating four major changes to the previous term PRA facility for this sector: the set of eligible securities was expanded to include corporate bonds; the range of potentially eligible counterparties now includes federally or provincially regulated market participants who have significant activity in the corporate bond market; the minimum bid rate has been significantly reduced; and the term of transactions has been expanded from 2 weeks to 1 and 3 months.	

Exchange-rate and foreign-trade policy	Sectoral policies	Labour and social polices

Country	Monetary and financial policy	Fiscal policy
UNITED STATES	Cuts in the federal funds rate: the Federal Reserve began to ease monetary policy in September 2007, with the monetary policy rate easing by a cumulative 425 basis points from 5.25% in September 2007 to 1% in October 2008. In December 2008, the Federal Reserve set a range of 0 to 25 basis points for the federal funds target rate. Additional tools: (1) Provision of short-term liquidity to sound financial institutions: (i) Primary credit programme: On 17 August 2007, the Federal Reserve reduced the spread between the primary credit rate and the federal funds target rate to 50 basis points and began to allow the provision of primary credit for terms as long as 30 days. On 16 March 2008, the Federal Reserve further reduced this spread to 25 basis points and increased the maximum maturity to 90 days. (ii) Term Auction Facility (TAF) (announced on 12 December 2007): provides term funding to eligible depositary institutions against collateral. The programme currently makes available term funds of 28-day or 84-day maturity of up to $150 billion. (iii) Term Securities Lending Facility (TSLF) (announced on 11 March 2008): the TSLF loans Treasury securities to primary dealers for 28 days against eligible collateral. (iv) Primary Dealer Credit Facility (PDCF) (announced on 16 March 2008): the PDCF is an overnight loan facility that provides funding to primary dealers. The Federal Reserve announced a sharp easing of the terms under the PDCF in September 2008, taking a wider range of assets as collateral. (v) Currency swap lines: the Federal Reserve concluded bilateral temporary currency liquidity agreements with 14 foreign central banks to relieve funding pressures in the global market for dollar liquidity. The programme has been extended until 30 October 2009. (2) Providing liquidity to key credit markets: provision of liquidity directly to borrowers and investors in key credit markets: (i) Asset-Backed Commercial Paper Money Market Mutual Fund Liquidity Facility (AMLF) (announced on 19 September 2008): the AMLF is a lending facility that finances the purchases of high-quality asset-backed commercial paper (ABCP) from money market mutual funds by United States depository institutions and bank holding companies. (ii) Temporary Guarantee Program for Money Market Funds (announced on 19 September 2008): Under the programme, the Treasury will insure the holdings of any eligible publicly offered money-market fund, making available as necessary the assets of the Exchange Stabilization Fund for up to US$ 50 billion. The programme was opened on 29 September 2008; the guarantee is in effect up to 30 April 2009, but can be extended until 18 September 2009. (iii) Commercial Paper Funding Facility (CPFF) (announced on 7 October 2008): The CPFF provides a liquidity backstop to United States issuers of commercial paper through a specially created limited liability company, the CPFF LLC. This company purchases three-month unsecured and asset-backed commercial paper directly from eligible issuers. The Federal Reserve provides financing to the LLC through the CPFF. (iv) Money Market Investor Funding Facility (MMIFF) (announced on 21 October 2008): the MMIFF provides liquidity to United States money market mutual funds and certain other money market investors.	Tax Rebates (February 2008): US$ 150 billion in rebates for individuals and tax breaks for businesses was signed into law in early February 2008. American Recovery and Reinvestment Act (ARRA) (17 February 2009): the estimated cost of the economic recovery package is US$ 787 billion (5.5% of GDP) over the fiscal years 2009-2019: (i) Tax provisions account for 38% of the stimulus in the next three years, of which more than 45% will be through the Making Work Pay tax credit for workers earning less than US$ 75,000. (ii) Aid to states, the unemployed, for access to health care and to students account for about 35%. The plan includes aid to states for Medicaid and to support state budgets, mainly for education. It includes spending on student grants, special education and education for the disabled; help for the unemployed and struggling families, health insurance assistance for the unemployed and nutritional assistance. (iii) Spending accounts for 27%. The package includes spending on modernization of the electric grid, road and bridge infrastructure, public transit improvements, high-speed rail investments, health information technology, health research, investments in energy and water, upgrading government buildings, and homeland security and defence.

Exchange-rate and foreign-trade policy

Currency swaps: swap facilities that allow foreign central banks to acquire dollars from the Federal Reserve that they may lend to financial institutions in their jurisdiction.

(i) The Federal Open Market Committee (FOMC) authorized temporary reciprocal currency arrangements (central bank liquidity swap lines) with the European Central Bank and the Swiss National Bank to help provide liquidity in United States dollars to overseas markets (12 December 2007).

(ii) Subsequently, the FOMC authorized liquidity swap lines with additional central banks (14 in total, including some central banks of emerging economies).

(iii) On 3 February 2009, to address continued pressures in global United States dollar funding markets, the temporary reciprocal currency arrangements (swap lines) were extended to 30 October 2009.

Sectoral policies

Housing sector:

(i) The government took control of Fannie Mae and Freddie Mac:
- On 6 September 2008, the Treasury and the Federal Housing Authority (FHA) announced that the two largest government-sponsored enterprises (GSEs) were placed into "conservatorship" (under the control of the United States government). The move would accelerate stabilization in the housing market by bringing down the cost of home loans. The Treasury and the Federal Housing Finance Agency (FHFA) established Preferred Stock Purchase Agreements, contractual agreements between the Treasury and the conserved entities, totalling US$ 200 billion, US$ 100 billion for each GSE.
- On 25 November 2008, the Federal Reserve initiated a programme to purchase the direct obligations of housing-related GSEs Fannie Mae and Freddie Mac and the Federal Home Loan Banks, and mortgage-backed securities (MBS) backed by Fannie Mae, Freddie Mac, and Ginnie Mae (up to US$ 600 billion).

(ii) Hope for Homeowners programme (1 October 2008): mortgage assistance for homeowners at risk of foreclosure. The programme will refinance mortgages for borrowers who are having difficulty making their payments but can afford a new FHA-insured loan. The FHA is authorized to insure up to US$ 300 billion refinanced housing loans under this programme, which will end on 30 September 2011.

(iii) Credit Union Homeowners Affordability Relief Program (CU HARP) (November 2008): a two-year, US$2 billion programme to provide assistance to credit union members who face delinquency, default, or foreclosure. This programme will lower monthly mortgage payments for struggling low-income and moderate-income credit union members and provide interest-rate relief to an estimated 10,000 households. The NCUA will funnel federal loans to credit unions through the Central Liquidity Facility ("CLF") by allowing participating creditworthy credit unions to borrow money at a discount from the Treasury, at rates lower than those available through private sources.

(iv) Housing Support and Foreclosure Prevention, (part of the Financial Stability Plan (FSP), 10 February 2009): a US$ 50 billion fund to prevent avoidable foreclosures.

(v) The Homeowner Affordability and Stability Plan "Making Home Affordable" (announced on 17 February 2009) will:
- Provide access to low-cost refinancing for up to 4 to 5 million homeowners, whose principal exceeds the current 80% loan-to-value rate.
- A US$ 75 billion homeowner stability initiative to reach up to 3 to 4 million at-risk homeowners, assisting them to modify mortgage loans so payments would not exceed 31% of household income. Under this initiative, the lender would voluntarily lower the interest rate, and the government would provide subsidies to the lender. The plan includes a proposal to allow courts to modify mortgages during bankruptcy proceedings for borrowers who have run out of options.

Labour and social polices

The American Recovery and Reinvestment Act (ARRA) of 17 February 2009 includes aid to the unemployed, for access to health care and to students. The plan includes aid to states for Medicaid (about 11% to the total stimulus package) and to support state budgets, mainly for education (about 7.5%). It includes spending on student grants, special education, and education for the disabled (about 2%). It includes help for the unemployed and struggling families, health insurance assistance for the unemployed and spending on training activities for dislocated workers (about 8.5%), and nutritional assistance, including food stamps (almost 3%).

In its announcement of new measures for the automobile sector on 30 March 2009, the government designated a new Director of Recovery for Auto Communities and Workers to ensure that the full resources of the federal government are leveraged to assist workers, communities and regions that rely on the automobile industry. This person will direct a comprehensive effort to assist the hardest-hit areas by using funding available under the American Recovery and Reinvestment Act.

Country	Monetary and financial policy	Fiscal policy
UNITED STATES	(v) Term Asset-Backed Securities Loan Facility (TALF) (announced on 25 November 2008 and launched on 3 March 2009) is a funding facility that will issue loans with a term of up to three years to persons in the United States who own eligible asset-backed security (ABS) collateral. The TALF is intended to assist the financial markets in accommodating the credit needs of consumers and small businesses by facilitating the issuance of ABS collateralized by student loans, auto loans, credit card loans, and loans guaranteed by the Small Business Administration (SBA) (US$ 200 billion initially). On 18 March 2009, the Federal Reserve announces an expansion of the set of eligible collateral for loans extended by the Term Asset-Backed Securities Loan Facility (TALF). (vi) Support for Specific Institutions: the Federal Reserve has lent to certain specific institutions in order to avert disorderly failures, e.g. Bear Stearns, AIG, Citigroup, Bank of America. (3) Purchasing long-term securities: (i) Mortgage-related paper (announced on 25 November 2008): the Federal Reserve will purchase the direct obligations of housing-related government-sponsored enterprises Fannie Mae, Freddie Mac, and the Federal Home Loan Banks (up to US$ 100 billion), and mortgage-backed securities backed by Fannie Mae, Freddie Mac and Ginnie Mae (US$ 500 billion). The purpose is to reduce the cost and increase the availability of credit for the purchase of housing. (ii) On 18 March 2009 the Federal Reserve announced an increase in its purchases of agency debt (from US$ 100 billion to US$ 200 billion) and an expansion in its purchases of agency mortgage-backed securities (MBS) (from US$ 500 billion to US$ 1.25 trillion) in 2009. (iii) On the same date, the Federal Reserve also announced plans to purchase up to US$ 300 billion of longer-term Treasury securities over the next six months. Temporary supplemental financing (announced on 17 September 2008): the programme will consist of a series of Treasury bills, apart from the Treasury's current borrowing programme, which will provide cash for use in the Federal Reserve's lending and liquidity initiatives. Troubled Assets Relief Program (TARP) (part of the Emerging Economic Stabilization Act (EESA), announced on 19 September 2008): the Treasury submitted legislation to the Congress requesting authority (to expire two years from the date of enactment) to issue up to US$ 700 billion to purchase troubled assets from financial institutions. The purchases were intended to be residential and commercial mortgage-related assets. (i) The EESA, approved by Congress on 3 October 2008, included some key modifications to the original TARP: the original amount of US$ 700 billion would be released in instalments, with US$ 350 billion made available immediately; taxpayers would get a stake in participating companies and profit opportunities in the form of equity warrants; ability for the government to buy troubled assets from pension plans, local governments and small banks; selective restriction of executive compensation; an independent oversight board; and assistance to homeowners. (ii) Deposit insurance: temporary lift of the limit on Federal Deposit Insurance Corporation (FDIC) deposit insurance from US$ 100,000 to US$ 250,000.	

Exchange-rate and foreign-trade policy	Sectoral policies	Labour and social polices
	- Support low mortgage rates by strengthening confidence in Fannie Mae and Freddie Mac: the Treasury is increasing its Preferred Stock Purchase Agreement to US$ 200 billion each from their original level of US$ 100 billion each; the Treasury will continue to purchase Fannie Mae and Freddie Mac MBS to promote stability and liquidity in the marketplace; the Treasury will increase the size of the GSEs' retained mortgage portfolios by US$ 50 billion to US$ 900 billion along with corresponding increases in the allowable debt outstanding. **Automotive rescue plan** (i) Automakers General Motors and Chrysler LLC received US$ 17.4 billion in federal loans on 19 December 2008. These funds came from the troubled asset relief programme (TARP). (ii) At the end of December 2008 the government committed a further US$ 6 billion to stabilize GMAC LLC, a financing company considered vital to the future of General Motors. (iii) On 17 February 2009 the government announced the release of US$ 4 billion in additional aid to General Motors and created a task force to oversee the restructuring of the sector. (iv) On 19 March 2009 the Treasury announced a US$ 5 billion programme to aid struggling autoparts suppliers. (v) On 30 March 2009 the Administration announced the following measures (based on the findings of its task force): - General Motors will have 60 days to work closely with the government's task force to produce a better business plan, during which time it will be provided with adequate working capital to continue operating. - Chrysler must find a partner to remain viable. Fiat was mentioned as a prospective partner, having committed to build new fuel-efficient cars and engines in the United States. - Chrysler and Fiat will be given 30 days to reach a final agreement, during which time the government will provide Chrysler with adequate capital to continue operating. If the two firms reach a sound agreement, the government will consider lending up to US$ 6 billion to support their plan. If no agreement is reached, however, bankruptcy restructuring may be the alternative. The Administration also announced several steps to support demand for automobile sales: (i) It will ensure that American Recovery and Reinvestment Act (ARRA) funds to purchase government cars are released as quickly as possible, and will work through the budget process to accelerate other federal fleet purchases as well. (ii) It will accelerate efforts being made through the Treasury's Consumer and Business Lending Initiative (CBLI), and is working with automobile finance companies to increase credit to consumers and dealers.	

Country	Monetary and financial policy	Fiscal policy
UNITED STATES	(iii) TARP Capital Purchase Program (CPP) (announced on 14 October 2008): a voluntary capital purchase programme under which the Treasury will invest a part of the TARP to obtain stakes in United States banks. Under the programme, it would purchase up to US$ 250 billion (the TARP's first instalment) of senior preferred shares on standardized terms. Nine major financial institutions had already agreed to participate in the programme (receiving injections totalling US$ 125 billion). On 27 October 2008 the Treasury funded 22 United States banks in a second round of recapitalization (US$ 38 billion). (iv) Temporary Liquidity Guarantee Program (TLGP) (announced on 14 October 2008): enables the FDIC to temporarily guarantee the senior debt of all FDIC-insured institutions and certain holding companies, as well as deposits in non-interest bearing deposit transaction accounts. Credit Union System Investment Program (CU SIP) (November 2008) facilitates lending by supporting corporate credit unions. Financial Stability Plan (FSP) (10 February 2009): the plan consists of: (i) The Financial Stability Trust, which includes: - A comprehensive stress test for all banks with assets in excess of US$ 100 billion. - Capital Assistance Program (CAP): institutions that have been thoroughly tested will then have access to funds provided by the Treasury under this programme. - A separate entity set up to manage the government's investments in United States financial institutions. (ii) Public-Private Investment Fund: up to US$ 500 billion in public funds (with the potential of expanding up to US$ 1 trillion) to provide financial institutions with greater means to cleanse their balance sheets of "legacy" assets. (iii) Consumer and Business Lending Initiative: an expansion of TALF from US$ 200 billion to US$ 1 trillion, to encourage new consumer/business lending. The TALF's initial scope is expanded to include commercial mortgage-backed securities (CMBS). (iv) New Era of Transparency, Accountability, Monitoring and Conditions: firms will have to show how public funds are enabling them to preserve or generate lending; all recipients are committed to undertake measures to mitigate mortgage foreclosures; the participating firms are restricted from paying dividends, repurchasing shares and pursuing acquisitions until the government's investment has been repaid; the recipients are obliged to comply with the senior executive compensation restriction. (v) Housing Support and Foreclosure Prevention: a US$ 50 billion fund to prevent avoidable foreclosures. (vi) Small Business and Community Lending Initiative: intended to finance the purchase of AAA-rated Small Business Administration (SBA) loans to unfreeze secondary markets for small business loans. **Unlocking Credit for Small Businesses** (16 March 2009): as part of the Financial Stability Plan and the Consumer and Business Lending Initiative (CBLI), the Treasury will: jump-start credit markets for small businesses by purchasing up to US$ 15 billion in securities; temporarily raise guarantees to up to 90% in the Small Business Administration (SBA) 7(a) Loan Program; temporarily eliminate certain SBA loan fees to reduce the cost of capital; require the 21 largest banks receiving Financial Stability Plan assistance to report their small-business lending monthly and call for all banks to increase small business lending; issue guidance for an expanded carry-back provision as part of the tax cut package for small businesses provided for in the American Recovery and Reinvestment Act.	

Exchange-rate and foreign-trade policy	Sectoral policies	Labour and social polices
	(iii) It will offer a new tax benefit for automobile purchases made between 16 February 2009 and the end of the year. (iv) It will work with Congress to identify parts of ARRA that could be trimmed to fund a fleet modernization programme to provide credit to consumers who turn in old, less fuel-efficient cars and purchase cleaner cars. A new Director of Recovery for Auto Communities and Workers was designated to ensure that the full resources of the federal government are leveraged to assist workers, communities and regions that rely on the automobile industry. **Small businesses** (i) Small Business and Community Lending Initiative —part of the Financial Stability Plan (FSP)— announced on 10 February 2009) its intent to finance the purchase of AAA-rated Small Business Administration (SBA) loans to unfreeze secondary markets for small business loans. (ii) Unlocking Credit for Small Businesses (16 March 2009): as part of the Financial Stability Plan and the Consumer and Business Lending Initiative (CBLI), the Treasury will: jump-start credit markets for small businesses by purchasing up to US$ 15 billion in securities; temporarily raise guarantees to up to 90% in the Small Business Administration (SBA) 7(a) Loan Program; temporarily eliminate certain SBA loan fees to reduce the cost of capital; require the 21 largest banks receiving Financial Stability Plan assistance to report their small business lending monthly and call for all banks to increase small business lending; issue guidance for an expanded carry-back provision as part of the American Recovery and Reinvestment Act tax cut package for small businesses. Other Sectors: the American Recovery and Reinvestment Act (ARRA) of 17 February 2009 contains spending on energy, transport, infrastructure, and homeland security. i) Modernizing roads, bridges, transit and waterways: about US$ 70 billion. ii) Energy efficiency: about US$ 60 billion, including spending on energy efficiency initiatives and tax incentives to spur energy savings. iii) Investing in scientific research (more than US$ 15 billion) and extending broadband services (about US$ 7 billion). iv) Health information technology: about US$ 19 billion.	

Country	Monetary and financial policy	Fiscal policy
	Public-Private Investment Program (PPIP) (23 March 2009): the Treasury releases details of the program first mentioned in February with the announcement of the Financial Stability Plan. Under the PPIP the Treasury will make targeted investments in multiple Public-Private Investment Funds (PPIFs) that will purchase legacy real estate-related assets, using up to US$ 100 billion from the TARP to generate US$ 500 billion in financing for this purpose, with the potential to expand to US$ 1 trillion over time. The plan has two key elements: (i) *Legacy Loans Program*: combines a FDIC guarantee of debt financing with equity capital from the private sector and the Treasury to support the purchase of troubled loans from insured depository institutions. (ii) *Legacy Securities Program*: combines financing from the Federal Reserve and Treasury through the TALF with equity capital from the private sector and the Treasury to address the problem of troubled securities.	

Exchange-rate and foreign-trade policy	Sectoral policies	Labour and social polices

Summit of the Americas
1994-2009

Selected Indicators

Fifth Summit of the Americas
Port of Spain, 17-19 April 2009

UNITED NATIONS

ECLAC

Alicia Bárcena
Executive Secretary

Laura López
Secretary of the Commission

Luis Beccaria
Director of the Statistics and Economic Projections Division

Inés Bustillo
Director of the ECLAC office in Washington, D.C.

Diane Frishman
Officer-in-Charge
Documents and Publications Division

This document was coordinated by Luis Beccaria, Director of the Statistics and Economic Projections Division and Juan Carlos Feres, Chief of the Social Statistics Unit. The following also collaborated on this study: Martine Dirven, Officer-in-Charge of the Division of Production, Productivity and Management; Joseluis Samaniego, Director of the Sustainable Development and Human Settlements Division; Hugo Altomonte, Officer-in-Charge of the Natural Resources and Infrastructure Division; Dirk Jaspers_Faijer, Director of the Latin American and Caribbean Demographic Centre (CELADE) - Population Division of ECLAC; and Carlos Vergara and Hugo Guzmán, advisers in the Office of the Executive Secretary of ECLAC. The contribution made by the Inter-American Development Bank (IDB) is gratefully acknowledged.

LC/L.3026
Copyright © United Nations, April 2009. All rights reserved
Printed in United Nations, Santiago, Chile
2009-156

FOREWORD

The present document was prepared by the Economic Commission for Latin America and the Caribbean (ECLAC) for consideration by the Heads of State and Government at the fifth Summit of the Americas. It provides an overview, in figures, of the most important development trends, issues and challenges facing the countries that are part of the Summit process. The differences between countries are so marked in practically every area that the Americas do not, by any means, constitute a single homogeneous reality and, clearly, it would be futile and ill-advised to attempt to treat them as such.

This Summit is being held at a crucial time in our history. On the one hand, the worst financial and economic crisis in the past 70 years has just broken out, and its impact is being felt in varying degrees in every country of the world. On the other, new calls for freedom, cooperation and solidarity with the most vulnerable are echoing through the countries taking part in this Summit. This is an opportunity to lay the foundations for a new era in which all of us by working together decisively and building on the experience we have acquired, can strive to secure a more balanced pattern of development in this hemisphere.

It was not by chance that the past 15 years were chosen as the time frame for the analysis; indeed, they cover the period since the first Summit of the Americas was held in 1994 in Miami (United States). Throughout this period, the Heads of State and Government have renewed their commitment to move forward to combat poverty, hunger and exclusion and foster equitable distribution of the benefits of economic growth;[1] they have also reaffirmed their support for the principal international instruments for protecting and promoting basic economic, social, cultural, civil and environmental rights.[2]

This document, which comprises 11 sections, describes the demographic, economic and social trends observed in the member countries of the Summit of the Americas and illustrates graphically the scope, distribution and development of the main problems and challenges to development, the basic messages and key ideas for analysis and their possible implications for public policies, within the pursuit of an increasingly fruitful cooperation among countries. Statistical information, notwithstanding constraints in terms of availability, is an indispensable input for understanding reality and for monitoring and assessing the impact of public policies; hence the need to redouble our efforts to increase the production of timely, quality data and indicators.

Section I of the document examines the demographic situation in the hemisphere. Since the mid-1990s, the rate of population growth in the Americas has been similar to the global rate; now, although the regional rate has been diminishing, the population is still expected to increase significantly in many countries over the next few years. One of the characteristic features of the continent, however, is the intensity of migration flows, with the destination of choice for Latin American migrants being the United States, although a greater degree of diversification has been observed in recent years. As a result of migration, remittances have become immensely important; indeed, for some countries, they are one of the principal sources of foreign exchange.

---

1 See the Declaration of Mar del Plata, "Creating Jobs to Fight Poverty and Strengthen Democratic Governance", 2005 [online] http://www.summit-americas.org/Eng-2004/previous-summits.htm.

2 These include the outcomes of the following meetings: the World Summit for Social Development (Copenhagen, 1995); the Millennium Summit (New York, 2000); the International Conference on Financing for Development (Monterrey, 2002); the World Summit on Sustainable Development (Johannesburg, 2002), and the High-level Plenary Meeting of the sixtieth session of the General Assembly of the United Nations (New York, 2005).

As indicated in the section on production and international trade, the countries of the Americas account for one third of world GDP, although there are huge gaps between countries, since some are major economies with per capita GDP levels among the highest in the world, while the majority are situated in the mid-to-low range, and others still have very low per capita values. Between 1994 and 2007, the rate of GDP growth in the hemisphere matched that of the rest of the world, although with wide variations between subperiods. In the second half of the decade, however, the acceleration of this growth was brought to a halt by the international financial crisis that broke out in mid-2008. Moreover, the degree of trade openness in this continent is lower on average than in the rest of the world, and the volume of intraregional trade is very significant.

The section dealing with energy underscores the shift in the composition of the primary energy supply: the relative reduction in the use of oil, the setback during the present decade in advances with hydroelectricity and the fact that use of renewable energy remains limited. Little progress has been made in reducing energy intensity in the Americas, and much remains to be achieved in terms of improving efficiency in this area.

The section on poverty and income distribution discusses the reduction in poverty rates —one of the Millennium Development Goals— recorded especially in the present decade. Nevertheless, there are still significant segments of the population that are unable to meet their basic needs, and inequity in income distribution remains high, which places many countries of the Americas among the most inequitable in the world.

The section on employment highlights the challenges arising from high levels of informality, the lack of employment protection, wide gaps in wages and the levels of unemployment which characterize the labour markets of many countries in the Americas, despite the significant improvements generated in those areas by the economic growth which took place from the early 2000s until 2008.

The section on education focuses on progress towards universal primary education and progress in secondary-school and preschool attendance, although in these cases the shortfall is still considerable. The worst indicators in terms of attendance and performance are seen among children and young people from the least favoured social groups, including a number of indigenous groups. A similar situation prevails in relation to the quality of education.

Improvements in access to basic sanitation services and mother-and-child health care, and certain changes in the behaviour of the population, have led to reductions in child mortality. The section on health and nutrition contains data on this improvement but also draws attention to the persistence of unsatisfactory levels in some countries and areas. The nutrition situation has also improved in the Americas, but in some countries significant sectors of the population are still experiencing difficulties in that regard.

The indicators in the section on gender equity reflect persistent gender gaps in terms of labour-market access, the incidence of poverty and participation in decision-making. Nonetheless, the Americas have seen advances in the past 15 years in respect of some of the indicators analysed.

The information in the section on indigenous peoples shows that they make up a considerable proportion of the population in some countries in the Americas, exceeding 60% in some cases. It also underlines the profound disadvantages facing the indigenous population as revealed by the quality-of-life indicators.

The section on the knowledge economy notes that, on average, the countries under consideration spend a smaller proportion of GDP than the countries of the Organisation for Economic Co-operation and Development (OECD) on research and development, but this figure conceals wide gaps between the nations of the Americas; the figures for Canada and the United States are similar to those for other developed countries, but levels are much lower in the rest of the region. Expansion of fixed-line telephone services in the Americas slowed from 2004 onwards, while mobile-telephone use increased, but at varying rates depending on the country. Between 2000 and 2007, Internet penetration grew significantly, again at different rates in different countries, although the gaps have tended to narrow recently.

The section on the environment states that the main problems in North America are water and air pollution, the uncontrolled urban sprawl and high levels of consumption of energy from fossil fuels. It reports that in Latin America and the Caribbean, the loss of forests and of biodiversity is becoming increasingly evident, as is the over-exploitation of natural resources beyond their capacity to replenish themselves, which has caused land degradation and the depletion of fish stocks. It also points out that fast and disorganized urbanization and the persistence of unsustainable patterns of production and consumption are intensifying problems such as the growing generation of waste and rising air pollution in cities. For the whole continent, the picture has been worsened by the effects of climate change and the rising frequency and intensity of hurricanes, floods and landslides.

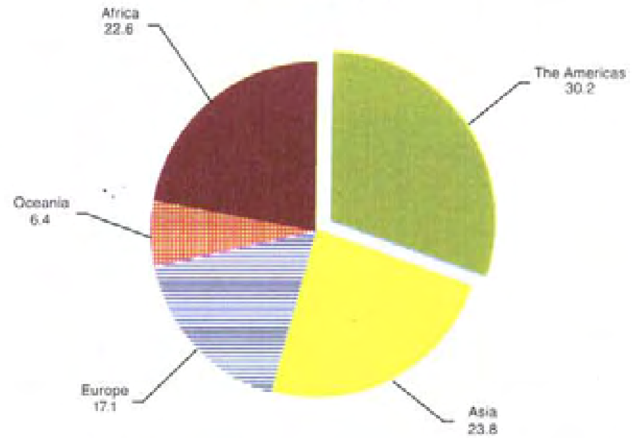
ECLAC submits this document to the Summit of the Americas in the hope that it will provide an overview of the main trends and challenges regarding development in the countries of the Americas. We trust that this work, prepared with assistance from the Inter-American Development Bank, will promote dialogue and cooperation between countries and serve to identify areas where cooperation is needed, thereby contributing to the design of improved public policies and the achievement of more balanced development.

Alicia Bárcena
Executive Secretary
Economic Commission for Latin America and the Caribbean (ECLAC)

I. AREA AND POPULATION

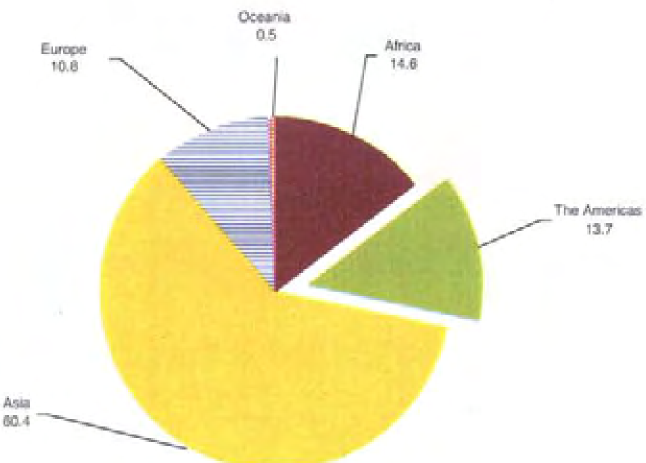
Overall, the Americas make up 30% of the world's land area, and are home to 14% of its population.

Figure 1
WORLD REGIONS: LAND AREA, 2005
(Percentages)



Source: Food and Agriculture Organization of the United Nations (FAO), FAO Statistical Databases (FAOSTAT) [online].

Figure 2
WORLD REGIONS: POPULATION, 2008
(Percentages)



Source: Population Division of the United Nations and Latin American and Caribbean Demographic Centre (CELADE) - Population Division of ECLAC.

The Americas comprise countries of different sizes, from the viewpoint of both geographical area and population. The following table shows that some countries in the Americas are among the world's largest in both area and population terms.

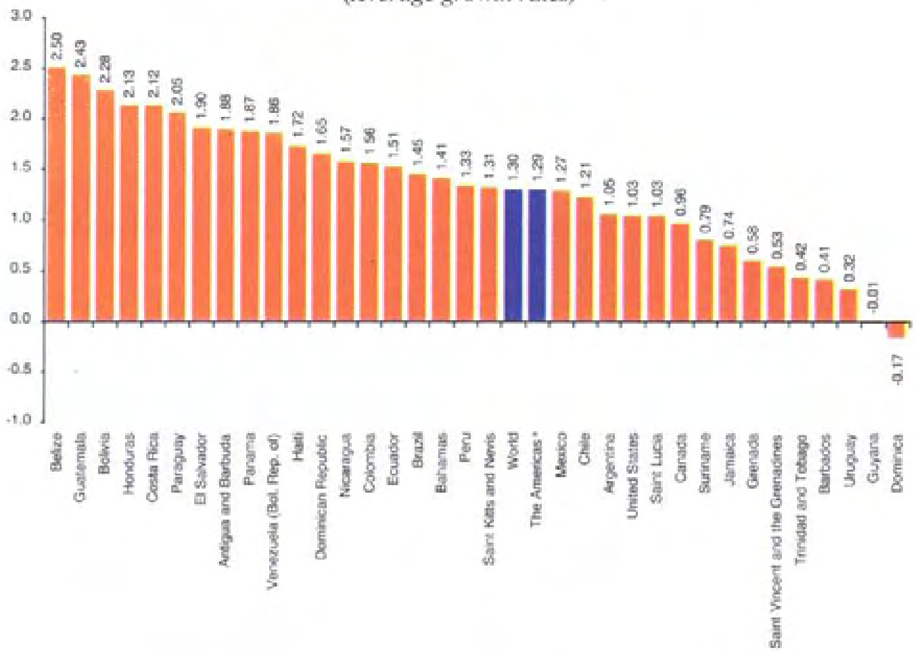
Table 1
THE AMERICAS: POPULATION, 2008, AND AREA, 2005
(Thousands of inhabitants and square kilometres)

Population 2008	Thousands of inhabitants	Area 2005	Square kilometres
Antigua and Barbuda	86	Antigua and Barbuda	440
Argentina	39 746	Argentina	2 780 400
Bahamas	335	Bahamas	13 880
Barbados	295	Barbados	430
Belize	294	Belize	22 970
Bolivia	10 028	Bolivia	1 098 580
Brazil	195 138	Brazil	8 514 880
Canada	33 259	Canada	9 984 670
Chile	16 770	Chile	756 630
Colombia	46 702	Colombia	1 141 750
Costa Rica	4 550	Costa Rica	51 100
Dominica	67	Dominica	750
Ecuador	13 801	Ecuador	283 560
El Salvador	7 224	El Salvador	21 040
United States	311 666	United States	9 632 030
Grenada	106	Grenada	340
Guatemala	13 677	Guatemala	108 890
Guyana	736	Guyana	214 970
Haiti	9 762	Haiti	27 750
Honduras	7 322	Honduras	112 090
Jamaica	2 728	Jamaica	10 990
Mexico	107 677	Mexico	1 964 380
Nicaragua	5 677	Nicaragua	130 000
Panama	3 391	Panama	75 520
Paraguay	6 230	Paraguay	406 750
Peru	28 214	Peru	1 285 220
Dominican Republic	9 890	Dominican Republic	48 730
Saint Kitts and Nevis	51	Saint Kitts and Nevis	260
Saint Vincent and the Grenadines	121	Saint Vincent and the Grenadines	390
Saint Lucia	167	Saint Lucia	620
Suriname	461	Suriname	163 270
Trinidad and Tobago	1 338	Trinidad and Tobago	5 130
Uruguay	3 342	Uruguay	176 220
Venezuela (Bol. Rep. of)	27 912	Venezuela (Bol. Rep. of)	912 050
The Americas	908 763.0	The Americas	39 946 680

Source: Population: Latin American countries: Latin American and Caribbean Demographic Centre (CELADE) - Population Division of ECLAC; Caribbean and North American countries: Population Division of the United Nations; land area: Food and Agriculture Organization of the United Nations (FAO), FAO Statistical Databases (FAOSTAT) [online].

Since the first Summit of the Americas, which was held in the mid-1990s, the rate of the region's population growth has matched the world growth rate; but once again, there are differences among subregions and countries.

Figure 3
THE AMERICAS: POPULATION, 1994-2008
(Average growth rates)



Source: Latin America: Latin American and Caribbean Demographic Centre (CELADE) - Population Division of ECLAC; Canada, the United States and the rest of the world: Population Division of the United Nations.

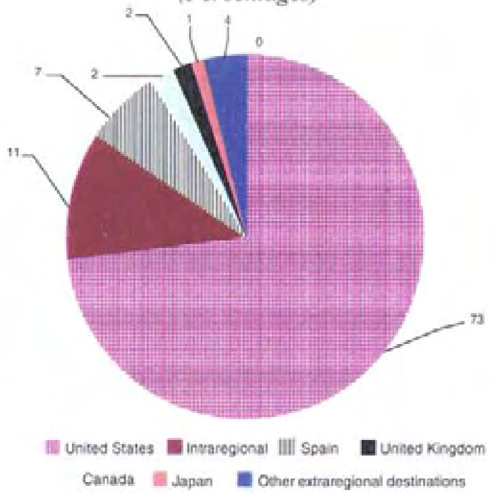
[a] 34 countries.

