



Doing Business in Panama: 2008 Country Commercial Guide for U.S. Companies

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- [Chapter 1: Doing Business In ...](#)
- [Chapter 2: Political and Economic Environment](#)
- [Chapter 3: Selling U.S. Products and Services](#)
- [Chapter 4: Leading Sectors for U.S. Export and Investment](#)
- [Chapter 5: Trade Regulations and Standards](#)
- [Chapter 6: Investment Climate](#)
- [Chapter 7: Trade and Project Financing](#)
- [Chapter 8: Business Travel](#)
- [Chapter 9: Contacts, Market Research and Trade Events](#)
- [Chapter 10: Guide to Our Services](#)

[Return to table of contents](#)

Chapter 1: Doing Business In Panama

- [Market Overview](#)
- [Market Challenges](#)
- [Market Opportunities](#)
- [Market Entry Strategy](#)

Market Overview

[Return to top](#)

Panama has historically served as the crossroads of trade for the Americas. Its strategic location narrowly bridging two oceans, and the meeting of two continents, has made Panama not only a maritime shipping and air transport hub, but also an international trading, banking, and services center. Trade liberalization and privatization over the last several years, along with the hemispheric movement toward Free Trade Agreements, while still in progress, will inevitably increase Panama's global, regional and sub-regional prominence. Panama's dollar-based economy offers low inflation in comparison with neighboring countries, and zero foreign exchange risk. Its legal and regulatory regimes are business friendly. It's government is stable, democratic, and reform minded and actively seeks foreign investment in all sectors, especially services, tourism and retirement properties.

Due to the country's historic evolution, which focused resources overwhelmingly on services and transactions, the assembly and manufacturing sectors of the economy remain severely underdeveloped. This distortion translates into great income disparities, with social and economic inequalities marked by a high percentage of the population living at or near the poverty level, with significant unemployment, and limited education and other social benefits.

Panama's economy is based primarily on a well-developed services sector, accounting for about 80 percent of GDP. Services include the Panama Canal, banking, the Colon Free Zone, insurance, container ports, and flagship registry. Manufacturing and mining account for roughly 14 percent of GDP. Panama is currently engaged in the Panama Canal expansion project. This project, in conjunction with the expansion of its port capacities on both the Atlantic and Pacific coasts, will solidify Panama's unique global logistical advantage. All of these will generate enormous requirements for technology, goods and services. Participation is expected to be global and competition fierce. Panama has potential for substantial growth in the areas of electric power generation, health care services, port services, land development, road construction, water distribution and purification, telecommunications, and tourism.

The United States is Panama's most important trading partner, with about 30% of the import market, and U.S. products enjoy a high degree of acceptance in Panama. However, international competition for sales is strong across sectors including: telecommunications equipment, automobiles, heavy construction equipment, consumer electronics, computers, apparel, gifts, and novelty products.

Panama's merchandise imports increased in 2007 by 9 percent over 2006 to a total of US\$4.9 billion. The value of Panama's total merchandise exports in 2007 reached US\$1.1 billion.

The Colon Free Zone, the second largest in the world after Hong Kong, is a vital trading and transshipment center serving the region and the world. Goods arrive from all over the world to be resold, repackaged, and reshipped. Free Zone handled imports of US\$7.6 billion in 2007, with exports of US\$8.5 billion. The total net contribution of the CFZ to the Panamanian trade balance (Exports-Imports) was US\$900 million, up 50% from 2006. Zone imports are mostly luxury goods, electronic products, clothing, and other consumer products. Because of this product mix, U.S. market share is somewhat lower in the Zone than in Panama. Hong Kong is the Free Zone's biggest supplier, while Colombia and Ecuador are the two largest destinations for Zone re-exports.

Manufacturing is principally geared to production of items such as processed foods, chemical products, construction materials and a small and declining clothing sector. The manufacturing sector developed under a sixties style import substitution high tariff regime. As Panama reduced its duties on manufactured items, Panamanian manufacturers found it difficult to compete with imports in many sectors.

Agriculture, forestry and fisheries make up about seven percent of GDP.

Market Challenges

[Return to top](#)

Consumer attitudes and many brand preferences are similar to the U.S. U.S. television, radio and magazines are all available and popular in Panama. Panamanians frequently travel to the U.S. for vacation, medical treatment, study and business. Their buying patterns and tastes are similar to ours.

U.S. goods and services enjoy a reputation for high quality and are highly competitive. Panama boasts the highest per capita GDP in the region at around US\$ 5,000 (Est. 2007). However, income distribution is skewed to the benefit of a relatively small, consumer goods-oriented, economically powerful class. This class enjoys a very high level of disposable income. They prefer high quality trend-setting goods where price is a secondary determinant in the purchasing decision. The majority of the population however has limited disposable income, with price and availability of credit critical to their buying patterns.

Market Opportunities

[Return to top](#)

Panama has no restrictions on the outflow of capital or outward direct investment. Its accession to the World Trade Organization in mid-1997 opened up trade and lowered tariffs across the board, giving Panama the lowest average tariff rate in Latin America. A new Food Safety Authority has largely eliminated slow and arbitrary procedures for issuing phytosanitary permits.

Panama's inflexible labor laws are a source of concern for prospective investors. Firing practices are excessively regulated which reduces labor mobility and inhibits hiring. The monthly minimum wage was increased in December 2007 to US\$ 310 for firms with ten or less employees and \$325 for firms with more than ten employees. This may vary depending on job sector and location. While inexpensive in global terms, Panama's minimum wage is relatively high in a Central American context.

The privatization program in Panama has largely been concluded. It started with the sale of a state cement company and a state-owned fruit company. The Government awarded concessions for a private toll road in 1994, cellular phone service, another private toll road in early 1996, and two ports in mid-1996. Intel, the Panamanian telephone company, was partially (49%) sold in mid-1997 and is now being managed by the British firm Cable and Wireless. The Cable & Wireless monopoly ended on January 2003 for all fixed line, long distance and international services. Government-owned casinos and race tracks were privatized in 1998. The power parastatal was restructured and converted into eight companies, which were partially sold to the private sector in August 1998. Two sugar mills were privatized in 1998 to local groups with some Colombian participation. The inefficient water parastatal remains government operated.

Foreign Direct Investment resumed its growth in Panama and passed one billion dollars in 2007. Growth in the banking sector and the Colon Free Zone, as well as investment in telecommunications, is largely responsible for recent FDI increases. In the past, instances of questionable government practices have soured some large firms from doing business in Panama. These include past bidding procedures, contract obligations, and a slow and imperfect judicial system. The administration of Martin Torrijos has partially completed an ambitious agenda of financial reform, anticorruption and transparency, and reform of the Social Security system. The expansion of the Panama Canal was approved in a national referendum in 2006, and started to be implemented in 2007. It is scheduled to be completed by about 2014. It is generally thought that the government must make progress in the area of social reform

The combination of relatively high costs for both electrical power and labor makes unit production costs higher than average for the region.

An interesting area for foreign investment is in the former Canal Zone and associated military bases. Panama received a total of 364,000 acres of such territories in late 1999, including two large military bases, one of which was a major air base (Howard) that is being used as an air cargo hub or an aircraft maintenance and repair facility. The Government is actively looking for investment in the fields of tourism, marine services, ports, and in-bond assembly and manufacturing.

Panama is on record as being in favor of free trade agreements, and recently concluded negotiations for a bilateral Trade Promotion Agreement (TPA) with the U.S. The TPA is pending U.S. Congress ratification. Panama's first free trade agreement (FTA) with El Salvador entered into force on April 11, 2002. It has concluded or is negotiating agreements with the rest of the Central American countries. Panama also finished a FTA with Taiwan that went into effect on January 1, 2004. It also signed an FTA with Singapore in March 2006, and concluded negotiations with Chile in 2006.

Due to its open economy, Panama has no market access problems. One of the more common market entry options is to appoint an agent or distributor. Another option is to find a local partner who can provide market knowledge and contacts. Other businesses have been successful via licenses or franchises.

The U.S. Commercial Service offers U.S. companies market entry assistance through the worldwide Gold Key Service (GKS) for those who wish to travel to Panama and the International Partner Search (IPS) for those companies who cannot immediately visit Panama. Both services assist U.S. companies in locating appropriate representatives/partners in Panama. To request our services visit our website:

www.buyusa.gov/panama.

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/r/pa/ei/bgn/>

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 3: Selling U.S. Products and Services

- [Using an Agent or Distributor](#)
- [Establishing an Office](#)
- [Franchising](#)
- [Direct Marketing](#)
- [Joint Ventures/Licensing](#)
- [Selling to the Government](#)
- [Distribution and Sales Channels](#)
- [Selling Factors/Techniques](#)
- [Electronic Commerce](#)
- [Trade Promotion and Advertising](#)
- [Pricing](#)
- [Sales Service/Customer Support](#)
- [Protecting Your Intellectual Property](#)
- [Due Diligence](#)
- [Local Professional Services](#)
- [Web Resources](#)

Using an Agent or Distributor

[Return to top](#)

According to Panama's constitution, nationals and foreigners are treated equally under the law. Both Panamanian and foreign companies must fulfill the same basic requirements to organize and operate most types of business activities in Panama. There are restrictions on foreigners participating in retail trade and practicing certain professions. In practice, however, there are legal ways to overcome these restrictions. U.S. firms interested in retailing should consult a local attorney.

There is no law regulating the relationship between international suppliers and local agents and distributors. This relationship is only governed by the private agreements made between the parties involved. In cases of contract termination or disputes, the private contract clauses prevail over any other document or practice.

