

Peru Leads GDP Growth

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CONFIDENCE IN PERU: Executives from Brazilian steelmaker Gerdau in Lima yesterday as they announced a \$1.4 billion investment in Peru.

Latin America's GDP will grow higher than the IMF predicts, ECLAC says. Meanwhile poverty has been falling since 1999.

Peru is on a roll. Brazilian steelmaker Gerdau announces a major investment as experts predict the country's economy will lead Latin American growth. Gerdau plans to invest \$1.4 billion in its Peruvian subsidiary Siderperú - an investment that aims at making it into one of the largest steel mills in South America. "Peru is a strategic country for Gerdau, being a market with great potential and great development possibilities," Gerdau CEO André Gerdau Johannpeter said in a statement yesterday after meeting with Peruvian President Alan Garcia.

According to a new forecast from the United Nations Economic Commission for Latin America and the Caribbean (ECLAC), Peru will have the fastest-growing economy in Latin America this year, while Mexico will have the slowest.

Meanwhile, new data from the World Bank shows that poverty in Latin America has been falling since 1999.

BETTER THAN IMF

All in all, Latin America is expected to post GDP growth of 4.7 percent this year, ECLAC predicts in a new report released last week. That's higher than the International Monetary Fund (IMF) forecast in July. The fund predicts 4.5 percent growth, itself a revision upwards from the 4.4 percent it had forecast in April.

"In spite of the deteriorating international economic scenario, this year Latin America and the Caribbean will complete six consecutive years of growth, with Gross Domestic Product (GDP) rising 4.7 percent," ECLAC says.

International volatility will have less of an impact on Latin America than in the past due to greater fiscal solvency and an improved debt environment (reduced debt, longer periods and more advantageous conditions), according to the report.

Last year, governments in the region had a primary surplus of 2.3 percent of GDP and a global surplus of 0.3 percent of GDP. "This has allowed governments to allocate greater resources to public investment and social spending, while accumulating resources and designing anti-cyclical instruments to face potentially unfavorable economic scenarios in the future," ECLAC says.

Meanwhile, public debt continued decreasing, falling from 36 percent of GDP in 2006 to 33 percent of GDP last year.

Read the complete article at: Latin Business Chronicle (<http://www.latinbusinesschronicle.com/app/article.aspx?id=2711>)