The downward trend in population growth has continued recently, particularly in those countries which have relatively high growth rates; in many of them, however, significant population growth can be expected in the coming years.

A. MIGRATION AND REMITTANCES

A distinctive feature of the region's demographic patterns is the intensity of migratory flows. Migrants from Latin America and the Caribbean alone make up over 13% of the world's total international migrants, which is well above the ratio of the region's population to the world population (8%). The United States ranks first as a destination for emigrants from Latin America and the Caribbean, but in recent years the flows of migrants have been increasingly diversified.

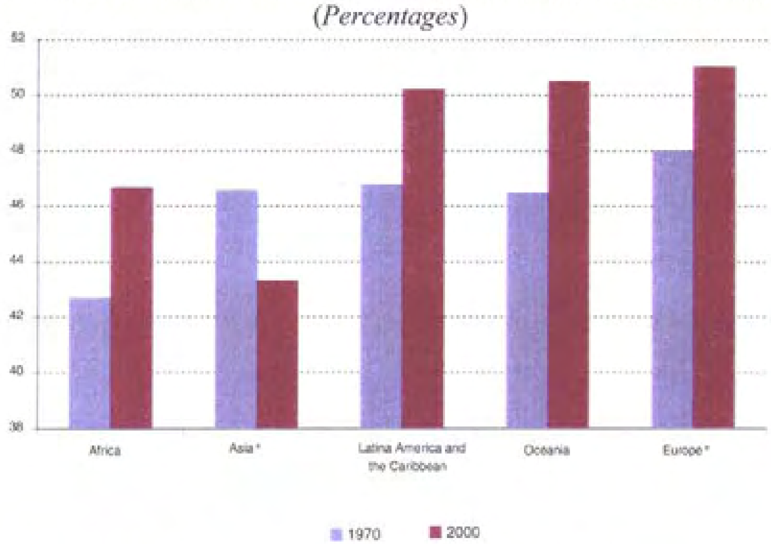
Figure 4
MAIN DESTINATIONS OF MIGRANTS FROM LATIN AMERICA AND THE CARIBBEAN, AROUND 2000
(Percentages)



Source: Latin American and Caribbean Demographic Centre (CELADE) - Population Division of ECLAC.

In 2000, women outnumbered men among intraregional migrants moving to the United States (except for Mexican migrants) and Spain. The idea that women migrants are statistically invisible is not as sustainable as it once was, although they remain vulnerable, particularly in the case of undocumented women migrants and trafficked migrants.

Figure 5
WOMEN AS A PROPORTION OF TOTAL MIGRANTS, BY REGION, 1970 AND 2000
(Percentages)



Source: United Nations, *Trends in Total Migrant Stock: 2003 Revision*, New York, 2003.

[a] Not including Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan.

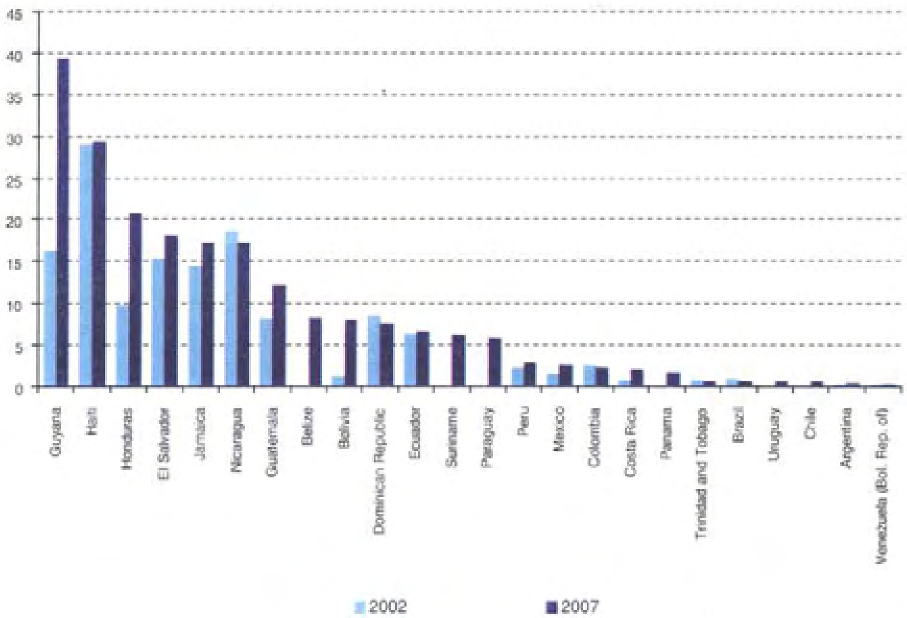
[b] Not including Belarus, Estonia, Latvia, Lithuania, Moldova, Russian Federation and Ukraine.

Given the strong migratory flows from certain Latin American and Caribbean countries, the remittances sent by migrants to their countries of origin are of great significance. In some countries, remittances are among the largest sources of foreign exchange.

Figure 6

LATIN AMERICA AND THE CARIBBEAN (24 COUNTRIES): INFLOWS OF REMITTANCES, 2002 AND 2007

(Percentage of GDP)



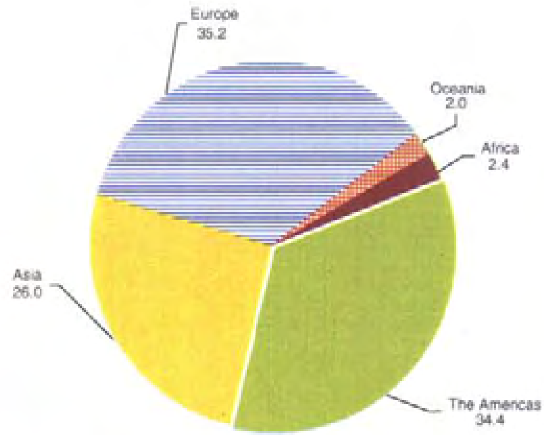
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of information from the Inter-American Development Bank (IDB).

II. GROSS DOMESTIC PRODUCT AND INTERNATIONAL TRADE

The Americas generate a third of the world's GDP, which means that the region has a higher rate of economic activity per capita than other regions.

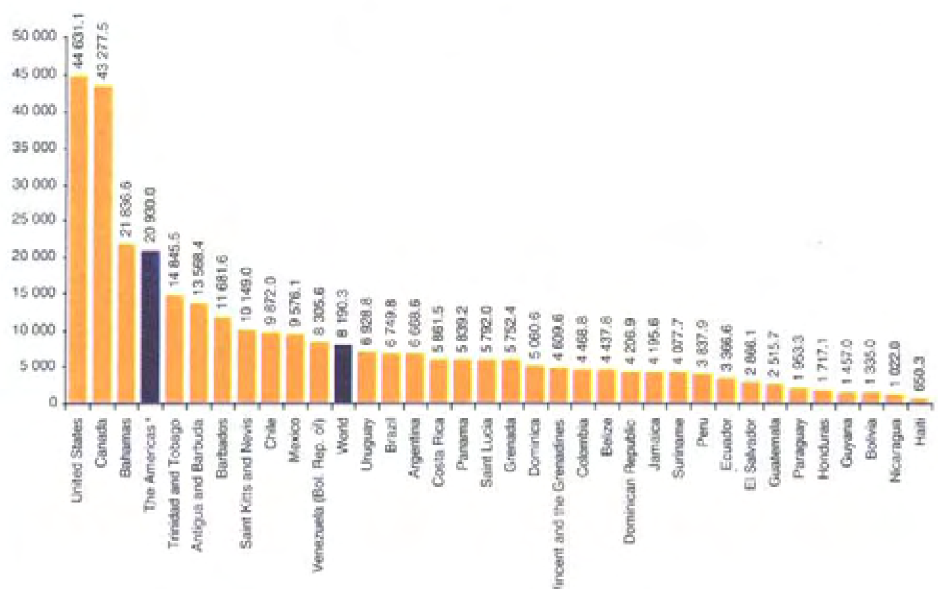
There are considerable gaps in this respect between the different countries of the Americas. A number of them can boast advanced levels of development and have per capita GDP figures that rank among the highest in the world (around US$ 45,000). But per capita GDP is in the mid to low range in most of the countries and extremely low by international standards in some.

Figure 7
WORLD REGIONS: GROSS DOMESTIC PRODUCT
(Percentages)



Source: Statistics Division of the United Nations, on the basis of figures expressed in millions of dollars at current prices.

Figure 8
THE AMERICAS: PER CAPITA GROSS DOMESTIC PRODUCT, 2007
(Dollars at constant prices)



Source: GDP: Economic Commission for Latin America and the Caribbean (ECLAC) and Statistics Division of the United Nations. Population: Latin American and Caribbean Demographic Centre (CELADE) - Population Division of ECLAC and Population Division of the United Nations.

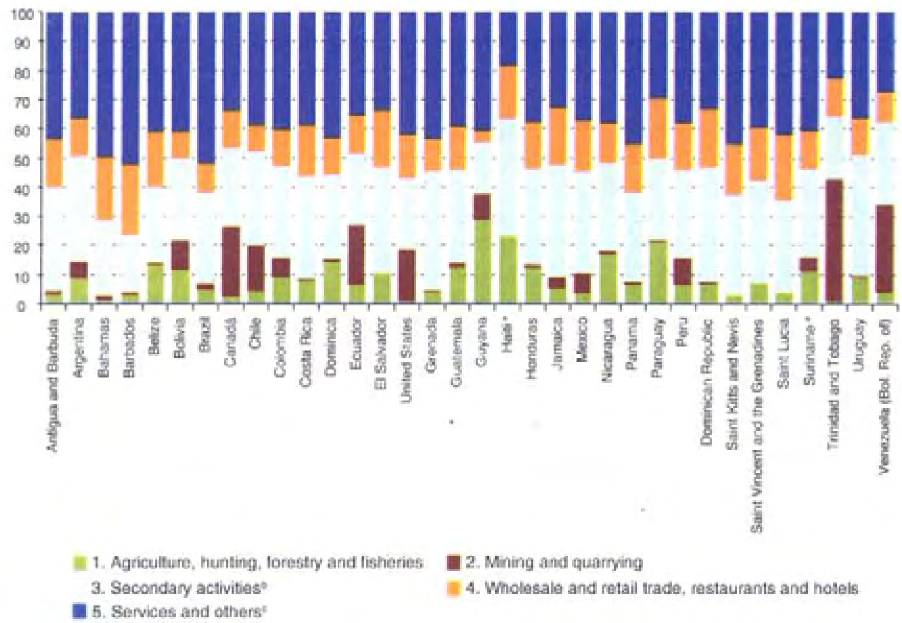
[a] 34 countries.

The structure of GDP by sector shows how important services are in the region. This sector is very prominent in most of the countries of the Americas, accounting for between 35% and 45% of total GDP. The secondary sector (manufacturing and construction) is the category that follows in most cases, but in some countries the situation is different, with agriculture or mining surpassing manufacturing.

Figure 9

THE AMERICAS: GROSS DOMESTIC PRODUCT BY BRANCH OF ECONOMIC ACTIVITY

(Percentages at current prices)



Source: Latin America and the Caribbean: Economic Commission for Latin America and the Caribbean (ECLAC); Canada and the United States: Statistics Division of the United Nations.

[a] Figures obtained by using the percentage structure of the latest available year: Haiti, 2000 and Suriname, 2004.

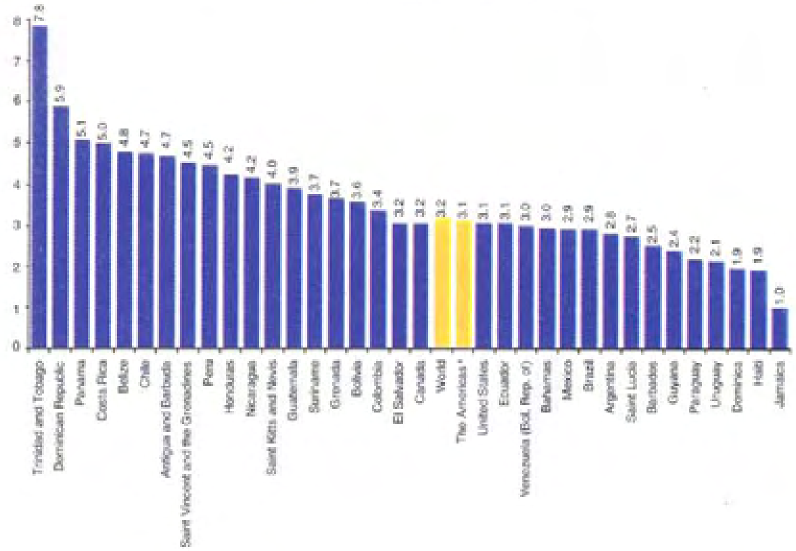
[b] Includes manufacturing; electric power, gas and water; construction and transport; and storage and communications.

[c] Includes financial institutions, insurance, real estate and business services; community, social and personal services; indirectly measured financial intermediation services; and value added tax.

Since the Summits of the Americas have been held (from 1994 up to 2007), the region's GDP has risen at the same rate as that of the rest of the world, that is, at slightly more than 3% per year. Here, the figures not only differ between one country and another, but also show wide shorter-term variations within the period. The crises of the mid- and late 1990s and the early 2000s had impacts of differing severity on many of the countries of the region and acted as a brake on growth. The second half of the 2000s was characterized by faster, widespread growth. The international financial crisis unleashed in mid-2008 blighted this positive performance, however, and there are already signs of a heavy slowdown in growth, if not an outright fall in economic activity levels.

The countries of the Americas have a much smaller share in global trade flows than they do in world GDP: 20% as against 34%. This suggests that, on average, the region is less open to trade than the rest of the world (see figure 11).

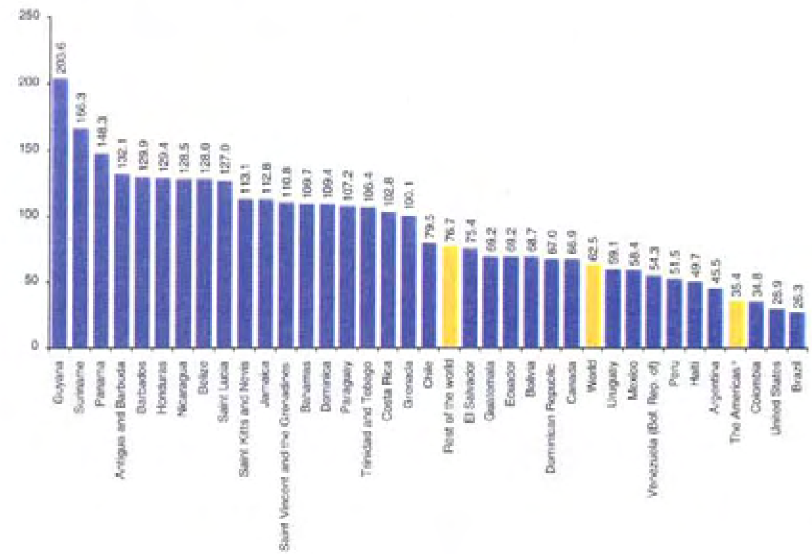
Figure 10
THE AMERICAS: GROSS DOMESTIC PRODUCT, 1994-2007
(Average annual growth rates)



Source: Latin America and the Caribbean: Economic Commission for Latin America and the Caribbean (ECLAC); Canada and the United States: Statistics Division of the United Nations.

[a] 34 countries.

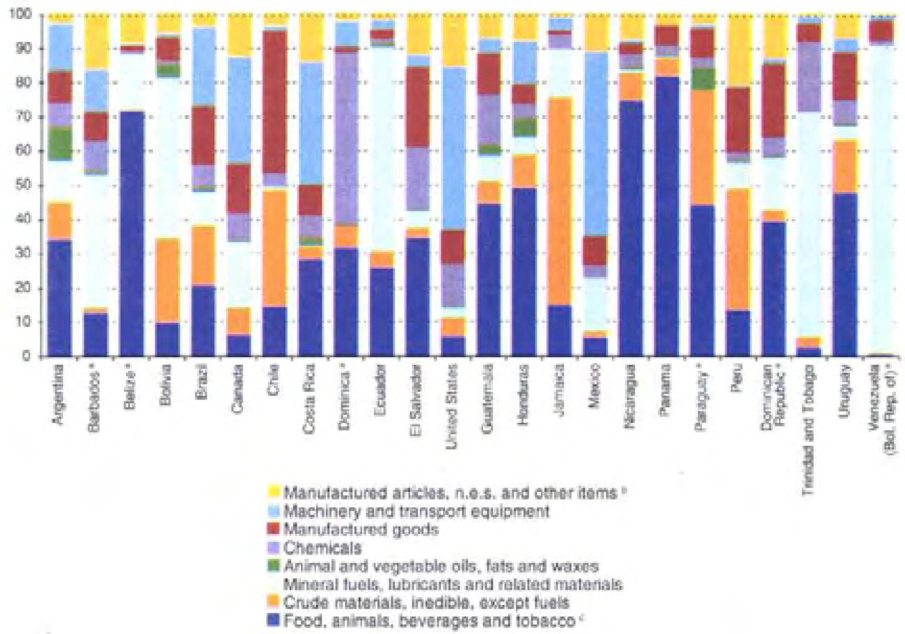
Figure 11
THE AMERICAS: TRADE OPENNESS, 2007
(Percentages)



Source: Latin America and the Caribbean: Economic Commission for Latin America and the Caribbean (ECLAC); Canada and the United States: International Monetary Fund.

The composition of exports varies considerably from one country to another. In Latin America and the Caribbean, however, the structure is dominated by either agricultural or mining commodities. Manufactures are more significant in the United States and Canada, as well as in some Central American countries and Mexico, owing to the significance of maquila activities.

Figure 12
THE AMERICAS: EXPORTS, 2007
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC) on the basis of exports (f.o.b.) in millions of dollars.

[a] The figures correspond to a year other than 2007 in the following countries: Barbados (2006), Belize (2006), Bolivarian Republic of Venezuela (2006), Dominica (2005), the Dominican Republic (2001) and Paraguay (2006).

[b] Refers to sections 8 (Miscellaneous manufactured articles) and 9 (Commodities and transactions not classified elsewhere) and the section Other items of SITC rev 3.

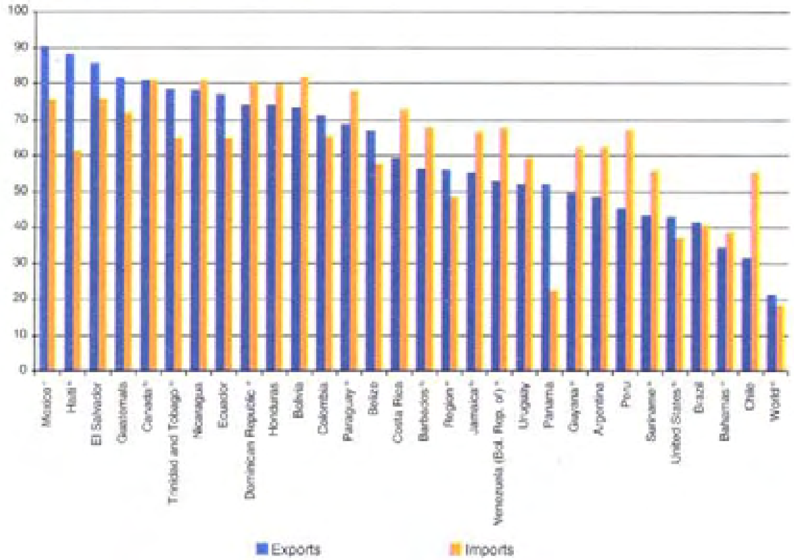
[c] Includes sections 0 (Food and live animals) and 1 (Beverages and tobacco) of SITC rev. 3.

Intraregional trade is very significant. Most (55%) of the goods exported by the Americas remain within the region. This proportion has not changed since 1994. China, Japan and some European countries are the largest export markets outside the Americas. The significance of the region as a destination for its countries' own exports varies from one economy to another, with the largest intraregional proportion in Central and North America (except the United States). Most imports into the Americas also originate in other countries of the region, with the variations among countries similar to those observed for exports. More specifically, bilateral trade is particularly intensive between certain countries which, to some extent, reflects the existence of trade agreements (see figure 13).

Figure 13

THE AMERICAS: INTRAREGIONAL TRADE IN GOODS

(Percentages accounted for by the region in each country's imports and exports of goods)



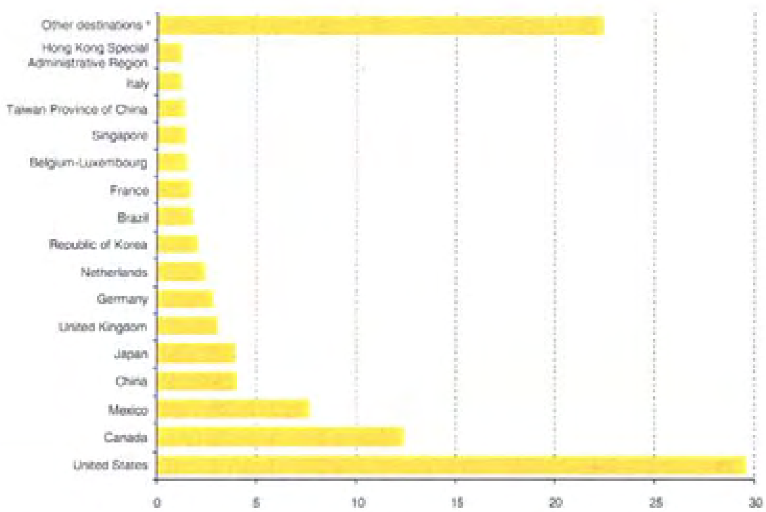
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of exports (f.o.b.) in millions of dollars.

[a] Includes processed goods.
[b] Preliminary figures.
[c] Includes re-exports.
[d] Includes 28 countries of the Americas.
[e] Estimates.

Figure 14

THE AMERICAS: EXPORT DESTINATIONS, 2006

(Percentages)

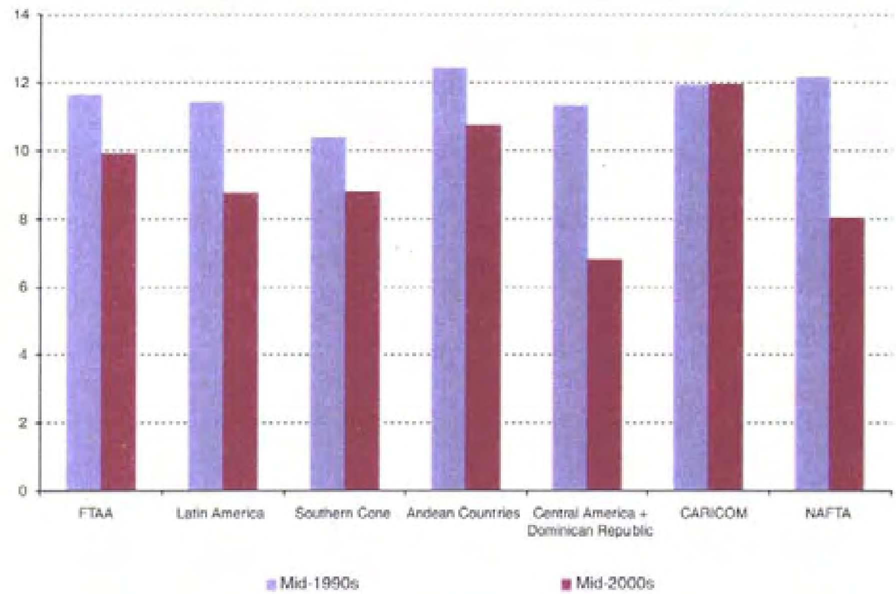


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official data.

[a] Corresponds to 219 countries and territories with a share of less than 1% in the total.

Tariffs came down considerably between the early 1990s and the mid-2000s, as the figure below shows. Most of the countries of the region made strenuous efforts to lower tariffs, except for a few Caribbean economies.

Figure 15
AVERAGE TARIFFS, BY COUNTRY GROUP, MID-1990s AND MID-2000s
(Percentages)



Source: Inter-American Development Bank (IDB), on the basis of the UNCTAD Trade Analysis and Information System (TRAINS) and World Trade Organization (WTO), *Trade Policy Review*, various issues.

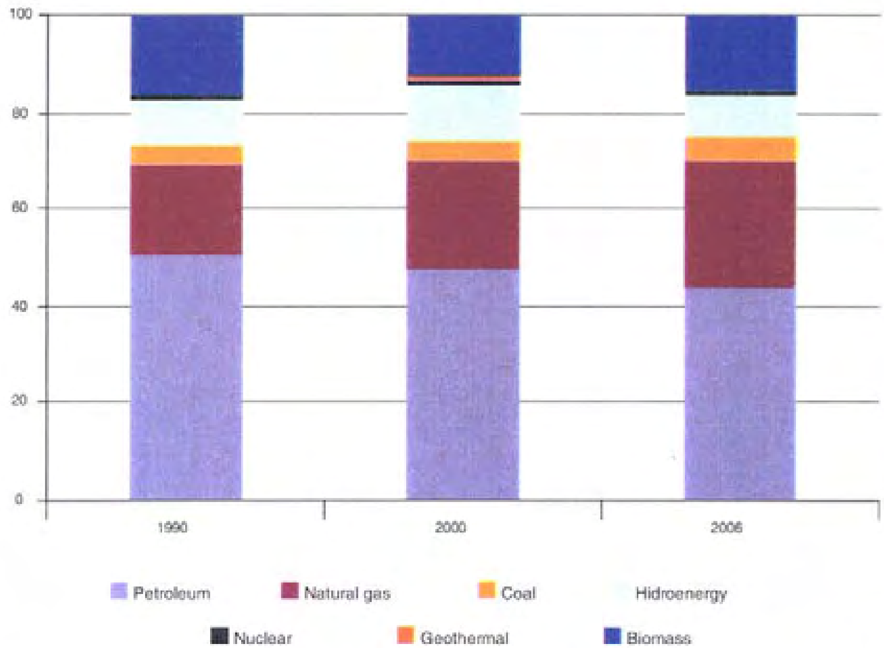
III. ENERGY

A. PRIMARY ENERGY PRODUCTION

Given the policies pursued by the different countries and the natural energy resources found in the region, primary energy production in Latin America and the Caribbean has been mainly based on petroleum. The predominance of petroleum as an energy source declined steadily, however, from 62% of total energy production in the 1970s to 43% in 2006, as natural gas and hydroenergy sources increased their share in total energy production from 11% to over 25% and from 4% to 9%, respectively, over the same period. Natural gas may begin to account for more energy production in the coming years thanks to the increased reserves found in Brazil and the integration of gas infrastructure in MERCOSUR and Bolivia and in Central America. Hydroenergy production was increasing, but has shrunk since 2000 owing to the introduction of reforms and less capital-intensive power stations (such as thermal power stations) to replace hydroelectric ones. Geothermal and nuclear energy production is still minimal in the region (0.2% and 1% of total energy production, respectively). Wood energy production has fallen steadily from 17%

to 8% in the last 35 years, which signals an improvement in the quality of the energy consumed by the poor and represents benefits for rural areas and the environment, especially in terms of reducing deforestation. In some countries, however, such as the Dominican Republic, El Salvador and Haiti, the use of fuelwood is still having a negative impact.

Figure 16
LATIN AMERICA AND THE CARIBBEAN: STRUCTURE OF PRIMARY ENERGY PRODUCTION
(*Percentages*)

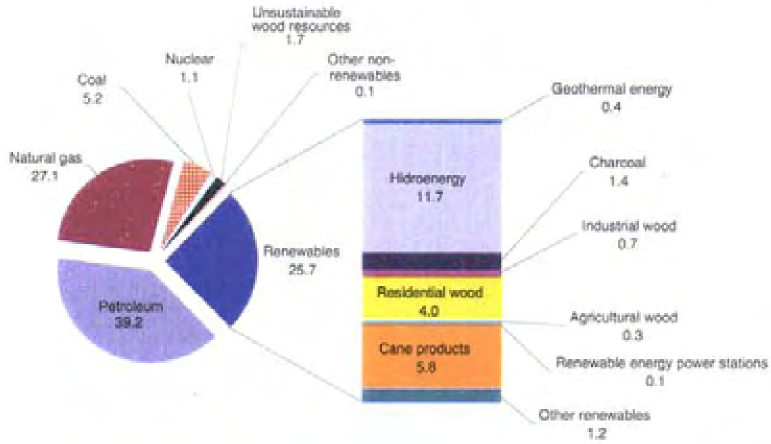


Source: Economic Commission for Latin America and the Caribbean (ECLAC), "América Latina y el Caribe frente a la coyuntura energética internacional: oportunidades para una nueva agenda de políticas", Project Documents series, No. 220 (LC/W.220), Santiago, Chile, December 2008.

B. RENEWABLE ENERGIES

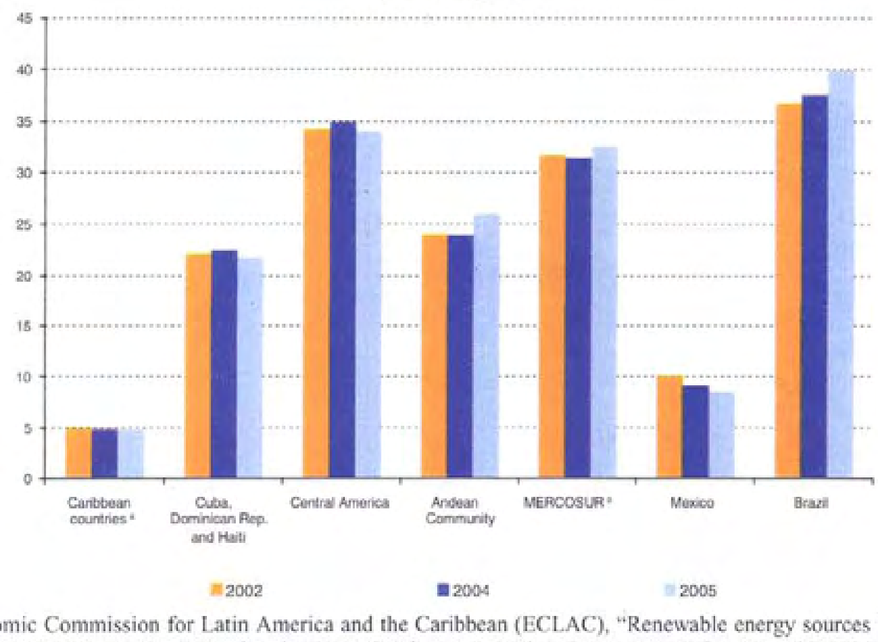
Since 2002, some progress has been made regarding the development of the regulatory framework and projects to promote the use of renewable energies use in the region. No significant changes have been recorded, however, in the share of renewables in total energy supply: between 2002 and 2005, the proportion has remained at about 26%. The situation varies considerably across the region, with some subregions and countries hovering slightly above or below this figure and others exceeding it by a considerable amount. In Brazil, for instance, the use of renewable energies has soared thanks to subsidy schemes and the Incentive Programme for Alternative Energy Sources (PROINFA), in particular.

Figure 17
LATIN AMERICA AND THE CARIBBEAN: ENERGY SUPPLY, 2002
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), "Renewable energy sources in Latin America and the Caribbean: two years after the Bonn Conference", Project Documents series, No. 100 (LC/W.100), Santiago, Chile, 2007.

Figure 18
LATIN AMERICA AND THE CARIBBEAN: SHARE OF SUSTAINABLE RENEWABLE ENERGIES IN TOTAL ENERGY SUPPLY, 2005
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), "Renewable energy sources in Latin America and the Caribbean: two years after the Bonn Conference", Project Documents series, No. 100 (LC/W.100), Santiago, Chile, 2007.

[a] Barbados, Grenada, Guyana, Jamaica, Suriname and Trinidad and Tobago.

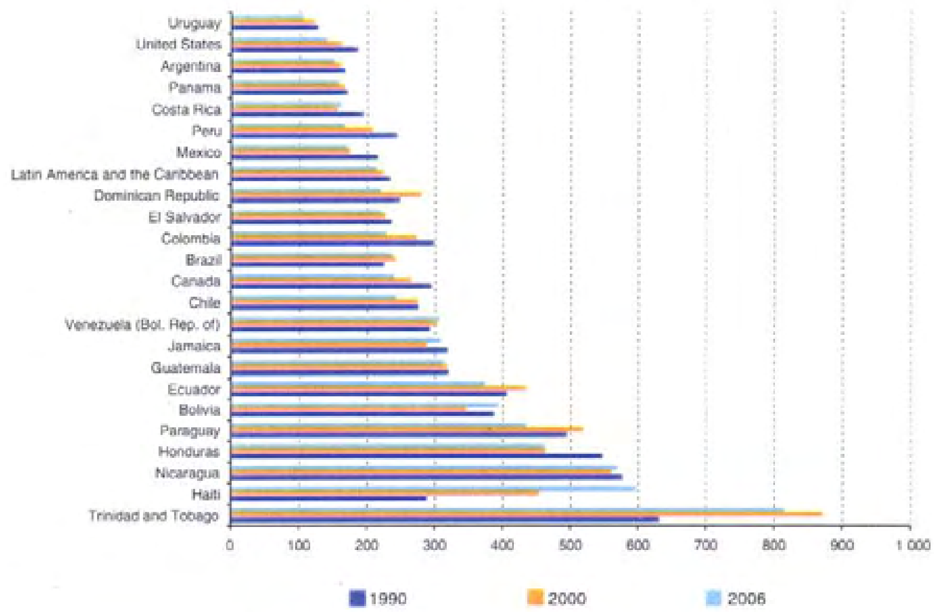
[b] Argentina, Brazil, Paraguay and Uruguay.

C. ENERGY INTENSITY IN LATIN AMERICA

There is plenty of room for improving energy efficiency in the Americas. Energy intensity has hardly changed at all in the last few decades in the region. Between 1990 and 2006, energy intensity dropped only from 221.3 to 213.1 kgoe (kilogram of oil equivalent) per US$ 1,000 of GDP (at 2000 prices). This contrasts sharply with the reductions that the industrialized countries achieved when, in the wake of the oil price shocks of the 1970s, they began introducing austerity and substitution measures to lower energy intensity, especially their use of petroleum and petroleum derivatives. Demand- and supply-side policies were implemented in the energy sector to diversify supply, reduce the dependency on imported oil and handle growing demand for energy.

Various factors have contributed to the slight variation in energy intensity over the years in the countries of Latin America and the Caribbean. These include technological factors (such as the increased use of higher-yield energy sources, changes in production technology, energy conservation and efficiency, the better use of installed capacity) and structural factors (such as the shift in production towards less energy-intensive sectors).

