

THE PANAMA PERSPECTIVE

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PANAMA IS IN THE INTERNATIONAL NEWS AGAIN - Panama will have Latin America's highest GDP growth in the five-year period starting next year, while Venezuela will have the lowest, according to a *Latin Business Chronicle* analysis of new forecasts from the International Monetary Fund.

My friend and **Editor-in-Chief, Joachim Bamrud** publishes one of the best sources for important events in Latin America. *Latin Business Chronicle is the one-stop source on Latin America's business, technology and politics. With his permission, I bring you this very well written and important forecast for Panama. I would encourage you to sign up for The Latin Business Chronicle with this link.*

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Growth Champions 2010-14: Panama, Peru

Mexico will outperform Brazil the next five years, while Panama will lead Latin America in GDP growth, the IMF forecasts.

BY CHRONICLE STAFF

Panama will have Latin America's highest GDP growth in the five-year period starting next year, while Venezuela will have the lowest, according to a *Latin Business Chronicle* analysis of new forecasts from the International Monetary Fund.



Panama, here represented by capital Panama City, will likely see the highest economic growth in Latin America in the 2010-14 period. (Photo: DSaso)

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Other growth stars include Peru, the Dominican Republic and Chile. On the opposite end, top losers include Ecuador, Honduras and Argentina, our analysis shows.

LATIN AMERICAN GROWTH

All in all, Latin America is expected to grow by an average of 3.8 percent in the five-year period 2010-14. That's higher than the world average of 3.3 percent. It will also be considerably better than the expected growth rates in developing markets like the United States (2.3 percent), Canada (2.7 percent), United Kingdom (2.4 percent), Germany (1.4 percent) and Japan (2.0 percent). And while Latin America will lag other emerging areas like Africa and the Middle East, it will outperform Central- and Eastern Europe.

Panama will grow an average of 6.1 percent in the period 2010-14. Peru follows with 5.6 percent growth in the same period.

While Panama and Peru have been the growth stars in Latin America the past few years, the five-year outlook going forward also includes countries like the Dominican Republic and Chile. The Dominican economy – the largest in the CAFTA trade block -- should grow by an average of 5.2 percent, while that of Chile will likely expand by 4.9 percent in the five-year period through 2014.

MEXICO:

STRONG

GROWTH

Mexico, which has been hit by its worst economic crisis in recent times, will see the fifth-best performance in Latin America the next five years. On average its economy should expand by 4.8 percent per year in the 2010-14 period. Although Mexico's economy depends heavily on the U.S. economy, that means that its GDP is expected to grow twice as much as the GDP of the United States.

Other economies that will grow above the Latin America average include Paraguay (4.8 percent), Colombia (4.2 percent), and Costa Rica (4.1 percent).

Brazil, Latin America's largest economy, will grow an average of 3.6 percent, following a likely fall of 0.7 percent this year. That means Brazil will lag Mexico in growth and even underperform the Latin American average.

VENEZUELA: WORST RESULT

Venezuela will see a dismal period of almost no growth during the next five years, which follows a 2.0 percent GDP fall this year. During the period 2010-14, its economy will only grow by 0.3 percent on average. Next year, Venezuela will be the only country in Latin America to see a decline, which will then be followed by four years of low growth.

Ecuador will see Latin America's second-worst performance in the five-year period – 2.4 percent average growth. Honduras and Argentina follow, with 2.5 percent and 2.6 percent, respectively.

Other countries that will see growth under the Latin American average include El Salvador, Guatemala, Haiti, Uruguay and Bolivia as well as Brazil.

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Latin American GDP Outlook

Country	2009	2010	2010-14
Argentina	-2.5%	1.5%	2.6%
Bolivia	2.8%	3.4%	3.7%
Brazil	-0.7%	3.5%	3.6%
Chile	-1.7%	4.0%	4.9%
Colombia	-0.3%	2.5%	4.2%
Costa Rica	-1.5%	2.3%	4.1%
Dom. Rep.	0.5%	2.0%	5.2%
Ecuador	-1.0%	1.5%	2.4%
El Salvador	-2.5%	0.5%	2.7%
Guatemala	0.4%	1.3%	3.1%
Haiti	2.0%	2.7%	3.4%
Honduras	-2.0%	2.0%	2.5%
Mexico	-7.3%	3.3%	4.8%
Nicaragua	-1.0%	1.0%	2.8%
Panama	1.8%	3.7%	6.1%

Paraguay	-4.5%	3.9%	4.8%
Peru	1.5%	5.8%	5.6%
Uruguay	0.6%	3.5%	3.7%
Venezuela	-2.0%	-0.4%	0.3%
Latin America	-2.5%	2.9%	3.8%

Notes: All figures are percent change in constant prices. 2009 figures are estimates. 2010 figures are forecasts.

Sources: International Monetary Fund (*World Economic Outlook, October 2009*), *Latin Business Chronicle* (calculation of average 2010-14).