

ECONOMIST RICARDO HAUSMANN COMMENTS ON THE CHALLENGES AND OPPORTUNITIES FOR LATIN AMERICA AT BLADEX FORUM

An audience of over 20 countries from the Americas, Europe and Asia joined the event



In order to better understand the challenges faced by Latin America and assess future opportunities within the difficult environment we are experiencing, Banco Latinoamericano de Comercio Exterior, S.A. (Bladex) invited renowned economist Ricardo Hausmann, as a speaker at the video conference offered to various stakeholders on July 2.

During his presentation, Dr. Hausmann, Professor of the Practice of Economic Development at Harvard University and who currently advises government authorities from 13 countries around the world, seven of which are Latin American, raised important topics to understand the impact of the pandemic in the Region: the epidemiological aspects and their direct and indirect economic effects, as well as their implications on public policies.

As regards the epidemic per se, Dr. Hausmann said that the problem will remain until more than 80% of the population becomes immune, and indicated that the real dilemma for countries is whether or not to wait for a vaccine. Regarding direct economic consequences, he indicated that confinement measures represent an impact on supply, which is transmitted to the rest of the economy through both supply and demand channels, generating substantial economic and financial costs. Indirect effects, on the other hand, additionally affect countries due to their global impact through the reduction in demand and falling prices of exports, decrease in remittances, decline in tourism and air transportation, as well as greater capital market restrictions.

Looking ahead, Dr. Hausmann envisions two possible scenarios: one in which a vaccine is developed and COVID-19 is no longer a long-term concern, where a transformed globalization survives and the current crisis gives it greater legitimacy; and one without global leadership where countries feel they no longer have to depend on international cooperation, becoming more self-sufficient and closed, with a negative impact on the global economy. The renowned economist indicated that the Region will not witness a strong recovery, because economic activity will remain seriously constrained by the need to

contain COVID-19, and emphatically pointed out that by 2025, per capita GDP in Latin American countries will probably be returning to its pre-COVID-19 level.

In view of these implications, Dr. Hausmann stressed that resilience is very important to avoid a major crisis, as well as international financial support, mainly focused on the International Monetary Fund (IMF), as the international institution with the greatest response capacity for the Region.

The event, which was attended by Bladex's Chairman of the Board, Miguel Heras, and CEO Jorge Salas, was seen by an audience of over 20 countries from the United States, Latin America, Europe, and Asia.

Referring to the event and the information shared by the speaker, Bladex CEO Jorge Salas commented:

"Currently, Latin American countries and the world in general are struggling between containing the COVID-19 pandemic and seeking mechanisms to reactivate their economies, so it is of utmost importance to have a clear perspective of the challenges faced by the Region and assess opportunities moving forward.

The latest IMF figures published recently estimate a sharp contraction in Latin America's GDP of 9.4% in 2020. This is precisely why we invited Professor Ricardo Hausmann to talk about the challenges of managing this complex balance and the opportunities for Latin American countries and companies in this context".

Bladex, a multinational bank originally established by the central banks of Latin-American and Caribbean countries, began operations in 1979 to promote foreign trade and economic integration in the Region. The Bank, headquartered in Panama, also has offices in Argentina, Brazil, Colombia, Mexico, the United States of America, and a Representative License in Peru, supporting the regional expansion and servicing of its customer base, which includes financial institutions and corporations. Bladex is listed on the NYSE in the United States of America (NYSE: BLX), since 1992, and its shareholders include: central banks and state-owned banks and entities representing 23 Latin American countries, commercial banks and financial institutions, and institutional and retail investors through its public listing.

For further information on Bladex, please access its website at www.bladex.com