Figure 19
THE AMERICAS: ENERGY INTENSITY
(Kgoe / US$ 1,000 of PIB at 2000 prices)



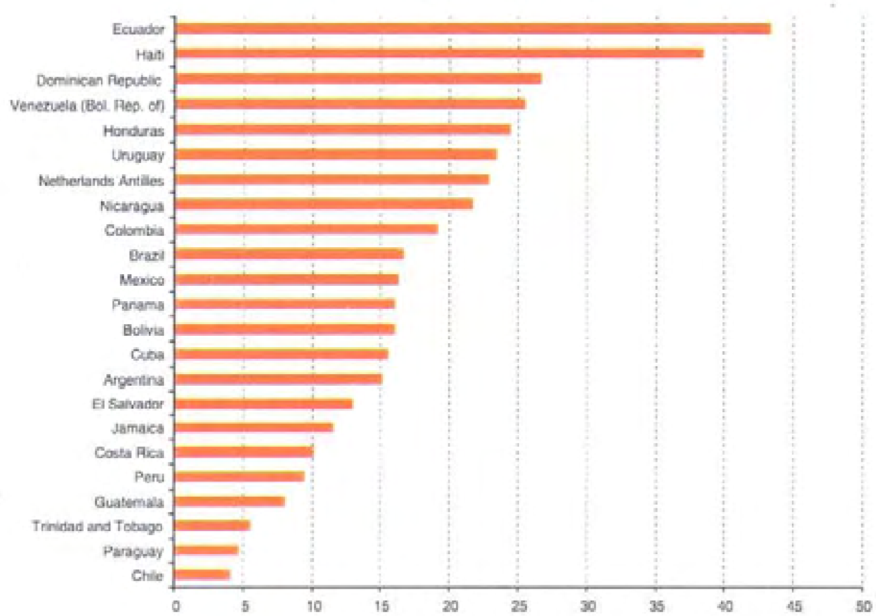
Source: Economic Commission for Latin America and the Caribbean (ECLAC), "América Latina y el Caribe frente a la coyuntura energética internacional: oportunidades para una nueva agenda de políticas", Project Documents series, No. 220 (LC/W.220), Santiago, Chile, December 2008.

D. ENERGY EFFICIENCY

The Inter-American Development Bank makes the following observations about energy efficiency in the region:[3]

"Latin America has rich energy efficiency "reserves," and it has barely begun to exploit them. Though some countries —notably Mexico and Brazil— are already reaping substantial savings from energy efficiency programs begun in the 1980s and 1990s, most of their neighbors have yet to look seriously at conservation. The opportunities are everywhere, because Latin America's energy productivity is uniformly low. The region is still overwhelmingly reliant on incandescent light bulbs, for example, even though these consume 70% more power than newer "compact fluorescent" or LED alternatives. The region's factories and water systems use millions of old, energy-wasting electric motors and pumps. In many countries the transportation infrastructure —which consumes more than 30% of the region's energy— is inefficient. Commercial and residential buildings are full of outdated air conditioning systems, refrigerators, washing machines and water heaters."

Figure 20
LATIN AMERICA AND THE CARIBBEAN: ELECTRIC POWER TRANSMISSION AND DISTRIBUTION LOSSES, 2006
(Percentages of output)



Source: World Resources Institute (WRI).

3 Taken from Inter-American Development Bank (IDB), "How to save US$ 36 billion worth of electricity (without turning off the lights)", Washington, D.C., 2008.

IV. POVERTY AND INCOME DISTRIBUTION

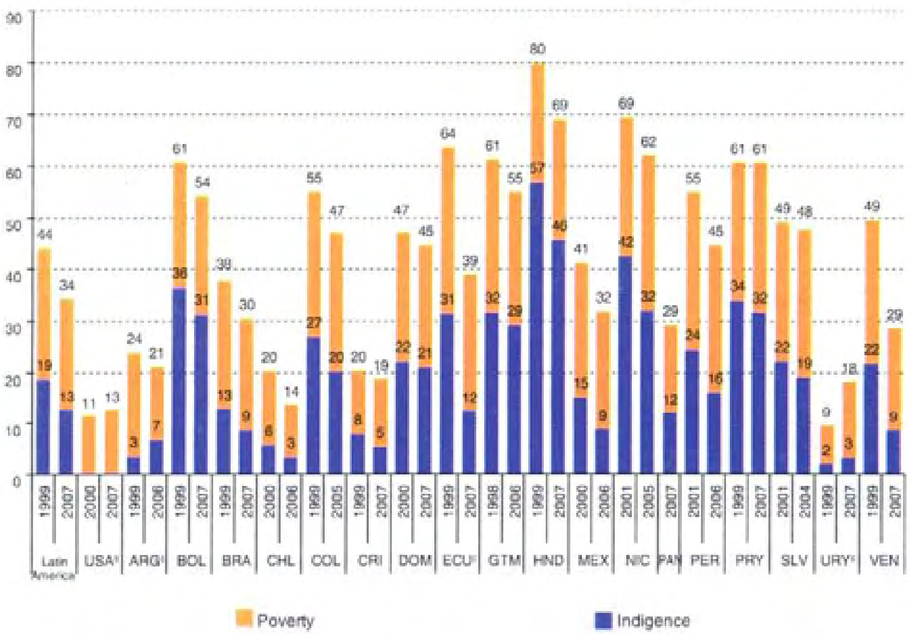
A significant number of people still do not have the resources to satisfy their basic needs in the Americas, despite poverty levels falling significantly between 2000 and 2007, at least in Latin America. Although income distribution has improved slightly in recent years, inequality continues to be one of the hallmarks of the countries of the Americas in comparison with other regions. To improve social inclusion, poverty will need to be reduced further and the equality of opportunities will need to be enhanced.

Between 2000 and 2007, total poverty fell in 17 Latin American countries. In three of these (Ecuador, Mexico and Peru), the population receiving insufficient income to cover basic needs shrank by between 24.7% and 10% in absolute terms. The population with insufficient income to acquire a basic food basket decreased in 15 of the 17 countries, with the largest drops being recorded in Ecuador, the Bolivarian Republic of Venezuela, Honduras and Nicaragua. Poverty rose slightly in the United States, from 11.3% in 2000 to 12.5% in 2007.

Figure 21

LATIN AMERICA (18 COUNTRIES) AND THE UNITED STATES: POVERTY AND INDIGENCE LEVELS, AROUND 2000 AND 2007 [a]

(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of data from household surveys conducted in the relevant countries; United States Census Bureau [online] http://www.census.gov/hhes/www/poverty/poverty.html.

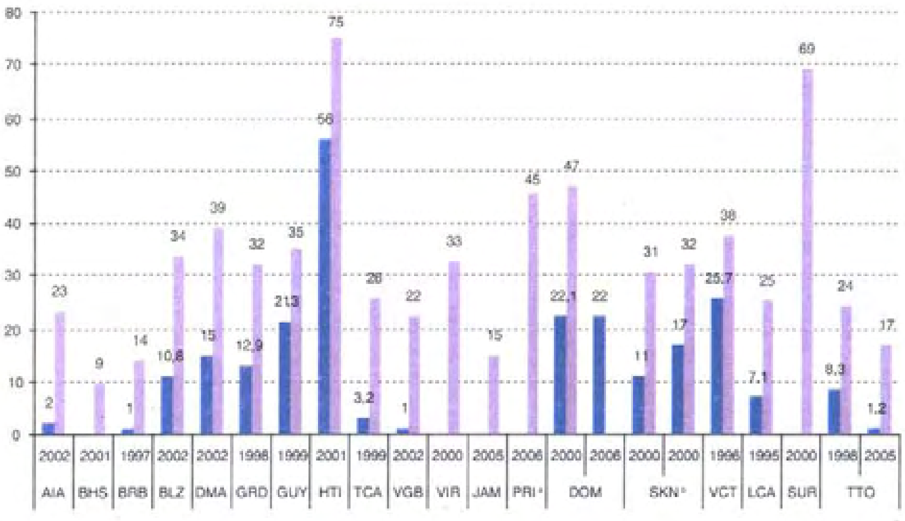
[a] ECLAC methodology is based on the construction of monetary thresholds for indigence and poverty which represent the per capita income necessary for individuals to satisfy their basic food needs and their basic food and non-food needs, respectively.

[b] On the basis of the official poverty line established by the Government of the United States.

[c] Urban areas.

In the Caribbean, the most recent information available (in most cases, around 2000) shows poverty rates highly dispersed among the countries. The highest rates are recorded by Haiti (75%), Suriname (69.2%) and Dominica (49.6%), and the lowest by Jamaica (14.8%), Barbados (13.9%) and the Bahamas (9.3%).

Figure 22
THE CARIBBEAN (19 COUNTRIES AND TERRITORIES): POVERTY AND INDIGENCE LEVELS, AROUND 2000 AND 2006
(Percentages)

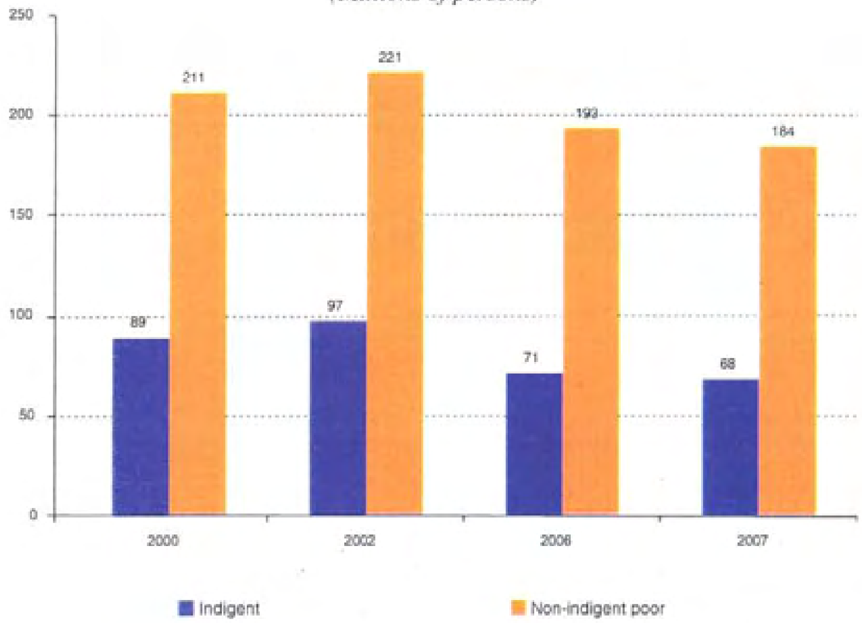


Source: Economic Commission for Latin America and the Caribbean (ECLAC), *Social Panorama of Latin America, 2007* (LC/G.2351-P/I), Santiago, Chile, 2007, box I.3.

[a] On the basis of the official poverty line established by the Government of the United States.
[b] Data for Saint Kitts and Nevis are provided separately for each island.

In absolute terms, the number of people living below the poverty and indigence lines in Latin America fell dramatically between 2000 and 2007. Nonetheless, in 2008 ECLAC estimated that 184 million people were living below the poverty line in 2007 and that, of these, 68 million still lacked sufficient income to meet their food needs.

Figure 23
LATIN AMERICA AND THE CARIBBEAN (19 COUNTRIES): POVERTY AND INDIGENCE, AROUND 2000-2007 [a]
(Millions of persons)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), *Social Panorama of Latin America, 2008* (LC/G.2402-P), Santiago, Chile, 2008.

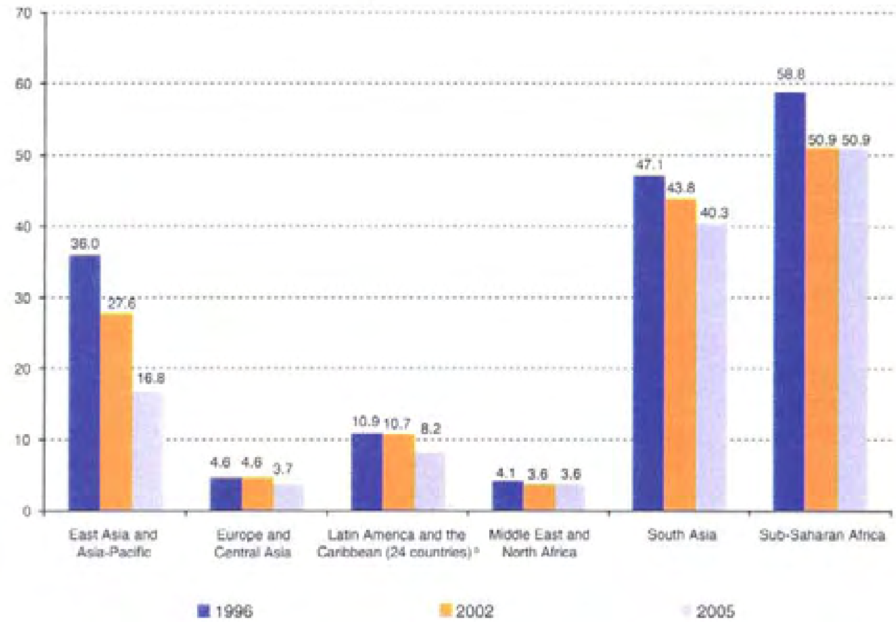
[a] 18 Latin American countries plus Haiti. Values for Argentina, Ecuador and Uruguay are for urban areas.

Another way to analyse extreme poverty levels is to use the World Bank threshold, according to which the percentage of the population in Latin America and the Caribbean living below the purchasing power parity (PPP)-based poverty line of US\$ 1.25 per day declined moderately from 10.9% in 1996 to 8.2% in 2005. In 2005, the incidence of extreme poverty was fairly low compared with other regions.

Figure 24

LATIN AMERICA AND THE CARIBBEAN AND OTHER REGIONS: POPULATION LIVING BELOW THE PURCHASING POWER PARITY-BASED POVERTY LINE OF US$ 1.25 PER DAY, AROUND 1996, 2002 AND 2006 [a]

(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of regional totals calculated by the World Bank, Povcal Net database [online] http://iresearch.worldbank.org/PovcalNet/povDuplic.html.

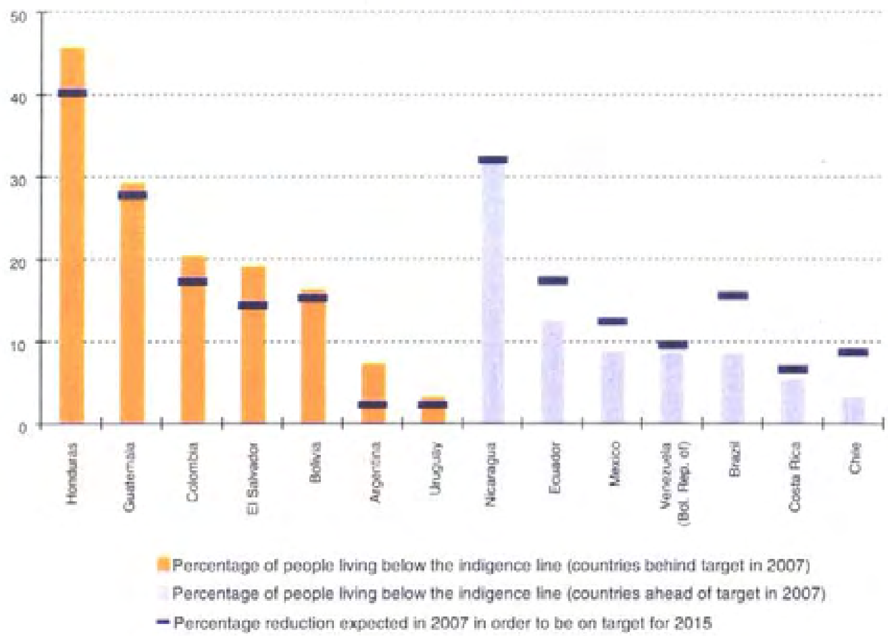
[a] The World Bank poverty line (US$ 1.25 per day at 2005 purchasing power parity (PPP)) is the average of the national poverty lines of the 15 countries with the lowest per capita income and consumption rates in the world (Malawi, Mali, Ethiopia, Sierra Leone, Niger, Uganda, Gambia, Rwanda, Guinea Bissau, Tanzania, Tajikistan, Mozambique, Chad, Nepal and Ghana) and is higher than the one used by the Bank prior to 2005 (US$ 1.08 per day at 1985 PPP).

[b] The following countries are included by the World Bank in the regional grouping of Latin America and the Caribbean: Argentina (urban areas), Bolivarian Republic of Venezuela, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Saint Lucia, Suriname, Trinidad and Tobago and Uruguay (urban areas).

In the Declaration of the Fourth Summit of the Americas (Mar del Plata, 2005), the participating governments stated their commitment to intensify efforts towards attaining the first target of the Millennium Development Goals, which is to halve the proportion of persons living in extreme poverty by 2015.

The Bolivarian Republic of Venezuela, Brazil, Costa Rica, Chile, Ecuador, Mexico and Nicaragua have already surpassed this target. Meanwhile, Argentina, Bolivia, Colombia, El Salvador, Guatemala, Honduras and Uruguay have made less progress than expected.

Figure 25
LATIN AMERICA (14 COUNTRIES): PROGRESS TOWARDS THE FIRST TARGET OF THE MILLENNIUM DEVELOPMENT GOALS, TO HALVE THE PROPORTION OF PEOPLE LIVING BELOW THE INDIGENCE LINE, BETWEEN 1990 AND 2007 [a]
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), 2009.

[a] To calculate the level of indigence that a country would need to have reached in 2007 in order to be on track to attain the target in 2015, the number of years in the period in question (1990-2007) was multiplied by the annual average reduction in poverty (in percentage points) needed to attain the target in 2015.

The Americas is the region with the worst income distribution in the world. In 2007, the Gini coefficient for the Americas was 0.51, above the level for sub-Saharan Africa, East Asia and Asia-Pacific, North Africa and the Middle East, South Asia, Eastern Europe/Central Asia and the countries of the Organisation for Economic Co-operation and Development (OECD).

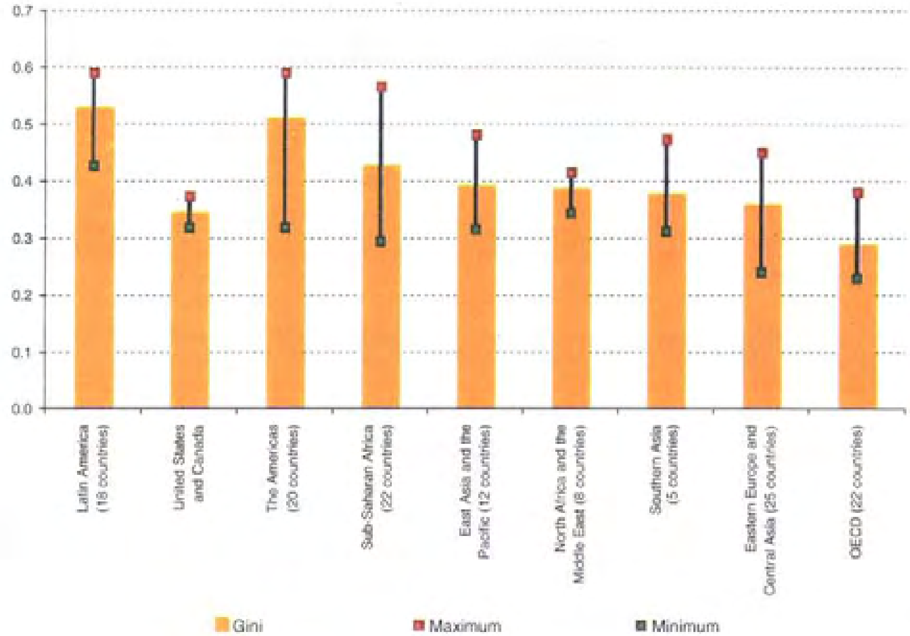
The highly uneven distribution of income in the Americas overall is accounted for by the asymmetries in the Latin American countries. In 2007, the Gini coefficient in those countries averaged 0.53 and ranged from 0.59 to 0.43.

Income concentration in the United States and Canada is slightly higher than in the OECD countries as a whole (Gini coefficient of 0.345 compared with 0.289) and slightly lower than in Eastern Europe/Central Asia (Gini coefficient of 0.359).

Figure 26

THE AMERICAS AND OTHER REGIONS: GINI COEFFICIENT, AROUND 2007[a]

(Values between 0 and 1)

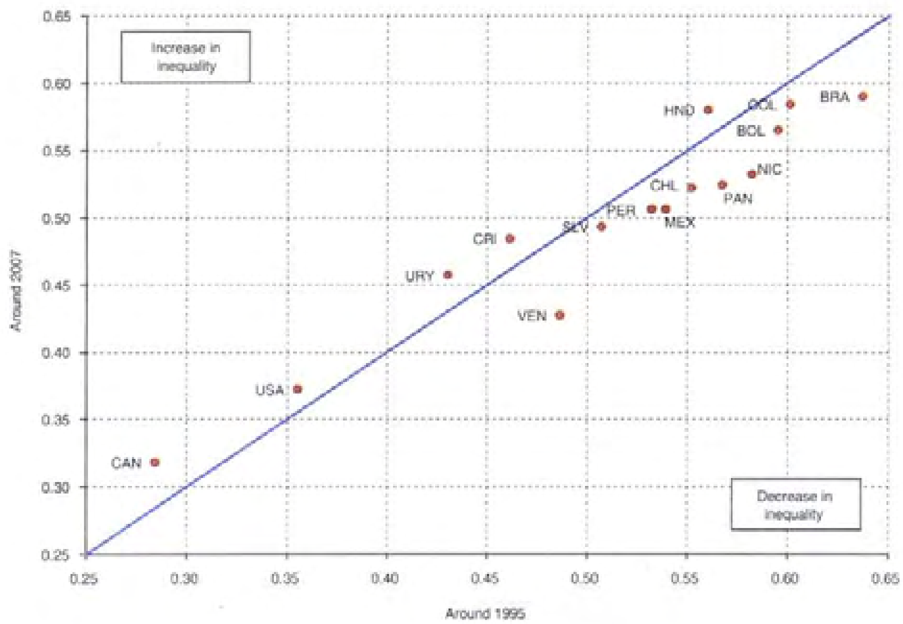


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of data from household surveys conducted in the relevant countries; Luxembourg Income Study (LIS) Key Figures [online] http://www.lisproject.org/keyfigures.html; World Income Inequality Database (WIID) [online] http://www.wider.unu.edu/research/Database/en_GB/database/.

[a] The regional figures are simple averages of the most recent observations in each country in 2000-2006. Given the differences in the data sources, the figures are not wholly comparable and serve only as points of reference. Latin America includes: Argentina, urban areas (2006), Bolivarian Republic of Venezuela (2007), Bolivia (2007), Brazil (2007), Chile (2006), Colombia (2005), Costa Rica (2007), Dominican Republic (2007), Ecuador (2005), El Salvador (2005), Guatemala (2006), Honduras (2007), Mexico (2006), Nicaragua (2005), Panama (2007), Paraguay (2007), Peru (2003) and Uruguay, urban areas (2007). The data for the United States and Canada correspond to 2004. The OECD estimate does not include figures for the United States or Canada.

Inequality of income distribution decreased between 1995 and 2007 in 10 countries in the Americas (Bolivarian Republic of Venezuela, Bolivia, Brazil, Chile, Colombia, El Salvador, Mexico, Nicaragua, Panama and Peru) and increased in five (Canada, Costa Rica, Honduras, United States and Uruguay).

Figure 27
THE AMERICAS (15 COUNTRIES): INCOME INEQUALITY, 1995-2007[a]
(Gini coefficients, values between 0 and 1)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of data from household surveys conducted in the relevant countries; Luxembourg Income Study (LIS) Key Figures [online] http://www.lisproject.org/keyfigures.html [date of reference: March 2009].

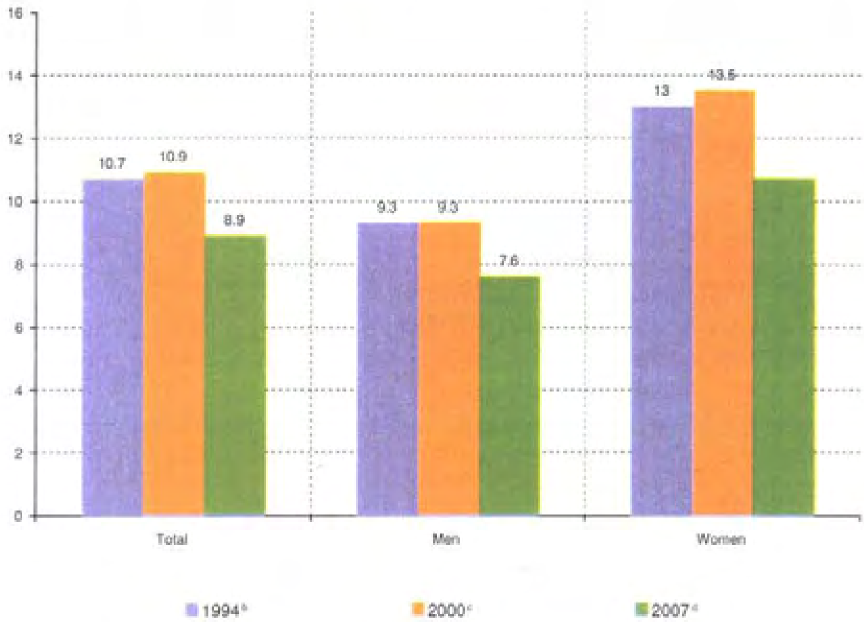
[a] Data for the Latin American countries are calculated on the basis of per capita income distribution in each country. Data includes people with zero income. Data for Uruguay correspond to urban areas.

V. EMPLOYMENT

Employment increased and open unemployment decreased in the Americas between 2000 and 2008. Unemployment levels remained high and informal employment widespread, however. Wage gaps persisted as well, and a substantial portion of workers were still excluded from contributory social protection schemes. The international economic crisis, the effects of which began to make themselves felt towards the end of 2008, is meanwhile making it increasingly important for governments to redouble their efforts to protect both the quality and the quantity of jobs in their countries.

During the economic boom period of 2000-2007, unemployment in the countries of the Americas fell significantly from 10.9% in 2000 to 8.9% in 2007. In 2007, unemployment continued to be higher among women than men (10.7% and 7.6%, respectively) even though the drop in unemployment during the period had been relatively larger for women (20%) than for men (18%).

Figure 28
THE AMERICAS (35 COUNTRIES AND TERRITORIES): UNEMPLOYMENT, TOTAL AND BY SEX, AROUND 1994, 2000 AND 2007 [a]
(Percentages, simple averages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of International Labour Organization (ILO), LABORSTA [online database] http://laborsta.ilo.org/default.html.

[a] For Argentina, Bolivia, Brazil, Colombia, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua and Paraguay, figures refer to the population aged 10 and over; for Costa Rica, to the population aged 12 and over; for Belize, Jamaica, Mexico, Peru and Uruguay, to the population aged 14 and over; for Anguilla, Bahamas, Canada, Cayman Islands, Chile, Barbados, Bolivarian Republic of Venezuela, Dominica, Guadeloupe, Martinique, Netherlands Antilles, Panama, Saint Lucia, Suriname and Trinidad and Tobago, to the population aged 15 and over; for the United States Virgin Islands, to the population aged between 16 and 65; and for Puerto Rico and the United States, to the population aged 16 and over. The data for Argentina, Bolivia, Ecuador and Paraguay correspond to urban areas (pre-1996 values for Argentina are for Greater Buenos Aires). The data for Uruguay correspond to pre-2006 figures for urban areas. The data for Canada do not include people living in indigenous territories or on reservations. The data for Brazil are pre-2003 figures and do not include the rural populations of Rondônia, Acre, Amazonas, Roraima, Pará and Amapá.

[b] The figures for 2004 do not include data for Anguilla, Colombia, Dominica, Guadeloupe, Guatemala or Nicaragua.

[c] The figures for 2000 do not include data for the Cayman Islands or the United States Virgin Islands.

[d] The figures for 2007 do not include data for the British Virgin Islands, Dominica or Suriname.

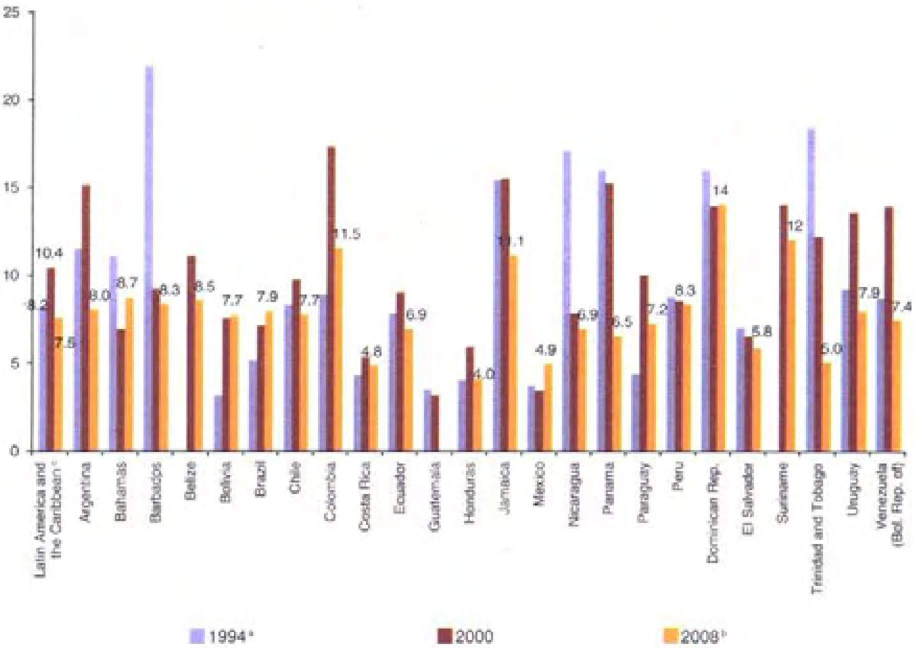
The evolution of the open unemployment rate in urban areas confirms the trend described above. Between 2000 and 2008, open unemployment in Latin America and the Caribbean fell from 10.4% to 7.5% (simple averages).

Between 2000 and 2008, open unemployment fell in 18 countries and rose in only five. The largest drops in absolute terms were recorded, in descending order, in Panama, Trinidad and Tobago, Argentina, Bolivarian Republic of Venezuela, Colombia and Uruguay.

Figure 29

LATIN AMERICA AND THE CARIBBEAN (24 COUNTRIES): AVERAGE ANNUAL OPEN UNEMPLOYMENT, 1994, 2000 AND 2008

(Annual average rates)

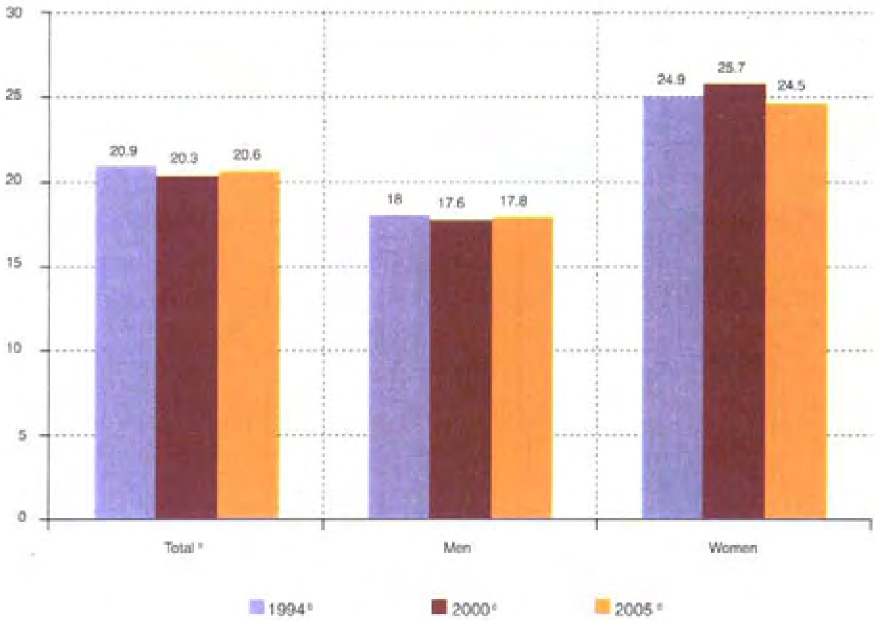


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of CEPALSTAT [online database] http://websie.eclac.cl/sisgen/ConsultaIntegrada.asp?idAplicacion=1.

[a] The figures for 1994 do not include data for Belize or Suriname.
[b] The figures for 2008 do not include data for Guatemala.
[c] The average for Latin America and the Caribbean includes Cuba.

Between 1994 and 2005, youth unemployment, measured as a simple average, remained above 20% in the Americas. For young men, the rate fell slightly from 18% in 1994 to 17.8% in 2005, while for young women it dropped from 24.9% to 24.5% in the same period. Female youth unemployment was about 25% and male youth unemployment about 18% in all three years examined.

Figure 30
LATIN AMERICA AND THE CARIBBEAN (31 COUNTRIES AND TERRITORIES): YOUTH UNEMPLOYMENT, TOTAL AND BY SEX, AROUND 1994, 2000 AND 2005 [a]
(Simple averages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of International Labour Organization (ILO), LABORSTA [online database] http://laborsta.ilo.org/default.html.

[a] Data for Anguilla, Argentina (1994 and 2000, Greater Buenos Aires; 2005, urban areas), Aruba, Bahamas, Barbados, Belize, Bolivarian Republic of Venezuela, Bolivia, Brazil, Chile, Colombia (1994 and 2000, urban areas), Costa Rica, Dominican Republic, Ecuador (urban areas), El Salvador, Grenada, Guyana, Haiti, Honduras, Jamaica, Mexico, Netherlands Antilles, Nicaragua (1994 and 2000, urban areas), Panama, Paraguay (1994, urban areas), Peru, Puerto Rico, Saint Lucia, Suriname, Trinidad and Tobago and Uruguay (14-24-year-olds, urban areas).

[b] The figures for 1994 do not include data on Anguilla, Guyana or Haiti.

[c] The figures for 2000 do not include data on Aruba, Bolivia or Colombia.

[d] The figures for 2005 do not include data on Anguilla, Aruba, Belize, Bolivia, Dominican Republic, Guyana, Haiti, Honduras, Netherlands Antilles, Paraguay, Suriname or Trinidad and Tobago.

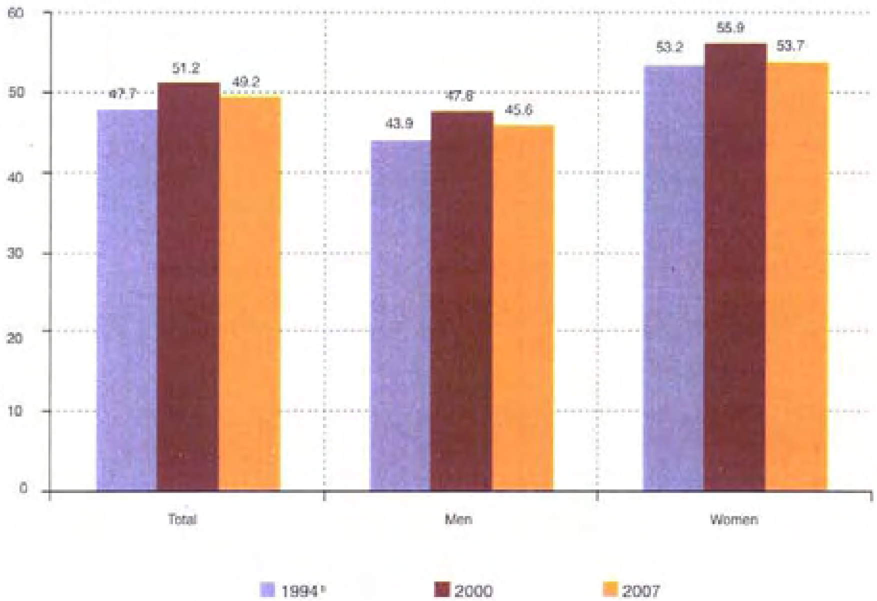
[e] This indicator was generally calculated for the population aged 15-24 years. The 1994 figures for Belize, Jamaica and Peru and the 2000 figures for Suriname and Uruguay were calculated for the population aged 14-24 years, and the figures for Puerto Rico were calculated for the population aged 16-24 years.

