



The challenges ahead

• Short term

- Reducing growth
- Potential for further social unrest linked to energy and education reforms
- Stimulus with offset benefits of fiscal reforms in 2014
- Need more FDI
- Breakdown of rate of tax in certain regions with record high violence
- Poverty still high (45.9%) and NCT is a major cause
- Less cooperative regulatory environment ahead 2015 mid-term elections

• Medium/long-term

- Challenge of full reform implementation: case of education reform
- Labour market still inefficient, reform (as is) won't help much
- Informally still high (60%) with impact on overall productivity and fiscal accounts
- Inward culture deficiencies
- Global move up value change for manufacturing but still US export dependent
- Making domestic market more competitive
- Gap in effective governance between federal and local govt
- Need more revenue than what current fiscal reform is offering
- Economic modernization and global governance
- Long term integrated plan to partly partly of the country affected by drug-related violence and its relative permeability

Prepare for uncertainty™

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