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## Latin America and the Caribbean: Impact of COVID-19

The Coronavirus Disease 2019 (COVID-19) pandemic is having widespread economic, social, and political effects on Latin America and the Caribbean, a region with strong congressional interest because of deep U.S. linkages.

As of December 15, 2020, the region had over 14.1 million confirmed cases (19.4% of cases worldwide) and almost 473,000 deaths (29.2% of deaths worldwide). Brazil, Mexico, Argentina, Colombia, and Peru have the highest numbers of deaths in the region, and Brazil has the highest death toll worldwide after the United States. The rankings change in terms of per capita deaths—Peru has the highest recorded deaths per capita in the region, followed by Argentina, Mexico, Brazil, and Chile (see **Table 1**). Brazil and Mexico are currently experiencing a surge in cases, and some observers are concerned about a potential post-Christmas surge throughout the region in early 2021 as countries let their guards down over the holidays. A University of Washington COVID-19 projection model forecasts deaths in Latin America and the Caribbean could reach more than 646,000 by April 1, 2021.

Experts and observers have expressed concern that some countries, such as Mexico, Nicaragua, and Venezuela, are significantly undercounting their death tolls. Many observers have expressed special concern for Venezuela, where the health care system was collapsing prior to the pandemic. (See CRS In Focus IF11029, *The Venezuela Regional Humanitarian Crisis and COVID-19*).

The Pan American Health Organization (PAHO) has played a major role in supporting countries in preventing, detecting, and responding to the pandemic. When the pandemic first began to surge in the region in May 2020, PAHO Director Dr. Carissa Etienne expressed concern about the poor and other vulnerable groups at greatest risk, including those living in cities, towns, and remote communities in the Amazon Basin (including indigenous communities); people of African descent; migrants in temporary settlements; and prisoners in crowded jails. In July 2020, PAHO issued an alert urging countries to intensify efforts to prevent further spread of the virus among indigenous communities in the Americas. In September 2020, PAHO warned about increasing cases in Central America and the Caribbean. Now, PAHO is helping countries prepare for a successful rollout of vaccines and facilitating access to vaccines under the COVAX mechanism developed by the World Health Organization and other global health organizations.

### Economic Impact

Before the pandemic, the International Monetary Fund (IMF) projected 1.6% economic growth for the region in 2020; in its October 2020 forecast, the IMF projected an 8.1% economic contraction for the region, with almost every country in recession. Economic recovery may be a

protracted process in countries that rely heavily on global trade and investment. Caribbean nations that depend on tourism face deep economic recessions, several with projected gross domestic product declines well over 10% in 2020, according to the IMF. Likewise, several South American nations hard hit by the pandemic are projected to register economic contractions over 10%. Although most Latin American and Caribbean countries are expected to begin to recover economically in 2021, the expected regional growth rate of 3.6% lags behind the expected world economic growth forecast of 5.2%.

**Table 1. COVID-19 Cases, Deaths, and Mortality Rates in Latin America and the Caribbean (LAC)**  
(countries with more than 2,000 deaths, as of Dec. 15, 2020)

Country	Cases (millions)	Deaths	Deaths per 100,000
Brazil	6.927	181,835	86.81
Mexico	1.256	114,298	90.58
Argentina	1.503	41,041	92.24
Colombia	1.435	39,195	78.94
Peru	.985	36,677	114.65
Chile	.574	15,931	85.06
Ecuador	.202	13,875	81.21
Bolivia	.147	9,024	79.48
Guatemala	.129	4,445	25.77
Panama	.195	3,382	80.97
Honduras	.115	2,989	31.18
Dom. Rep.	.155	2,364	22.24
<b>Total LAC</b>	14.103	472,801	—
United States	16.519	300,479	91.84

**Source:** Johns Hopkins University School of Medicine, Coronavirus Resource Center, “Mortality Analyses,” December 15, 2020, updated daily, at <https://coronavirus.jhu.edu/data/mortality>.

The decline in economic growth in 2020 is expected to exacerbate income inequality and poverty throughout the region. Latin America already was the most unequal region in the world in terms of income inequality, according to the U.N. Economic Commission for Latin America and the Caribbean (ECLAC). ECLAC projects that in 2020, inequality will rise in all countries, with the worst results in the region’s largest economies—Brazil, Mexico, and Argentina. According to a July 2020 U.N. report, poverty is expected to increase from 30.3% of the region’s population

in 2019 to 37.2% in 2020, an increase of 45 million people (to 230 million people total).