Job quality continues to be a challenge for the developing countries in the Americas. In Latin America, for example, about 50% of jobs in the three years examined were in the informal sector. In 1994, 2000 and 2007, a higher proportion of women than men were employed in low-productivity jobs.

Figure 31

LATIN AMERICA (17 COUNTRIES): PEOPLE EMPLOYED IN LOW-PRODUCTIVITY SECTORS, AROUND 1994, 2000 AND 2007 [a]

(Simple averages)



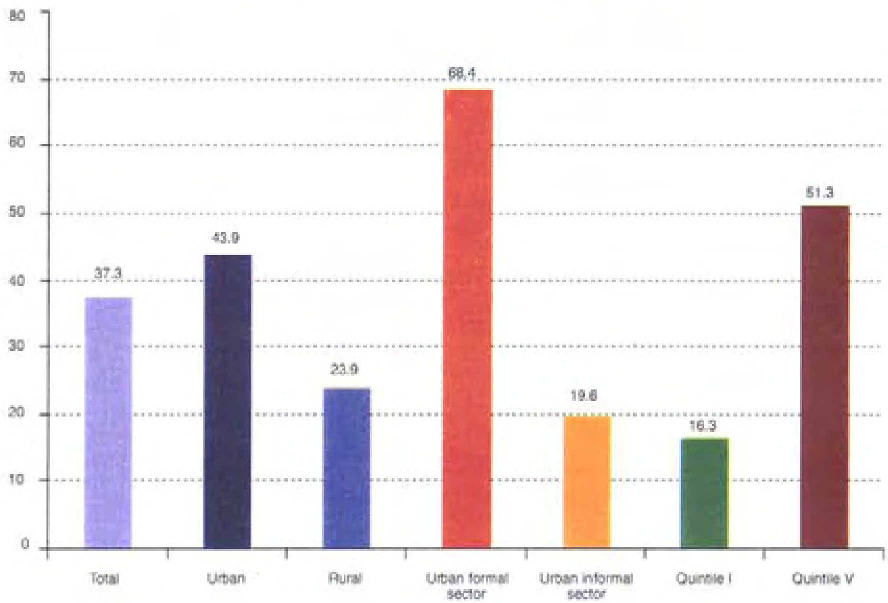
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of CEPALSTAT [online database] http://websie.eclac.cl/sisgen/ConsultaIntegrada.asp?idAplicacion=1.

[a] Includes Argentina, Bolivarian Republic of Venezuela, Bolivia, Brazil, Chile, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru and Uruguay.

[b] Does not include data on the Dominican Republic or Guatemala.

The high incidence of informal employment explains the low level of access to contributory social protection schemes. In Latin America, only 37.3% of the employed population was registered with the social security system in 2006. Social protection is particularly low among the poorest segments of the population, people living in rural areas and urban employed in the informal sector.

Figure 32
LATIN AMERICA (17 COUNTRIES): EMPLOYED PERSONS REGISTERED WITH SOCIAL SECURITY SYSTEMS, AROUND 2006 [a]
(Percentages, simple averages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), *Social Panorama of Latin America, 2008* (LC/G.2402-P), Santiago, Chile, 2008.

[a] Includes data on Argentina (2006, urban areas), Bolivarian Republic of Venezuela (2006), Bolivia (2004), Brazil (2006), Chile (2006), Costa Rica (2006), Dominican Republic (2006), Ecuador (2006), El Salvador (2004), Guatemala (2004), Honduras (2006), Mexico (2006), Nicaragua (2005), Panama (2007), Paraguay (2005), Peru (2003) and Uruguay (2005, urban areas). Data corresponds to wage-earners in the case of Argentina and the Bolivarian Republic of Venezuela.

The international economic crisis, which began in the United States at the end of 2007 and whose effects began to make themselves felt towards the end of 2008, is threatening both the quality and the quantity of employment. In the United States, 5 million people have joined the ranks of the unemployed in the last 12 months. The non-agricultural unemployment rate reached 8.1% in February 2009, and 851,000 people lost their jobs in that month alone.

Ethnic minorities, such as the Afro-American and Hispanic communities, have been the worst affected by the increase in unemployment in the United States. This has worrying implications, not only for the standard of living of these groups, but also regarding the possible repercussions in the other countries of the Americas.

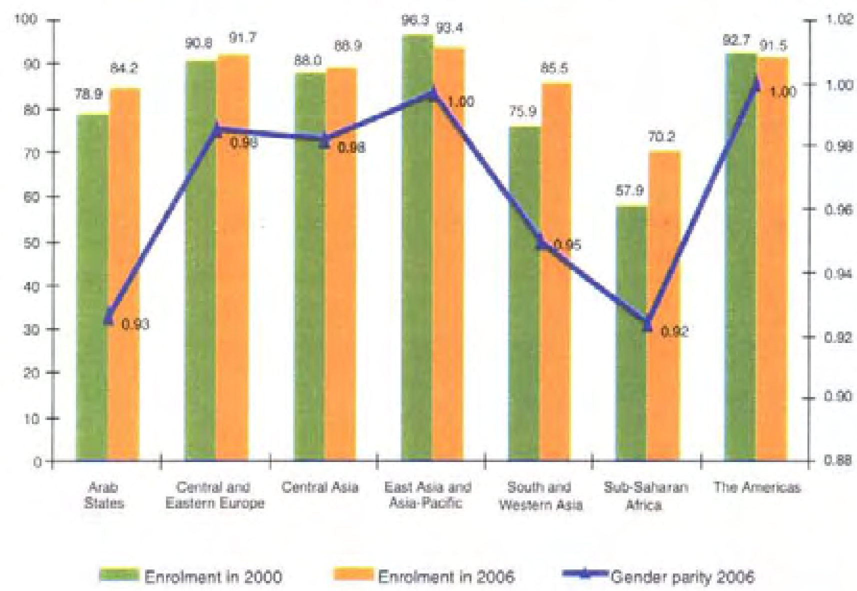
VI. EDUCATION

The countries of the Americas have made strides in providing universal primary education, but efforts are still needed to increase access to, and completion of, secondary education (which is not compulsory in several countries) and to expand coverage of preschool education. Major quality and equity challenges also remain. A large proportion of children in several countries participating in the Summit of the Americas show learning levels below international standards, and there are still large education gaps associated with socio-economic situation, ethnic origin and area of residence, among other factors.

In 2006, the net enrolment rate in primary education in the Americas averaged 91.5%, very close to the rates recorded in Central and Eastern Europe, East Asia and Asia-Pacific, and higher than the rates for Central Asia, the Arab States, South and Western Asia and sub-Saharan Africa.

In the Americas, access to primary education in 2006 showed virtual gender parity, a situation equalled only in East Asia and Asia-Pacific. By contrast, in the rest of the developing regions, in 2006, boys enjoyed greater access to primary schooling than girls.

Figure 33
SEVEN WORLD REGIONS: NET ENROLMENT RATE AND GENDER PARITY IN PRIMARY EDUCATION, AROUND 2000 AND 2006.
(Percentages, simple averages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of information from UNESCO Institute of Statistics [online] http://stats.uis.unesco.org/unesco/TableViewer/tableView.aspx.

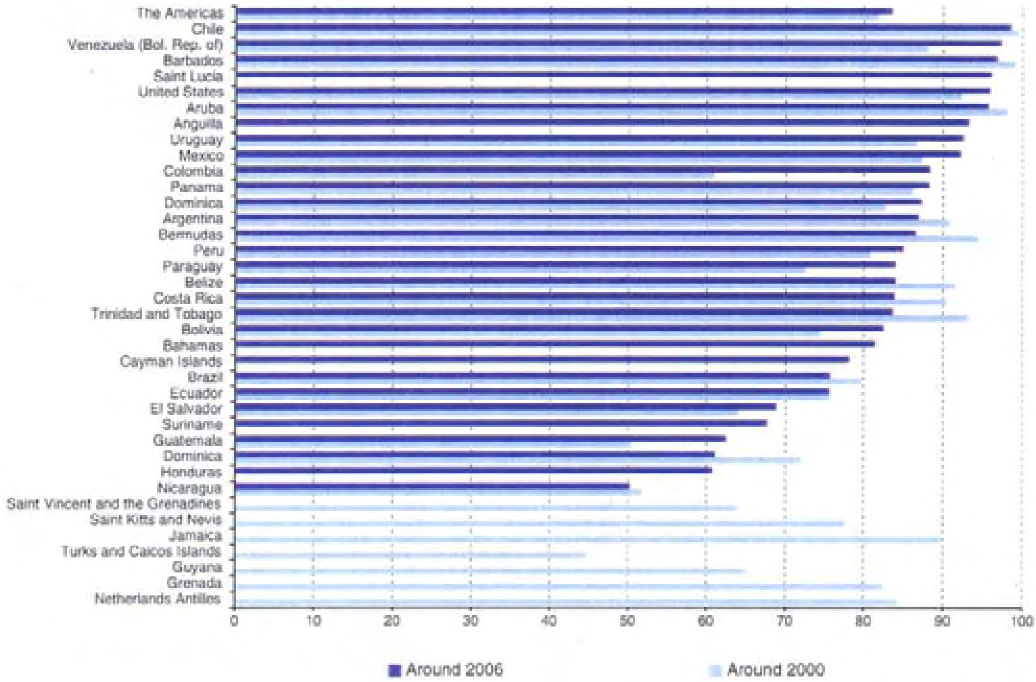
With regard to the progression rate in primary education, in 2006, the Americas had a survival rate to the last year of primary schooling of 83.5%, slightly higher than the rate in 2000 (82.1%).

The situation varied considerably from one country to another, however: progression rates for primary schooling ranged from 98.4% in Chile to 50.2% in Nicaragua in 2006.

Figure 34

THE AMERICAS (37 COUNTRIES AND TERRITORIES): SURVIVAL RATE TO LAST GRADE OF PRIMARY SCHOOL,[a] AROUND 2000 AND 2006

(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of information from UNESCO Institute of Statistics [online] http://stats.uis.unesco.org/unesco/TableViewer/tableView.aspx.

[a] This indicator shows the number of individuals in a cohort beginning the first grade of primary schooling who reach the last year of primary school, regardless of repetitions and of the number of years they take to do so. 1999 values for Bolivarian Republic of Venezuela, Chile, Netherlands Antilles and the United States; 2001 values for Bermuda; 2003 values for Chile; 2004 for Anguilla, Argentina, Brazil, Cayman Islands, Paraguay, Saint Lucia and Trinidad and Tobago; 2005 for the Bahamas, Barbados, Bermuda, Dominican Republic, Ecuador, Mexico, Nicaragua, Peru, Uruguay and the United States. The values for the Americas are simple averages and include only those countries that had data for both years.

The obstacles to progression have not prevented an improvement in rates of primary completion. In 2005, this rate was 91.9% for 18 Latin American countries, well above the 1990 figure of 79.4%.

The high levels of primary completion in the countries of the Americas have been reflected in an increase in literacy rates in the population aged 15 to 24. A comparison of simple averages of youth literacy in the Americas shows an increase from 90.9% in 1990 to 94.3% in 2000, then to 95.3% in 2007. In addition, rates of youth literacy in the Americas showed gender parity in 2007.

The countries of the Americas need to move ahead on access to secondary education. Although the net enrolment rate on the continent stood at a simple average of 72.3% in 2006, higher than the 2000 value (67.9%), it was below the levels of access to secondary schooling in Central and Eastern Europe and Central Asia.

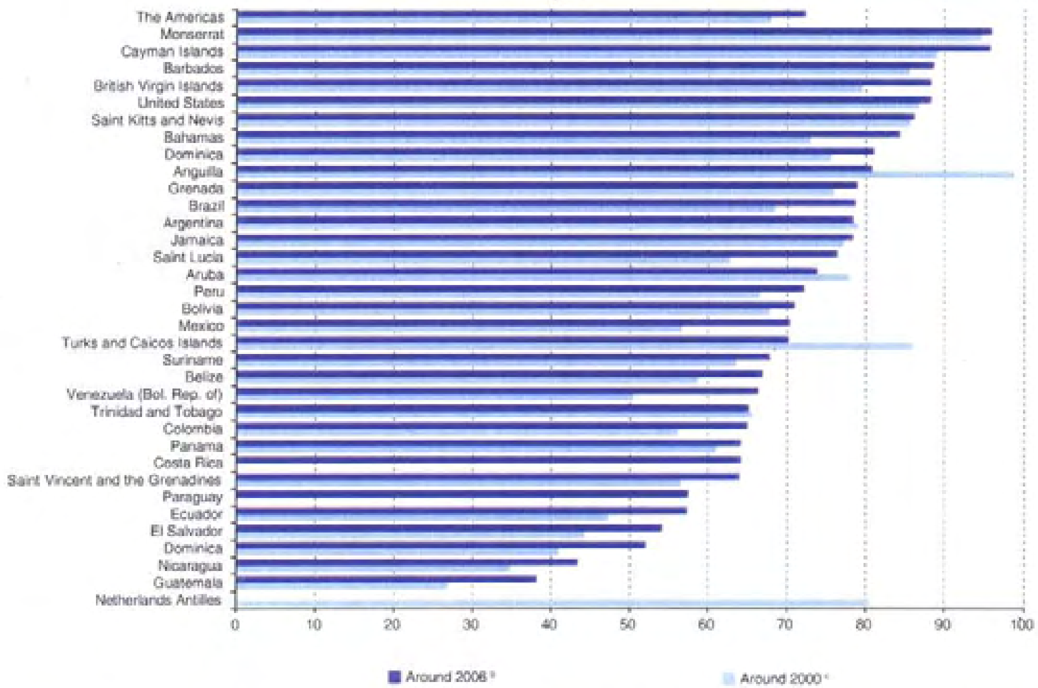
Be this as it may, levels of access to secondary schooling in the Americas are higher than those in other parts of the word, such as the Arab States, East Asia and Asia-Pacific. What is more, the Americas are closer to achieving gender parity in access to secondary education than the other regions examined.

The net enrolment rate rose in most countries in the Americas between 2000 and 2006. The situation varied considerably from country to country, however, with levels ranging from 95.8% in Montserrat to 38.1% in Guatemala.

Figure 35

THE AMERICAS (34 COUNTRIES AND TERRITORIES): NET ENROLMENT IN SECONDARY EDUCATION, AROUND 2000 AND 2006 [a]

(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of information from UNESCO Institute of Statistics [online] http://stats.uis.unesco.org/unesco/TableViewer/tableView.aspx.

[a] This indicator is calculated on the basis of the number of individuals enrolled in secondary education who are officially of age to attend secondary school.

[b] 2001 values for Bolivia; 2002 values for Grenada and Montserrat;

[c] 2004 values for Montserrat; 2005 values for Anguilla, Argentina, Grenada, Turks and Caicos Islands, Jamaica, Paraguay, Saint Kitts and Nevis, Saint Vincent and the Grenadines, Suriname and Trinidad and Tobago.

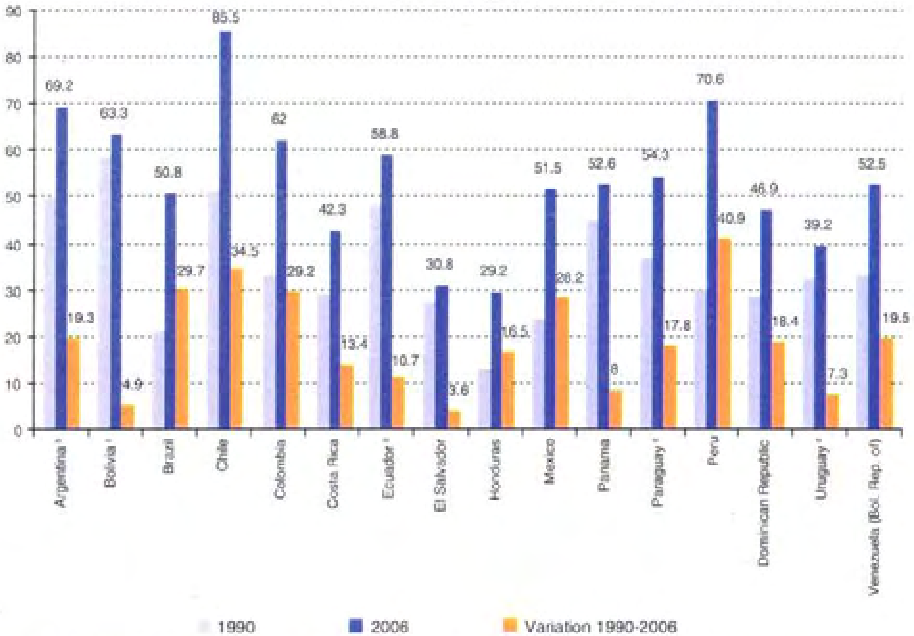
Analysis of secondary completion rates in 2006 shows considerable variation from country to country, from 14.8% (Suriname) to 87.5% (United States). Eight countries of the Americas had secondary completion rates of under 50% in 2006, which highlights the need to redouble efforts to increase the schooling of the population.

In any case, the countries of the Americas have made progress as regards secondary completion in the last two decades: trends in this indicator for the 16 countries that had data series for 1990 and 2006 show completion percentages rising in all cases.

Figure 36

LATIN AMERICA (16 COUNTRIES): COMPLETION RATES for SECONDARY EDUCATION IN THE POPULATION AGED 20 TO 24 YEARS, AROUND 1990 AND 2006[a]

(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), *Social Panorama of Latin America, 2007* (LC/G.2351-P), Santiago, Chile, 2007, and special tabulations of data from household surveys conducted in the relevant countries.

[a] 1997 and 2005 values for Argentina; 1990 and 2005 values for the Bolivarian Republic of Venezuela; 1994 and 2004 values for Bolivia; 1990 and 2006 values for Brazil; 1990 and 2007 values for Chile and Costa Rica; 1991 and 2007 values for Colombia; 1997 and 2005 values for Dominican Republic; 1990 and 2005 values for Ecuador; 1995 and 2007 values for El Salvador; 1990 and 2007 values for Honduras; 1996 and 2007 values for Mexico; 1991 and 2005 values for Panama; 1994 and 2005 values for Paraguay; 1997 and 2007 values for Peru; and 1990 and 2005 values for Uruguay.

[b] Greater Buenos Aires.

[c] Eight major cities and El Alto.

[d] Urban areas.

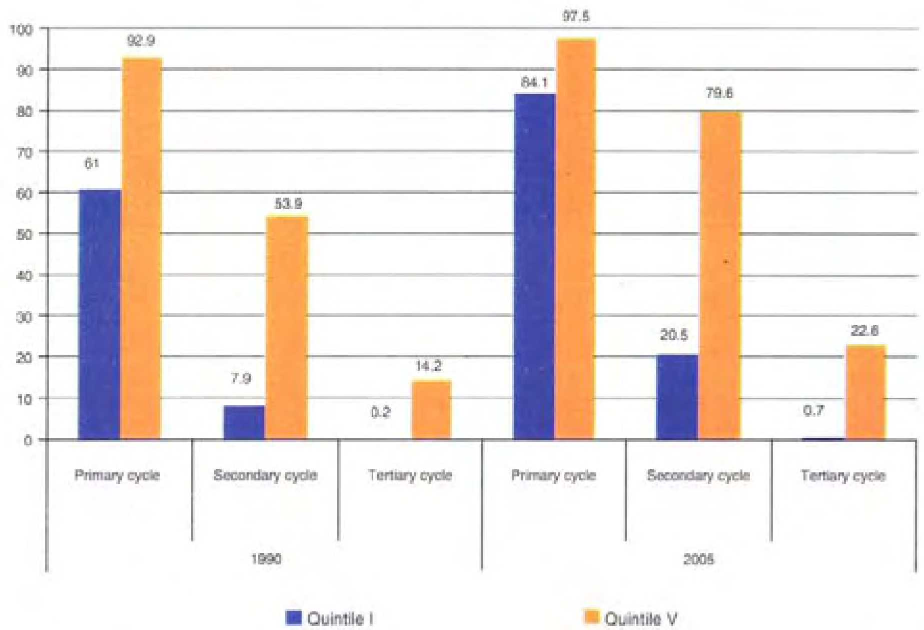
The challenges of schooling are not confined to secondary education. Another pending task is to increase access to preschool education, both because of the short- and long-term benefits associated with comprehensive care in early childhood and because of the opportunities it opens up for the region's poorest women to join the labour market.

In 2006, the enrolment rate among children at an age corresponding to the final year of preschool stood at 84.3% in the Americas (simple average); this was significantly higher than the 2000 figure of 72.9%, but still needs to be improved. Furthermore, these rates are likely to be lower in the earlier years of preschool.

The countries of the Americas should continue to move towards closing the socio-economic, ethnic and geographical gaps in access, progression and completion at the various levels of education.

Although socio-economic gaps in the completion of the various education cycles have narrowed in the past 15 years, in 2005 completion rates at the primary and, particularly, the secondary and tertiary levels were significantly lower among the poorest groups, indigenous peoples (especially indigenous women), Afro-descendants and the rural population.

Figure 37
LATIN AMERICA (18 COUNTRIES): COMPLETION OF EDUCATION CYCLES BY PER CAPITA INCOME QUINTILES, AROUND 1990 AND 2005[a]
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), *Social Panorama of Latin America, 2007* (LC/G.2351-P), Santiago, Chile, 2007

[a] The percentage of the population that has completed primary education is estimated for the population aged 15 to 19, the percentage of the population that has completed secondary education is estimated for the population aged 20 to 24, and the percentage of the population that has completed tertiary education is estimated for the population aged 25 to 29. The measure used for the completion of tertiary education was completion of at least five years of that cycle.

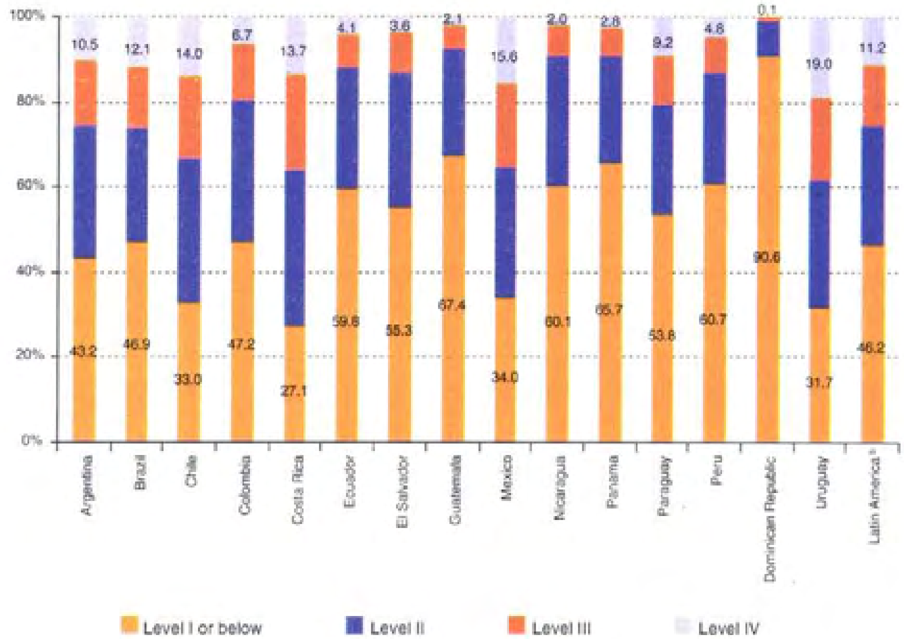
One of the major challenges facing many of the countries of the Americas is to improve the quality of education. Evidence systematically shows that the learning levels of students from the less developed countries on the American continent are lower than those attained by their counterparts in the developed countries. A significant portion of Latin American children in the first grades of primary school can give only a basic cognitive performance in mathematics, if that.

The learning gaps may be attributed to sharp differences in the quality of the education children receive and to the segmentation and segregation of education. Learning outcomes thus reproduce the gaps associated with socio-economic situation, ethnic origin and area of residence.

Figure 38

LATIN AMERICA (15 COUNTRIES): ACHIEVEMENT LEVELS IN MATHEMATICS OF CHILDREN IN THE THIRD GRADE OF PRIMARY SCHOOL, 2006 [a]

(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of United Nations Educational, Scientific and Cultural Organization (UNESCO)/Latin American Laboratory for Assessment of the Quality of Education (LLECE), *Segundo Estudio Regional Comparativo y Explicativo (SERCE). Los aprendizajes de los estudiantes de América Latina y el Caribe. Primer reporte*, Santiago, Chile, UNESCO Regional Office for Education in Latin America and the Caribbean.

[a] The Second Regional Comparative and Explanatory Study (SERCE) organizes achievement levels in order of the difficulty of cognitive processes. Level I students at most recognize basic numeric, geometric and information-handling concepts. Level II students can solve simple problems and recognize explicit facts, concepts and relationships. Level III students can solve simple problems and recognize implicit facts and concepts. Level IV students can solve complex problems.

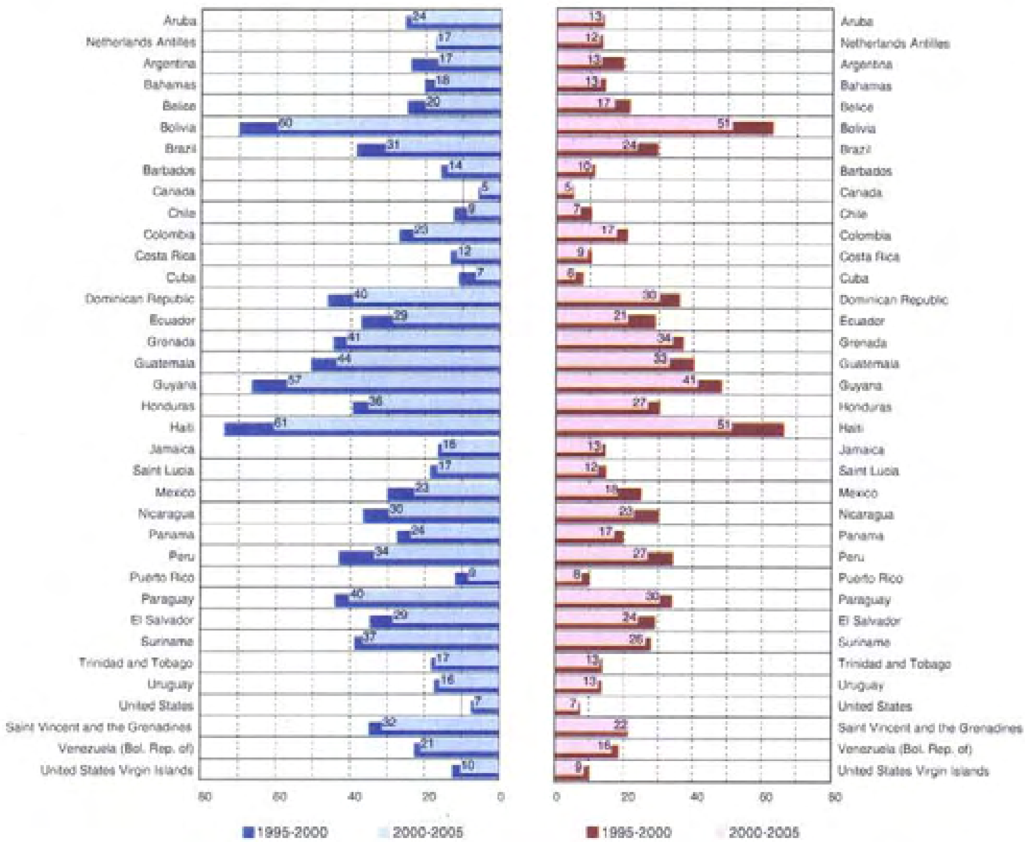
[b] Estimates for Latin America include Cuba.

VII. HEALTH AND NUTRITION

The expansion of sanitation services and maternal and child health care in urban areas, together with changes in people's behaviour, has helped lower child mortality in the Americas. In the poorest rural areas, however, there are still large gaps in access to basic sanitation and drinking water services, and new health problems are arising in connection with changes in the population structure and morbidity profiles. The Americas produce enough food to satisfy the nutritional needs of the population, but access problems and child undernutrition are still unresolved challenges.

In 1995-2000 and 2000-2005, male child mortality rates fell throughout the Americas. Female child mortality rates behaved almost identically. The rates varied considerably from one country to another, however: in 2000-2007 male child mortality rates, for example, ranged from 60.8 deaths per 1,000 live births (Haiti) to 5.4 per 1,000 live births (Canada), while female child mortality rates ranged from 51 deaths per 1,000 live births (Haiti) to 4.6 deaths per 1,000 live births (Canada).

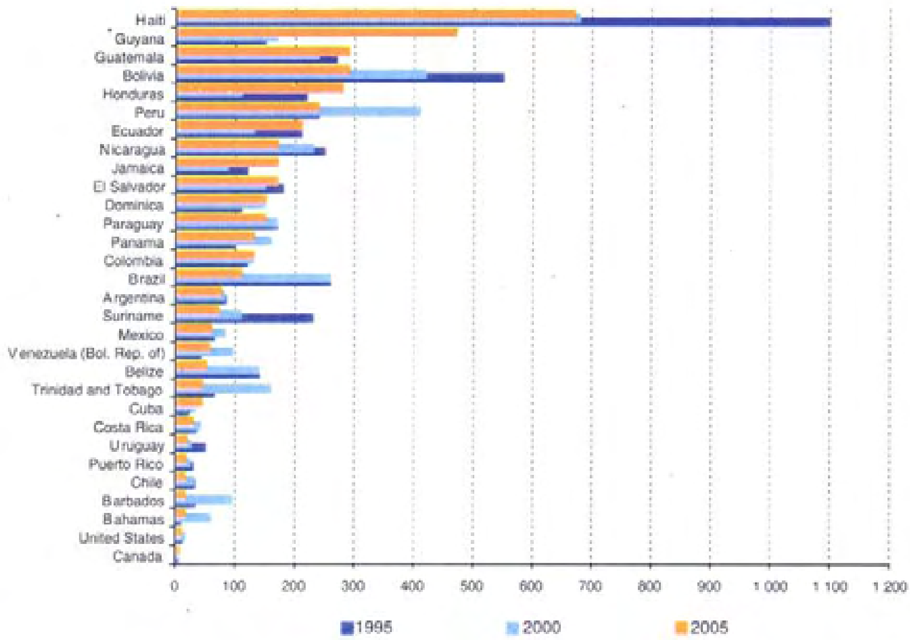
Figure 39
THE AMERICAS (36 COUNTRIES AND TERRITORIES): CHILD MORTALITY, BY SEX
(Per 1,000 live births)



Source: United Nations Population Division, World Population Prospects, 2006 Revision [population database]; Latin American and Caribbean Demographic Centre (CELADE) - Population Division of ECLAC, Population database, 2006 revision.

Maternal mortality fell in 17 countries of the Americas between 1995 and 2005 and increased in 10. In absolute terms, the largest increases were reported in Guyana, Honduras and Jamaica, while the largest decreases were observed in Haiti, Bolivia, Suriname and Brazil.

Figure 40
THE AMERICAS (30 COUNTRIES AND TERRITORIES) MATERNAL MORTALITY RATE
(Per 100,000 live births)



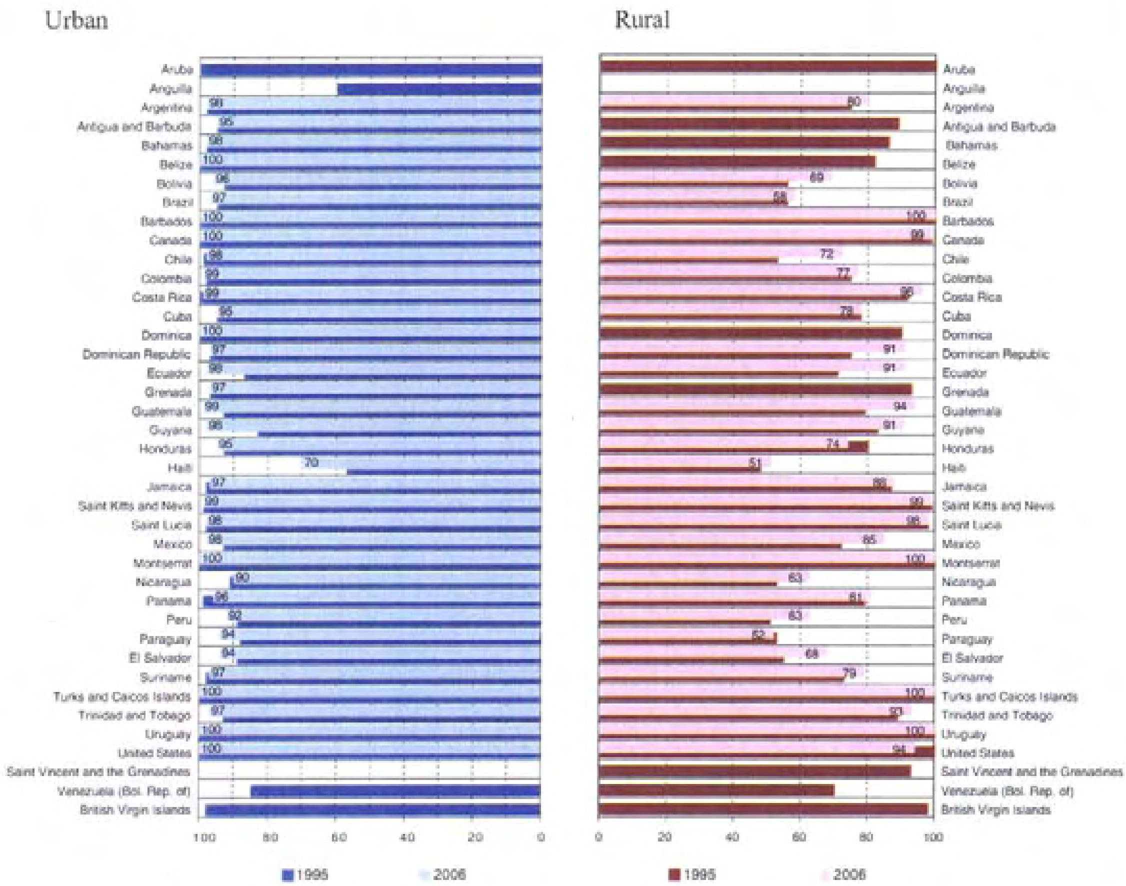
Source: World Health Organization (WHO), maternal mortality estimates 2000 and 2005; United Nations Statistics Division, Millennium Development Goals Indicators [online] http://mdgs.un.org/unsd/mdg/Default.aspx.