Individuals may engage in business activities in their own names or through legal entities. The most commonly adopted form of legal entity is the corporation (Sociedad Anonima). Other types of legal entities commonly used in Panama are: general partnerships, simple limited partnerships, joint stock partnerships and limited liability companies.

The U.S. Commercial Service offers U.S. companies assistance in identifying potential business opportunities in Panama. We offer the worldwide Gold Key Service (GKS) for those who wish to travel to Panama and the International Partner Search (IPS) for those companies who cannot immediately visit Panama. Both services assist U.S. companies in locating appropriate representatives in Panama. To request our services and to see the description of other services we offer please visit our website:

www.buyusa.gov/panama.

Establishing an office in Panama is a straightforward process. There is plenty of office space available with many options related to location and cost.

Panama has one of the most modern and flexible corporate law frameworks in Latin America. Below are some of the advantages offered by Panamanian corporate law:

1. Two or more persons of any nationality, even though not domiciled in Panama, may organize a corporation for any lawful purpose. The articles of incorporation may be executed anywhere, even outside of Panama, and in any language, provided a Spanish translation is submitted for registration.
2. There are no requirements regarding the amount paid in capital.
3. Ownership of a Panamanian corporation may reside in a single individual or corporation and no part of the capital needs to be held by a Panamanian except if it is to undertake certain operations within Panama.
4. There are no nationality or residence requirements for shareholders.
5. Neither the directors nor the officers are required to be shareholders.
6. The Board of Directors must be composed of at least three directors, but one person may hold more than one position.
7. Meetings of shareholders or directors may be held outside of Panama and through electronic means. Proxies may be used by shareholders/directors.

In order to form a corporation in Panama, the client must furnish the following information:

1. The name of the corporation. It may be in any language, but it must terminate in a word or abbreviation indicating that it is a corporation.
2. The objectives and purposes of the corporation.
3. The amount of the authorized capital. Usually the authorized capital will consist of US\$10,000 divided into 100 shares of US\$100 each. Shares may be nominative or bearer shares.
4. Duration of the corporation, usually perpetual.
5. The full names and addresses of three or more directors and/or officers.
6. The domicile of the corporation.

The time period usually involved in setting up a corporation is from 15 days to two months. Attorney fees usually range from US\$600 to US\$1,500 per corporation.

Every corporation organized pursuant to the laws of Panama must have a resident agent within Panama, who must be an attorney. The annual fee for this service is about US\$200. It is estimated that over 400,000 corporations are registered in Panama.

In order to engage in commercial or industrial activities, all corporations, partnerships or individuals must obtain proper authorization from the Ministry of Commerce and Industry. There are three basic types of licenses involved:

- a) Commercial License Class A is required for wholesale operations, commercial and mortgage banks, financial companies, international financial brokers, insurance and reinsurance companies, international transportation companies, mutual funds, public utilities, and high-technology service companies.
- b) Commercial License Class B is required for retail businesses, including representation agencies, service companies, bars, restaurants, drugstores, real estate agents, gas stations, local transportation, distributors and others. This license is only granted to Panamanians or corporations owned solely by Panamanians.
- c) An Industrial License is required for extractive and manufacturing industries, as well as construction companies.

Exemptions for business license requirements are granted to persons or legal entities engaged exclusively in agriculture, cattle, bee, or poultry raising, or in the manufacturing and sale of handicrafts, in some instances, provided that the work is not performed by hired workers. Licenses must be kept at all times in a visible and accessible place. The cost for obtaining a license ranges from US\$250 to US\$750. Also, an annual tax is levied based on the net worth of the company, as stated in the income tax return, plus other income taxes.

Most service providers are required to withhold a five percent (5%) value added tax on most of their services.

Franchising

[Return to top](#)

Panama is receptive to U.S. style franchising. The market for both specific and general franchising opportunities is attractive. Panama maintains no control on royalty payments or transfers. Recreation, entertainment services, fast food, automotive, and hotel and motel franchises are readily marketable as the local market demands better facilities and services. The U.S. Embassy recommends consulting a local attorney for details on how to set up a franchise in Panama.

Key factors for market success in Panama are: high quality, customer service, brand-name recognition and attractive packaging. U.S. products targeting the middle to upper-middle income market are usually competitive. Panamanians have a penchant for high quality U.S. products.

Consumers with high disposable income follow sophisticated U.S. and European consumption patterns. Many high-end U.S. and foreign brand names are represented in Panama. An aggressive marketing strategy is usually necessary to succeed in this trend-conscious market.

Direct Marketing

[Return to top](#)

Local laws allow companies and individuals to import directly with no intervention from agents or distributors. This situation opens the door for a direct marketing approach especially in certain sectors such as industrial goods, industrial machinery, agricultural equipment and other high value equipment or machinery.

Joint Ventures/Licensing

[Return to top](#)

Joint ventures, especially for large projects, are becoming common in Panama. Some joint ventures are formed for limited periods of time, such as for a specific construction contract or technology transfer contract. The profits from joint ventures can be distributed annually to each joint venture partner, and are taxed in the same manner as any other income.

Panamanian law contemplates the registration of license agreements, although in practice few licensors and licensees do so. License agreements are frequently used to reinforce rights to registered trademarks. The agreements must be attached to the registered trademark and filed with the Industrial Property Department in the Ministry of Commerce and Industry. The agreement becomes part of the file on the trademark covered.

Panama is an interesting and potentially profitable site for licensing agreements and joint ventures as well as routine buy/sell operations. The Colon Free Zone offers the U.S. exporter looking for regional marketing arrangements a convenient one-stop distribution center. There have been instances of money laundering, intellectual property piracy and drug trafficking reported in the CFZ. All U.S. firms should perform due diligence before commencing operations in the Zone.

Selling to the Government

[Return to top](#)

The National Assembly passed Law No. 22, dated June 27, 2006 which regulates government procurement and other related issues. This new law went into effect on December 27, 2006, and replaced the old 1995 law. It created the Direccion Nacional de Contrataciones Publicas (National Procurement Office). It is intended to streamline and modernize Panama's contracting system. One of the highlights of the new law is the establishment of an internet-based procurement systems (Panamacompra portal) which requires all purchases to be announced in this system, thus allowing for more flexibility, transparency and speed in government purchases. The law also regulates the use of performance bonds, creates an administrative court to deal with procurement-related issues, as well as an office to monitor public tenders (National Directorate for Public Tenders), allows for interest payment in the case of late payments to suppliers, and provides for more expedited information access for all participants in the procurement process. Panama's most relevant business organizations have recognized the importance of this law.

Lack of transparency, excessive delays, and bureaucracy in the bid selection process have caused problems for U.S. and other bidders in important government bids in the past.

Excessive bureaucracy has been also responsible for the government's slow payment record. Typical payment schedules range from three to six months, after goods or services have been invoiced.

The Panama Canal represents significant business opportunities for U.S. exporters with annual purchases ranging \$100 - \$250 million including port and marine equipment, building materials, industrial equipment and transportation materials and equipment. Despite being a government agency, the Canal is a unique organization that by constitutional law is autonomous, runs a profitable and efficient operation, has full control over its budget and enjoys an excellent payment record. The Canal is currently engaged in a major expansion project, which should provide additional business opportunities for U.S. exporters.

Distribution and Sales Channels

[Return to top](#)

Business practices in Panama are very similar to those in the United States. Business tends to be direct and straightforward. On average, Panama City accounts for 65% of total national sales of consumer goods. The remaining 35% is distributed among the principal cities of David, Colon, Santiago and Chitre.

Generally, the marketing channel structure in Panama is simple. Direct importers act as wholesalers and in many cases also as retailers. This situation is common in the case of apparel, automotive parts and hardware products. In the case of consumer goods, food and medicines, the retail operation is separate from the wholesale operation. For industrial goods, sales are normally handled by local exclusive agents or distributors. In other cases, local firms order directly from U.S. brokers or the manufacturer.

Some of Panama's major importers are also regional distributors for Central and/or South America, with warehousing facilities located in the Colon Free Zone (CFZ). Generally, CFZ importers/distributors have affiliated stores in Panama City for retail sale to the local market.

Most of Panama's trade moves through the Atlantic ports of Manzanillo, Cristobal and Evergreen, and Balboa on the Pacific. The Tocumen International Airports handles the bulk of Panama's air cargo.

Selling Factors/Techniques

[Return to top](#)

Panama has the highest per capita income in Central America. However, the majority of income is skewed to a small, consumer goods oriented economic class. These upper-middle and upper class families have high levels of disposable income. They are interested in purchasing high quality, trend-setting goods. Price is less of a factor in purchasing decisions made by this class than for the middle and lower income classes. The majority of Panamanians are interested in quality, but price plays a more important role in the purchase decision.

The use of the U.S. dollar as legal currency and consumer preference for high quality products at competitive prices are two reasons for high acceptance of U.S. products in Panama. Overall, U.S. products are well accepted in the market and are considered of good quality. However, in many instances, U.S. products must compete against lower priced products especially from Asia. For example, as in the U.S. itself, Japanese and Korean electronics dominate the market because of aggressive market entry techniques and good quality at competitive prices.

Electronic Commerce

[Return to top](#)

The E-commerce Law (Law No. 112) was signed on July 30, 2001. This was the first law dealing with electronic commerce in the region.

Basic features of the law are the following:

1. It gives legal force to any transaction or contract completed electronically.
2. It makes electronic signature a legal instrument except for real estate transactions and succession purposes.
3. It creates the National Directorate of Electronic Commerce (Dirección Nacional de Comercio Electrónico) as part of the National Commerce Directorate of the Ministry of Commerce and Industry, to oversee the application of the law and act as a regulator.
4. It defines certification organizations which will issue signature certificates and define operating procedures. A certificate will allow any person or organization to claim legitimacy.
5. It establishes that certification entities will register on a voluntary basis.