In April 2020, the World Bank predicted remittances from abroad to Latin America and the Caribbean would decline by over 19% in 2020. Remittances, however, began to rebound in June and July 2020, and the expected regional decline is small for the year, with some countries such (e.g., Mexico) seeing an increase. The labor markets of many Latin American countries have high rates of informality, with many workers living without a safety net; it is difficult to design programs that reach and provide adequate assistance to these workers.

In response to the vast need for financing to respond to the pandemic and the associated economic downturn, international financial institutions have increased lending to countries throughout the region.

- The IMF has approved, as of December 15, 2020, \$63.8 billion in lending to 21 countries in the region contending with the pandemic's economic impact, including Chile (\$23.9 billion), Colombia (\$16.9 billion), Peru (\$11 billion), and Ecuador (\$7.1 billion).
- The Inter-American Development Bank (IDB) to date has provided \$7.9 billion in project financing, including \$705 million for the immediate public health response, \$2.2 billion for vulnerable populations, \$2.2 billion for economic productivity and employment, \$1.3 billion for public policy and fiscal management, and \$1.2 billion in special development lending. On December 16, 2020, the IDB announced it would mobilize an additional \$1 billion to help countries acquire and distribute COVID-19 vaccines, working closely with PAHO and other institutions.
- The World Bank, as of December 1, 2020, has provided \$4.6 billion to 21 countries in the region. Assistance focuses on minimizing the loss of life, strengthening health systems and disease surveillance, mitigating the pandemic's economic impact, and addressing supply-chain issues and delivery. Over the next 15 months, countries in the region also may benefit from a portion of the \$160 billion in worldwide assistance the bank is providing.
- The Development Bank of Latin America announced in July 2020 that it has provided \$4.9 billion in financing to address the effects of the pandemic across the region.

### Political Impact

Even before the pandemic, public satisfaction with the quality of democracy in several Latin America and Caribbean countries was eroding. The 2018-2019 Americas Barometer public opinion survey showed the lowest level of satisfaction with democracy since the poll began in 2004. Several broad political and economic factors have driven the decline and help to explain the eruption of social protests in the region in 2019. Political factors include an increase in authoritarian practices, weak democratic institutions, politicized judicial systems, corruption, and high levels of crime and violence. Economic factors include stagnant or declining growth; high levels of inequality and poverty; and inadequate public services, social safety net programs, and advancement

opportunities. The COVID-19 pandemic has exacerbated these factors, which have stoked social unrest in several countries.

Human rights groups and other observers have expressed concern about leaders taking advantage of the pandemic to advance their own agendas and restrict freedom of expression. In El Salvador, critics accuse President Bukele of exploiting the health crisis to pursue his aggressive anti-gang policies. In Bolivia, the interim government twice postponed presidential elections, prompting widespread protests, until elections were held successfully in October 2020. In Venezuela, the government and security forces have used a state of emergency imposed to curb the spread of the virus as an excuse to crack down on dissent. Cuba also has used regulations designed to prevent the spread of COVID-19 to repress government opponents.

### U.S. Policy Considerations

In March 2020, Congress passed two supplemental appropriations measures—P.L. 116-123 and P.L. 116-136—that provided nearly \$1.8 billion in aid to respond to COVID-19 globally. The State Department reported, that as of August 2020 (latest information made available), the United States was providing \$141.4 million in new and previously announced assistance to help countries in the region respond to the pandemic, including \$103.3 million in humanitarian assistance, \$27.6 million in health assistance, and \$10.5 million in economic aid. As of December 2020, the U.S. Southern Command completed over 370 projects providing COVID-19 related humanitarian assistance to 28 countries in the region.

The Administration's FY2021 budget request—released prior to the pandemic—included \$1.4 billion in foreign assistance for the region, about an 18% decline from the estimated amount appropriated in FY2020. The request included almost \$133 million in Global Health Programs assistance for the region, 37% less than the FY2020 estimate. The Administration also requested \$16.3 million for PAHO, a 75% cut from estimated FY2020 appropriations. Both the House foreign aid appropriations bill, H.R. 7608, approved in July 2020, and the Senate Appropriations Committee draft bill appear to fully fund the U.S. assessed contribution of \$65.2 million to PAHO for FY2021. H.R. 7608 also would provide \$9.1 billion in emergency aid to respond to COVID-19 worldwide. (See CRS Report R46514, *U.S. Foreign Assistance to Latin America and the Caribbean: FY2021 Appropriations.*)

S. 4997, introduced December 10, 2020, would authorize \$24 billion for a capital increase for the IDB to strengthen its capacity to support member countries in their efforts to address the pandemic and its related economic impact and, more broadly, to advance inclusive economic and social development in the Americas.

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