Although in 2006 there was virtual parity in access to drinking water in some of the countries of the Americas, in others there were sharp asymmetries between one residential area and another. In 2006, the largest differences between urban and rural areas were observed in Brazil, Paraguay, Peru and Nicaragua.

Figure 41

THE AMERICAS (40 COUNTRIES AND TERRITORIES): POPULATION WITH REGULAR ACCESS TO AN IMPROVED DRINKING WATER SOURCE, RURAL AND URBAN AREAS, 1995 AND 2006

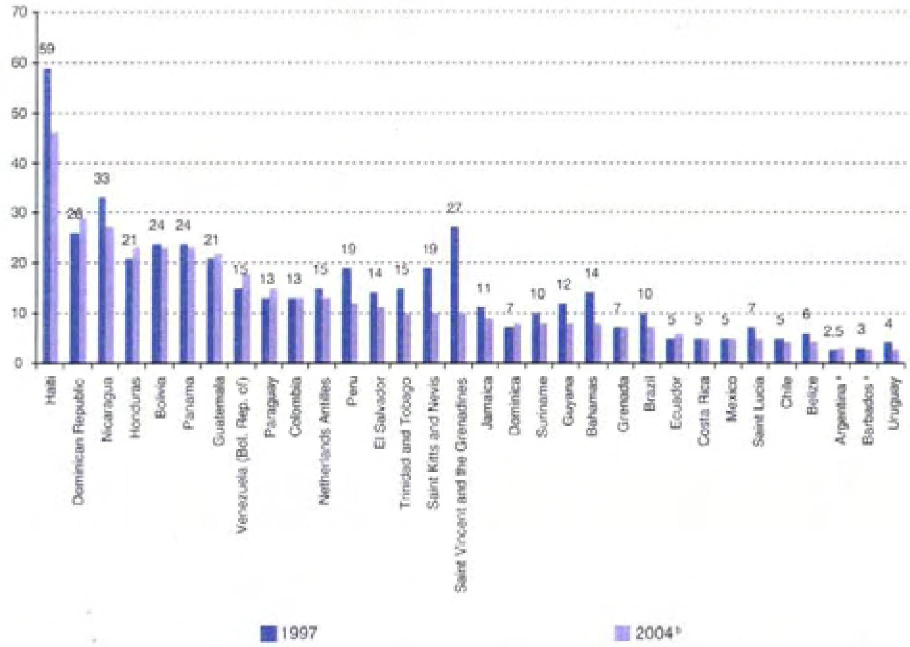
(Percentages of the total population)



Source: World Health Organization (WHO)/United Nations Children's Fund (UNICEF), Joint Monitoring Programme for the Water and Sanitation Sector.

The percentage of the population whose minimum dietary energy requirements were not being met fell between 1997 and 2004 in most countries of the Americas. Nevertheless, in seven countries (Haiti, Dominican Republic, Nicaragua, Honduras, Bolivia, Panama and Guatemala) the proportion was above 20% in 2004.

Figure 42
LATIN AMERICA AND THE CARIBBEAN (32 COUNTRIES): POPULATION WHOSE MINIMUM DIETARY ENERGY REQUIREMENTS ARE NOT BEING MET, AROUND 1997 AND 2004
(*Percentages*)



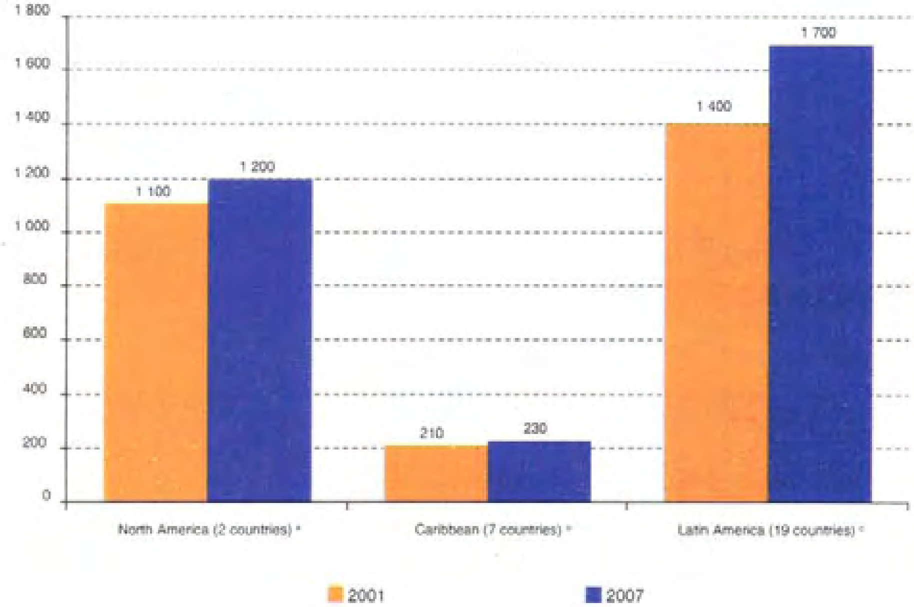
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of Food and Agriculture Organization of the United Nations (FAO), Food Security Statistics [online] http://www.fao.org/faostat/foodsecurity/index_en.htm.

[a] Undernutrition is less than 2.5% in these countries, but the United Nations Food and Agricultural Organization (FAO) uses a classification of 2.5% or less.

[b] Preliminary estimate.

HIV/AIDS levels remained relatively constant between 2001 and 2007 in all the countries of the Americas, but the number of persons living with HIV/AIDS rose by 100,000 in the United States and Canada, 20,000 in the Caribbean and 300,000 in Latin America.

Figure 43
THE AMERICAS: ESTIMATED NUMBER OF PEOPLE LIVING WITH HIV/AIDS, 2001 AND 2007
(Thousands of persons)



Source: Joint United Nations Programme on HIV/AIDS (UNAIDS), 2008 Report on the Global AIDS Epidemic [online] http://www.unaids.org/en/KnowledgeCentre/HIVData/GlobalReport/2008/2008_Global_report.asp.

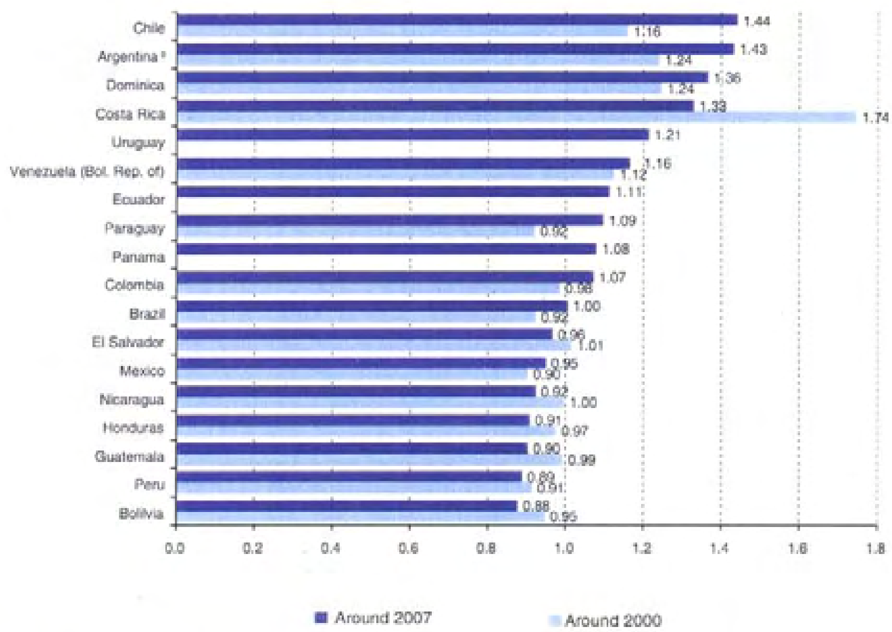
[a] Canada and the United States.
[b] Includes the Bahamas, Barbados, Cuba, Dominican Republic, Haiti, Jamaica and Trinidad and Tobago.
[c] Includes Argentina, Belize, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Guyana, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Suriname and Uruguay.

VIII. GENDER EQUITY

Despite progress made in some aspects of gender parity, substantial obstacles still constrain the empowerment of women in the Americas, which prevents them from fully enjoying equal rights. Countries need to join forces to empower women in terms of their economic, physical and decision-making autonomy.

Up to 2007, in 10 of 18 countries in the Americas for which gender-disaggregated data were available, households headed by women were poorer than households headed by men. The largest gaps were recorded in Chile, Argentina and the Dominican Republic.
The simple average of the gender parity index rose from 1.02 in 2000 to 1.09 in 2007, reflecting a worsening of the situation of women. The gap widened the most in Argentina, Chile, Dominican Republic and Paraguay.

Figure 44
LATIN AMERICA (18 COUNTRIES): POVERTY BY GENDER OF HEAD OF HOUSEHOLD, PARITY INDEX, AROUND 2000 AND 2007 [a]



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of data from household surveys conducted in the relevant countries.

[a] The parity index is the ratio between the percentage of poor households headed by women and the percentage of poor households headed by men. Values of more than 1 indicate a more unfavourable situation for women, and values of less than 1 indicate a more unfavourable situation for men.

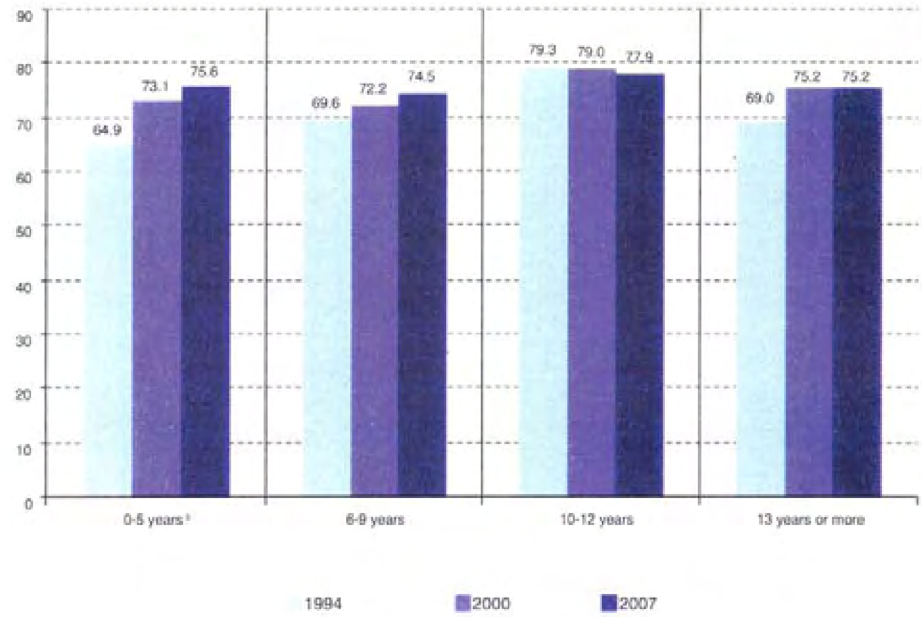
[b] Urban areas.

Women's labour income continued to be lower than that of men for similar levels of education in 2007, although the gap had narrowed, especially among wage-earners with relatively fewer years of schooling.

Figure 45

LATIN AMERICA (18 COUNTRIES): RATIO BETWEEN MEN'S AND WOMEN'S URBAN WAGES, BY YEARS OF SCHOOLING, AROUND 1994, 2000 AND 2007 [a]

(Percentages, simple averages)



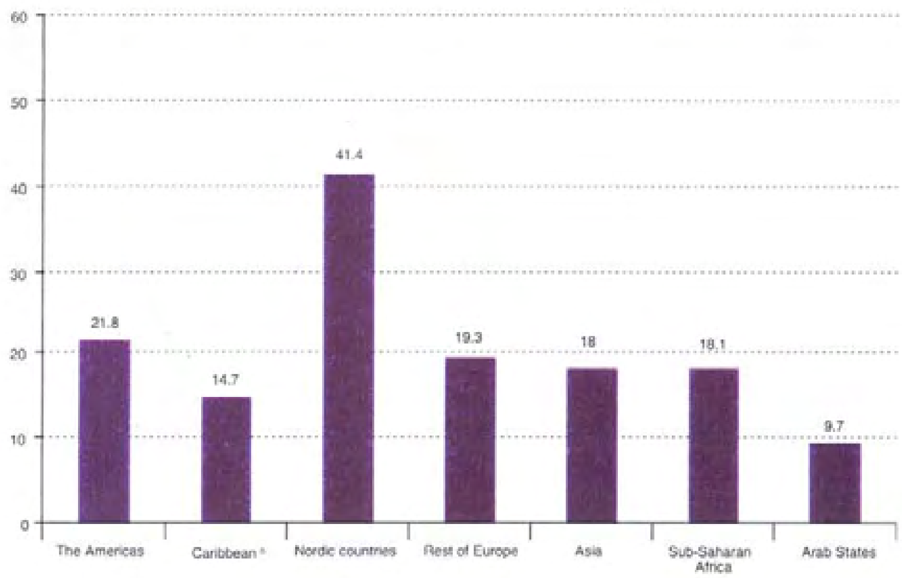
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of data from household surveys conducted in the relevant countries.

[a] The indicator refers to wage-earners aged between 20 and 49 who work at least 35 hours per week. The percentage represents the relationship between women's and men's average wages. The data cover the following countries: Argentina, Bolivarian Republic of Venezuela, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, and Uruguay.

[b] No data for Argentina (0-5 years of schooling) or Guatemala (6-9 years, 10-12 years and 13 years or more).

The percentage of parliamentary seats held by women provides an indication of the extent to which women participate in decision-making processes in their countries. The proportion of women in parliament in many of the countries of the Americas has increased in recent years, but the 2008 figure of 21.8% fell far short of the 41.4% seen in the Nordic countries.

Figure 46
THE AMERICAS AND OTHER REGIONS: PROPORTION OF PARLIAMENTARY SEATS HELD BY WOMEN, 2008[a]
(Percentages, simple averages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of data from the Inter-Parliamentary Union (IPU) [online] http://www.ipu.org/wmn-e/world.htm.

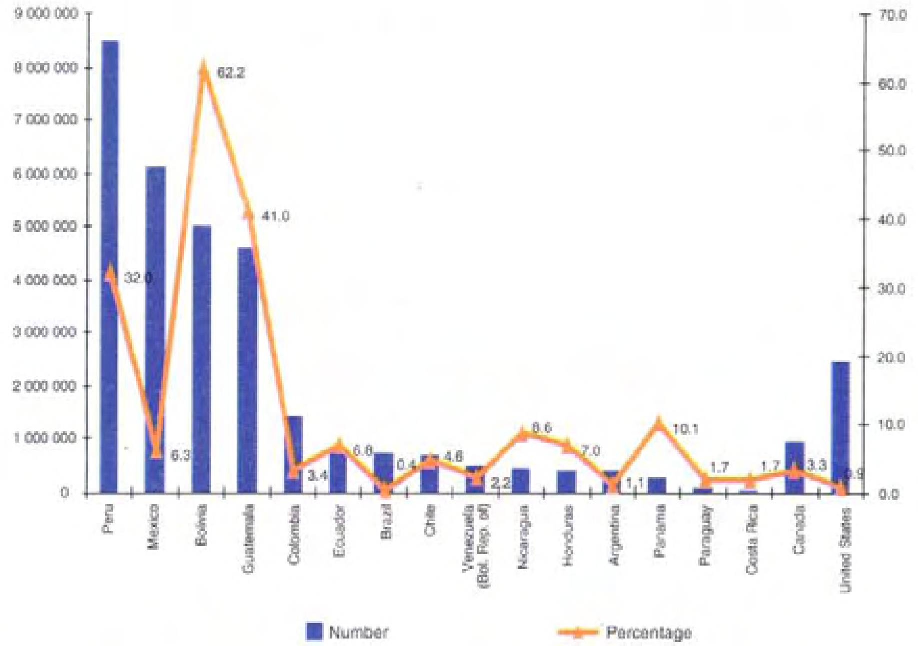
[a] Refers to seats held in lower or single chambers
[b] Includes Antigua and Barbuda, Bahamas, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname and Trinidad and Tobago.

IX. INDIGENOUS PEOPLES

The countries of the Americas must forge ahead with efforts to generate opportunities for indigenous peoples and reduce the disadvantages they suffer, show respect for diversity and promote the social inclusion of these communities. Currently, indigenous peoples have higher mortality and fertility rates and lower levels of completion of primary education than non-indigenous populations; they also have to contend with the gender inequities that prevail.

Towards the year 2000, the population of indigenous peoples in Latin America and North America stood at 33,606,965 persons, of whom 72% (approximately 24 million) lived in Bolivia, Guatemala, Mexico and Peru. In terms of their relative significance, persons of indigenous origin had a greater demographic weight in Bolivia, Guatemala, Peru and Panama, in that order.

Figure 47
LATIN AMERICA AND NORTH AMERICA (17 COUNTRIES): INDIGENOUS POPULATION BY COUNTRY, AROUND 2000[a]
(Percentages and numbers of persons)

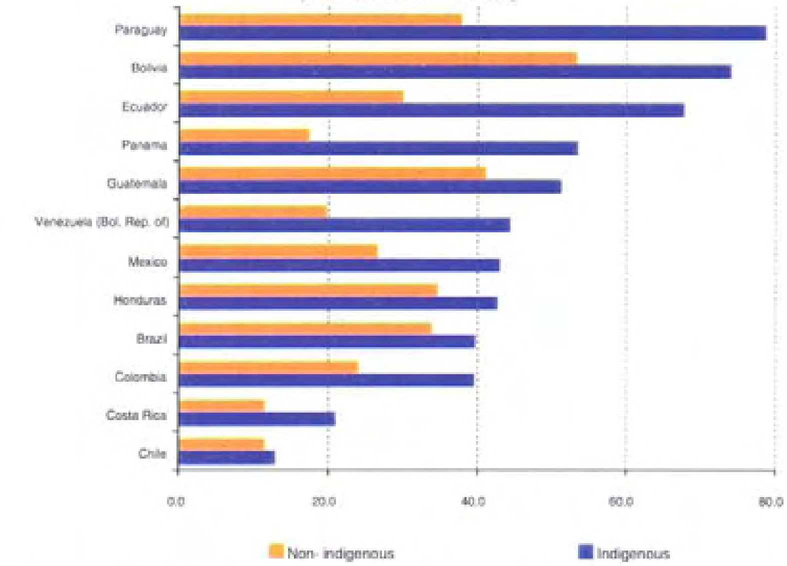


Source: Economic Commission for Latin America and the Caribbean (ECLAC), *Social Panorama of Latin America, 2006* (LC/G.2326-P/I), Santiago, Chile, 2006; Statistics Canada, 2001 population census; United States Census Bureau, 2000 population census.

[a] Includes the United States and Canada.

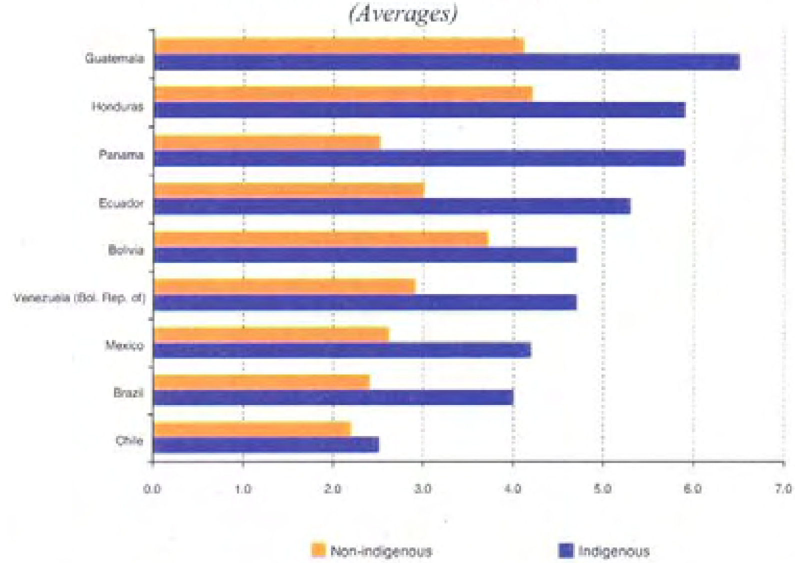
Indigenous populations have high fertility and child mortality rates (indeed; these rates are much higher than among the non-indigenous population). Their age structures are "young" or "very young".

Figure 48
LATIN AMERICA (12 COUNTRIES): CHILD MORTALITY RATES OF INDIGENOUS AND NON-INDIGENOUS POPULATIONS, 2000
(Per 1,000 live births)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), *Social Panorama of Latin America, 2006* (LC/G.2326-P/I), Santiago, Chile, 2006, on the basis of census data.

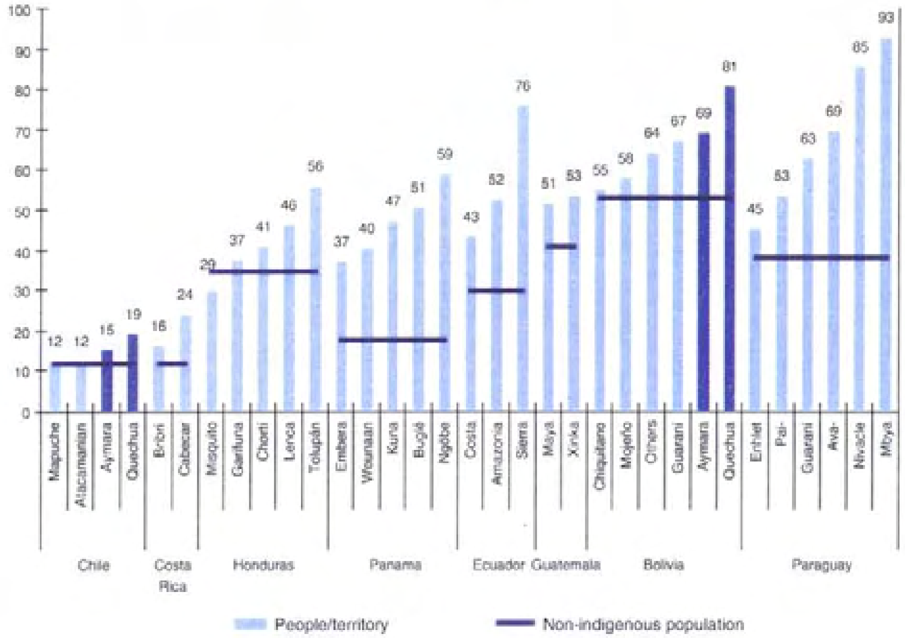
Figure 49
LATIN AMERICA (12 COUNTRIES): TOTAL FERTILITY RATES (TFR) OF INDIGENOUS AND NON-INDIGENOUS WOMEN, 2000 [a]
(Averages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), Social Panorama of Latin America, 2006 (LC/G.2326-P/I), Santiago, Chile, 2006, on the basis of census data.

[a] The total fertility rate refers to the average number of children that would be born to a woman of a hypothetical cohort of women if she were to live to the end of her childbearing years [15-49] and bear children at each age in accordance with the prevailing age-specific fertility rates.

Figure 50
LATIN AMERICA (8 COUNTRIES): CHILD MORTALITY RATE AMONG DIFFERENT INDIGENOUS PEOPLES, 2000
(Per 1,000 live births)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), *Social Panorama of Latin America, 2006* (LC/G.2326-P/I), Santiago, Chile, 2006, on the basis of census data.

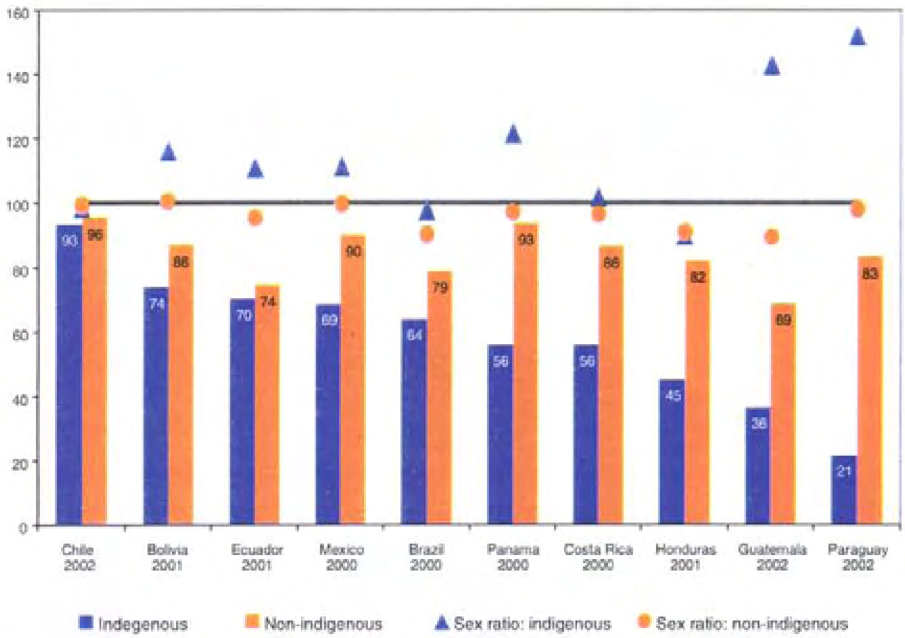
As regards completion of primary education by indigenous and non-indigenous populations in 10 Latin American countries, in all the groups studied, the levels observed are lower among populations identified as indigenous than among non-indigenous populations.

In addition, it should be noted that among indigenous peoples, men tend to have higher levels of completion of primary education than women, while the opposite is true in the non-indigenous population.

Figure 51

LATIN AMERICA (10 COUNTRIES): YOUNG PEOPLE AGED 15 TO 19 WHO HAVE COMPLETED PRIMARY EDUCATION, BY ETHNIC STATUS AND SEX RATIO, AROUND THE YEAR 2000

(*Percentages*)



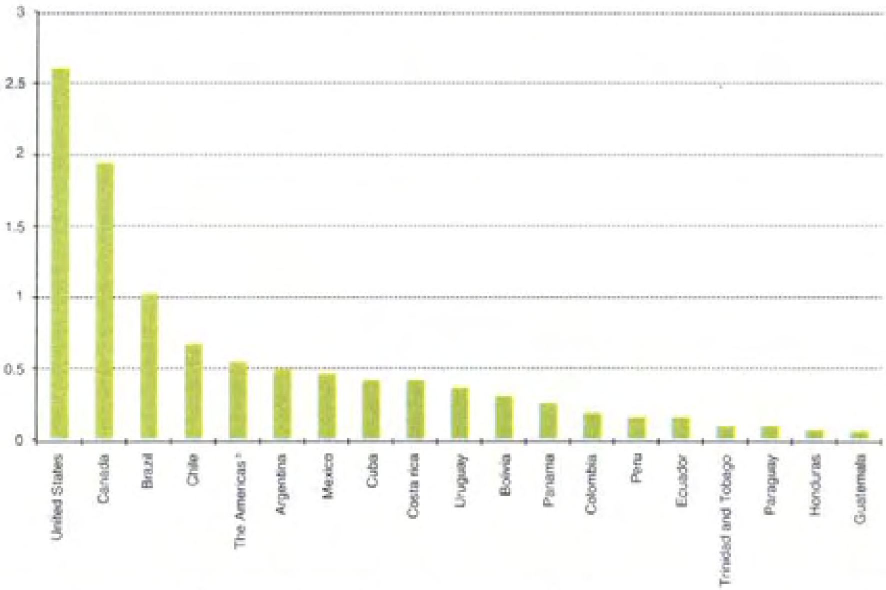
Source: F. Del Popolo and A.M. Oyarce, "América Latina, población indígena: perfil sociodemográfico en el marco de la Conferencia Internacional sobre la Población y el Desarrollo y de las metas del Milenio", Notas de población, No. 79 (LC/G.2284-P), Santiago, Chile, Economic Commission for Latin America and the Caribbean (ECLAC), 2005; and System of Sociodemographic Indicators for Indigenous Peoples and Populations of Latin America (SISPPI).

X. THE KNOWLEDGE ECONOMY

A. RESEARCH AND DEVELOPMENT

Spending on research and development in the countries of the Americas averages 0.53% of GDP (2006), well below the figure for the countries of the Organisation for Economic Co-operation and Development (OECD) (2.3% of GDP, 2008). These figures, however, conceal wide differences within the region. The figures for the more developed North American countries are similar to the average level for developed countries, and those for the rest of the region are lower.

Figure 52
THE AMERICAS: RESEARCH AND DEVELOPMENT SPENDING, 2006 [a]
(Percentage of GDP)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of information from Organisation for Economic Co-operation and Development (OECD) and Ibero-American Network of Science and Technology Indicators (RICYT).

[a] Or last available year.

[b] Simple average.

There have been no significant changes in this indicator since the mid-1990s.

B. DISSEMINATION OF INFORMATION TECHNOLOGY

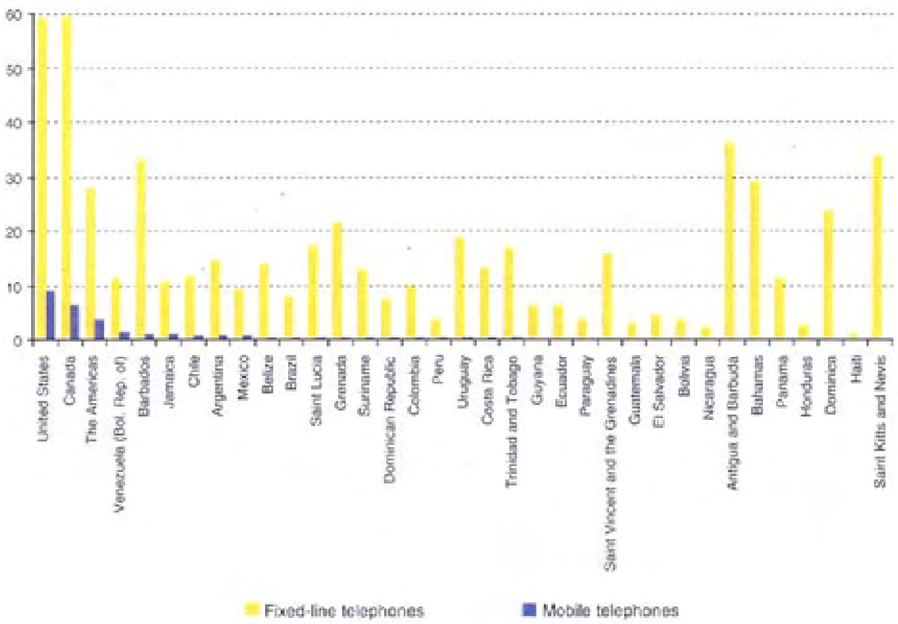
1. Expansion of mobile telephones

In line with the worldwide trend, growth in fixed-line telephone services has been sluggish since 2004; around 30% of the population now covered. In the area of voice communication, fixed-line technology is rapidly being replaced by mobile telephones. In late 2007 there were over 650 million mobile subscribers; this represented a penetration rate of 72% of the population, 2.3 times higher than the rate for fixed-line telephones.

Figure 53

THE AMERICAS: FIXED-LINE AND MOBILE TELEHONE PENETRATION, 1994, 2000 AND 2007

(Telephone lines per 100 inhabitants)



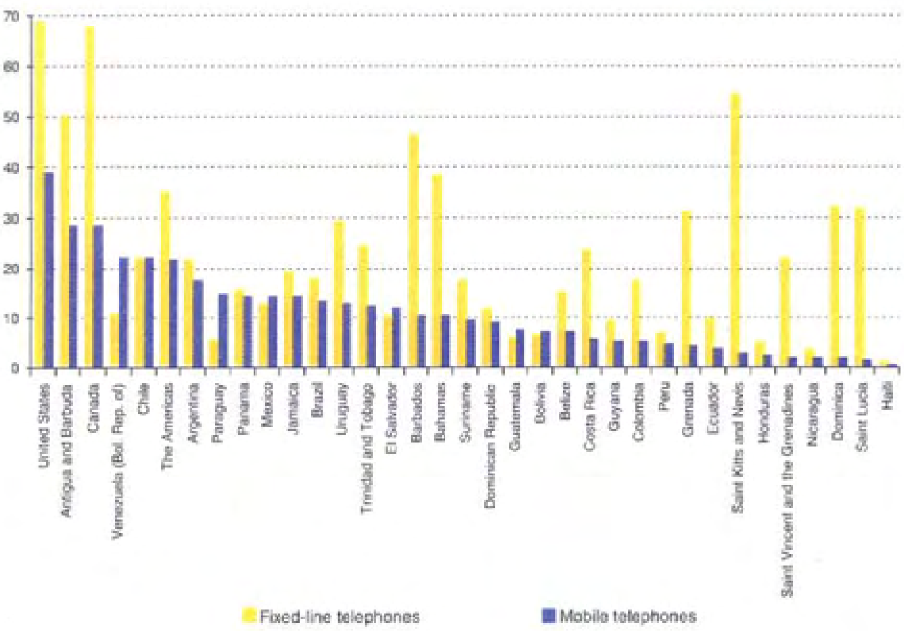
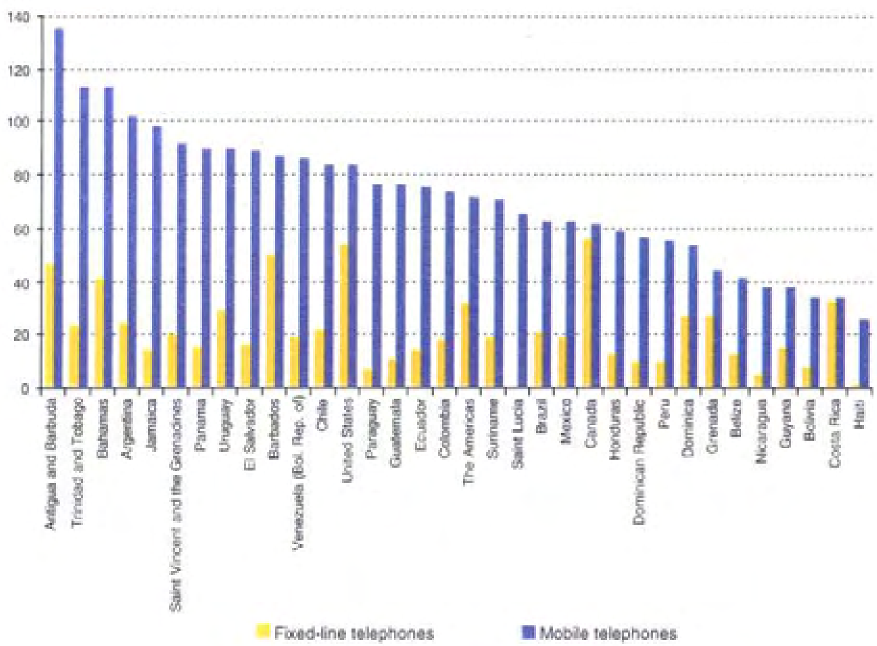


Figure 53 (concluded)



Source: International Telecommunication Union (ITU), *ICT Indicators*, 2007.