Currently, the Panamanian Chamber of Commerce is leading a program to increase use of e-commerce, with financial assistance from the Interamerican Development Bank (IDB). A number of Panamanian firms, especially supermarkets and consumer electronic stores, offer e-commerce facilities and more firms are working on providing these facilities.

For more information on e-commerce please contact the following websites:

<http://www.mici.gob.pa/seccomf.html>

http://www.mici.gob.pa/comercio-electronico/sobre_comercio.html

http://www.panamacom.com/que_es_ec

Trade Promotion and Advertising

[Return to top](#)

Television and newspaper advertising are the promotion tools of choice for the majority of distributors of U.S. products. E-mail marketing is becoming increasingly popular,

especially for services. Panama has a very competitive advertising market, with standard prices and very good production quality. Additionally, trade shows, specialized seminars and exhibitions are effective tools for trade promotion. Special sale prices during events such as mother's and father's day, back to school and Easter are usually advertised in newspapers during weekends.

Most foreign manufacturers of consumer products maintain a high profile presence in the country through newspaper ads, large billboards, sponsored sports events, and TV advertising. Radio advertising is mainly utilized outside of metropolitan Panama City.

Major Newspapers:

<http://www.prensa.com>

<http://epasa.com>

<http://www.estrelladepanama.com>

Business Web Sites:

<http://us-panama.org>

<http://businesspanama.com>

<http://panamainfo.com>

<http://www.zonalibredecolon.com.pa>

<http://www.panamcham.com>

<http://www.panacamara.com>

<http://www.expocomer.com>

<http://gfce.org>

Pricing

[Return to top](#)

The price structure for imported goods in Panama depends on the level of competition. The costs of transportation and import duties vary from item to item. Local prices can be higher or lower than world average depending on local competitive conditions. For the sake of illustration, the calculation below demonstrates average costs added to a product before it reaches the consumer. Import duties average 10% over CIF value and wholesale and retail markups are about 25% each.

Average Pricing Schedule

	\$ Price
CIF Panama	\$100.00
Import Duty	<u>10.00</u>
Total Landed Cost	\$110.00
Wholesale Price	137.50
Retail Price	\$171.88

Note: A 5% value added tax on CIF value plus the import duty is assessed at the time of customs liquidation. Since this value-added tax is payable on all goods, domestic and imported, and is passed through to the consumer, it is not included in this calculation.

Sales Service/Customer Support

[Return to top](#)

Success among distributors is often decided by quality of the training, counseling and support they receive from their principals. U.S. companies should focus on providing U.S.-level training and technical assistance to their distributors and making sure they have the resources to provide after-sales support, including spare parts, service equipment, and quality service to the customers.

Protecting Your Intellectual Property

[Return to top](#)

Introduction

Several general principles are important for effective management of intellectual property rights in Panama. First, it is important to have an overall strategy to protect IPR. Second, IPR is protected differently in Panama than in the U.S. Third, rights must be registered and enforced in Panama, under local laws. Companies may wish to seek advice from local attorneys or IP consultants. The U.S. Commercial Service can often provide a list of local lawyers upon request.

It is vital that companies understand that intellectual property is primarily a private right and that the US government generally cannot enforce rights for private individuals in Panama. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. While the U.S. Government is willing to assist, there is little it can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IPR in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the USG can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should USG advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. Keep an eye on your cost structure

and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Panama require constant attention. Work with legal counsel familiar with Panama laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IPR and stop counterfeiting. There are a number of these organizations, both Panama or U.S.-based. These include:

- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)

IPR Resources

A wealth of information on protecting IPR is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: **1-866-999-HALT** or register at **www.StopFakes.gov**.
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the US Patent and Trademark Office (USPTO) at: **1-800-786-9199**.
- For more information about registering for copyright protection in the US, contact the US Copyright Office at: **1-202-707-5959**.
- For US small and medium-size companies, the Department of Commerce offers a "SME IPR Advisory Program" available through the American Bar Association that provides one hour of free IPR legal advice for companies with concerns in Brazil, China, Egypt, India, Russia, and Thailand. For details and to register, visit: **http://www.abanet.org/intlaw/intlproj/iprprogram_consultation.html**
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: **www.StopFakes.gov** This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IPR-infringing products) and allows you to register for Webinars on protecting IPR.
- The U.S. Commerce Department has positioned IP attachés in key markets around the world. You can get contact information for the IP attaché who covers Panama at: Mr. Dorian Mazurkevich, Regional Commercial Officer (IPR), E-mail: Dorian.Mazurkevich@mail.doc.gov

IPR Climate in Panama

Although protection of intellectual property rights (IPR) in Panama has improved significantly over the past several years, it remains a concern, particularly piracy of music and movie DVDs and counterfeit brand-name clothing. IPR policy and practice in Panama is the responsibility of an Inter-institutional Committee for Intellectual Property (CIFI).

Some of Panama's business, corporate, and banking codes have been modernized and are, in general, enforced so as to strengthen confidence in property rights. The public property registry is undergoing expansion and modernization. Unique features of Panamanian law and practice in specific areas (including but not limited to banking, accounting requirements, formation and functioning of corporations, and taxation) make retention of local legal counsel highly advisable.

Panama is a member of the World Intellectual Property Organization (WIPO), the Geneva Phonograms Convention, the Brussels Satellite Convention, the Universal Copyright Convention, the Bern Convention for the Protection of Literary and Artistic Works, the Paris Convention for the Protection of Industrial Property, and the International Convention for the Protection of Plant Varieties. In addition, Panama was one of the first countries to ratify the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty.

The National Assembly in 1994 passed a comprehensive copyright bill based on the World Intellectual Property Organization model. The law modernizes copyright protection in Panama, provides for payment of royalties, facilitates the prosecution of copyright violators, protects computer software, and makes copyright infringement a felony.

This law also provides trademark protection, simplifying the process of registering trademarks and making them renewable for ten-year periods. The law's most important feature is the granting of ex-officio authority to government agencies to conduct investigations and to seize materials suspected of being counterfeited.

Due Diligence

[Return to top](#)

It is important to conduct due diligence in order to assess the credibility/background of a business prospect. The following websites can be useful in obtaining information on corporations/individuals.

For verification of corporate registration, name of board members, address:

www.registro-publico.gob.pa

For credit references:

www.apc.com.pa

For banking references:

vpe@asociacionbancaria.com

For verification of commercial licenses:

www.mici.gob.pa

For affiliation with major chambers of commerce:

www.panacamara.com

www.panamcham.com

www.capac.org

Local Professional Services

[Return to top](#)

For relocation services:

www.larmusa.com

For architectural/engineering services:

www.spia-pma.org

For insurance services:

www.apadea.com

for banking services:

www.asociacionbancaria.com

for attorney services:

www.cnapanama.com

for accounting services:

www.colegiocpapanama.org

Web Resources

[Return to top](#)

For more information on Industrial property protection please access the “Direccion General del Registro de la Propiedad Industrial” of the Ministry of Commerce and Industry at the following website:

<http://www.mici.gob.pa>

For more information on the new procurement law and on “Panamacompra” please contact the following organization:

Direccion General de Contrataciones Publicas

Contact: Edilberto Ruiz, Director

Phone: 507-515-1501

Fax: 507-225-1620

E-mail: eruiz@panamacompra.gob.pa

www.panamacompra.gob.pa

For information on the Panama Canal procurement opportunities please access the following website:

<http://www.pancanal.com/procsales/buy-s.html>

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 4: Leading Sectors for U.S. Export and Investment

- [Agricultural Sector](#)

Commercial Sectors

- [Sector #1: Travel & Tourism TRA](#)
- [Sector #2: Building Products BLD](#)
- [Sector #3: Telecommunications Equipment TEL](#)
- [Sector #4: Constructions Equipment CON](#)
- [Sector #5: Medical Equipment MED](#)
- [Sector #6: Electric Power Systems ELP](#)
- [Sector #7: Hotel and Restaurant Equipment HTL](#)
- [Sector #8: Security and Safety Equipment SEC](#)
- [Sector #9: Materials Handling Machinery MHM](#)
- [Sector #10: Financial Services FSN](#)

Sector #1: Travel & Tourism: TRA

Overview

[Return to top](#)

	2006	2007	2008 (estimated)
Total Market Size (1)	1203.0	1363.0	1533.0
Total Local Production (2)	957.0	1053.0	1158.0
Total Exports (3)	264.0	290.0	320.0
Total Imports (4)	510.0	600.0	695.0
Imports from the U.S. (5)	268.0	315.0	361.0

Exchange Rate: 1 U.S. Dollar = 1 Balboa (Fixed Rate). (U.S. million)

The above statistics are unofficial estimates. (1) Total Sales, (2) Sales by local firms, (3) Foreign sales by local firms, (4) Sales by foreign owned firms, (5) Sales by U.S. owned firms.

The United States is by far Panamanian's preferred travel destination, with a commanding market share of outbound travel. In 2007 49% of all Panama outbound air travelers were headed for U.S. destinations. The closest competing country destinations are Colombia with 11% market share, followed by Costa Rica with 9% and Mexico with 5%.

Airline connections from Panama to the U.S. have greatly improved in the last ten years. The market trend of airline alliances, such as One World and Sky Team, allow passengers to begin international travel in Panama with major U.S. carriers and then connect easily to other flights, sometimes with other airlines, in their U.S. port of entry cities.

Best Prospects/Services

[Return to top](#)

Market niche or specialized travel to the U.S. is a growing area. More Panama travelers are visiting the U.S. for medical care, with Houston as a preferred destination city. Travel for religious reasons is an emerging market segment.

