

UPDATE 2-Panama economy grew 2.4 percent in 2009

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(Adds fourth-quarter reading)

PANAMA CITY, March 2 (Reuters) - Panama's economy grew 2.4 percent in 2009 after expanding 3.5 percent in annual terms during the fourth quarter, the government said on Tuesday.

Panama's economy weathered the global economic crisis better than most other Latin American countries because of its relatively strong financial sector and increased construction activity.

"Panama had one of (Latin America's) most stable banking sectors, which was relatively isolated from the crisis," said independent Panamanian economist Horacio Estribi.

Increased activity in telecommunications and the ongoing \$5.25-billion expansion of the Panama Canal also propped up growth, the government said.

However, traffic through the Panama Canal -- a major economic driver -- fell in 2009, and overall economic expansion was down sharply from 2008's 10.7 percent growth rate.

But at the same time, higher toll fees led the canal to generate more revenue last year, which helped government coffers and aided public spending.

Panama's Economy grew 2.4% in 2009

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The government expects growth this year of 5 percent. (Reporting by Sean Mattson; Editing by [Andrea Ricci](#))