The highest levels of mobile telephone penetration in the region, exceeding 100%, are found in several Caribbean countries and Argentina, whereas the rates for Bolivia, Costa Rica and Haiti are below 35%; this illustrates the diversity of the region in terms of the adoption of mobile technology.

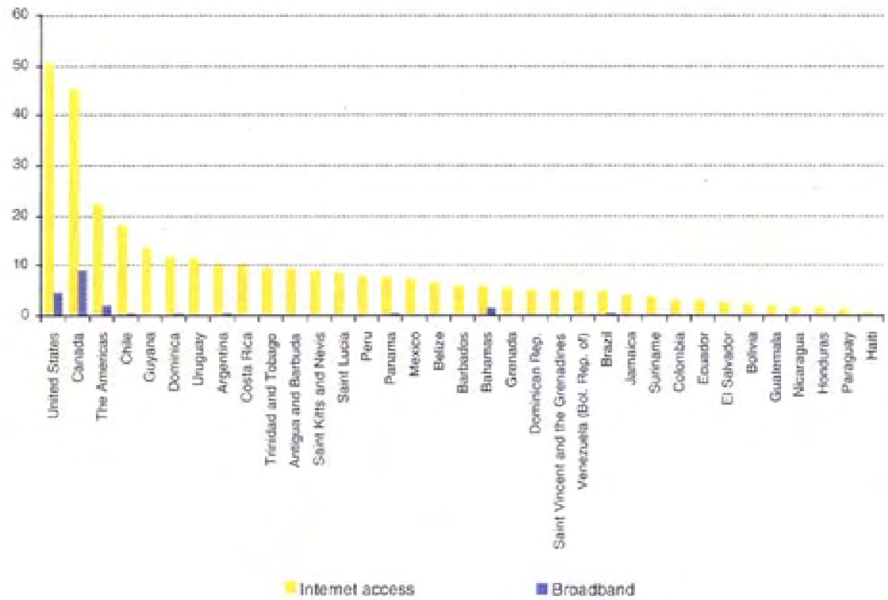
The expansion of this technology in the region is significant. In 2000, there were 21 subscribers per 100 inhabitants, but by 2007 the figure had risen to 72. There has also been a narrowing of the gap between the countries with the highest and lowest rates of penetration.

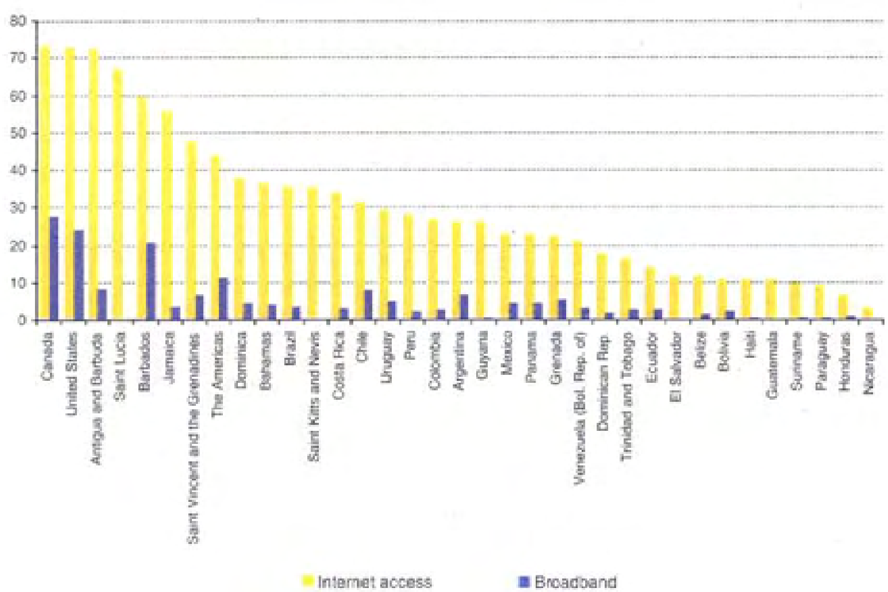
2. Internet access and broadband use

The penetration of Internet access in the Americas showed an upward trend from 2000 to 2007, with the numbers of users increasing from 19 to 43 per 100 inhabitants. The rate of growth of Internet use varies between the countries, but the gap has tended to narrow with the passage of time.

The penetration of broadband Internet services has grown even faster, although the absolute levels are lower, with an average increase for the Americas from 1.9 to 11.2 users per 100 inhabitants. The gaps between countries have also been narrowing in this area.

Figure 54
THE AMERICAS: INTERNET AND BROADBAND PENETRATION, 2001 AND 2007
(Users per 100 inhabitants)





Source: International Telecommunication Union (ITU), *ICT Indicators*, 2007.

XI. ENVIRONMENTAL SUSTAINABILITY, NATURAL RESOURCES AND ENERGY

The main environmental problems facing North America are air and water pollution, uncontrolled urban sprawl and high consumption of electricity generated from fossil fuels.[4]

Latin America and the Caribbean, for its part, is facing an ever-increasing loss of biodiversity and forests, as well as overexploitation of the region's natural resources beyond its capacity for replenishment. This results in soil degradation and depletion of fish stocks. In addition, rapid and unbridled urbanization and persistently unsustainable patterns of production and consumption exacerbate problems such as excessive waste generation or worsening air pollution in cities, and augment the need for basic services in substandard housing settlements.

Throughout the continent, the panorama described above is compounded by the growing impact of climate change and the increase in the intensity and frequency of hurricanes, floods and landslides, which call for adaptation policies to assist the hardest hit territories and populations. Production trends in the mining, industrial and energy sectors also contribute to the problem by polluting surface water and damaging coastal ecosystems, thereby augmenting the region's environmental liabilities.

A. LOSS OF FOREST COVER AND SOIL DEGRADATION

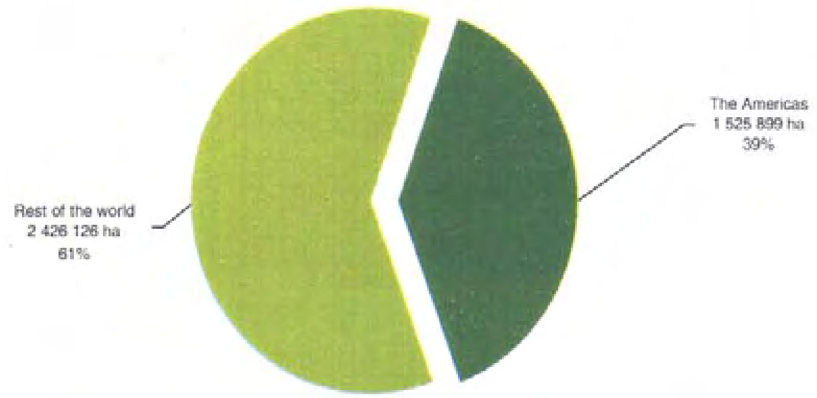
Forests provide crucial environmental services that are of tremendous ecological value (carbon sequestration, regulation of the water cycle, soil protection and conservation of biodiversity, among others). They also contain a variety of economically valuable goods. In 2005, the region of the Americas accounted for almost 40% of global forested areas, that is, approximately 1.526 billion hectares, in a land area that represented 30% of the world total. The distribution of forest areas among the countries in the region is as follows: 95% concentrated in 11 countries, of which eight are located in South America (51%), two in North America (40%), while Mexico accounts for 4%.

Sustainable exploitation of forest resources has not been achieved. Continuing overexploitation, together with the encroachment of areas under cultivation on forested areas, has led to a reduction in forest cover in the region. This trend is deeply disturbing since the region lost 65 million hectares of forest between 1990 and 2005.

---

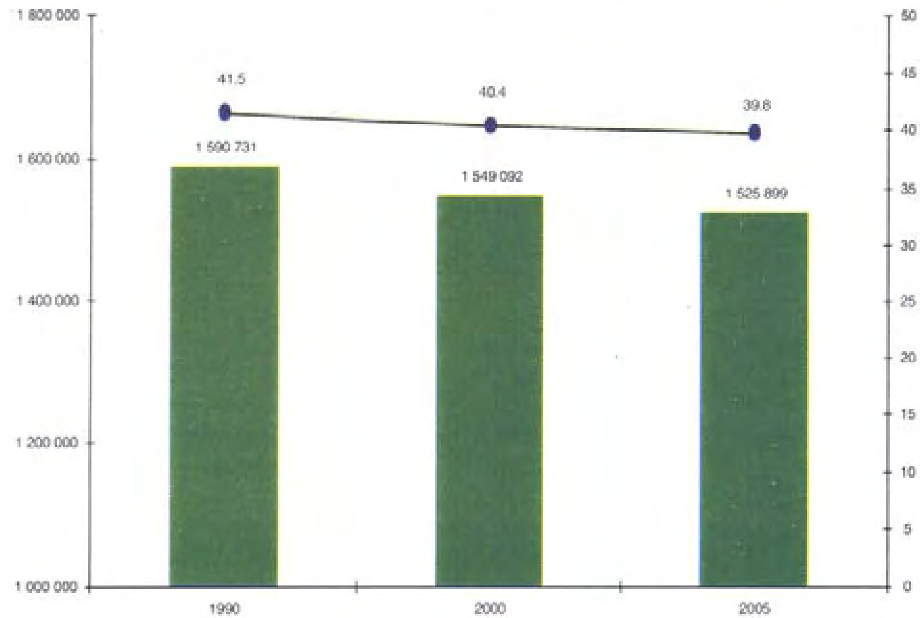
4 United Nations Environment Programme (UNEP), *Global Environment Outlook, Environment for Development, GEO 4*, Nairobi, 2007.

Figure 55
THE AMERICAS AND THE REST OF THE WORLD: DISTRIBUTION OF FOREST AREA 2005
(Thousands of hectares and percentages)



Source: Food and Agriculture Organization of the United Nations (FAO), *Global Forest Resources Assessment, 2005 (FRA 2005)*, Rome, 2005.

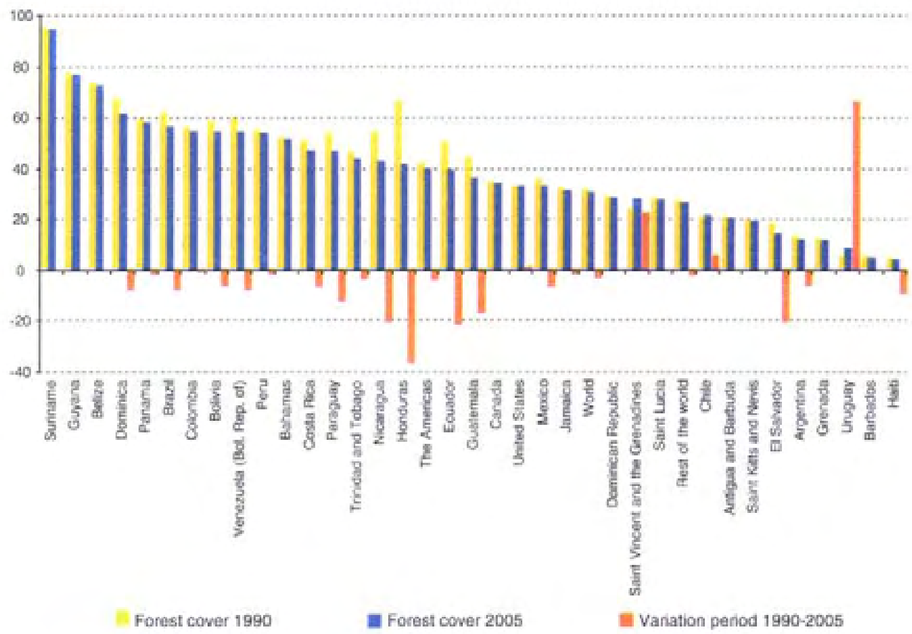
Figure 56
THE AMERICAS: VARIATION IN FORESTED AREAS AND FOREST COVER 1990-2005
(Thousands of hectares and percentages of land area)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of Food and Agriculture Organization of the United Nations (FAO), FAO Statistical Databases (FAOSTAT) [online] for land area and *Global Forest Resources Assessment, 2005 (FRA 2005)*, Rome, 2005, for forest area.

Although there was a manifest loss of forest cover in the period 1990-2005, a look at the different countries reveals a mixed picture: forested areas actually increased in four countries, in 11 there was no change, while the majority (22 countries) have seen a reduction in their forest cover.

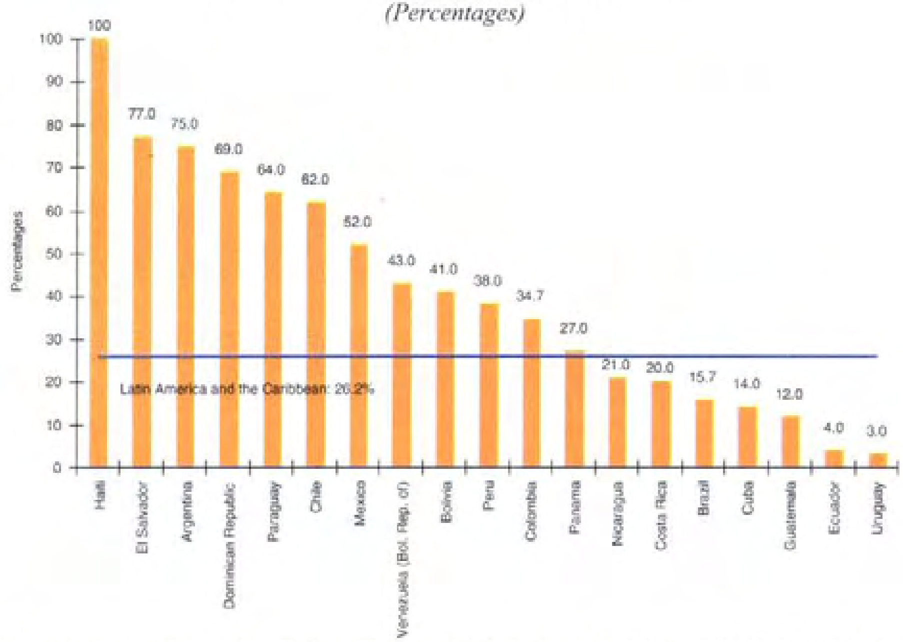
Figure 57
AMERICAS: CHANGE IN THE TERRITORY'S FOREST COVER, 1990-2005
(Percentage and rates of variation)



Source: Food and Agriculture Organization of the United Nations (FAO), *Global Forest Resources Assessment, 2005 (FRA 2005)*, Rome, 2005.

As a supplement to the information on changes in the region's forest cover, the figure below shows the proportion of land subject to desertification. This phenomenon is a growing problem in Latin America and the Caribbean and may be further aggravated by the impact of climate change. Desertification is the result of land degradation in arid, semi-arid and dry sub-humid areas and is mainly due to factors including climatic variations and human activities, such as overfarming and excessive grazing, deforestation and lack of irrigation.

Figure 58
LATIN AMERICA AND THE CARIBBEAN (19 COUNTRIES): THE IMPACT OF DESERTIFICATION ON NATIONAL TERRITORIES 2000, 2002[a]
(Percentages)



Source: National reports presented by the countries of Latin America and the Caribbean to the Conference of the Parties to the United Nations Convention to Combat Desertification in those Countries Experiencing Serious Drought and/or Desertification, Economic Commission for Latin America and the Caribbean (ECLAC).

[a] The year varies depending on the date on which the countries submitted their national reports.

B. LOSS OF BIODIVERSITY – ESTABLISHMENT OF PROTECTED AREAS

The biodiversity of ecosystems, species and genetics are extremely important in the context of environmental sustainability, since their equilibrium ensures the conditions that enable human life to develop with favourable prospects for the future. Biodiversity is valuable both economically, in terms of the food and products obtained from the wide variety of plants and animals, and ecologically, since by conserving balanced populations of plant and animal species, it is possible to avoid the over-proliferation of some species and the potentially detrimental effect this can have on human life.

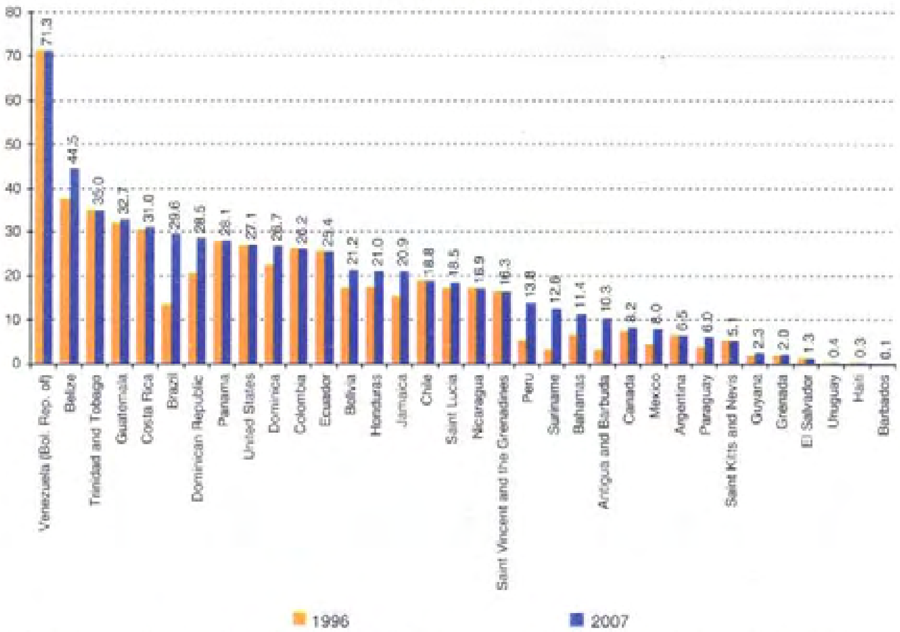
The Latin American and Caribbean region is noted for its rich biological diversity, being home to a wide variety of life forms. It contains several megadiverse ecosystems. Areas designated as protected land and marine areas for conservation of biodiversity are specially set aside in order to conserve and manage in a sustainable way this vital biological endowment. Between 1996 and 2007, most countries in the region expanded their protected land areas[5] bringing the regional total to 8,061,548 km^2 in 2007, up from 6,062,421 km^2 in 1994. Not all countries have the same concept of what constitutes a protected area, however; furthermore, since each country applies its own management practices, the effectiveness in protecting the ecosystems of the various protected areas varies from one territory to the next.

[5] The indicator used was the proportion of protected land areas; no account was taken of protected marine areas.

Figure 59

THE AMERICAS: PROTECTED LAND AREAS AS A PROPORTION OF THE COUNTRY'S AREA 1996 AND 2007

(Percentage)



Source: United Nations, "Millennium Development Goals Indicators" [online database] http://mdgs.un.org

More recently, Latin American and Caribbean countries have begun to create and administer protected marine areas as well; in 2007, the regional total stood at 979,700 kms^2.

C. THINNING OF THE OZONE LAYER – CONSUMPTION OF OZONE-DEPLETING SUBSTANCES (ODS)

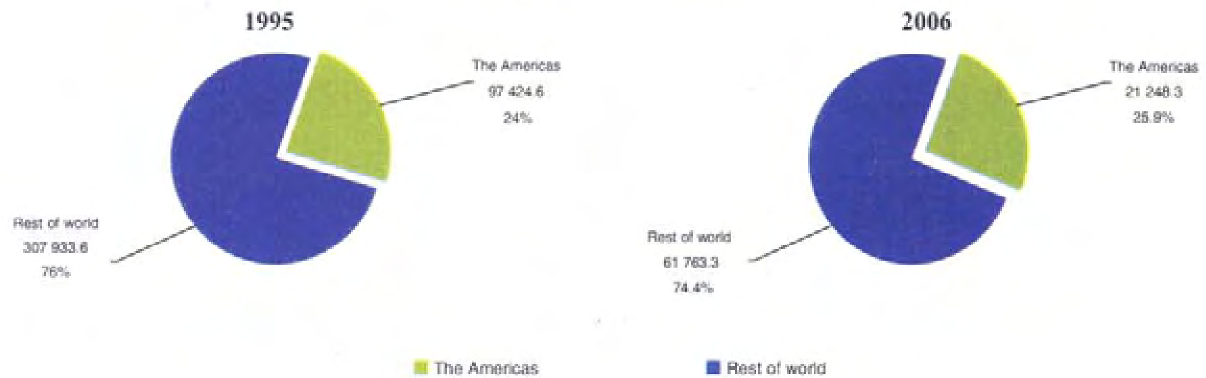
The ozone layer provides a vital environmental service by protecting human beings from the sun's harmful ultraviolet (UV) rays. The consumption of ozone-depleting substances clearly undermines this environmental service. In 1995, the region accounted for 24% of the consumption of ozone-depleting substances. South America is the subregion where the impact is greatest owing to the increase in ultraviolet radiation caused by the deterioration in the ozone layer in the stratosphere. The ultraviolet radiation reaching the earth's surface can impair human health and damage ecosystems. Moreover, some of the ozone-depleting substances are powerful greenhouse gases, which also contribute to climate change.

The consumption of these substances in Latin America and the Caribbean alone decreased substantially (from 44,154 tons of ozone-depleting potential (ODP) in 1995 to 7,282 tons ODP in 2007). Within Latin America, Mexico accounted for the highest consumption in 2007: 1,918 tons of ODP. Some Caribbean countries had consumption levels of less than 1 ton ODP in 2007.

The most developed countries in the Americas show the same trend, with reductions —between 1995 and 2007— which in the United States ranged from 48,462 tons to 8,417 tons ODP, while in Canada, it diminished from 4,809 tons to 559 tons ODP.

The implementation of the Montreal Protocol on Substances that Deplete the Ozone Layer has led to a significant absolute reduction in the consumption of ozone-depleting substances. However, although the region reduced its consumption considerably in absolute terms, from 97,425 tons ODP in 1995 to 21,248 tons ODP in 2006, it now accounts for a slightly higher proportion of world consumption; 26% of total ODS in 2006, compared with 24% in 1995.

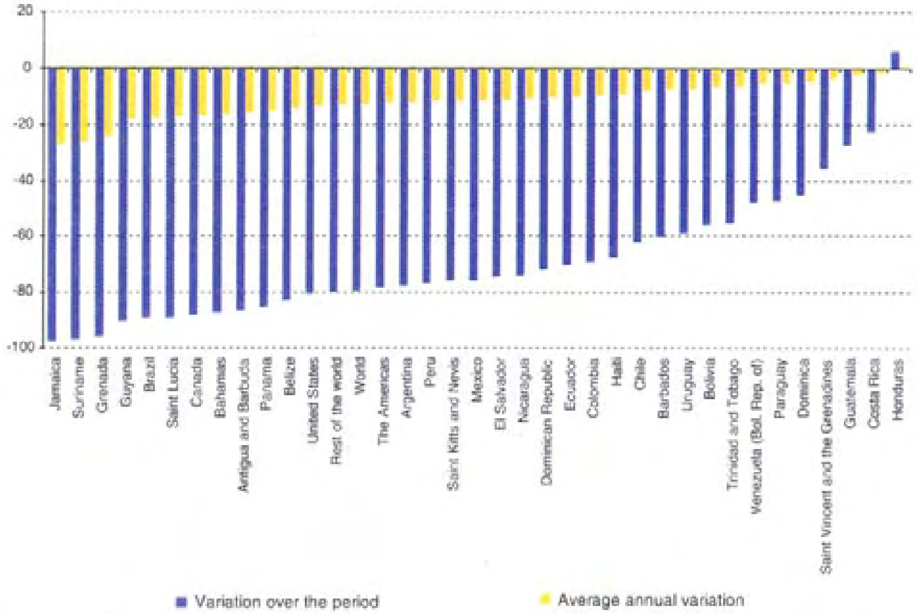
Figure 60
CONSUMPTION OF OZONE-DEPLETING SUBSTANCES
1995 AND 2006
(Tons of ODP and percentages)



Source: United Nations, "Millennium Development Goals Indicators" [online database] http://mdgs.un.org.

Almost all the countries in the region recorded an absolute reduction in their ODS consumption in the period 1995-2006.

Figure 61
THE AMERICAS: CONSUMPTION OF OZONE-DEPLETING SUBSTANCES, 1995-2006
(Average annual rate of variation and variation over the period)



Source: Ozone Secretariat, United Nations Environment Programme (UNEP).

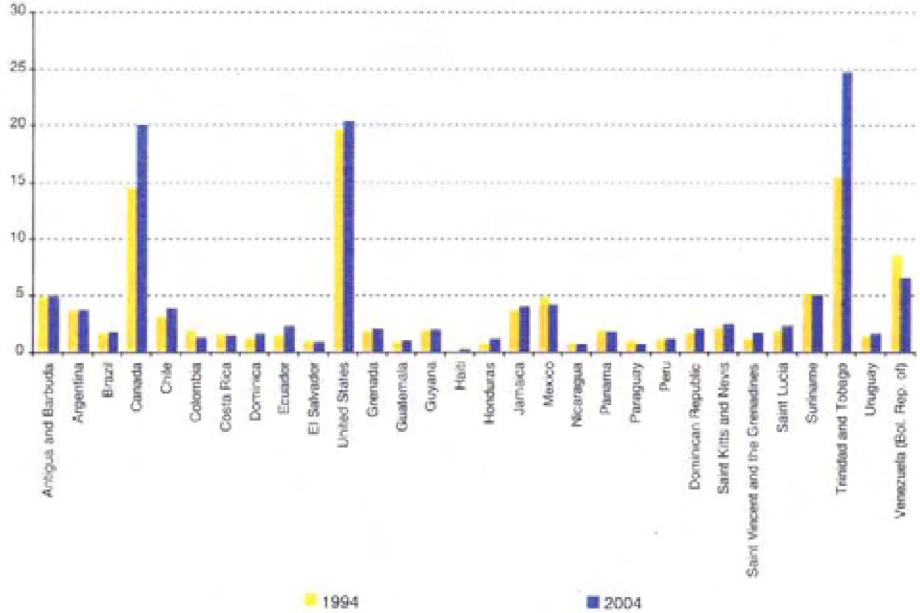
D. POLLUTION AND CLIMATE CHANGE – CARBON DIOXIDE EMISSIONS

Greenhouse gas emissions released into the atmosphere generate negative impacts that undermine environmental sustainability when they exceed the environment's absorption capacity. This raises their concentration in the atmosphere, which in turn, causes the greenhouse effect leading to a rise in global temperatures, with an impact on various sectors due to changes in the water cycle, the occurrence and intensity of extreme natural phenomena and environmental conditions that allow certain types of ecosystems to subsist in specific locations.

Per capita emissions of carbon dioxide, the main greenhouse gas responsible for global climate change, have increased, albeit in significantly varying degrees, in most countries of the region. As indicated in the figure, most countries in the region emit less than five tons of carbon dioxide per capita.

Nevertheless, given the size of the economies and populations of the region's countries, it is also important to take into account their respective contributions to emissions and these vary significantly. The United States accounted for the highest level of emissions with approximately 6 million tons of carbon dioxide in 2004, while Latin America and the Caribbean accounted for carbon dioxide emissions totalling 1.4 million tons in 2004.

Figure 62
THE AMERICAS: CARBON DIOXIDE (CO_2) EMISSIONS 1994 AND 2004
(Tons per capita)



Source: United Nations, "Millennium Development Goals Indicators" [online database] http://mdgs.un.org

E. INSTITUTION-BUILDING – MULTILATERAL ENVIRONMENTAL AGREEMENTS

Multilateral environmental agreements are policy responses designed to protect the environmental goods and services of each country. These agreements are geared towards the establishment of international cooperation mechanisms and the integration of the environmental development dimension, as a response to the various environmental problems existing at the global level. As indicated in the table below, most of the countries in the region are parties to the most important environmental agreements.

Table 2
THE AMERICAS: MULTILATERAL ENVIRONMENTAL AGREEMENTS
(Year of ratification, acceptance, approval or accession)

	Ramsar [a m]	Migratory species [d n]	Vienna [c]	Montreal [d]	Basel [e]	Biological diversity [f]	Climate change [g]	Desertification [h]	Kyoto [i]	Rotterdam [j]	Cartagena [k]	Stockholm [l]
Antigua and Barbuda	2005	2007	1992	1992	1993	1993	1993	1997	1998	...	2003	2003
Argentina	1992	1992	1990	1990	1991	1994	1994	1997	2001	2004	...	2005
Bahamas	1997	...	1993	1993	1992	1993	1994	2000	1999	...	2004	2005
Barbados	2005	...	1992	1992	1995	1993	1994	1997	2000	...	2002	2004
Belize	1998	...	1997	1998	1997	1993	1994	1998	2003	2005	2004	...
Bolivia	1990	2003	1994	1994	1996	1994	1994	1996	1999	2003	2002	2003
Brazil	1993	...	1990	1990	1992	1994	1994	1997	2002	2004	2003	2004
Canada	1981	...	1986	1988	1992	1992	1992	1995	2002	2002	...	2001
Chile	1981	1983	1990	1990	1992	1994	1994	1997	2002	2005	...	2005
Colombia	1998	...	1990	1993	1996	1994	1995	1999	2001	2008	2003	2008
Costa Rica	1991	2007	1991	1991	1995	1994	1994	1998	2002	...	2007	2007
Dominica	...	...	1993	1993	1998	1994	1993	1997	2005	2005	2004	2003
Ecuador	1990	2004	1990	1990	1993	1993	1993	1995	2000	2004	2003	2004
El Salvador	1999	...	1992	1992	1991	1994	1995	1997	1998	1999	2003	2008
United States	1987	...	1986	1988	...	...	1992	2000	...	...	...	...
Grenada	...	...	1993	1993	...	1994	1994	1997	2002	...	2004	...
Guatemala	1990	...	1987	1989	1995	1995	1995	1998	1999	...	2004	2008
Guyana	...	...	1993	1993	2001	1994	1994	1997	2003	2007	2008	2007
Haiti	...	...	2000	2000	...	1996	1996	1996	2005	...	...	...
Honduras	1993	2007	1993	1993	1995	1995	1995	1997	2000	...	2008	2005
Jamaica	1997	...	1993	1993	2003	1995	1995	1997	1999	2002	...	2007
Mexico	1986	...	1987	1988	1991	1993	1993	1995	2000	2005	2002	2003
Nicaragua	1997	...	1993	1993	1997	1995	1995	1998	1999	2008	2002	2005
Panama	1990	1989	1989	1989	1991	1995	1995	1996	1999	2000	2002	2003
Paraguay	1995	1999	1992	1992	1995	1994	1994	1997	1999	2003	2004	2004
Peru	1992	1997	1989	1993	1993	1993	1993	1995	2002	2005	2004	2005

Table 2 (concluded)

	Ramsar[a,m]	Migratory species[b,n]	Vienna[c]	Montreal[d]	Basel[e]	Biological diversity[f]	Climate change[g]	Desertification[h]	Kyoto[i]	Rotterdam[j]	Cartagena[k]	Stockholm[l]
Dominican Republic	2002	...	1993	1993	1999	1996	1998	1997	2002	2006	2006	2007
Saint Kitts and Nevis	...	...	1992	1992	1994	1993	1993	1997	2008	...	2001	2004
Saint Vincent and the Grenadines	...	...	1996	1996	1996	1996	1996	1998	2004	...	2003	2005
Saint Lucia	2002	...	1993	1993	1993	1993	1993	1997	2003	...	2005	2002
Suriname	1985	...	1997	1997	...	1996	1997	2000	2006	2000	2008	...
Trinidad and Tobago	1992	...	1989	1989	1994	1996	1994	2000	1999	...	2000	2002
Uruguay	1984	1990	1989	1991	1991	1993	1994	1999	2001	2003	...	2004
Venezuela (Bol. Rep. of)	1988	...	1988	1989	1998	1994	1994	1998	2005	2005	2002	2005

Source: Economic Commission for Latin America and the Caribbean (ECLAC) on the basis of the official website of each of the agreements and of the United Nations Treaty Collection database.

[a] Ramsar: the 1971 Convention on Wetlands of International Importance, especially as Waterfowl Habitat.
[b] Migratory species: 1979 Convention on the Conservation of Migratory Species of Wild Animals.
[c] Vienna: 1985 Vienna Convention for the Protection of the Ozone Layer.
[d] Montreal: Montreal Protocol on Substances that Deplete the Ozone Layer to the 1985 Vienna Convention for the Protection of the Ozone Layer.
[e] Basel: 1989 Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal.
[f] Biological diversity: 1992 Convention on Biological Diversity.
[g] Climate change: 1992 United Nations Framework Convention on Climate Change.
[h] Desertification: 1994 United Nations Convention to Combat Desertification in Those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa.
[i] Kyoto: 1997 Kyoto Protocol to the United Nations Framework Convention on Climate Change.
[j] Rotterdam: 1998 Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade.
[k] Cartagena: 2000 Cartagena Protocol on Biosafety to the Convention on Biological Diversity.
[l] Stockholm: 2001 Stockholm Convention on Persistent Organic Pollutants.
[m] No information is available regarding the year in which the countries signed this convention.
[n] The year indicated is the year when the convention came into force for purposes of that country.

8.

8

List of Other Background Information

1. Briefing Note – Regional Integration of the America

2. Briefing Note – Caribbean Community (Caricom) Position on Climate change

3. Briefing Note – Impact of Drug Production and Trafficking in Latin America and The Caribbean

4. Drugs and Democracy : Toward a Paradigm Shift

5. Briefing Note – Impact of the World Financial Crisis in Latin America and The Caribbean

6. CICIG – International Commission Against Impunity In Guatemala

<u>**Background Note**</u>

REGIONAL INTEGRATION IN THE AMERICAS

Introduction

1. Since its foundation as The Pan American Union in 1889 the Organization of American States (OAS) has been the key regional organization in the Americas. Its preeminence, however, has been challenged in recent years as is evidenced by a proliferation of regional and sub-regional fora. This note provides an update on the state of play of selected integration efforts.

2. Since the return of democratic rule in the 1990s, the Americas have been prolific in terms of regional integration mechanisms. The first organizations were conceived as trading blocs, namely the Andean Community of Nations (CAN), the Common Market of the South (MERCOSUR), the Central America Integration System (SICA) and the Caribbean Community (CARICOM). At the same time, all Latin American nations with the exception of Suriname are members of the Rio Group, an informal mechanism for political dialogue. In addition, all South American nations save for French Guyana have gathered under the recently created Union of South American Nations (UNASUR).

3. The global economic crisis is expected to have an impact on Latin American countries this year and the region will have to make important and strategic decisions affecting integration processes. There are signs that the global downturn is leading to a rise in protectionism, amid a collapse in export demand and efforts by local producers to shore up their position in domestic markets. The conflict between the Government of Argentina and the nation's federations of farmers is a case in point.

4. In response to the global crisis, last December all the countries of Latin America and the Caribbean held a Summit in Bahia, Brazil. This was the first time that the entire region met alone without the United States. The summit demonstrated Brazil's efforts to take on a leadership role to which it has long aspired. Simultaneously, UNASUR, MERCOSUR, SICA and the Rio Group also held mini-summits. According to analysts, during these meetings Latin American countries sent a clear and strong message reaffirming their independence and regional unity.