These new travel market segments are in addition to the traditional travel niche market segments of Cruise Vacations for 15-year old girls ("quinceañeras"), that continue to generate strong demand, as well as meetings and convention travel to the U.S. Panamanians also travel to the U.S. to visit family and friends.

Opportunities

[Return to top](#)

To encourage Panamanians to travel to the United States, it is suggested that businesses offer package travel deals that focus on their preferred travel destinations of Miami and Orlando, Florida; New York; Los Angeles; Houston, Texas; and Atlanta, Georgia (non-stop flights). The travel market in Panama, as in all other world markets, is extremely price sensitive and any attractive packages with air fare, car and hotel

included, among other services, will be well received, especially if they are timed with Panama's peak travel periods.

Resources

[Return to top](#)

Chambers of Commerce:

<http://www.panamcham.com>

<http://www.panacamara.com>

<http://www.expocomer.com>

Panamanian Tourism Organization:

www.ipat.gob.pa

CS Trade Specialist:

Jeane.Zuniga@mail.doc.gov

Sector #2: Building Products: BLD

Overview

[Return to top](#)

	2006	2007	2008 (estimated)
Total Market Size	574.0	674.0	842.0
Total Local Production	280.0	336.0	403.0
Total Exports	0.0	0.0	0.0
Total Imports	294.0	338.0	439.0
Imports from the U.S.	210.0	241.0	313.0

Exchange Rate: 1 U.S. Dollar = 1 Balboa (Fixed Rate). (U.S. million)

The above statistics are unofficial estimates.

The construction sector in Panama has resumed growth in recent years. Initially, the majority of construction was concentrated on middle to high-income apartments and commercial buildings, but now construction has reached low-cost housing and high-end suburban housing. The growth in the construction sector has been fed by retiring baby boomers from the U.S., as well as immigrants from South America. A growing demand exists for after-construction building products used for improving, decorating or modifying existing buildings. This market is especially strong because of the high purchasing power of this sector of the population. Additionally, the Canal Expansion Project will generate substantial need for building products, especially the construction of a new lock system. U.S. building products are well received because of their perceived quality and competitive price. U.S. products in this sector enjoy a market share of over 60%. Major competitors are Taiwan, Italy and Spain. There are no significant restrictions on imported products. Import duties are in the range of 5 to 15% over CIF value.

Best Prospects/Services

[Return to top](#)

The demand is especially strong for gypsum board, lighting, and roofing/flooring products.

Opportunities

[Return to top](#)

High-end housing projects in Punta Pacifica and Costa del Este, as well as construction of new hotels in Panama City will continue to generate a strong demand for building materials.

Resources

[Return to top](#)

Trade Shows – Panama:

<http://www.panamcham.com>

<http://www.expocomer.com>

<http://www.capac.org>

Ministry of Housing and Urban Development:

<http://www.mivi.gob.pa>

CS Trade Specialist:

Jeane.Zuniga@mail.doc.gov

Sector #3: Telecommunications Equipment: TEL

Overview

[Return to top](#)

	2006	2007	2008 (estimated)
Total Market Size	493.0	552.2	618.4
Total Local Production	0.0	0.0	0.0
Total Exports	0.0	0.0	0.0
Total Imports	493.0	552.2	618.4
Imports from the U.S.	199.0	222.9	250.0

Exchange Rate: 1 U.S. Dollar = 1 Balboa (Fixed Rate). (U.S. million)

The above statistics are unofficial estimates

The telecommunications sector in Panama was privatized in 1998. The government-owned telecommunications company (INTEL) was converted into a corporation. Forty-nine percent of its shares were sold to the British firm Cable and Wireless and two percent to the telephone workers union. Cable and Wireless improved and broadened services, digitalized all switching stations and upgraded transmission lines to the latest technology. On January 1, 2003 all fixed line telecom services in Panama were fully opened to competition and a number of licenses were issued at a nominal fee. Both the privatization and the increased competition provide new market opportunities for U.S. exporters of telecommunications equipment. There are over 500,000 fixed telephone lines in the country, and more that 1.5 million cellular lines, giving Panama one of the highest teledensity rates in Latin America. Main competitors in the market are the United Kingdom, Japan, Sweden, France and Canada.

Best Prospects/Services

[Return to top](#)

Best products are: PABX systems, radio trunking systems, satellite-based telecommunications facilities, wireless systems and fiber optics cable.

Opportunities

[Return to top](#)

In 2008, two new cellular operators will be allowed to enter the market. The telecommunications authority is currently evaluating the proposals submitted by the interested companies. Up to now, only two operators (Telefonica and Cable & Wireless) were allowed in the market. This will bring new opportunities for U.S. companies.

Resources

[Return to top](#)

Trade Shows – Panama:

<http://www.panamcham.com>

<http://www.expocomer.com>

Telecom Regulatory entity:

<http://www.asep.gob.pa>

Government Scientific/Technology Organization:

<http://www.senacyt.gob.pa>

CS Trade Specialist:

Enrique.Tellez@mail.doc.gov

Sector #4: Construction Equipment: CON

Overview

[Return to top](#)

	2006	2007	2008 (estimated)
Total Market Size	60.0	78.0	105.0
Total Local Production	0.0	0.0	0.0
Total Exports	0.0	0.0	0.0
Total Imports	60.0	78.0	105.0
Imports from the U.S.	36.0	48.0	65.0

Exchange Rate: 1 U.S. Dollar = 1 Balboa (Fixed Rate). (U.S. million)

The above statistics are unofficial estimates.

The construction sector in Panama continues to be leading the growth of the national economy. A number of projects such as the \$5.2 billion expansion of the Panama Canal; the possible construction of a regional refinery; a major port on the Pacific; and the construction of a number of tourism and housing projects will keep the demand strong for heavy equipment and construction machinery for at least the next five years.

U.S. construction equipment is well received because of their perceived quality and competitive price. U.S. products in this sector enjoy a market share of over 50%. Major competitors are Japan, Korea, Sweden and England. There are no significant restrictions on imported products. Import duties are in the range of 5 to 15% over CIF value.

Best Prospects/Services

[Return to top](#)

Products offering the best opportunities are: earth moving machinery, hydraulic excavators, off road trucks, wheeled loaders, and cranes.

Opportunities

[Return to top](#)

The expansion of the Panama Canal is generating a great demand for all kinds of construction equipment, especially excavators, off road trucks, and all kind of earth moving equipment. The project entails massive excavation on both ends of the Canal as well as the construction of the third set of locks capable of accommodating the so – called Post Panamax vessels.

Resources

[Return to top](#)

Panama American Chamber of Commerce:

<http://www.panamcham.com>

Panama Chamber of Construction:

<http://www.capac.org>

Trade Shows – Panama:

<http://www.expocomer.com>

<http://www.capac.org>

Panama Canal:

<http://www.pancanal.com>

CS Trade Specialist:

Jeane.Zuniga@mail.doc.gov

Sector #5: Medical Equipment: MED

Overview

[Return to top](#)

	2006	2007	2008 (estimated)
Total Market Size	46.0	52.0	59.0
Total Local Production	0.0	0.0	0.0
Total Exports	0.0	0.0	0.0
Total Imports	46.0	52.0	59.0
Imports from the U.S.	23.0	27.0	31.0

Exchange Rate: 1 U.S. Dollar = 1 Balboa (Fixed Rate). (U.S. million)

The above statistics are unofficial estimates.

The medical equipment market in Panama continues to be strong as a result of the growth of the public health system, composed of the Social Security System (Caja del Seguro Social) and the Ministry of Health. Both organizations operate their own network of hospital and clinics. The private hospitals, although not showing strong growth, have kept a stable demand as they are always renewing equipment in order to remain competitive in a very dynamic market. The Social Security law has been reformed recently, thus providing more resources to the Caja in order to continue providing health and pension services to the Panamanian population. Many Panamanian doctors have been trained in the U.S. and are accustomed to U.S. medical equipment and technology. Most private hospitals keep affiliation with U.S. hospitals and health organizations. Competition from Europe and Asia has been growing recently as a result of low prices and strong export credit.

Best Prospects/Services

[Return to top](#)

Best prospects are: electro medical equipment, monitoring equipment, imaging equipment and laboratory diagnostic equipment.

Opportunities

[Return to top](#)

The government hospitals and clinics represent the fastest growing sub sectors as affiliation to the social security system is mandatory. The employment has increased in the last few years thus increasing social security affiliation and health services demand. Also, the private hospitals maintain a constant demand for state-of-the-art equipment.

The public health sector has been receiving financing from the Interamerican Development Bank (IDB) to implement programs aimed at improving health services. The government is considering additional programs to strengthen health services in the country. Also, the government is considering the integration of all public health services into one single organization.

Trade Shows – Panama:

<http://www.panamcham.com>

<http://www.expocomer.com>

Government Scientific/Technology Organization:

<http://www.senacyt.gob.pa>

Ministry of Health:

<http://www.minsa.gob.pa>

Caja del Seguro Social (Social Security System):

<http://www.css.org.pa>

CS Trade Specialist:

Enrique.Tellez@mail.doc.gov

Sector #6: Electric Power Systems: ELP

Overview

[Return to top](#)

	2006	2007	2008 (estimated)
Total Market Size	66.0	70.0	76.0
Total Local Production	0.0	0.0	0.0
Total Exports	0.0	0.0	0.0
Total Imports	66.0	70.0	76.0
Imports from the U.S.	25.0	27.0	30.0

Exchange Rate: 1 U.S. Dollar = 1 Balboa (Fixed Rate). (U.S. million)

The above statistics are unofficial estimates.

