

sustainable 6.0 percent from last year's 9.2 percent. On the other hand, Chile is expected to accelerate to 5.9 percent this year, up from 5.3 percent in 2010. Venezuela, which contracted by 1.9 percent in 2010, is expected to return to growth this year, with a 1.8-percent rate of expansion.

For Mexico, prospects continue to be closely aligned with those for the United States. In line with the improved outlook for the U.S. economy, real activity in 2011 is projected to expand by 4.6 percent.

In Central America, and Panama in particular, the recovery is strengthening on the back of external demand, and output gaps are almost closed. Support has also come from a recovery in remittance flows. These trends are expected to continue and the outlook for the region is for 4.0-percent growth this year and 4.3-percent growth next year, up from 3.6-percent growth in 2010.

The outlook for the Caribbean countries has improved in line with the global recovery. Growth in 2011 is now forecast to be 4.2 percent, rising to 4.5 percent in 2012. Much of this, however, reflects the strong performance of the Dominican Republic and post-earthquake rebuilding in Haiti.

#### *Commonwealth of Independent States (CIS) Economies*

Recovery in the CIS region is proceeding at a steady pace, following the region's economic collapse during the crisis. Several factors are supporting the recovery. Higher commodity prices are boosting production and employment in the region's commodity-exporting economies. Also, the rebound in real activity in Russia is benefiting other CIS economies through trade, remittances and investment. In addition, a gradual normalization of trade and capital flows to the region continues.

Real activity in the CIS region grew by 4.6 percent in 2010 and is projected to expand by 5.0 percent in 2011 and 4.7 percent in 2012. However, within the region, growth prospects differ substantially.

Notwithstanding the large fiscal stimulus implemented during the crisis (at about 9 percent of GDP), Russia posted only a 4.0-percent rate of increase in 2010. Growth is projected to pick up to 4.8 percent in 2011 and 4.5 percent in 2012. Private sector demand is likely to remain subdued as non-performing loans in the banking system constrain credit and consumption growth. Among other energy exporters, Turkmenistan is expected to benefit from high gas prices and be among the top performers in the region, growing by 9.0 percent in 2011. In Uzbekistan, growth is also projected to remain high, at 7.0 percent in 2011, supported by strong domestic demand, public investment and commodity exports (including gold and cotton).

For energy importers as a group, growth is projected at 5.3 percent in 2011 and 4.9 percent in 2012 as some of these economies (e.g., Armenia and Moldova) benefit from the rebound in remittances from Russia and others from the return of financial stability (such as Ukraine). As in previous years, for most CIS economies, growth prospects remain highly dependent on the speed of recovery in Russia.

#### *Middle East*

The Middle East region weathered the global crisis relatively well, posting a 3.8-percent rate of economic growth in 2010. However, spreading social unrest, rising sovereign risk premiums and elevated commodity import prices will constrain growth prospects in several Middle Eastern economies.

Higher commodity prices and external demand helped boost production and exports in many economies in the region. In