5. The following is a compilation of the major regional and sub-regional groups in the Americas.

The Common Market of the South (MERCOSUR)

Members: Argentina, Brazil, Paraguay and Uruguay. (Venezuela is in the process of becoming a full member—while Bolivia, Chile, Colombia, Ecuador and Peru are associate members.)

6. MERCOSUR originated in 1991 as an economic integration scheme. With the recent incorporation of Venezuela (whose full entry is pending approval by the Brazilian and Paraguayan legislatures), MERCOSUR now accounts for approximately 70 per cent of South America's population, 75 per cent of its GDP and 72 per cent of its territory. MERCOSUR has achieved little progress in recent years in trade negotiations and macroeconomic coordination, partly due to the lack of an adequate institutional framework to support the process. It has resulted in excessive

recourse to ad-hoc solutions to trade-related problems. Another weakness has been the persistent perception of smaller members that they do not receive adequate benefits from the process.

7. During their December 2008 meeting in Bahia, MERCOSUR member countries were unable to reach an agreement on one of the main points of the agenda: the elimination of double tariffs on imports from countries outside the trading block. Talks to secure a trade accord with the European Union (EU) have stalled as a result of tensions between Argentina and Uruguay due to the latter's decision to allow the construction of a paper-mill on the banks of the Uruguay River, which is shared by both countries. Argentina and Brazil are experiencing tensions since last February as a result of protectionist measures by businesses on both sides.

8. Venezuela formally entered MERCOSUR in 2006, but its membership requires ratifications by the parliaments of all four member countries. Venezuela's membership still requires the approval of the Paraguayan Congress and the Brazilian Senate. Venezuela's accession has raised concerns because of its "potential destabilizing political influence". According to José Sarney, former President of Brazil and current President of the Brazilian Senate, "Venezuela's accession to MERCOSUR will be counterproductive, because President Chávez of Venezuela will try to transform MERCOSUR into a political forum".

The Andean Community of Nations (CAN)

Members: Bolivia, Colombia, Ecuador and Peru. Venezuela withdrew from the CAN in 2006.

9. The CAN promotes cooperation among its Member States on issues such as the environment, labour, agriculture, commerce and development. Ideological divisions among its members recently have weakened the group. Venezuela left the CAN in 2006 to protest the trade negotiations between the Unites States, Colombia and Peru (eventually the US signed a free trade agreement with Peru, while the one with Colombia is still pending US Congressional approval).

10. The Bolivian and Ecuadorian Governments disapprove of traditional free-trade policies. They want to remain in the CAN in order "to change it from within" and re-establish Andean integration based on values of solidarity that should prevail over commercial considerations. In contrast to this "anti-globalization" view, Colombia and Peru remain determined advocates of open regionalism and free trade. In June 2008, the European Union (EU) announced that it was postponing negotiations on a free trade agreement with the CAN. In a change of strategy, the EU began bilateral trade negotiations with Colombia, Peru and Ecuador in February 2009. Bolivia is not participating in these meetings alleging that the EU's terms are not fair.

11. Diplomatic tensions between Colombia and Ecuador (arising from the 1 March 2008 military operation conducted by Colombia against guerrillas of the Revolutionary Armed Forces of Colombia in Ecuadorian territory) are a further obstacle to progress in the process of integration. The CAN was not effective in addressing the diplomatic crisis between these two Member States and the countries called instead on the OAS and the Rio Group to address this issue.

The Rio Group

Members: Argentina, Belize, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Ecuador, El Salvador, Guatemala, Guyana, Haití, Honduras, Jamaica, México, Nicaragua, Panamá, Paraguay, *Perú, Dominican Republic, Uruguay and Venezuela. (Jamaica was designated by CARICOM in 2008 as its representative to the Rio Group for a three-year period)*

12. The Rio Group was created as a permanent political consultation and coordination mechanism in Latin America in 1986, building on the experience of the Contadora Group supporting the peace process in Central America. Since then, its membership has expanded to include Central American states and a growing number of Caribbean nations. The Rio Group aims to establish systematic political cooperation among its members; to coordinate common positions on international issues; to present solutions to conflicts affecting the region; and to explore new fields of cooperation on economic, social, scientific and technological development. Its ultimate stated goal is to promote democracy by fostering social and economic development.

13. The Group is coordinated by a temporary Secretariat that rotates on an annual basis and which holds an annual Presidential Summit. The work of the Secretariat is supported by a troika, involving the preceding and future Secretariats of the Group. The current temporary Secretariat is held by Mexico. The latest Presidential Summit took place on 4-7 March 2008 in The Dominican Republic and afforded the Rio Group an opportunity to defuse tensions between Colombia and Ecuador. Cuba joined the Rio Group at the Latin American and Caribbean Summit in Brazil in December 2008.

The Bolivarian Alternative for the Americas (ALBA)

Members: Bolivia, Cuba, Dominica, Honduras, Nicaragua, Venezuela.

14. The ALBA is a political bloc without structured institutions established in 2004 by Venezuela and Cuba as an alternative to the US initiative of the Free Trade Area of the Americas (FTAA). Seeking to reduce poverty and social exclusion in the region, ALBA claims to have already restored eyesight to a million Latin Americans by providing medical services, taught three million illiterate people to read and write and trained 6,500 new doctors since 2004. In November 2008, the ALBA countries met in Caracas seeking solutions to the world financial, food and ecological crises. During that meeting, Venezuelan President Chávez proposed the creation of a regional monetary bloc with its own currency to break the hegemony of the US dollar. In February 2009, ALBA members signed a "food sovereignty and security agreement".

15. Critics contend that the main motivation behind joining ALBA is not ideological, but rather to access Venezuelan oil and cash. The Peruvian Government has denounced Venezuela's meddling in domestic politics by using the so-called ALBA houses, which function as civil society groups, allegedly with a strong ideological bias. The Peruvian Government claims that the ALBA houses, reportedly located in cities in the highlands, have been used as centres to spread "revolutionary ideas" throughout the country.

The Union of South American Nations (UNASUR)

Members: all South American nations.

16. The idea of a South American Community of Nations was launched by Brazil in 2005, but only came into being in May 2008 under the name of UNASUR with the signing of a Constitutive Treaty in Brasília. To date, UNASUR has not led to the creation of new institutional structures.

UNASUR played a key role in helping manage the crisis in Bolivia and its involvement helped establish a dialogue between the Government of Bolivia and the opposition.

17. Nevertheless, UNASUR faces many challenges including differences in ideological persuasion and tensions regarding regional interests vis-à-vis national priorities. Since May 2008, UNASUR members have not been able to reach a consensus on the selection of a Secretary General. Ecuador nominated Argentina's former president Néstor Kirchner for the post, but Uruguay opposed his candidacy.

The Central American Integration System (SICA)

Members: Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panamá. The Dominican Republic holds the status of associated state.

18. SICA was created in 1991 as an intergovernmental organization to promote the integration of Central America in order for the sub-region to become a region of peace, freedom, democracy and development. The system has established several supranational institutions such as the Central American Parliament, the Central American Bank for Economic Integration and the Central American Common Market. SICA has a standing invitation to participate as observer in the sessions of the UN General Assembly and maintains permanent offices at UN Headquarters

The Caribbean Community (CARICOM)

Members: Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, Saint Kitts and Nevis, Saint Vincent and the Grenadines, Suriname and Trinidad and Tobago. Anguilla, Bermuda, British Virgin Islands, Caiman Islands and Turks and Caicos Islands hold associate status.

19. The Caribbean Community is an organization of fifteen Caribbean nations and five British Overseas Territories. CARICOM's main purposes are to promote economic integration and cooperation among its members, to ensure that the benefits of integration are equitably shared, and to coordinate foreign policy. It also serves to implement a regional common market through the CARICOM Single Market and Economy (CSME) and operates the Caribbean Court of Justice (CCJ), which it is hoped will become the final court of appeal for many CARICOM members although so far only Guyana and Barbados have accepted it as the final court of appeal. The CCJ also handles regional trade disputes.

The Association of Caribbean States (ACS)

Members: Antigua & Barbuda, the Bahamas, Barbados, Belize, Colombia, Costa Rica, Cuba, Dominica, Dominican Republic, El Salvador, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, St Kitts & Nevis, St. Lucia, St Vincent & the Grenadines, Suriname, Trinidad & Tobago, Venezuela. Aruba, France, Netherland Antilles, Turks and Caicos hold associate status.

20. The Association of Caribbean States is an organization that brings together the twenty-five Caribbean, Central and South American countries that border the Caribbean Sea. The overseas territories of France, the United Kingdom and the Netherlands have associate membership. The ACS was established in 1994 to collaborate in the management of the Caribbean Sea from which

arose the political concept of the Greater Caribbean in recognition of the common geographic space and the common interests and objectives shared by the Member States. The Greater Caribbean Zone of Co-operation consists of joint actions in the priority areas of the ACS, namely, trade, sustainable tourism, transport and natural disasters.

Observations

21. Despite the efforts undertaken by the OAS' Secretary General José Miguel Insulza to promote the OAS' credibility, Latin American countries continue to seek alternative integration or political frameworks that are more in line with their new realities. Although the OAS has asserted a more independent line in recent years, there continues to be among some of its members a perception that the United States plays an inordinate role in the organization. In that regard, the Fifth Summit of the Americas is expected to shed some light on the future of US-Latin America relations, in particular in view of the arrival of the new Administration in Washington.

DPA/AD, 7 April 2009

CENTRAL AND SOUTH AMERICAN INTEGRATION ARRANGEMENTS

NORTH AND CENTRAL AMERICAN INTEGRATION ARRANGEMENTS

NAFTA: North American Free Trade

SICA: Central American Integration System

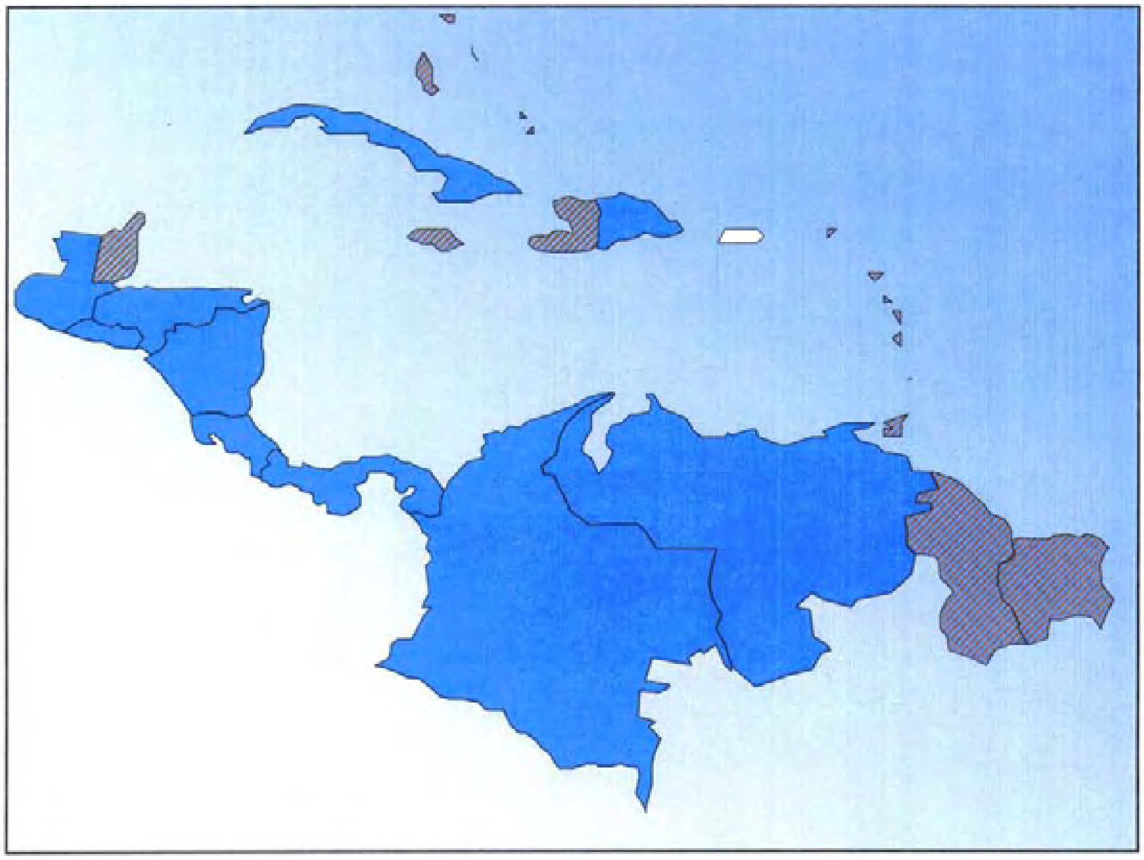
CAFTA-DR: Dominican Republic – Central America Free Trade

PPP: Plan Puebla Panama

* Members of the Bolivarian Alternative for the Americas (ALBA)

CARIBBEAN BASIN INTEGRATION ARRANGEMENTS

■	Association of Caribbean States (All States bordering the Caribbean Sea)
▨	Caribbean Community (CARICOM) (All Caribbean island states except Cuba and the Dominican Republic; includes also Belize, Guyana and Suriname)



Briefing note

CARIBBEAN COMMUNITY (CARICOM) POSITION ON CLIMATE CHANGE

1. For reasons related to the particular vulnerability of small island developing states, the Caribbean Community has climate change high on its priority list. The fact that the Central and South American countries of Belize, Guyana and Suriname are members of CARICOM adds an interesting and potentially influential role for the Caribbean in the global negotiations on climate change. CARICOM has taken steps to strengthen its role in the negotiations on the UN Framework Convention on Climate Change (UNFCC) by establishing a Task Force on Climate Change and Development to give direction to preparation for COP15 in Copenhagen.

2. Adaptation, technology transfer and mitigation are the three key elements of CARICOM's position on climate change. The predicted worsening of the impact of hurricanes in the Caribbean and the devastation experienced in recent years in a number of the islands, particularly Haiti and Grenada, coupled with the effects of increased flooding on farmers, particularly in low-lying Guyana all impact on the decision to focus on 'adaptation'. With regard to advocacy for technology transfer and the sharing of best practices, CARICOM has aligned itself with the Alliance of Small Island States and the G77.

3. In addition, CARICOM strongly backs arguments in favour of equity in any agreement on financing that comes out of the Copenhagen meeting taking into account the 'polluter pays principle'. In this context, the President of Guyana, Bharat Jagdeo, has been a strong proponent of developing mechanisms for creating incentives for the preservation of forests and carbon trading. He has argued often, including in his address to the 63rd Session of the GA, for the need to develop mechanisms to reward countries for preserving their standing forests based on a valuation of the service this provides to humankind. As such, CARICOM will be looking for an agreement in Copenhagen that has "environmental integrity" and responds to the special challenges of the most vulnerable, particularly small island developing states, with an emphasis on finding additional financing for climate change adaptation.

4. The Caribbean Community Climate Change Centre (CCCCC) is the lead CARICOM agency on climate change and related matters. It is based in Belize. One of its main initiatives is the Mainstreaming Adaptation to Climate Change (MACC) project. The CCCCC held its Second Climate Change Conference in March 2009, hosted by the Government of St Lucia (Prime Minister Stephenson King). The meeting called on Caribbean governments to expedite completion and adoption of a draft Climate Change Strategic Plan.

Americas Division/DPA
3 April 2009

<u>Briefing Note</u>

IMPACT OF DRUG PRODUCTION AND TRAFFICKING IN LATIN AMERICA AND THE CARIBBEAN

During the last decades, drug production and trafficking has been a major challenge for the governments of the Americas. The drug trade has a direct impact on violent crime. Taken as a whole, Latin America and the Caribbean represent the area of the world with the highest rates of criminal violence today. By any reckoning, El Salvador, Guatemala, Jamaica and Venezuela are among the countries with the highest murder rates, while rates are nearly as high in countries as diverse as Brazil, Colombia, the Dominican Republic and Trinidad and Tobago. In recent years, it has become clear that the drug trade not only poses a challenge to public safety but also threatens good governance and the rule of law in affected countries. Money laundering and the fostering of corruption are two other areas where drug trafficking can further undermine both the economy and governance.

1. South America – mainly Bolivia, Colombia and Peru – produces almost all of the world's cocaine, most of which is shipped to the United States and Europe. Despite declining demand, North America remains the world's largest cocaine consumer, with an estimated seven million users consuming perhaps half of the world's supply. Nearly every country in the Hemisphere is affected, especially those caught in between producer and consumer countries: Central America, parts of the Caribbean and Mexico. In addition, the problem is spilling over across the Atlantic. West Africa is increasingly being infiltrated by Latin American drug traffickers cashing in on a strong Euro and growing demand for cocaine in Europe. The result is dramatically affecting governance in countries such as Guinea-Bissau.

2. Central America remains one of the regions most vulnerable to organized crime, due to a post-conflict environment after the region's longstanding internal conflicts and its geographic position between the world's largest suppliers and consumers of cocaine. There are sparsely policed areas in several Central American countries that provide ideal way-stations for refueling, repackaging and stockpiling drugs. Drug cartels have managed to assert control over areas of Mexico and Guatemala, out of reach of state institutions and law enforcement.

3. Caribbean countries, while especially diverse – socially, economically and politically – suffer from the disadvantage of being situated between the world's source of cocaine and its primary consumer markets. As small islands, Caribbean countries and territories have large coastlines and territorial waters to control relative to their ability to fund law enforcement coverage. In addition, most Caribbean countries suffer from weak legislative frameworks and the low capacity of law enforcement agencies and the criminal justice systems to fight organized crime. The Caribbean Community (CARICOM) has stepped up its partnership with UNODC and bilateral donors to strengthen legal and technical capacities to prevent and stop the trafficking of drugs, people and firearms, which includes improved country-level cooperation.

4. The United States has launched a number of initiatives to address the issue, most of them based on a military approach to the "war against drugs". The so-called **Merida Initiative** has allocated more than US $400 million for military and law enforcement training and equipment in Mexico and Central America. Also, the US-sponsored Plan Colombia has invested US $6 billion over ten years in mostly counter-narcotics aid for the Colombian Government. Yet, the US Secretary of State, Hillary Rodham Clinton, has publicly admitted that the many of these initiatives are not having the desired effect. Both crop sizes and drug-related crime have increased in the past few years[1].
Ms. Clinton has also admitted that "the US's insatiable appetite for illegal drugs fuels the trade".

5. In the past, the US has been the chief proponent of a zero-tolerance approach and has not emphasized 'harm reduction' policies. There is some change afoot, however, US drug policy, with a growing recognition of the public health problems of narcotics use and the need to address the demand side. The US delegation to Port of Spain is likely to reflect President Barack Obama's publicly stated position that he "supports lifting the federal ban on needle exchange, which could dramatically reduce rates of [HIV] infection among drug users".

6. A non-governmental Latin American Commission on Drugs and Democracy—co-presided by former Presidents Fernando Cardoso of Brazil, César Gaviria of Colombia and Ernesto Zedillo of Mexico—was established in April 2008 to evaluate the impact of the war on drugs. Its January 2009 report identifies that current drug-repression policies are firmly rooted in "prejudices, fears and ideological visions". It suggests that the way forward lies in acknowledging the insufficient results of current policies and, without dismissing the immense efforts undertaken, launching a broad debate about alternative strategies. The commission also argues that drug policy must be evidence-based.[2] In Port of Spain, the hemispheric leaders are likely to be seeking a new paradigm that is less centred on repressive measures.

7. UNODC has consistently argued that tackling the threat of narco-trafficking in the Americas is a shared responsibility. No country is immune from the problem: all participate, either as a source of drugs, a transit country for trafficking, or as an importer. The trans-national nature of the problem requires regional cooperation, for example through the United Nations, CARICOM, the Organization of American States, and regional development banks. It also requires increased interregional intelligence sharing, especially between West Africa and Latin America.

Americas Division, 8 April 2009

---

[1] In the case of Colombia, ten years of intensified US assistance has helped reduce the strength of leftist guerrillas and allowed the Government to extend control over parts of the territory previously under the influence of armed groups. The level of drug production, however, has remained relatively stable. In Mexico, there are early indications in the first quarter of 2009 that the number of violent deaths related to the drug trade may be declining.

[2] A copy of the final statement of the non-governmental Latin American Commission on Drugs and Democracy is included in the briefing materials.

DRUGS AND DEMOCRACY: TOWARD A PARADIGM SHIFT

Statement by the Latin American Commission on Drugs and Democracy

César Gaviria // Colombia // co-president
Ernesto Zedillo // Mexico // co-president
Fernando Henrique Cardoso // Brazil // co-president
Ana Maria Romero de Campero // Bolivia
Antanas Mockus // Colombia
Diego García Sayán // Peru
Enrique Krauze // Mexico
Enrique Santos Calderón // Colombia
General Alberto Cardoso // Brazil
João Roberto Marinho // Brazil
Mario Vargas Llosa // Peru
Moisés Naím // Venezuela
Patricia Marcela LLerena // Argentina
Paulo Coelho // Brazil
Sergio Ramírez // Nicaragua
Sonia Picado // Costa Rica
Tomás Eloy Martínez // Argentina

1 //

A FAILED WAR

Prohibitionist policies based on the eradication of production and on the disruption of drug flows as well as on the criminalization of consumption have not yielded the desired results. We are further than ever from the announced goal of eradicating drugs.

Violence and the organized crime associated with the narcotics trade are critical problems in Latin America today. Confronted with a situation that is growing worse by the day, it is imperative to rectify the "war on drugs" strategy pursued in the region over the past 30 years.

Prohibitionist policies based on the eradication of production and on the disruption of drug flows as well as on the criminalization of consumption have not yielded the expected results. We are farther than ever from the announced goal of eradicating drugs.

A realistic evaluation indicates that:

- Latin America remains the major global exporter of cocaine and cannabis, has become a growing producer of opium and heroin, and is developing the capacity to produce synthetic drugs;
- The levels of drug consumption continue to grow in Latin America while there is a tendency toward stabilization in North America and Europe.

The in-depth revision of current drug policies is even more urgent in Latin America in light of their enormous human and social costs and threats to democratic institutions.

Over the past decades we have witnessed:

- A rise in organized crime caused both by the international narcotics trade and by the growing control exercised by criminal groups over domestic markets and territories;
- A growth in unacceptable levels of drug-related violence affecting the whole of society and, in particular, the poor and the young;
- The criminalization of politics and the politicization of crime, as well as the proliferation of the linkages between them, as reflected in the infiltration of democratic institutions by organized crime;
- The corruption of public servants, the judicial system, governments, the political system and, especially the police forces in charge of enforcing law and order.

2//

BREAKING THE SILENCE, OPENING UP THE DEBATE

Breaking the taboo, acknowledging the failure of current policies and their consequences is the inescapable prerequisite for the discussion of a new paradigm leading to safer, more efficient and humane drug policies.

Current drug repression policies are firmly rooted in prejudices, fears and ideological visions. The whole issue has become taboo which inhibits public debate. The association of drugs with crime blocks the circulation of information and segregates drug users in closed circles where they become even more exposed to organized crime.

Hence, breaking the taboo and acknowledging the failure of current policies and their consequences is the inescapable prerequisite for opening up the discussion about a new paradigm leading to safer, more efficient and humane drug policies.

This does not mean the outright rejection of policies that combat the narcotics trade which have consumed over the years vast economic resources and implied the sacrifice of countless human lives. Nor does it detract in any way from the urgent priority to strengthen the struggle against cartels and drug traffickers. The way forward lies in acknowledging the insufficient results of current policies and, without dismissing the immense efforts undertaken, launching a broad debate about alternative strategies. It is also high time to involve in this discussion sectors of society that so far have remained at a distance from the drug problem under the assumption that its solution is a matter for public authorities.

The challenge at hand is to drastically reduce the harm caused by illegal narcotics to people, societies and public institutions. To move in this direction, it is essential to differentiate between illicit substances according to the harm they inflict on people's health and the social fabric.

The search for more efficient policies, rooted in the respect for human rights, implies taking into account the diversity of national situations and emphasizing prevention and treatment. These policies do not deny the importance of repressive actions – including the participation of the Armed Forces in extreme situations, according to the decision of each country – to confront the threats posed by organized crime.

3//

LIMITS AND UNDESIRABLE EFFECTS OF REPRESSIVE STRATEGIES

The long-term solution for the drug problem is to reduce drastically the demand for drugs in the main consumer countries.

It is imperative to review critically the deficiencies of the prohibitionist strategy adopted by the Unites States and the benefits and drawbacks of the harm reduction strategy followed by the European Union. It is also important to question the low priority given to the drug problem by both industrialized and developing countries in other parts of the world.

Colombia is a clear example of the shortcomings of the repressive policies promoted at the global level by the United States. For decades, Colombia implemented all conceivable measures to fight the drug trade in a massive effort whose benefits were not proportional to the vast amount of resources invested and the human costs involved. Despite the country's significant achievements in fighting the drug cartels and lowering the levels of violence and crime, the areas of illegal cultivation are again expanding as well as the flow of drugs coming out of Colombia and the Andean region.

Mexico has quickly become the other epicenter of the violent activities carried out by the criminal groups associated with the narcotics trade. This raises challenges for the Mexican government in its struggle against the drug cartels that have supplanted the Colombian traffickers as the main suppliers of illicit drugs to the United States market. Mexico is thus well positioned to ask the government and institutions of American society to engage in a dialogue about the policies currently pursued by the US as well as to call upon the countries of the European Union to undertake a greater effort aimed at reducing domestic drug consumption. The traumatic Colombian experience is a useful reference for countries not to make the mistake of adopting the US prohibitionist policies and to move forward in the search for innovative alternatives.

The European Union policy focusing on the reduction of the damages caused by drugs as a matter of public health, through the provision of treatment to drug users, has proved more humane and efficient. However, by not giving appropriate emphasis to the reduction of domestic consumption in the belief that the focus on harm reduction minimizes the social dimension of the problem, the policy of the European Union fails to curb the demand for illicit drugs that stimulates its production and exportation from other parts of the world.

The long-term solution for the drug problem is to reduce drastically the demand for drugs in the main consumer countries. The question is not to find guilty countries and allocate blame for this or that action or inaction, but to reiterate that the United States and the European Union share responsibility for the problems faced by our countries, insofar as their domestic markets are the main consumers of the drugs produced in Latin America. It is, thus, pertinent for us, Latin Americans, to ask them as partners to design and implement policies leading to an effective reduction in their levels of drug consumption and, as a consequence, in the overall scope of the narcotics criminal activities.

4 //

THE VISION OF LATIN AMERICA: TOWARD A NEW PARADIGM

Treating drug users as a matter of public health and promoting the reduction of drug consumption are preconditions for focusing repressive action on two critical points: reduction of production and dismantling the networks of drug trafficking.

Taking into account our continent's experience in the fight against the narcotics trade and the seriousness of the problem, the Latin American Commission on Drugs and Democracy addresses the present statement to our countries' governments and public opinion, to the United Nations and the international community, proposing a new paradigm based on three main directives:

- **Treating drug users as a matter of public health.**
- **Reducing drug consumption through information, education and prevention.**
- **Focusing repression on organized crime.**

Our approach does not imply any complacency in regard to the drug problem. We acknowledge that narcotics are harmful to people and societies. Treating drug users as a matter of public health and promoting the reduction of drug consumption are actually the inescapable preconditions for focusing repressive action on two critical points: reduction of production and dismantling the networks of drug trafficking.

To translate this paradigm shift into concrete action, we propose the adoption by Latin American countries of the following initiatives in the framework of a global process of reframing the policies for fighting the use of illicit drugs:

1. Change the status of addicts from drug buyers in the illegal market to that of patients cared for in the public health system

The enormous capacity of the narcotics trade for violence and corruption can only be effectively countered if its sources of income are substantially weakened. To accomplish this goal, the State must establish the laws, institutions and regulations enabling those who have become addicted to drugs to stop being buyers in an illegal market and to become patients of the health care system. This change of status, combined with informational and educational campaigns, might have a significant impact in terms of reducing the demand for illegal drugs, lowering its price and, as a consequence, undermining the economic foundations of the drug business.

2. Evaluate from a public health standpoint and on the basis of the most advanced medical science the convenience of decriminalizing the possession of cannabis for personal use

Cannabis is by far the most widely used drug in Latin America. Its consumption has an adverse impact on the user's health, including mental health. But the available empirical evidence shows that the harm

caused by this drug is similar to the harm caused by alcohol or tobacco. More importantly, most of the damage associated with cannabis use - from the indiscriminate arrest and incarceration of consumers to the violence and corruption that affect all of society – is the result of the current prohibitionist policies.

The far-reaching social and cultural changes that led to profound reductions in tobacco consumption show the efficiency of information and prevention campaigns based on clear language and consistent arguments.

It is also true that decriminalizing drugs as an isolated measure, disconnected from a strong investment in information and education to reduce consumption, could have the contrary effect of worsening the problems of drug addiction.

The United States is arguably the industrialized country that has invested the highest amount of resources in the fight against the narcotics trade. The problem lies in the effectiveness and consequences of its actions. Its policy of massive incarceration of drug users, questionable both in terms of respect for human rights and its efficiency, is hardly applicable to Latin America, given the penal system's overpopulation and material conditions. This repressive policy also facilitates consumer extortion and police corruption. The United States allocates a much larger proportion of resources to eradication and interdiction as well as to maintaining its legal and penal system than to investments in health, prevention, treatment and the rehabilitation of drug users.

3. Reduce consumption through campaigns of information and prevention that can be understood and accepted by young people, who account for the largest contingent of users.

Drugs affect and undermine people's decision-making capacity. Statements by former addicts about these risks might have greater power to influence behavior than the threat of repression or virtuous exhortations against drug use. The far-reaching social and cultural changes that have led to profound reductions in tobacco consumption show the effectiveness of information and prevention campaigns based on clear language and arguments that are consistent with the experience of those they try to reach.

Educational campaigns also face the challenge of constantly alerting the population at large and the drug users in particular about each person's responsibility towards the problem, the dangers that come with "easy money" and the costs of the violence and corruption associated with the narcotics trade.

Most of the current prevention campaigns implemented all over the world have failed. There is much to be learned from the innovative experiences carried out by European countries, such as the United Kingdom, the

Netherlands and Switzerland. It is also important to share experiences and explore innovative approaches tested in other parts of the world.

4. Redirect repressive strategies to the unrelenting fight against organized crime

Public policies should be targeted to fighting the most harmful effects of organized crime on society, such as violence, institutional corruption, money laundering, arms trafficking, and the control over territories and populations. Insofar as the drug trade is a transnational problem, it is important to articulate domestic policies with regional and global strategies.

5. Reframe the strategies of repression against the cultivation of illicit drugs

Eradication efforts must be combined with the adoption of strongly financed alternative development programs adapted to local realities in terms of viable products and conditions for their competitive access to markets. It is important to speak not only of alternative cultivation but to envision a wide range of options, including the social development of alternative forms of work, democratic education and the search for solutions in a participatory context. Such initiatives must also take into account the legal uses of plants, such as the coca leaf, in countries with a long-standing tradition of ancestral use previous to the phenomenon of their exploitation as an input for drug production. Accordingly measures must be taken to strictly adjust production to this kind of ancestral use.

5 //

ENGAGING CIVIL SOCIETY AND PUBLIC OPINION

Each country must face the challenge of opening up a large public debate regarding the seriousness of the problem and the search for policies consistent with their history and culture.

A new paradigm to address the drug problem must be less centered on repressive measures and more regardful of national societies and cultures. Effective policies must be based on scientific knowledge and not on ideological biases. This effort must involve not only governments but all sectors of society.

The social perception of the drug problem and the legislation on illicit drugs are going through an accelerated process of change in Latin America. A growing number of political, civic and cultural leaders have publicly called for a drastic policy shift.

The deepening of the debate concerning the policies on drug consumption must be grounded on a rigorous evaluation of the impact of the diverse alternatives to the prohibitionist strategy that are being tested in different countries, focusing on the reduction of individual and social harm.

This construction of alternatives is a process that requires the participation of a plurality of social actors: law and order institutions, educators, health professionals, spiritual leaders, families, opinion makers, and media. Each country must face the challenge of opening up a large public debate about the seriousness of the problem and the search for policies consistent with its history and culture.

At the Inter-American level, Latin America must establish a dialogue with the United States government, legislators and civil society to jointly develop workable alternatives to the current "war on drugs" strategy. The inauguration of the Barack Obama Administration offers a unique opportunity to reshape a failed strategy and engage in the common search for more efficient and humane policies.

Simultaneously, at the global level, we must move forward with the articulation of a voice and vision of Latin America to influence the international debate on illicit drugs, especially in the framework of the United Nations and the Inter-American Drug Abuse Control Commission. Latin America's active participation in the global debate would mark its transition from a problem-region to a pioneering-region in the implementation of innovative solutions for the drug problem.

DRUGS AND DEMOCRACY: TOWARD A PARADIGM SHIFT

Statement by the Latin American Commission on Drugs and Democracy

César Gaviria // Colombia // co-president
Ernesto Zedillo // Mexico // co-president
Fernando Henrique Cardoso // Brazil // co-president
Ana María Romero de Campero // Bolivia
Antanas Mockus // Colombia
Diego García Sayán // Peru
Enrique Krauze // Mexico
Enrique Santos Calderón // Colombia
General Alberto Cardoso // Brazil
João Roberto Marinho // Brazil
Mario Vargas Llosa // Peru
Moisés Naím // Venezuela
Patricia Marcela LLerena // Argentina
Paulo Coelho // Brazil
Sergio Ramírez // Nicaragua
Sonia Picado // Costa Rica
Tomás Eloy Martínez // Argentina

1 //

A FAILED WAR

Prohibitionist policies based on the eradication of production and on the disruption of drug flows as well as on the criminalization of consumption have not yielded the desired results. We are further than ever from the announced goal of eradicating drugs.

Violence and the organized crime associated with the narcotics trade are critical problems in Latin America today. Confronted with a situation that is growing worse by the day, it is imperative to rectify the "war on drugs" strategy pursued in the region over the past 30 years.

Prohibitionist policies based on the eradication of production and on the disruption of drug flows as well as on the criminalization of consumption have not yielded the expected results. We are farther than ever from the announced goal of eradicating drugs.

A realistic evaluation indicates that:

- Latin America remains the major global exporter of cocaine and cannabis, has become a growing producer of opium and heroin, and is developing the capacity to produce synthetic drugs;
- The levels of drug consumption continue to grow in Latin America while there is a tendency toward stabilization in North America and Europe.

The in-depth revision of current drug policies is even more urgent in Latin America in light of their enormous human and social costs and threats to democratic institutions.

Over the past decades we have witnessed:

- A rise in organized crime caused both by the international narcotics trade and by the growing control exercised by criminal groups over domestic markets and territories;
- A growth in unacceptable levels of drug-related violence affecting the whole of society and, in particular, the poor and the young;
- The criminalization of politics and the politicization of crime, as well as the proliferation of the linkages between them, as reflected in the infiltration of democratic institutions by organized crime;
- The corruption of public servants, the judicial system, governments, the political system and, especially the police forces in charge of enforcing law and order.