Panama's demand for electricity is growing by approximately 50 MW per year. In 1997 the national electric utility was split into a number of companies dealing with generation, transmission and distribution of electricity. Roughly, 50% of these companies were sold to the private sector and two percent to the Labor Union. The government only retained full control of the transmission company.

The Panamanian market is very receptive to U.S. electrical power equipment. Its high quality, durability, competitive prices, quick delivery and service capability, are the main factors behind this preference. Price and quality are the main factors in selecting equipment suppliers, followed by after sale service, which includes technical assistance.

Competitors come principally from Sweden, Italy, Brazil, Germany and England. Panama has no particular standards and regulations for power generation equipment. All U.S. made equipment is readily accepted in Panama.

Best Products/Services

[Return to top](#)

The market offers excellent opportunities for both hydroelectric generators, especially small and medium size plants, and thermo electric generators.

Opportunities

[Return to top](#)

The Government of Panama passed Law No. 45 of August 4, 2004 to provide a number of incentives for the construction and development of new electric generation plants, especially hydroelectric plants (up to 20 MW) and other clean energy sources.

Resources

[Return to top](#)

Trade Shows – Panama:

<http://www.panamcham.com>

<http://www.expocomer.com>

Electric Regulatory entity:

<http://www.asep.gob.pa>

Government Scientific/Technology Organization:

<http://www.senacyt.gob.pa>

CS Trade Specialist:

Enrique.Tellez@mail.doc.gov

Sector #7: Hotel and Restaurant Equipment: HTL

Overview

[Return to top](#)

	2006	2007	2008 (estimated)
Total Market Size	50.0	58.0	66.0
Total Local Production	0.0	0.0	0.0
Total Exports	0.0	0.0	0.0
Total Imports	50.0	58.0	66.0
Imports from the U.S.	21.0	24.0	29.0

Exchange Rate: 1 U.S. Dollar = 1 Balboa (Fixed Rate). (U.S. million)

The above statistics are unofficial estimates.

The market for hotel and restaurant equipment in Panama improved as a result of a tourism incentive law passed in 1994. It established a number of fiscal and other incentives for companies investing in tourist facilities such as hotels, restaurants, resorts, etc. The Panamanian Tourism Institute (IPAT) is the governmental organization that evaluates applications for new projects in this sector. Panama's economy is growing very fast and a number of major infrastructure projects are currently being developed. The tourism sector is also showing unprecedented growth thus generating a strong demand for hotels and restaurants. The private sector is responding by increasing investment in new hotels across the country. The hotel and restaurant equipment market is very competitive. The U.S. maintains a strong leadership position. Panama City has an impressive number of world class restaurants that offer a wide variety of international food. The main competitors in the kitchen equipment market are from France, Italy, Spain and Brazil. In other product lines, such as refrigeration and air conditioning equipment, competitors are from Japan and Korea. No import restrictions exist for these products and import duties range from 10 to 15 percent of CIF value.

Best Products/Services

[Return to top](#)

Best products in this sector are: kitchen equipment, decoration items (draperies, furniture), chafing dishes, and industrial stoves.

Opportunities

[Return to top](#)

New hotels and resorts are under construction or in planning stages on the Atlantic and especially on the Pacific side, and in Panama City. Also, ethnic restaurants are becoming popular in Panama City and new franchise restaurants appear to be well accepted across the city.

Resources

[Return to top](#)

Trade Shows – Panama:

<http://www.panamcham.com>

<http://www.expocomer.com>

Restaurant Association:

arap@pa.inter.net

Panamanian Tourism Institute:

<http://www.ipat.gob.pa>

CS Trade Specialist:

Jeane.Zuniga@mail.doc.gov

Sector #8: Security and Safety Equipment: SEC

Overview

[Return to top](#)

	2006	2007	2008 (estimated)
Total Market Size	30.0	35.0	40.0
Total Local Production	0.0	0.0	0.0
Total Exports	0.0	0.0	0.0
Total Imports	30.0	35.0	40.0
Imports from the U.S.	17.0	20.0	23.0

Exchange Rate: 1 U.S. Dollar = 1 Balboa (Fixed Rate). (U.S. million)

The above statistics are unofficial estimates.

The market for security and safety equipment continues to look very strong. While the crime rate is still relatively low, it is on the rise. A number of banking and commercial institutions have been targeted for armed assaults. There is also an increasing need for security equipment in residential areas and public places. Because of raising labor costs, many businesses and households are automating security. The United States has kept a strong presence in the security and safety equipment sector with more than 50% market share during recent years. U.S. products are of high quality. Major competitors are from Japan, Korea and Germany. There are no restrictions on the entry of security and safety equipment. U.S. and European standards are accepted in Panama. Import duties range between 10% and 15%. Main users are banks, the Panama Canal, retailers, ports, hotels, airports, hospitals, and large local and multinational corporations.

Best Products/Services

[Return to top](#)

Best sales prospects are fire and burglar alarms, smoke detectors, electronic surveillance equipment and safe/strong boxes. Also, car alarm systems are always in strong demand.

Opportunities

[Return to top](#)

New gated communities in Panama City and condominiums are increasing the use of surveillance electronic equipment. The Panama Canal is also a major user of security and safety equipment, as well as the ports, which rank as the largest in the region.

Resources

[Return to top](#)

Trade Shows – Panama:

<http://www.panamcham.com>

<http://www.expocomer.com>

Panama Canal:

<http://www.pancanal.com>

CS Trade Specialist:

Enrique.Tellez@mail.doc.gov

Sector #9: Material Handling Machinery: MHM

Overview

[Return to top](#)

	2006	2007	2008 (estimated)
Total Market Size	36.0	40.0	46.0
Total Local Production	0.0	0.0	0.0
Total Exports	0.0	0.0	0.0
Total Imports	36.0	40.0	46.0
Imports from the U.S.	17.0	19.0	22.0

Exchange Rate: 1 U.S. Dollar = 1 Balboa (Fixed Rate). (U.S. million)

The above statistics are unofficial estimates.

Because of its strategic location, Panama is a key maritime center and has one of the best port infrastructure in the region. Panama offers excellent opportunity to exporters of material handling machinery. Panama's traditional main ports, Cristobal on the Atlantic and Balboa on the Pacific, are operated by a private company. Both Ports are modern facilities capable of handling increased container traffic. Additionally, two large container ports operate on the Atlantic Ocean, Manzanillo, operated by the U.S.-based Stevedoring Services of America, and Coco Solo operated by Taiwanese-based Evergreen. Panama's container handling capability has increased from 250,000 in 1997 to approximately 4.0 million in 2007.

Additionally, Panama has taken advantage of its strategic location and canal transit operations to develop the Colon Free Zone (CFZ) into the largest free trade zone in the Western Hemisphere, second in the world, in size and volume of business, after Hong Kong. The country is the leading regional warehousing and logistics center, owing in large part to its efficient ports and maritime infrastructure.

Furthermore Panama has established the former Howard U.S. Air Force base in the Pacific coast into a Special Economic Area for attracting companies interested in import & export, warehousing and transportation operations.

All of the above, offer excellent opportunities for exporters of U.S. material handling machinery.

The U.S. has a strong position in the market (50% market share). Major competitors are Korea, Japan, Germany, and the People's Republic of China.

Best Products/Services

[Return to top](#)

This increased port activity offers excellent opportunities for U.S. material handling machinery exporters. The following product categories enjoy good demand: small forklifts, cranes, forklift trucks, pneumatic elevators, and similar equipment.

Opportunities

[Return to top](#)

The Government of Panama has plans to bid a major container port on the Pacific side. The proposed project site is Farfan-Palo Seco, 15 minutes from downtown Panama City. The preliminary design for the new port (container terminal) calls for an area of 113 hectares, a 1600 meter berth, with capacity to handle 2.4 million TEUs per year, 700 meters from the mainland. There are unofficial estimates of \$600 million for the initial stage of this project.

Resources

[Return to top](#)

Trade Shows – Panama:

<http://www.panamcham.com>

<http://www.expocomer.com>

Maritime Chamber of Commerce:

<http://www.camaramaritima.org.pa>

Colon Free Zone:

<http://www.zonlalibredecolon.com.pa>

CS Trade Specialist:

Enrique.Tellez@mail.doc.gov

Sector #10: Financial Services: FSN

Overview

[Return to top](#)

	2006	2007	2008 (estimated)
Total Market Size (1)	45.1	56.3	61.0
Total Local Production (2)	21.6	19.4	21.3
Total Exports	0.0	0.0	0.0
Total Imports (3)	23.5	36.9	40.6
Imports from the U.S. (4)	0.6	0.8	2.6

Exchange Rate: 1 U.S. Dollar = 1 Balboa (Fixed Rate). (U.S. billion)

The above statistics are unofficial estimates.

(1) Total Assets of the banking center. (2) Total assets of local banks. (3) Total assets of foreign banks. (4) Total assets of U.S. banks.

Panama is an international banking center. A law passed in 1998 modernized this sector and enhanced the Government's regulatory function.

Panama's banking sector is one of the most dynamic areas of the economy. As of December 2007, Panama's 87 banks reported total deposits of \$40.1 billion, and \$56.3 billion in total assets, a 25 percent increase from 2006. In 2007, approximately eight percent of the total credit portfolio represented loans to the public sector. Loans to the private sector in Panama reached US\$18.5 billion, or 96 percent of total credit. The three largest loan sectors were: trade and commerce, mortgages and consumer lending (78.6 % of total credit to the private sector). The banking legislation establishes three classes of operations. General license banks operate full service banks in Panama and compete for domestic deposits and loans (40 banks). International License or "Offshore" banks, can only accept deposits from persons or organizations located overseas (33 banks). Representative Offices can only perform representational activities (12 banks). There are also two state-owned deposit-taking institutions. Foreign and Panamanian banks compete on equal terms. Banks are organized into the Panamanian Banking Association (Panamanian and Foreign Banks). Banks are licensed and regulated by the Banking Supervisory Authority (Superintendencia de Bancos). Panama's banking system does not have a deposit insurance scheme.

