DATA SPOTLIGHT

Latin America's Debt

Lower external debt ratios help Latin America face the global crisis better

EXTERNAL debt has risen in many countries over the past five years, particularly in Europe. But in Latin America, external debt as a share of GDP has fallen significantly, according to IMF–World Bank data. External debt—the amount owed to nonresidents by residents of an economy—for 10 Latin American economies has declined, on average, from 59 percent of GDP in 2003 to 32 percent in 2008.

But this does not imply that Latin America is immune to the current crisis. Like other regions, Latin America faces many challenges, but in an environment of global financial strains, having reduced external debt ratios is one factor enhancing the region's resilience to the current crisis.

Composition of external debt. In Europe and Asia, a large portion of external debt is owed by banks. In 2008, banks owed 54 percent of foreign borrowing in Europe and 45 percent in Asia. In contrast, in Latin America, banks' debt represents a relatively small share (16 percent), and the shares of external debt owed by governments and the nonbank private and public sectors are larger than in Europe and Asia.

About the external debt database

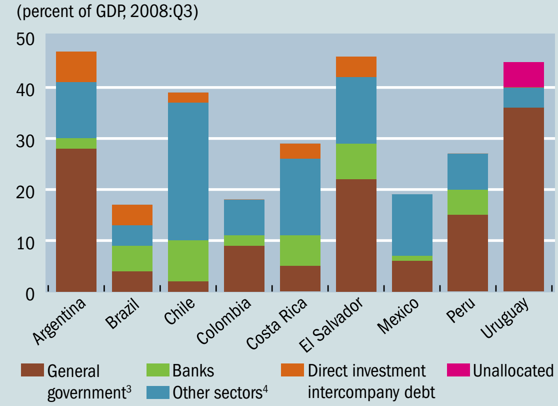
Most data are from the Quarterly External Debt Statistics (QEDS) database, jointly developed by the IMF and the World Bank in 2004, mainly for countries that subscribe to the IMF's Special Data Dissemination Standard (SDDS). Currently, the QEDS database includes detailed external debt data (by instrument and maturity, among other breakdowns) for 58 SDDS subscribers. Work is under way to extend the QEDS to General Data Dissemination System (GDDS) countries. As of February 2009, 40 GDDS countries have agreed to provide data to the QEDS database in the near future. The QEDS database is available at www.worldbank.org/qeds.

Latin America has reduced its external debt from 59 percent of GDP in 2003 to 32 percent of GDP in 2008.[1]

	Total debt (million dollars)	Debt as percent of GDP	
	September 2008	September 2008	December 2003
Argentina[2]	155,842	46	127
Brazil	272,966	16	43
Chile	68,459	38	58
Colombia	45,525	18	48
Costa Rica	8,814	29	32
Ecuador	17,752	32	59
El Salvador	10,369	47	57
Mexico	211,904	19	23
Peru	35,864	27	49
Uruguay	12,494	44	98

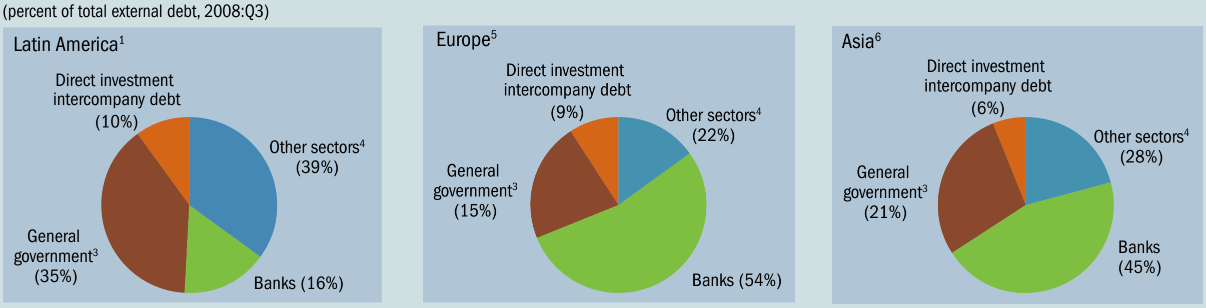
In Latin America, most of the debt is owed by the government and other nonbank sectors.[1]

(percent of GDP, 2008:Q3)



In Europe and Asia, most of the debt is owed by the banking sector.

(percent of total external debt, 2008:Q3)



Sources: Quarterly External Debt Statistics database; national authorities; IMF, *International Financial Statistics*; and IMF, *World Economic Outlook* (WEO) database.
Note: 2008 GDP figures based on WEO estimates.

[1]Refers only to Latin American subscribers to the SDDS (sectoral breakdowns not available for Ecuador).
[2]Includes $27.9 billion in debt not presented for exchange during Argentina's 2005 debt restructuring.
[3]Includes monetary authorities.
[4]Includes nonbank financial corporations, nonfinancial corporations, households, and nonprofit institutions serving households.
[5]Europe includes 35 SDDS subscribers.
[6]Asia includes 10 SDDS subscribers.

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