

LAS BRISAS DE AMADOR NEWSLETTER Feb/March 2011



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PANAMA LATEST ECONOMY NEWS

Panama's dollarized economy carries on resting on a well-developed services sector that accounts for three-quarters of **GDP**.

Services include **operating the Panama Canal, banking, the Colon Free Zone, insurance, container ports, flagship registry, and tourism**. Economic growth will be bolstered by the Panama Canal expansion project that began in 2007 and is scheduled to be **completed by 2014** at a cost of \$5.3 billion - **about 25% of current GDP**. The expansion project will more than double the Canal's capacity, enabling it to accommodate ships that are now too large to transverse the transoceanic crossway, and should help to reduce the unemployment rate. The **United States** and **China** are the top users of the Canal.

Panama also plans to construct a **metro system in Panama City**, valued at **\$1.2 billion** and **scheduled to be completed by 2014**.

Panama's aggressive infrastructure development projects will likely lead the economy to continued growth in 2011. Not a CAFTA signatory, Panama in December 2006 independently negotiated a free trade agreement with the US, which, when implemented, will help promote the country's economic growth. Seeking removal from the Organization of Economic Development's gray-list of tax havens, Panama has also recently signed various double taxation treaties with other nations.

GDP (purchasing power parity): \$43.48 billion (**2010 est.**)
country comparison to the world: 95
\$41.37 billion (2009)
\$40.4 billion (2008.)

GDP - real growth rate: 5.1% (2010 est.)
country comparison to the world: 55
2.4% (2009)
10.7% (2008)

Unemployment rate: 4.4% (2010 est.)
country comparison to the world: 41
6.7% (2009)

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Inflation rate (consumer prices): **3.3%** (2010 est.)
country comparison to the world: 96
2.4% (2009)

Commercial bank prime lending rate: 8.25% (31 December 2009 est.)
country comparison to the world: 116
8.16% (31 December 2008 est.)
Industrial production growth rate:
2% (2009 est.)

Source 2011 World Fact Book of the United States Central Intelligence Agency. No claims are made regarding the accuracy of Panama Economy 2011 information contained here. All suggestions for corrections of any errors about Panama Economy 2011 should be addressed to the CIA.

UPDATES AFFECTING PROJECTS

The first update is regarding the well documented adverse weather suffered by Panama during the months of November and December 2010.

According to data from the meteorological station of Tocumen, located in the eastern sector of the province of Panama, "from 1 to December 12 fell 265 mm of water, while normal is 63.8 mm. That is, has fallen by 315% more water than expected.

The Panama Canal closed for 17 hours in early December 2010, only the third time in its 96-year history. Authorities closed the canal after heavy rains raised two artificial lakes associated with it, Alajuela and Gatun, to unprecedented levels. The heavy rains occurred in a persistent low-pressure area along the Inter tropical Convergence Zone where winds from the Northern and Southern Hemispheres meet and fuel strong storms. The canal-closing rains in Panama continued a pattern of heavy rain in Central and South America from the previous month.

The heavy rainfall and flooding in Panama killed 10 people and damaged over 2,500 homes. The rainy season was particularly severe this year. The extreme conditions were attributed to the La Niña climatic phenomenon, where cooler-than-normal temperatures in the equatorial and central Pacific Ocean impact weather conditions in various parts of the world.



This was followed by water shortage due to the breakdown of the plant....People were without water at all for days in certain areas and the water distribution when resumed was not up to drinking standard , the all clear was given early February and everything is now back to normal.

This is a report in local news...

For this time of year the trend is for supermarkets to be crowded with shoppers who are buying items for the holidays. But unlike previous years, now they are looking for water. Consumers around the country complained not only about the lack of water, but they also say that the few times there is water service, it contains dirt and sediments. Due to water turbidity, the production of the water treatment plant in Chilibre has been affected, forcing authorities to lower the level of water generation. Communities located in higher elevations are the most affected, such as Bethania, Villa de las Fuentes 1 and 2. (TVN Noticias)

This is extreme weather and has never been experienced before by Panama. Several other countries around the globe have also experienced similar problems, Australia, China, USA and other parts of South America, Venezuela , Columbia, Peru and Brazil.

Second update affecting the development is good news and reports on new infrastructure in Amador area

The government has approved the expansion of the coastal strip to Amador and the two lanes on the causeway will be increased to 4 lanes.





Also the world renowned Ghetti museum looks poised to open early next year.

The number of cruise ship stopping at sea and tendering to Amador has increased bringing up dramatically the number of visiting tourists. Good news for the cruise port and terminal part of the masterplan.

CONSTRUCTION UPDATE

BUILDING 300 NEWS

Obviously the adverse weather has slowed down the building process. Not only construction had to be halted during the months affected by extreme weather but the water shortage and the inability to transport workers to the site after the rain stopped was also an adverse factor to contend with.

The development team has decided to build a reinforced wall at the back of the building to assure that if the weather pattern is repeated in the future, Brisas will not be affected and will not sustain any damage due to landslide.

Two very large concrete passages have also been constructed insuring that the water flows directly into the sea and away from all the buildings.

Due to all these factors , the completion date has been put back and will not happen now until next year.

I will inform you as soon as construction on the building has resumed and the reinforced wall is completed.



Thank you for your continued interest in Brisas, I am visiting Hong Kong in March and I am happy to meet with you all at IP Global offices and share with you any news regarding BRISAS and Panama.

Hasta Luego !