Best Products/Services

[Return to top](#)

Best opportunities are in the following sectors: trade and commerce, mortgages and consumer lending.

Opportunities

[Return to top](#)

Although the presence of U.S. banks in Panama has decreased in recent years, there is great potential in several areas such as banking consultant services, investment banking, asset management and banking correspondence services in the U.S.

Banking Regulatory Organization (Superintendencia de Bancos):
<http://www.superbancos.gob.pa>

Panamanian Banking Association: <http://www.asociacionbancaria.com>

Ministry of Economy and Finance: <http://www.mef.gob.pa>

Panama Chamber of Commerce: <http://www.panacamara.com>,
<http://www.expocomer.com>

CS Trade Specialist: Enrique.Tellez@mail.doc.gov

Agricultural Sectors

[Return to top](#)

1. Consumer Oriented Agricultural Products

[Return to top](#)

Overview

[Return to top](#)

At all time high of \$90 million, if proof that Panamanians continue perceiving U.S. food products as safe and innovative, which favors increasing demand. Main products: Processed fruit and vegetables (\$15 million), Snack foods (\$13 million), Turkey meat (\$8 million), Fresh fruit (\$8 million), Fruit and vegetable juices (\$6 million).

	2006	2007 (est)	2008 (estimated)
Total Market Size	267	305	325
Total Local Production	252	265	275
Total Exports	225	235	250
Total Imports	240	275	300
Imports from the U.S.	90	112	135

Source: U.S. Bureau of the Census, Office of the General Comptroller, Panama.

Best Prospects/Services

[Return to top](#)

Dairy Products, Red Meats, Snack Foods.

2. Bulk Agricultural Products

Overview

[Return to top](#)

Increased demand for yellow corn for feeds and rice favored trade in this sector.

	2006	2007 (est)	2008 (estimated)
Total Market Size	69	120	132
Total Local Production	29	30	31
Total Exports	30	32	34
Total Imports	70	122	135
Imports from the U.S.	67	118	130

Sources: U.S. Bureau of the Census, Office of General Comptroller, Panama.

Best Prospects/Services

[Return to top](#)

Yellow corn for feeds, rice.

3. Intermediate Agricultural Products

Overview

[Return to top](#)

Higher demand for Soybean meal continues the trend in this sector.

	2006	2007 (est)	2008 (estimated)
Total Market Size	186	228	267
Total Local Production	120	130	140
Total Exports	5	8	13
Total Imports	71	106	140
Imports from the U.S.	49	75	100

Sources: U.S. Bureau of the Census, Office of General Comptroller, Panama.

Best Prospects/Services

[Return to top](#)

Soybean meal, vegetable oils.

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 5: Trade Regulations and Standards

- [Import Tariffs](#)
- [Trade Barriers](#)
- [Import Requirements and Documentation](#)
- [U.S. Export Controls](#)
- [Temporary Entry](#)
- [Labeling and Marking Requirements](#)
- [Prohibited and Restricted Imports](#)
- [Customs Regulations and Contact Information](#)
- [Standards](#)
- [Trade Agreements](#)
- [Web Resources](#)
- [Telecommunications](#)
- [Transportation](#)
- [Language](#)
- [Health](#)
- [Local Time, Business Hours and Holidays](#)
- [Temporary Entry of Materials and Personal Belongings](#)
- [Web Resources](#)

Import Tariffs

[Return to top](#)

The current Panamanian government, led by President Martin Torrijos, took office in September 2004. When Panama joined the WTO in 1997, the government lowered tariffs to a maximum of 15%, except for a few agricultural products, and to an overall average of 12%, the lowest in the region. The revised import duty structure was significantly lower than the one negotiated for WTO accession and represented a substantial commitment to trade liberalization.

Trade Barriers

[Return to top](#)

As part of the recently concluded negotiations for the Trade Promotion Agreement between the USA and Panama, the Torrijos Government approved a Phytosanitary Agreement that eliminated sources of discretion and abuse in the import approval process, thus lifting the existing phytosanitary barriers.

Import Requirements and Documentation

[Return to top](#)

Import Licenses

No import licenses are required in Panama. Any company holding a commercial license can freely import goods into Panama. A commercial or industrial license is required by individuals or companies wishing to engage in commercial or industrial activities. Phytosanitary permits are required to import non food agricultural products only.

Special Import Provisions

Special import permits are required for all types of firearms, ammunition, fertilizers, and certain foods. Import permits can be obtained from the Ministry of Government and Justice.

Export Controls

The Fiscal Code regulates all matters concerning the country's exports. The Code establishes that all national products may be exported, except:

- drugs, with the exception of those having pharmaceutical or scientific purposes,
- staple products determined by the Government to be temporarily scarce in the country; and,
- those products the Panamanian Government decides not to export for reasons of international agreements or for the economic interest of the country.

Law 61 of 2002 abolished the requirement for some exports (primarily metals and natural resources) to pay taxes.

Import\Export Documentation

Import Documentation

Processing of customs documents in Panama for imports is fast, efficient and reliable. Merchandise imported into Panama must be cleared through customs by a customs broker licensed by the Government of Panama. The following goods are imported under duty free status: consigned to national or municipal governments, imported by foreign diplomats, consigned to the Panama Canal, sold to vessels transiting the Canal, or intended for re-export.

Basic import documentation required by the Panamanian Customs office includes:

- Import Declaration (Prepared and signed by a Customs Broker),
- Commercial Invoice (Original plus four copies to be presented in English or Spanish),
- Airway Bill,
- Bill of Lading (To be presented in triplicate),
- Commercial License Number,
- Phytosanitary Certificate (In case of animal and plant products, to be obtained from the U.S. Department of Agriculture), and previous authorization from MIDA,
- Certificate of Free Sale (if required), and,
- Certificate of Origin (if required).

Any food product or other item used for human consumption (including for use on human skin or clothes) may be subject to the Certificate of Free Sale (CFS) documentation

requirement. The main purpose of the CFS is to verify that a product is sold freely and used widely in the U.S. Potential exporters of items subject to the CFS documentation requirement may wish to contact: the Food and Drug Administration, Division of Programs and Enforcement Policy, 200 C Street, SW, Washington, DC 20204.

The bill of lading must be presented for the clearance of goods without exception. If for any reason any other required document cannot be presented within 24 hours after the shipment has arrived, clearance of the goods will be permitted by posting a bond equal to the amount of import duties. The bond is cancelled if the prescribed documents are presented in due form within a period of 90 days. The bond may be extended in justified cases, an additional 90 days.

Export Documentation

The Vice Ministry of Foreign Trade (VICOMEX) was created in 1998 to promote exports and investment. It facilitates the processing of export documentation through a "One Stop" (ventanilla unica) office that can reduce the export process to a few hours.

Export documentation required by Panamanian Customs authorities includes:

- Commercial Invoice,
- Export Declaration (usually prepared and signed by a Customs Broker),
- Certificate of Origin (issued by the Chamber of Commerce, Industry and Agriculture of Panama, VICOMEX, or SIP/Sindicato de Industriales de Panama and approved by VICOMEX),
- Bill of Lading,
- Airway Bill,
- Veterinary, Sanitary or Phytosanitary Certificate (when applicable).

There is no requirement to utilize export brokers for export documentation.

U.S. Export Controls

[Return to top](#)

There are no specific U.S. export controls regarding Panama, with the exception of fire arms, ammunition and certain high tech goods that require U.S. export licenses.

Temporary Entry

[Return to top](#)

The Panamanian Fiscal Code establishes a temporary entry regime of 90 days for all types of merchandise. This temporary entry may be extended for up to one year. There are two options for temporary entry. First, the goods can enter the country if the importer makes a deposit equivalent to the import duty. This payment will be reimbursed at the time the goods leave the country. Second, an insurance company can issue a bond for the importer covering the import duty value, payable if the goods fail to exit the country as scheduled.

Special temporary provisions apply in the case of trade shows and exhibitions taking place at Panama's exhibition and convention center, Atlapa. Goods can enter the Atlapa

Convention Center with no warranty payment or bond required. Certain shows held at Atlapa enjoy duty free status and the merchandise displayed may be sold off the floor with no duties.

Samples with commercial value are subject to temporary entry requirements. Samples with no commercial value are admitted duty free. If samples arrive in large containers, they will be dutiable even though they may be marked as free samples.

Labeling and Marking Requirements

[Return to top](#)

Local regulations require labels to be in the Spanish language, although this is not enforced at present, except for medicines, agricultural chemicals, toxic products, and food products that require specific instructions or warnings due to human health risks. Labels are required to have basic information regarding the name and address of manufacturer, expiration date, list of ingredients, lot number, and the product from, e.g. powder, liquid, etc.

In general, products which comply with U.S. labeling and marking requirements are accepted for sale in Panama. Food products labeling and marking must comply with CODEX Alimentarius guidelines.

All goods arriving in Panama intended for re-exportation immediately must be marked "PANAMA IN TRANSIT" on each box or outside container.

Prohibited and Restricted Imports

[Return to top](#)

The following products cannot be imported into Panama:

- Counterfeit coins or printed material that imitates currencies,
- Equipment or instruments for manufacturing coins,
- Liquors, wines, beers or medicines with labels that falsely describe contents, or of any kind of harmful preparation,
- Certain firearms or war materials,
- Foreign lottery or raffle tickets,
- Opium in the form of gum or for smoking,
- Obscene brochures, books, newspapers, magazines, or postcards containing negative portrayals of the country's culture, civilization or dignity, and,
- Plants, seeds, or animals when determined by the Ministry of Agriculture.