2//
BREAKING THE SILENCE, OPENING UP THE DEBATE

Breaking the taboo, acknowledging the failure of current policies and their consequences is the inescapable prerequisite for the discussion of a new paradigm leading to safer, more efficient and humane drug policies.

Current drug repression policies are firmly rooted in prejudices, fears and ideological visions. The whole issue has become taboo which inhibits public debate. The association of drugs with crime blocks the circulation of information and segregates drug users in closed circles where they become even more exposed to organized crime.

Hence, breaking the taboo and acknowledging the failure of current policies and their consequences is the inescapable prerequisite for opening up the discussion about a new paradigm leading to safer, more efficient and humane drug policies.

This does not mean the outright rejection of policies that combat the narcotics trade which have consumed over the years vast economic resources and implied the sacrifice of countless human lives. Nor does it detract in any way from the urgent priority to strengthen the struggle against cartels and drug traffickers. The way forward lies in acknowledging the insufficient results of current policies and, without dismissing the immense efforts undertaken, launching a broad debate about alternative strategies. It is also high time to involve in this discussion sectors of society that so far have remained at a distance from the drug problem under the assumption that its solution is a matter for public authorities.

The challenge at hand is to drastically reduce the harm caused by illegal narcotics to people, societies and public institutions. To move in this direction, it is essential to differentiate between illicit substances according to the harm they inflict on people's health and the social fabric.

The search for more efficient policies, rooted in the respect for human rights, implies taking into account the diversity of national situations and emphasizing prevention and treatment. These policies do not deny the importance of repressive actions – including the participation of the Armed Forces in extreme situations, according to the decision of each country – to confront the threats posed by organized crime.

3//

LIMITS AND UNDESIRABLE EFFECTS OF REPRESSIVE STRATEGIES

The long-term solution for the drug problem is to reduce drastically the demand for drugs in the main consumer countries.

It is imperative to review critically the deficiencies of the prohibitionist strategy adopted by the Unites States and the benefits and drawbacks of the harm reduction strategy followed by the European Union. It is also important to question the low priority given to the drug problem by both industrialized and developing countries in other parts of the world.

Colombia is a clear example of the shortcomings of the repressive policies promoted at the global level by the United States. For decades, Colombia implemented all conceivable measures to fight the drug trade in a massive effort whose benefits were not proportional to the vast amount of resources invested and the human costs involved. Despite the country's significant achievements in fighting the drug cartels and lowering the levels of violence and crime, the areas of illegal cultivation are again expanding as well as the flow of drugs coming out of Colombia and the Andean region.

Mexico has quickly become the other epicenter of the violent activities carried out by the criminal groups associated with the narcotics trade. This raises challenges for the Mexican government in its struggle against the drug cartels that have supplanted the Colombian traffickers as the main suppliers of illicit drugs to the United States market. Mexico is thus well positioned to ask the government and institutions of American society to engage in a dialogue about the policies currently pursued by the US as well as to call upon the countries of the European Union to undertake a greater effort aimed at reducing domestic drug consumption. The traumatic Colombian experience is a useful reference for countries not to make the mistake of adopting the US prohibitionist policies and to move forward in the search for innovative alternatives.

The European Union policy focusing on the reduction of the damages caused by drugs as a matter of public health, through the provision of treatment to drug users, has proved more humane and efficient. However, by not giving appropriate emphasis to the reduction of domestic consumption in the belief that the focus on harm reduction minimizes the social dimension of the problem, the policy of the European Union fails to curb the demand for illicit drugs that stimulates its production and exportation from other parts of the world.

The long-term solution for the drug problem is to reduce drastically the demand for drugs in the main consumer countries. The question is not to find guilty countries and allocate blame for this or that action or inaction, but to reiterate that the United States and the European Union share responsibility for the problems faced by our countries, insofar as their domestic markets are the main consumers of the drugs produced in Latin America. It is, thus, pertinent for us, Latin Americans, to ask them as partners to design and implement policies leading to an effective reduction in their levels of drug consumption and, as a consequence, in the overall scope of the narcotics criminal activities.

4 //

THE VISION OF LATIN AMERICA: TOWARD A NEW PARADIGM

Treating drug users as a matter of public health and promoting the reduction of drug consumption are preconditions for focusing repressive action on two critical points: reduction of production and dismantling the networks of drug trafficking.

Taking into account our continent's experience in the fight against the narcotics trade and the seriousness of the problem, the Latin American Commission on Drugs and Democracy addresses the present statement to our countries' governments and public opinion, to the United Nations and the international community, proposing a new paradigm based on three main directives:

- **Treating drug users as a matter of public health.**
- **Reducing drug consumption through information, education and prevention.**
- **Focusing repression on organized crime.**

Our approach does not imply any complacency in regard to the drug problem. We acknowledge that narcotics are harmful to people and societies. Treating drug users as a matter of public health and promoting the reduction of drug consumption are actually the inescapable preconditions for focusing repressive action on two critical points: reduction of production and dismantling the networks of drug trafficking.

To translate this paradigm shift into concrete action, we propose the adoption by Latin American countries of the following initiatives in the framework of a global process of reframing the policies for fighting the use of illicit drugs:

1. Change the status of addicts from drug buyers in the illegal market to that of patients cared for in the public health system

The enormous capacity of the narcotics trade for violence and corruption can only be effectively countered if its sources of income are substantially weakened. To accomplish this goal, the State must establish the laws, institutions and regulations enabling those who have become addicted to drugs to stop being buyers in an illegal market and to become patients of the health care system. This change of status, combined with informational and educational campaigns, might have a significant impact in terms of reducing the demand for illegal drugs, lowering its price and, as a consequence, undermining the economic foundations of the drug business.

2. Evaluate from a public health standpoint and on the basis of the most advanced medical science the convenience of decriminalizing the possession of cannabis for personal use

Cannabis is by far the most widely used drug in Latin America. Its consumption has an adverse impact on the user's health, including mental health. But the available empirical evidence shows that the harm

caused by this drug is similar to the harm caused by alcohol or tobacco. More importantly, most of the damage associated with cannabis use - from the indiscriminate arrest and incarceration of consumers to the violence and corruption that affect all of society – is the result of the current prohibitionist policies.

It is also true that decriminalizing drugs as an isolated measure, disconnected from a strong investment in information and education to reduce consumption, could have the contrary effect of worsening the problems of drug addiction.

The United States is arguably the industrialized country that has invested the highest amount of resources in the fight against the narcotics trade. The problem lies in the effectiveness and consequences of its actions. Its policy of massive incarceration of drug users, questionable both in terms of respect for human rights and its efficiency, is hardly applicable to Latin America, given the penal system's overpopulation and material conditions. This repressive policy also facilitates consumer extortion and police corruption. The United States allocates a much larger proportion of resources to eradication and interdiction as well as to maintaining its legal and penal system than to investments in health, prevention, treatment and the rehabilitation of drug users.

The far-reaching social and cultural changes that led to profound reductions in tobacco consumption show the efficiency of information and prevention campaigns based on clear language and consistent arguments.

3. Reduce consumption through campaigns of information and prevention that can be understood and accepted by young people, who account for the largest contingent of users.

Drugs affect and undermine people's decision-making capacity. Statements by former addicts about these risks might have greater power to influence behavior than the threat of repression or virtuous exhortations against drug use. The far-reaching social and cultural changes that have led to profound reductions in tobacco consumption show the effectiveness of information and prevention campaigns based on clear language and arguments that are consistent with the experience of those they try to reach.

Educational campaigns also face the challenge of constantly alerting the population at large and the drug users in particular about each person's responsibility towards the problem, the dangers that come with "easy money" and the costs of the violence and corruption associated with the narcotics trade.

Most of the current prevention campaigns implemented all over the world have failed. There is much to be learned from the innovative experiences carried out by European countries, such as the United Kingdom, the

Netherlands and Switzerland. It is also important to share experiences and explore innovative approaches tested in other parts of the world.

4. Redirect repressive strategies to the unrelenting fight against organized crime

Public policies should be targeted to fighting the most harmful effects of organized crime on society, such as violence, institutional corruption, money laundering, arms trafficking, and the control over territories and populations. Insofar as the drug trade is a transnational problem, it is important to articulate domestic policies with regional and global strategies.

5. Reframe the strategies of repression against the cultivation of illicit drugs

Eradication efforts must be combined with the adoption of strongly financed alternative development programs adapted to local realities in terms of viable products and conditions for their competitive access to markets. It is important to speak not only of alternative cultivation but to envision a wide range of options, including the social development of alternative forms of work, democratic education and the search for solutions in a participatory context. Such initiatives must also take into account the legal uses of plants, such as the coca leaf, in countries with a long-standing tradition of ancestral use previous to the phenomenon of their exploitation as an input for drug production. Accordingly measures must be taken to strictly adjust production to this kind of ancestral use.

5//

ENGAGING CIVIL SOCIETY AND PUBLIC OPINION

Each country must face the challenge of opening up a large public debate regarding the seriousness of the problem and the search for policies consistent with their history and culture.

A new paradigm to address the drug problem must be less centered on repressive measures and more regardful of national societies and cultures. Effective policies must be based on scientific knowledge and not on ideological biases. This effort must involve not only governments but all sectors of society.

The social perception of the drug problem and the legislation on illicit drugs are going through an accelerated process of change in Latin America. A growing number of political, civic and cultural leaders have publicly called for a drastic policy shift.

The deepening of the debate concerning the policies on drug consumption must be grounded on a rigorous evaluation of the impact of the diverse alternatives to the prohibitionist strategy that are being tested in different countries, focusing on the reduction of individual and social harm.

This construction of alternatives is a process that requires the participation of a plurality of social actors: law and order institutions, educators, health professionals, spiritual leaders, families, opinion makers, and media. Each country must face the challenge of opening up a large public debate about the seriousness of the problem and the search for policies consistent with its history and culture.

At the Inter-American level, Latin America must establish a dialogue with the United States government, legislators and civil society to jointly develop workable alternatives to the current "war on drugs" strategy. The inauguration of the Barack Obama Administration offers a unique opportunity to reshape a failed strategy and engage in the common search for more efficient and humane policies.

Simultaneously, at the global level, we must move forward with the articulation of a voice and vision of Latin America to influence the international debate on illicit drugs, especially in the framework of the United Nations and the Inter-American Drug Abuse Control Commission. Latin America's active participation in the global debate would mark its transition from a problem-region to a pioneering-region in the implementation of innovative solutions for the drug problem.

DRUGS AND DEMOCRACY: TOWARD A PARADIGM SHIFT

Statement by the Latin American Commission on Drugs and Democracy

César Gaviria // Colombia // co-president
Ernesto Zedillo // Mexico // co-president
Fernando Henrique Cardoso // Brazil // co-president
Ana María Romero de Campero // Bolivia
Antanas Mockus // Colombia
Diego García Sayán // Peru
Enrique Krauze // Mexico
Enrique Santos Calderón // Colombia
General Alberto Cardoso // Brazil
João Roberto Marinho // Brazil
Mario Vargas Llosa // Peru
Moisés Naím // Venezuela
Patricia Marcela LLerena // Argentina
Paulo Coelho // Brazil
Sergio Ramírez // Nicaragua
Sonia Picado // Costa Rica
Tomás Eloy Martínez // Argentina

1 //

A FAILED WAR

> *Prohibitionist policies based on the eradication of production and on the disruption of drug flows as well as on the criminalization of consumption have not yielded the desired results. We are further than ever from the announced goal of eradicating drugs.*

Violence and the organized crime associated with the narcotics trade are critical problems in Latin America today. Confronted with a situation that is growing worse by the day, it is imperative to rectify the "war on drugs" strategy pursued in the region over the past 30 years.

Prohibitionist policies based on the eradication of production and on the disruption of drug flows as well as on the criminalization of consumption have not yielded the expected results. We are farther than ever from the announced goal of eradicating drugs.

A realistic evaluation indicates that:

- Latin America remains the major global exporter of cocaine and cannabis, has become a growing producer of opium and heroin, and is developing the capacity to produce synthetic drugs;
- The levels of drug consumption continue to grow in Latin America while there is a tendency toward stabilization in North America and Europe.

The in-depth revision of current drug policies is even more urgent in Latin America in light of their enormous human and social costs and threats to democratic institutions.

Over the past decades we have witnessed:

- A rise in organized crime caused both by the international narcotics trade and by the growing control exercised by criminal groups over domestic markets and territories;
- A growth in unacceptable levels of drug-related violence affecting the whole of society and, in particular, the poor and the young;
- The criminalization of politics and the politicization of crime, as well as the proliferation of the linkages between them, as reflected in the infiltration of democratic institutions by organized crime;
- The corruption of public servants, the judicial system, governments, the political system and, especially the police forces in charge of enforcing law and order.

2//

BREAKING THE SILENCE, OPENING UP THE DEBATE

Breaking the taboo, acknowledging the failure of current policies and their consequences is the inescapable prerequisite for the discussion of a new paradigm leading to safer, more efficient and humane drug policies.

Current drug repression policies are firmly rooted in prejudices, fears and ideological visions. The whole issue has become taboo which inhibits public debate. The association of drugs with crime blocks the circulation of information and segregates drug users in closed circles where they become even more exposed to organized crime.

Hence, breaking the taboo and acknowledging the failure of current policies and their consequences is the inescapable prerequisite for opening up the discussion about a new paradigm leading to safer, more efficient and humane drug policies.

This does not mean the outright rejection of policies that combat the narcotics trade which have consumed over the years vast economic resources and implied the sacrifice of countless human lives. Nor does it detract in any way from the urgent priority to strengthen the struggle against cartels and drug traffickers. The way forward lies in acknowledging the insufficient results of current policies and, without dismissing the immense efforts undertaken, launching a broad debate about alternative strategies. It is also high time to involve in this discussion sectors of society that so far have remained at a distance from the drug problem under the assumption that its solution is a matter for public authorities.

The challenge at hand is to drastically reduce the harm caused by illegal narcotics to people, societies and public institutions. To move in this direction, it is essential to differentiate between illicit substances according to the harm they inflict on people's health and the social fabric.

The search for more efficient policies, rooted in the respect for human rights, implies taking into account the diversity of national situations and emphasizing prevention and treatment. These policies do not deny the importance of repressive actions – including the participation of the Armed Forces in extreme situations, according to the decision of each country – to confront the threats posed by organized crime.

3//

LIMITS AND UNDESIRABLE EFFECTS OF REPRESSIVE STRATEGIES

The long-term solution for the drug problem is to reduce drastically the demand for drugs in the main consumer countries.

It is imperative to review critically the deficiencies of the prohibitionist strategy adopted by the Unites States and the benefits and drawbacks of the harm reduction strategy followed by the European Union. It is also important to question the low priority given to the drug problem by both industrialized and developing countries in other parts of the world.

Colombia is a clear example of the shortcomings of the repressive policies promoted at the global level by the United States. For decades, Colombia implemented all conceivable measures to fight the drug trade in a massive effort whose benefits were not proportional to the vast amount of resources invested and the human costs involved. Despite the country's significant achievements in fighting the drug cartels and lowering the levels of violence and crime, the areas of illegal cultivation are again expanding as well as the flow of drugs coming out of Colombia and the Andean region.

Mexico has quickly become the other epicenter of the violent activities carried out by the criminal groups associated with the narcotics trade. This raises challenges for the Mexican government in its struggle against the drug cartels that have supplanted the Colombian traffickers as the main suppliers of illicit drugs to the United States market. Mexico is thus well positioned to ask the government and institutions of American society to engage in a dialogue about the policies currently pursued by the US as well as to call upon the countries of the European Union to undertake a greater effort aimed at reducing domestic drug consumption. The traumatic Colombian experience is a useful reference for countries not to make the mistake of adopting the US prohibitionist policies and to move forward in the search for innovative alternatives.

The European Union policy focusing on the reduction of the damages caused by drugs as a matter of public health, through the provision of treatment to drug users, has proved more humane and efficient. However, by not giving appropriate emphasis to the reduction of domestic consumption in the belief that the focus on harm reduction minimizes the social dimension of the problem, the policy of the European Union fails to curb the demand for illicit drugs that stimulates its production and exportation from other parts of the world.

The long-term solution for the drug problem is to reduce drastically the demand for drugs in the main consumer countries. The question is not to find guilty countries and allocate blame for this or that action or inaction, but to reiterate that the United States and the European Union share responsibility for the problems faced by our countries, insofar as their domestic markets are the main consumers of the drugs produced in Latin America. It is, thus, pertinent for us, Latin Americans, to ask them as partners to design and implement policies leading to an effective reduction in their levels of drug consumption and, as a consequence, in the overall scope of the narcotics criminal activities.

4 //

THE VISION OF LATIN AMERICA: TOWARD A NEW PARADIGM

Treating drug users as a matter of public health and promoting the reduction of drug consumption are preconditions for focusing repressive action on two critical points: reduction of production and dismantling the networks of drug trafficking.

Taking into account our continent's experience in the fight against the narcotics trade and the seriousness of the problem, the Latin American Commission on Drugs and Democracy addresses the present statement to our countries' governments and public opinion, to the United Nations and the international community, proposing a new paradigm based on three main directives:

- Treating drug users as a matter of public health.
- Reducing drug consumption through information, education and prevention.
- Focusing repression on organized crime.

Our approach does not imply any complacency in regard to the drug problem. We acknowledge that narcotics are harmful to people and societies. Treating drug users as a matter of public health and promoting the reduction of drug consumption are actually the inescapable preconditions for focusing repressive action on two critical points: reduction of production and dismantling the networks of drug trafficking.

To translate this paradigm shift into concrete action, we propose the adoption by Latin American countries of the following initiatives in the framework of a global process of reframing the policies for fighting the use of illicit drugs:

1. Change the status of addicts from drug buyers in the illegal market to that of patients cared for in the public health system

The enormous capacity of the narcotics trade for violence and corruption can only be effectively countered if its sources of income are substantially weakened. To accomplish this goal, the State must establish the laws, institutions and regulations enabling those who have become addicted to drugs to stop being buyers in an illegal market and to become patients of the health care system. This change of status, combined with informational and educational campaigns, might have a significant impact in terms of reducing the demand for illegal drugs, lowering its price and, as a consequence, undermining the economic foundations of the drug business.

2. Evaluate from a public health standpoint and on the basis of the most advanced medical science the convenience of decriminalizing the possession of cannabis for personal use

Cannabis is by far the most widely used drug in Latin America. Its consumption has an adverse impact on the user's health, including mental health. But the available empirical evidence shows that the harm

caused by this drug is similar to the harm caused by alcohol or tobacco. More importantly, most of the damage associated with cannabis use - from the indiscriminate arrest and incarceration of consumers to the violence and corruption that affect all of society – is the result of the current prohibitionist policies.

> *The far-reaching social and cultural changes that led to profound reductions in tobacco consumption show the efficiency of information and prevention campaigns based on clear language and consistent arguments.*

It is also true that decriminalizing drugs as an isolated measure, disconnected from a strong investment in information and education to reduce consumption, could have the contrary effect of worsening the problems of drug addiction.

The United States is arguably the industrialized country that has invested the highest amount of resources in the fight against the narcotics trade. The problem lies in the effectiveness and consequences of its actions. Its policy of massive incarceration of drug users, questionable both in terms of respect for human rights and its efficiency, is hardly applicable to Latin America, given the penal system's overpopulation and material conditions. This repressive policy also facilitates consumer extortion and police corruption. The United States allocates a much larger proportion of resources to eradication and interdiction as well as to maintaining its legal and penal system than to investments in health, prevention, treatment and the rehabilitation of drug users.

3. Reduce consumption through campaigns of information and prevention that can be understood and accepted by young people, who account for the largest contingent of users.

Drugs affect and undermine people's decision-making capacity. Statements by former addicts about these risks might have greater power to influence behavior than the threat of repression or virtuous exhortations against drug use. The far-reaching social and cultural changes that have led to profound reductions in tobacco consumption show the effectiveness of information and prevention campaigns based on clear language and arguments that are consistent with the experience of those they try to reach.

Educational campaigns also face the challenge of constantly alerting the population at large and the drug users in particular about each person's responsibility towards the problem, the dangers that come with "easy money" and the costs of the violence and corruption associated with the narcotics trade.

Most of the current prevention campaigns implemented all over the world have failed. There is much to be learned from the innovative experiences carried out by European countries, such as the United Kingdom, the

Netherlands and Switzerland. It is also important to share experiences and explore innovative approaches tested in other parts of the world.

4. Redirect repressive strategies to the unrelenting fight against organized crime

Public policies should be targeted to fighting the most harmful effects of organized crime on society, such as violence, institutional corruption, money laundering, arms trafficking, and the control over territories and populations. Insofar as the drug trade is a transnational problem, it is important to articulate domestic policies with regional and global strategies.

5. Reframe the strategies of repression against the cultivation of illicit drugs

Eradication efforts must be combined with the adoption of strongly financed alternative development programs adapted to local realities in terms of viable products and conditions for their competitive access to markets. It is important to speak not only of alternative cultivation but to envision a wide range of options, including the social development of alternative forms of work, democratic education and the search for solutions in a participatory context. Such initiatives must also take into account the legal uses of plants, such as the coca leaf, in countries with a long-standing tradition of ancestral use previous to the phenomenon of their exploitation as an input for drug production. Accordingly measures must be taken to strictly adjust production to this kind of ancestral use.

5 //

ENGAGING CIVIL SOCIETY AND PUBLIC OPINION

Each country must face the challenge of opening up a large public debate regarding the seriousness of the problem and the search for policies consistent with their history and culture.

A new paradigm to address the drug problem must be less centered on repressive measures and more regardful of national societies and cultures. Effective policies must be based on scientific knowledge and not on ideological biases. This effort must involve not only governments but all sectors of society.

The social perception of the drug problem and the legislation on illicit drugs are going through an accelerated process of change in Latin America. A growing number of political, civic and cultural leaders have publicly called for a drastic policy shift.

The deepening of the debate concerning the policies on drug consumption must be grounded on a rigorous evaluation of the impact of the diverse alternatives to the prohibitionist strategy that are being tested in different countries, focusing on the reduction of individual and social harm.

This construction of alternatives is a process that requires the participation of a plurality of social actors: law and order institutions, educators, health professionals, spiritual leaders, families, opinion makers, and media. Each country must face the challenge of opening up a large public debate about the seriousness of the problem and the search for policies consistent with its history and culture.

At the Inter-American level, Latin America must establish a dialogue with the United States government, legislators and civil society to jointly develop workable alternatives to the current "war on drugs" strategy. The inauguration of the Barack Obama Administration offers a unique opportunity to reshape a failed strategy and engage in the common search for more efficient and humane policies.

Simultaneously, at the global level, we must move forward with the articulation of a voice and vision of Latin America to influence the international debate on illicit drugs, especially in the framework of the United Nations and the Inter-American Drug Abuse Control Commission. Latin America's active participation in the global debate would mark its transition from a problem-region to a pioneering-region in the implementation of innovative solutions for the drug problem.

Briefing Note

IMPACT OF THE WORLD FINANCIAL CRISIS IN LATIN AMERICA AND THE CARIBBEAN

The impact of the world financial crisis in the region is reversing the steady economic growth achieved in the last six years. The crisis has boosted the region's preference for multilateralism and Governments are demanding active participation in the debate on the new financial architecture. On the other hand, the crisis has also provoked inter-regional tensions caused by protectionist measures. At the internal level, the crisis has exacerbated pressure on Governments, which are confronting the social and political effects of the crisis.

A. State of the economy

1. Until the end of 2008 the Latin America and Caribbean region went through an unprecedented period of steady economic growth. In 2008, the region grew by 4.6 per cent completing its sixth consecutive year of growth with an important reduction in unemployment and an expansion in the numbers of those employed in decent jobs. The crisis, however, has begun to reverse this trend. An optimistic forecast by the World Bank indicates that the region is likely to grow by only 0.3 per cent in 2009.

2. The first indicators of the crisis are reflected on five main fronts: decrease in exports, price shocks in primary goods, reduction in remittances, lack of credit in the financial sector and the fall on foreign direct investment (ECLAC, 2009). In **Brazil,** exports fell by 29 per cent, in **Chile** by 41 per cent, in **Mexico** by 31 per cent and in **Peru** by 37 per cent (UNDP/RBLAC report and World Bank, 2009). Oil exporting countries, including **Ecuador**, **Venezuela** and **Trinidad and Tobago**, have been forced to revise their respective national budgets to adjust for the fall in oil prices. The economic crisis has also affected other aspects of the economy such as tourism, which constitutes an important source of income for the **Caribbean,** which will be felt with most intensity in **Anguilla, Antigua and Barbuda** and **the Bahamas**

3. Most Caribbean countries are in a particularly vulnerable situation. The majority of them exhibit some combination of unsustainable public debt levels, insufficient international reserves and massive current account deficits. As a rule of thumb, any public debt exceeding 40 per cent of GDP is deemed unsustainable. However, public debt in **Barbados, Dominica, Grenada, Jamaica,** and **St. Kitts and Nevis** is above 100 per cent of GDP. Meanwhile, **Antigua and Barbuda, Belize, Guyana, St. Lucia and St. Vincent and the Grenadines** have debt-to-GDP ratios above 70 per cent. As regards international reserves, with the exception of **Barbados, Guyana** and **Trinidad and Tobago**, no other Caribbean country has more than 3.5 months of imports coverage. Finally, on the current account side, in 2008 the countries of the Organization of Eastern Caribbean States averaged a current account deficit of 35 per cent of GDP, similar to that recorded by **Guyana. Jamaica** recorded a current account deficit of 26 per cent of GDP and **Barbados** one of 12 per cent (ECLAC 2009).

4. The falling trend in remittances, which represents a considerable share of the national incomes, is affecting **Ecuador, El Salvador, Guyana, Haiti** and **Jamaica**. In **Mexico** a record 12.2 per cent drop in remittances – a key component of GDP – in August 2008, resulted from the slowdown in the US construction sector. As regards unemployment, in **Brazil** it jumped by 1.4 percentage points between December 2008 and January 2009 to reach 8.2 per cent. **Mexico**'s unemployment is also rising, tipping over 5 per cent in January 2009, the highest since 2000 (World Bank, 2009).

B. Responses to the crisis

5. Governments in the region seem aware of the need to coordinate the implementation of short-term measures as well as to mitigate the social effects of the crisis. This was reflected in the declaration that was adopted on 2 March during the extraordinary meeting of Finance Ministers of the Ibero-American region *vis a vis* the G-20. The crisis has prompted countries to explore ways to strengthen regional relations and to become less dependent on the United States' economy. For example, **Brazil** and **Colombia** are currently discussing the possibility of using local currencies in their bilateral trade relations. **CARICOM** countries have established a Regional Task Force on the Financial Crisis. For some **Caribbean** countries, the Economic Partnership Agreement (EPA) with the European Union may provide some buffer from the effects of the crisis, although it is widely believed to have undermined other, perhaps more fruitful, opportunities for trade such as the Canada-CARICOM Foreign Trade Agreement (FTA).

6. Some Governments in the region have adopted macroeconomic measures to restore confidence in the financial system and increase demand for exports (ECLAC, 2009). The most performing economies, including **Argentina, Brazil, Chile, Mexico** and **Peru**, have launched stimulus packages valued at one to two per cent of their respective Gross Domestic Products (GDPs). However, as opposed to the stimulus packages launched in the United States, the capacity of these programmes is limited, given the small size of the financial markets in these countries and the reduced availability of external credit.

7. At the same time, the global downturn is also leading to a rise in protectionist sentiment, amid a collapse in export demand and efforts by local producers to shore up their position in domestic markets. For example, **Argentina** and **Brazil** are experiencing tensions since last February as a result of protectionist measures by businesses on both sides. Tensions with **Bolivia**'s main trade partners, including **Brazil,** are expected in view of Bolivia's preference for protectionist measures. In order to stem a trade deficit, the Government of **Ecuador** has banned the import of 133 categories of (mostly luxury) imports. The decision was widely rejected by trading partners including those of the Andean Community, as it violates regional trade agreements.

C. Political implications

8. Political and social instability is expected in the region in view of the implementation of unpopular measures such as cuts in social spending, increased taxation and currency adjustments. Social unrest is likely to take the form of labour protests and strikes. In the French overseas territories of **Martinique** and **Guadeloupe**, the comparatively higher cost of living and lower salaries in relation to other regions of France has already sparked violent labour unrest. In **Central America**, export free trade zones ("*maquilas*"), which employ an important portion of the population—particularly women—have been affected by the crisis and seen protests.

9. Increasing levels of unemployment could further fuel political instability and social unrest. Likewise, a rise in deportations could become an additional destabilizing factor. An influx of 30,000 Haitians facing deportation from the United States could become an additional source of destabilization as the country is still struggling to recover from the aftermath of last year's hurricanes. Likewise, the least developed countries in the region are expected to be affected by the voluntary return or deportations of their nationals from "wealthier" neighbouring countries. For example, the **Bolivian** Government estimates to have approximately 1 million Bolivians living in **Argentina**. There are also large numbers of **Paraguayans** and **Peruvians** living in **Argentina**. In **Mexico**, **Central American** migrants are reported to be victims of drug-trafficking networks, who use them as carriers for their illicit business. In **Ecuador**, in the context of the UN inter-agency assessment of Ecuador's northern border area, the UN system identified the potential for xenophobic sentiment against Colombian nationals living in Ecuador. In times of economic crisis, these trends could exacerbate.

10. Some analysts have indicated that, in countries with lax money laundering legislation, drug money could fill the vacuum left by "clean investors". Along the same line, in times of economic decline more people are expected to join the ranks of drug-trafficking networks. According to the latest report of the International Narcotics Control Board, the cultivation of illicit crops, production, consumption and trafficking of drugs (and small arms) has increased in the region.

11. In line with international concern about the impact of the crisis on progress towards the Millennium Development Goals, slower growth in Latin America, combined with a weakened tax base, could rapidly undo much of the reduction in poverty achieved over recent years. The impact of the crisis on foreign aid poses an additional challenge to countries that are highly dependant on assistance, such as **Nicaragua** and **Haiti**. In the case of **Haiti,** its current fragile economic situation could be sustained only with an increase in donations and foreign investment.

D. Support by international and regional organizations

12. At the regional level, the World Bank and ECLAC are monitoring macro-economic trends, the potential impact of the economic crisis in Latin America and making policy recommendations on how to address the crisis. UNDP, through its

regional programme on governance, has joined forces with the World Bank and ECLAC, with a view to establish early warning mechanisms for the prevention of social conflicts related to the crisis. In that regard, UNDP's Programme on Political Analysis and Scenarios (PAPEP) has received the mandate to look into the economic crisis' impact on political stability. In Bolivia, an inter-agency "task force" has been established with the same objectives. The task force includes the World Bank, the World Food Programme (WFP), UNICEF and UNDP.

13. The region has also welcomed the recommendations made by the commission of experts of the President of the General Assembly in March 2009, a preparatory stage of the upcoming conference on "the World Economic and Financial Crisis and its impact on Development", which has been convened by the General Assembly for June 2009.

Americas Division
April 2009

CICIG
International Commission
Against Impunity in Guatemala

Fact sheet

THE INTERNATIONAL COMMISSION AGAINST IMPUNITY IN GUATEMALA (CICIG)

The International Commission Against Impunity in Guatemala began its operations in January 2008 under an agreement between the United Nations and Guatemala to work together to investigate and dismantle violent criminal organizations believed responsible for widespread crime and the paralysis in the country's justice system. The independent investigative body, know by its Spanish initials CICIG, is headed by a United Nations Assistant Secretary-General, Carlos Castresana Fernández, who was appointed to the post by Secretary-General BAN Ki-moon. The Commission is being financed through voluntary contributions from the international community.

The establishment of CICIG culminates several years of efforts to create an effective means of international assistance to Guatemala in its fight against "illegal security forces and clandestine security organizations" – criminal groups believed to have infiltrated state institutions including the justice system, ensuring impunity for their actions and undermining democratic gains in Guatemala since the end of the country's armed conflict in the 1990s. It represents an innovative new initiative by the United Nations, together with a Member State, to strengthen the rule of law in a post-conflict country.

The Commission's mandate permits it to carry out independent investigations and to act as a complementary prosecutor, helping Guatemalan authorities to bring representative cases to trial in national courts. CICIG differs in this regard from international tribunals. By working through the local court system and in close partnership with Guatemala's Public Prosecutor's Office and its National Civilian Police, the Commission aims not only to achieve convictions in representative cases, but also to strengthen the national criminal justice system and to demonstrate that it can be made to work. In addition to its investigations and the on-the-job training it will provide to Guatemalan criminal justice officials, the Commission has also been tasked to recommend public policies to help fight the criminal groups who are the subject of its investigations.

As of 31 January 2009, CICIG has 139 (80 per cent) of the 173 budgeted staff, with an additional seven candidates for various areas identified. The Commission's staff, which represents 22 nationalities, consists of 98 CICIG staff members – in their majority criminal justice experts -, 11 UN staff and 30 secondments from donor countries. CICIG is made up of 72 per cent men and 28 per cent women. However, when examining the non-security personnel, CICIG's staff consists of 61 per cent men and 39 per cent women.

The Commission is completely funded through voluntary contributions. In 2008 it received contributions totalling more than $20 million and it has already covered 63% of its 2009 budget, with support from countries including Canada, Finland, Denmark, Germany, Italy, Norway, Spain, Sweden, Switzerland, The Netherlands and United Kingdom, as well as from the European Union, the Soros Foundation and the Open Society Institute.

CICIG was established under an agreement signed between the United Nations and the Government of Guatemala in December 2006 and ratified in August 2007 by the Guatemalan Congress. The agreement entered into force on 4 September 2007 and can be renewed at the request of the Government of Guatemala. On 20 March 2009, the Guatemalan Ministry of Foreign Affairs, Haroldo Rodas Melgar, addressed a letter to the Secretary-General requesting the renewal of CICIG's mandate through an exchange of letters.

On 27 October 2008, the UN Secretary-General sent a letter to the President of the General Assembly regarding CICIG and the role that the UN has played in the Commission. As a result, on 10 November 2008, the Sixty-third session of the General Assembly adopted by consensus a resolution under agenda item 20 on "the situation in Central America: progress in fashioning a region of peace, democracy and development". In the resolution, which has 55 cosponsors, the General Assembly acknowledged the Secretary-General's assistance to the Commission and called on him for continued support so CICIG can successfully carry out its mandate and address its various challenges.

The UN Department of Political Affairs has played an essential role throughout the process leading up to the establishment of CICIG and will continue to be the Commission's principal political counterpart in the United Nations. For its part, the United Nations Development Programme in Guatemala administers a dedicated trust fund for CICIG that provides a single conduit for voluntary contributions. The UN Department of Safety and Security has provided continued technical support and advice to the Commission. DSS is expected to sign a Memorandum of Understanding with CICIG establishing the basis for their future collaboration in April 2009.

CICIG expects to further draw on the collaboration of UN offices and programmes, especially the Office of the UN High Commissioner for Human Rights and the UN Office on Drugs and Crime, as partners in the implementation of the part of its mandate aimed at strengthening Guatemalan justice sector institutions. CICIG will also look to other specialized agencies, such as UNICEF and UNIFEM, for expertise in its investigations and other actions as required.

DPA/AD 7 April 2009

9.

10.

10