



Updated February 25, 2021

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 February 22, 2021, the region had almost 20.8 million confirmed cases (18.6% of cases worldwide) and over 661,000 deaths (26.7% of deaths worldwide). Brazil, Mexico, Colombia, Argentina, and Peru had the highest numbers of deaths in the region, and Brazil had the second-highest death toll worldwide, after the United States. The regional rankings change in terms of per capita deaths—Mexico had the highest recorded deaths per capita, followed by Peru, Panama, Colombia, and Brazil (see **Table 1**). The Pan American Health Organization (PAHO) reported on February 24 that although infections were declining in many countries in the region, there were increased outbreaks in Peru along the border areas with Brazil and Colombia and several Caribbean countries were reporting a rise in infections. A University of Washington COVID-19 projection model (updated February 20, 2021) forecasts deaths in Latin America and the Caribbean could reach over 924,000 by June 1, 2021.

Experts and observers have expressed concern that some countries, such as Mexico, Nicaragua, and Venezuela, have undercounted their death tolls significantly. Many observers have expressed special concern for Venezuela, where the health care system was collapsing prior to the pandemic.

PAHO has played a major role in supporting countries in preventing, detecting, and responding to the pandemic. When the pandemic 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 the Amazon Basin (particularly 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.

The rollout of vaccines in the region has been slow, and there is concern that widespread vaccine access in some countries could be delayed until 2022. Chile has been an exception, with a goal of vaccinating 80% of its population by July 2021. PAHO has helped countries prepare for a rollout of vaccines and facilitated access to vaccines under the COVAX Facility, a mechanism developed by global health organizations for pooled procurement and distribution of vaccines. Twenty-two countries in the region have signed agreements to access vaccines through the facility. In addition, 10 countries in the region—Bolivia, Dominica, El Salvador, Grenada, Guyana, Haiti, Honduras,

Nicaragua, St. Lucia, and St. Vincent and the Grenadines—are eligible to benefit from the COVID-19 Vaccines Advance Market Commitment (COVAX AMC), launched by Gavi, the Vaccine Alliance, to provide donor-funded vaccines for low- and middle-income economies worldwide. Many countries in the region also have signed commercial agreements with pharmaceutical companies, and several countries have begun using Chinese and Russian vaccines. India also has donated vaccines to several Caribbean countries. Cuba has been making progress on a vaccine it is developing.

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 Feb. 22, 2021)

Country	Cases (millions)	Deaths	Deaths per 100,000
Brazil	10.195	247,143	117.99
Mexico	2.043	180,536	143.07
Colombia	2.230	58,974	118.78
Argentina	2.070	51,359	115.43
Peru	1.283	45,097	140.98
Chile	.803	20,126	107.46
Ecuador	.275	15,547	91.00
Bolivia	.243	11,470	101.03
Guatemala	.171	6,306	36.56
Panama	.337	5,756	137.81
Honduras	.166	4,024	41.97
Paraguay	.153	3,080	44.28
Dom. Rep.	.236	3,048	28.68
Costa Rica	.203	2,782	55.65
Total LAC	20.797	661,149	—
United States	28.189	500,244	152.90

Source: Johns Hopkins University School of Medicine, Coronavirus Resource Center, “Mortality Analyses,” February 23, 2021, updated daily, at <https://coronavirus.jhu.edu/data/mortality>.

Economic Impact

Before the pandemic, the International Monetary Fund (IMF) projected 1.6% economic growth for the region in 2020; in its January 2021 World Economic Outlook Update, the IMF estimated a 7.4% economic contraction for the region. 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. 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 IMF regional growth forecast of 4.1% lags behind the expected world economic growth forecast of 5.5%.

The decline in economic growth in 2020 has exacerbated 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 projected that in 2020, inequality would rise in all countries, with the worst results in the region's largest economies—Brazil, Mexico, and Argentina. According to the U.N., an estimated 45 million people have been pushed into poverty, wiping out progress made over the past 15 years.

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 mid-2020, including in Central America and Mexico, which saw record increases for the year.

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 reported, as of January 29, 2021, \$66.5 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) reported in December 2020 that its response to the pandemic totaled nearly \$8.1 billion, focused on financing for immediate public-health needs, safety nets for vulnerable population, economic productivity and employment, and fiscal measures to help mitigate economic impacts. In December 2020, the IDB announced it would mobilize \$1 billion to help countries acquire and distribute COVID-19 vaccines.
- The World Bank reported, as of January 18, 2021, that it had delivered \$7.4 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.
- The Development Bank of Latin America announced in July 2020 that it had 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 pandemic has exacerbated these factors, which could lead to further deterioration in political conditions and stoke social unrest in the region similar to that experienced in 2019.

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 accused President Bukele of exploiting the health crisis to pursue his aggressive anti-gang policies. In Bolivia, the former interim government twice postponed presidential elections, prompting widespread protests, until elections were held in October 2020. In Venezuela, the government and security forces have used a state of emergency imposed to curb the virus's spread 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.

In December 2020, Congress approved the Consolidated Appropriations Act, 2021 (P.L. 116-260, Division K, Title IX), which included \$4 billion in emergency Global Health Programs assistance for COVID-19 vaccine procurement and delivery, with funds made available as a contribution to Gavi, the Vaccine Alliance. As noted, Gavi supports COVAX AMC and coordinates implementation of the COVAX Facility, both of which benefit countries in the region. P.L. 116-260 also appeared to fully fund the U.S. government's \$65.2 million assessed FY2021 contribution to PAHO. (See CRS Report R46514, *U.S. Foreign Assistance to Latin America and the Caribbean: FY2021 Appropriations*.)

The 117th Congress may consider additional support for the region's pandemic recovery. For example, legislation introduced near the end of the 116th Congress, S. 4997, would have authorized \$24 billion for a capital increase for the Inter-American Development Bank, in part to help countries address the pandemic and its economic impact.

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IF11581

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