Customs Regulations and Contact Information

[Return to top](#)

Customs Regulations

Panama assesses import duties on an ad valorem basis. The ad valorem system uses the declared CIF value as the basis for import duty calculations and in some cases utilizes historical price information as a reference.

In addition to the duty, all imports into Panama are subject to a five percent transfer or value added tax (ITBM) levied on the CIF value, plus import duty and other handling charges. Pharmaceuticals, foods and school supplies are exempt from the ITBM tax.

Beginning in 1995, Panama adopted the Harmonized System (HS) or Tariff Nomenclature as its customs classification system.

In general, the Panamanian customs system does not represent a significant obstacle for U.S. exporters.

Contact information for the Panamanian Customs' office is:

Direccion General de Aduanas
P.O. Box 0819-07729
Panama, Panama
Phone: 507-506-6202
Fax: 507-506-6240
Contact: Vilma de Luca, Director
E-Mail: vdeluca@mef.gob.pa
www.aduanas.gob.pa

Standards

[Return to top](#)

- [Overview](#)
- [Standards Organizations](#)
- [Conformity Assessment](#)
- [Product Certification](#)
- [Accreditation](#)
- [Publication of Technical Regulations](#)
- [Labeling and Marking](#)
- [Contacts](#)

Overview

[Return to top](#)

As a WTO member, Panama implemented the WTO's Agreement on Technical Barriers to Trade (TBT) that includes the Code of Good Practice for the Preparation, Adoption and Application of Standards. The Government of Panama (GOP) passed Law 23 of July 15, 1997, which established new dispositions on product standards, labeling and certification policy, and redefined the functions of the Directorate General of Standards and Industrial Technology (DGNTI) and the Panamanian Commission for Industrial and Technical Standards (COPANIT). Basically, DGNTI was given the main role in establishing standards and technical regulations, while COPANIT was given an advisory

role to DGNTI. The National Council for Accreditation (CNA) was charged with all national accreditations.

Panama has an open economy and there are no significant market access problems related to standards and technical regulations. Certain market access problems have occurred in the past with several agricultural products, but they have been mostly related to phytosanitary issues.

According to WTO guidelines, Panama informs WTO of any standards or technical regulations activities. U.S. companies can participate in the standards development process by contacting DGNTI and submitting specific requests or suggestions. There are no limitations to participation by foreign countries.

Products for which Panama has not set standards/regulations can enter the Panamanian market provided that they comply with standards and technical regulations from the United States, Europe or any industrial country.

Standards Organizations

[Return to top](#)

The Directorate General of Standards and Industrial Technology (DGNTI) establishes technical regulations and standards in Panama. Because of budget and other limitations, this organization has been mostly dedicated to establishing standards for food products, upon specific requests by industrial organizations and according to WTO guidelines. DGNTI establishes a semiannual working plan showing all activities it will undertake for the following six months. DGNTI performs its functions through its three departments: Standards, Certifications and the Information Center.

NIST Notify U.S. Service

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL: <http://www.nist.gov/notifyus/>

Conformity Assessment

[Return to top](#)

The General Directorate of Standards and Industrial Technology (DGNTI), as well as a number of public and private organizations, are responsible for conducting conformity assessments.

In Panama, several organizations conduct conformity assessments on a regular basis. These organizations include the Central Laboratory of Health from the Ministry of Health (MINSAs), the University of Panama, the Technological University of Panama, the National Secretariat of Science and Technology (SENACYT), the Ministry of Agricultural Development (MIDA), the Consumer Protection Authority and Defense of Competition, and the Agricultural Marketing Institute (IMA).

Panama does not have any Mutual Recognition Agreement (MRA) with U.S. organizations.

Product Certification

[Return to top](#)

Once the conformity assessments have been conducted, the DGNTI will issue a conformity assessment certificate. DGNTI is the only organization authorized to issue conformity assessments related to products. Other private organizations such as SGS and Bureau Veritas deal with conformity assessments on system or procedures and can issue certificates, but only related to systems.

Accreditation

[Return to top](#)

The National Council for Accreditation (CNA) created by Law 23, July 15, 1997, is the government authority in charge of all national accreditations. This Council is formed by a number of government organizations including the Ministries of Commerce, Health and Agricultural Development, and the National Secretariat of Science and Technology (SENACYT). The CNA works through a technical secretariat, which is the technical body of the Council. Accreditation is largely voluntary.

The technical secretariat appoints accreditation committees, which are groups formed by specialists from the public and private sectors. These committees provide basic input for CNA decisions.

Accreditation is obligatory for organizations that deal with fuel laboratories and environmental testing laboratories. All other accreditations are voluntary.

Accreditation can be granted in three categories: Laboratories (calibration and testing), inspection organizations, and certifying organizations.

As of December 2007, there were twelve organizations that had been accredited by CNA, but there were several accreditation applications under review.

Publication of Technical Regulations

[Return to top](#)

All final technical norms and regulations are published by the Ministry of Commerce and Industry in the Official Gazette or "Gaceta Oficial."

Law 23 requires that the Panamanian Commission for Industrial and Technical Standards (COPANIT) and the General Directorate of Standards and Industrial Technology (DGNTI) publish all agreements, technical regulations, norms and procedures.

Official Gazette or Gaceta Oficial

P.O.Box

Panama , Rep. of Panama

Tel. (507) 527-9393

Fax. (507) 527-9830

The WTO TBT Inquiry Point and National Information Center is:

Comision Panameña de Normas Industriales y Tecnicas (COPANIT)

P.O. Box 0815-01119

Panama , Rep. Of Panama

Tel. (507) 560-0716

Fax. (507) 560-0721

E-mail: dgnti@mici.gob.pa

<http://www.mici.gob.pa>

Labeling and Marking

[Return to top](#)

Local regulations require labels to be in the Spanish language, although this is not enforced at present, except for medicines, agricultural chemicals, toxic products, and food products that require specific instructions or warnings due to human health risks. The Ministry of Commerce and Industry is currently reviewing a decree that would require all labels to be in Spanish. Labels are required to have basic information regarding the name and address of manufacturer, expiration date, list of ingredients, lot number, and the product from, e.g. powder, liquid, etc.

In general, products which comply with U.S. labeling and marking requirements are accepted for sale in Panama. Food products labeling and marking must comply with CODEX Alimentarius guidelines.

All goods arriving in Panama intended for reexportation immediately must be marked "PANAMA IN TRANSIT" on each box or outside container.

Contacts

[Return to top](#)

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(Ministry of Commerce and Industry)

Alejandro Ferrer, Minister

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Panama , Republic of Panama

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Fax: (507) 560-0663

Web Site: www.mici.gob.pa

Ministerio de Comercio e Industria

Direccion General de Normas y Tecnologia Industrial (DGNTI)

Contact: Cristina Torres, Director General
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Panama, Rep. of Panama
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Miguel Mondragon, Section Chief
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Panama , Republic of Panama
Tel: (507) 507-0601
Fax: (507) 232-9045
Web Site: www.mida.gob.pa

Ministerio de Salud, (Ministry of Health)
Dr. Rosario Turner, Minister
P.O. Box 0816-01611
Panama , Republic of Panama
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Fax: (507) 512-9240
Web Site: www.minsa.gob.pa

Trade Agreements

[Return to top](#)

Panama currently has bilateral free trade agreements with El Salvador, Taiwan (Taiwan's first such accord), Chile and Singapore. The Government of Panama has concluded negotiations on a free trade agreement with Honduras, Nicaragua and Costa Rica, both of which are waiting ratification by the Honduran and Costa Rican

legislatures. It is currently negotiating a free trade agreement with Guatemala. The U.S. and Panama began negotiations for a Free Trade Agreement in April 2004. The Agreement (renamed the "Trade Promotion Agreement") was completed in December 2006, signed on June 28, 2007, ratified by the Panamanian Assembly on July 11, 2007, and is pending ratification by the U.S. Congress. The Torrijos Government is also looking to aggressively deepen its trade integration with Andean and Mercosur countries. Panama has bilateral investment agreements with the United States, the United Kingdom, France, Switzerland, Germany, Taiwan, Canada, Argentina, Spain, Chile, Uruguay, the Czech Republic, Netherlands, Cuba, Mexico, Dominican Republic, and Korea. Panama has also signed bilateral investment agreements with Ukraine, but which has not yet entered into force. On November 5, 2004, Panama announced it would join the now G-4 (Group of Four), formerly the G-3 consisting of Colombia, Venezuela, and Mexico. However, negotiations to formally join the G-4's commercial framework have not begun.

Panama is a beneficiary of the Caribbean Basin Economic Recovery Act, better known as the Caribbean Basin Initiative (CBI), which provides for one-way free trade access for specific Panamanian exports to the U.S. In 2000, the U.S. Government enacted new legislation (Caribbean Basin Trade Partnership Act) enhancing the CBI program. The new CBI legislation permits more liberal treatment of textile imports from CBI countries. While CBI benefits play a role in Panama's growing exports on non-traditional fruits, since Panama is not an important textile exporter, the new legislation has limited value for Panama.

Web Resources

[Return to top](#)

Ministerio de Comercio e Industrias de Panama: [Http://www.mici.gob.pa](http://www.mici.gob.pa)

[Return to table of contents](#)

Telecommunications

[Return to top](#)

Panama has excellent telecommunications infrastructure and services which includes broad band internet services, calling card availability, public phone services, and many public places around Panama City and other major cities to access the Internet services and international phone calls. Direct dialing is available to more than 150 countries worldwide. The cell phone service is based on the GSM technology. There are 170 radio stations and five television stations in Panama. There is cable TV service as well as satellite based services.

Transportation

[Return to top](#)

Panama has excellent transportation facilities. Three major U.S. airlines serve the country, as well as others from different countries. COPA, the Panamanian airline, has a

regional hub at the Tocumen International Airport, connecting Panama with major cities in the U.S. and Latin America.

Buses and taxis are readily available in urban areas. Taxi fares are low and usually range from one to five dollars depending on the trip's length. Transportation from Tocumen International Airport into Panama City can be made by a special taxi service, with prices between US\$20 - US\$30.00 depending on the size of the taxis. Taxis may be shared with other passengers. Car rentals are available. There is no bus service at the airport.

Major car rental companies operate in Panama and offer excellent services.

There is train service from Panama City to Colon, on the Atlantic side, operated by Kansas City Southern. This is primarily a container transportation facility but it also takes passengers. It has become an attractive tourism option to visit Colon.

Language

[Return to top](#)

Panama's official language is Spanish. However, English is widely spoken as a second language in the main cities.

Health

[Return to top](#)

Health conditions in Panama are good, especially in the urban centers. Running water is available in almost all parts of the country and is usually potable. Use of bottled water or boiling before use is necessary only in some rural areas and small towns in the provinces. There are no major potential health risks when visiting Panama.

Local Time, Business Hours, and Holidays

[Return to top](#)

Private business offices are open from 8:00 a.m. until 5:00 p.m., Monday through Friday, and Saturdays from 8:00 a.m. to 12 noon. Banks are open from 8:00 a.m. to 3:00 p.m., Monday through Friday. Most local banks open Saturdays from 9:00 A.M. to 12:00 Noon. Government offices are open from 8:30 a.m. to 4:30 p.m., Monday through Friday.

All private, government, municipal and U.S. Embassy offices are closed during local holidays. In addition the U.S. Mission observes all U.S. holidays.

The Panamanian holidays for 2008 are:

Fixed holidays:

January	1	New Year's Day
January	9	Mourning Day
May	1	Labor Day
November	3	Independence Day from Colombia
November	4	Flag Day
November	10	The Uprising of Los Santos
November	28	Independence Day from Spain
December	8	Mother's Day
December	25	Christmas Day

Moveable holidays:

February 6	Carnival (Tuesday)
March 21	Good Friday

There is a large Jewish business community, which observes Jewish holidays.

Temporary Entry of Materials and Personal Belongings

[Return to top](#)

Business travelers should not have problems entering laptops or any other personal business equipment or software, if it is for personal use.

Exhibiting materials can be entered subject to temporary entry restrictions

Web Resources

[Return to top](#)

Panama Info tourist site: www.panamainfo.com

CIA World factbook: www.odci.gov/cia.publications/factbook/geos/pm.html

Travel: www.travelblog.org/world/pm-econ.html

[Return to table of contents](#)

Chapter 6: Investment Climate

- [Openness to Foreign Investment](#)
- [Conversion and Transfer Policies](#)
- [Expropriation and Compensation](#)
- [Dispute Settlement](#)
- [Performance Requirements and Incentives](#)
- [Right to Private Ownership and Establishment](#)
- [Protection of Property Rights](#)
- [Transparency of Regulatory System](#)
- [Efficient Capital Markets and Portfolio Investment](#)
- [Political Violence](#)
- [Corruption](#)
- [Bilateral Investment Agreements](#)
- [OPIC and Other Investment Insurance Programs](#)
- [Labor](#)
- [Foreign-Trade Zones/Free Ports](#)
- [Foreign Direct Investment Statistics](#)
- [Web Resources](#)

Openness to Foreign Investment

[Return to top](#)

Traditionally, Panama has maintained a liberal regime for foreign investment and investment in financial instruments. The Government of Panama (GOP) and the Panamanian business community actively encourage foreign direct investment (FDI). Laws in general make no distinction between domestic and foreign companies. While Panamanian courts generally uphold the sanctity of contracts, there have been various allegations of corruption within the judicial system. In 1998, the GOP enacted the Investment Stability Law, which, among other things, guarantees foreign investors, who invest at least two million dollars in Panama, equal treatment under the law to that of their domestic competition. Under Law 41 of 2007, Panama has already encouraged multinational companies to open regional headquarters in Panama by offering various tax incentives.

The resolution of a number of investment dispute cases in recent years opened the way for the April 2004 start of bilateral negotiations for a free trade agreement between the United States and Panama. The negotiations concluded successfully in December 2006, and the re-named "Trade Promotion Agreement" (TPA) was signed on June 28th, 2007. The Panamanian National Assembly ratified the TPA on July 11, 2007, and the pact currently awaits U.S. Congressional action.

A bilateral TPA with Panama would be a natural extension of an already largely open trade and investment relationship. Panama is unique in Latin America, but like the United States, in that it is predominantly a services-based economy. Services represent about 80 percent of Panama's gross domestic product. The agreement will provide new

economic opportunities for U.S. exporters, particularly for agricultural products, passenger vehicles and certain machinery which currently face high tariff rates. The TPA would enhance trade remedies, increase transparency in government procurements, strengthen intellectual property rights protection, and provide for commitments to adhere to and enforce certain protections for workers and the environment.

The Panamanian Vice Ministry of Foreign Trade (VICOMEX) is the principal entity responsible for promoting foreign investment. It provides investors with information, expedites specific projects, leads investment-seeking missions abroad, and supports foreign investment missions to Panama. However, depending on the character of the planned investment, several different governmental entities may have a passive or active interest in the investment in terms of setting its parameters of operation, particularly within relevant regulations, land use, employment, special investment incentives, business licensing, etc. There is no formal investment screening by the GOP, although the government does monitor large foreign investments.

The GOP does impose some limitations on foreign ownership, such as in the retail and media sectors where ownership must be Panamanian. Foreign retailers, however, have been able to work within the confines of Panamanian law primarily through franchise arrangements. Currently approximately 55 professions are reserved for Panamanian nationals only. In particular, medical practitioners, lawyers, accountants, and custom brokers, are currently reserved for Panamanian citizens. The GOP also requires foreigners in various sectors to obtain explicit permission to work, but the Embassy has not received reports of such restrictions hindering U.S. firms operating in Panama. Once ratified and implemented, the TPA will accord substantial market access to Panama's retail sector and across its entire services regimes, subject to certain exceptions.

There is no de jure discrimination against U.S. or other foreign investors in most sectors. Panama, however, imposes visa requirements to limit the immigration of citizens from approximately 80 countries. A domestic investment protection law was enacted in 1991 and remains in force; however, it has not yet been invoked or used in contravention of U.S. investment. There is a constitutional prohibition against foreign land ownership within ten kilometers of the national border or on an island. Neither Panamanian citizens nor foreigners may own beaches or the shores of rivers or lakes. Law 2 of 2006 fosters tourism investment on islands, beachfront and government properties through a concession, requiring projects to have an environmental impact study, financial support and bonds, as well as other requirements.

Builders and investors may rent such lands for 40 years, via the Ministry of Economy and Finance, extendable for an additional period of 30 years. When there is a major investment with potential job creation, Law 2 expands this period for up to 90 years.

Unclear or non-existent land titling continues to be a challenge for foreign investors. Only approximately 35% of Panama is titled property. Outside of Panama City and a few selected areas, there is no formal land titling system. Title related disputes, whether involving Panamanians or foreign investors, are common. The Embassy is aware of several cases where American citizens have had their real estate title contested or where they have purchased land without obtaining the requisite land title. The Embassy has received reports of alleged schemes to defraud foreign real estate buyers. Law 2 of

2006 clarified ownership rights for Panamanian coastal and island properties. Law 2 confirmed the validity of existing "Rights of Possession" (ROP) ownership rights (a concept similar to squatter's rights) and established a process to convert ROP to a title (similar to a property title deed). The underlying regulations remain in draft form and some are concerned that indigenous holders of ROPs may be financially unable to convert their ROPs to titles. Under Law 2, those not in possession of ROPs for island property must now obtain a concession from the GOP to continue occupying such property. Some U.S. investors find themselves having to defend their acquired ROP properties against competing claims of previous title and/or spurious claims asserted by other parties. The Panamanian courts are slow and at times arbitrary in resolving property disputes. The GOP is increasingly focused on addressing the institutional weaknesses underlying many of these disputes.

Panama's privatization framework law does not distinguish between foreign and domestic investor participation in prospective privatizations. The law calls for pre-screening of potential investors or bidders in certain cases to establish technical viability, but nationality and Panamanian participation are not criteria.

Panama has experienced a boom in FDI which began as a result of GOP privatization and modernization efforts in the mid-1990s. Foreigners, including U.S. firms, participated actively and successfully in the privatizations of ports, electrical generators, and telecommunications firms. The conduct of major public bids and tenders for some public sector projects raised concerns about the openness and transparency of the process and the responsiveness of authorities to participants. U.S. companies complained that some bidding processes lacked transparency.

Following the privatizations of the late 1990s, Panama's FDI dropped to only \$98.6 million in 2002, primarily as a result of losses by major banks and the drop-off in privatizations. However, FDI rebounded dramatically to nearly \$800 million in 2003 and over \$1 billion in 2004 and 2005 as a result of major investments in port expansions, the Colon Free Zone, residential and commercial construction, the sale of shares of a telecommunication company, dividends from the electrical companies, as well as a resurgence of the banking sector. In 2006, FDI doubled to approximately \$2.5 billion on the strength of the approximately \$1.77 billion acquisition of Panamanian bank Grupo Banistmo by HSBC during the fourth quarter of 2006. Through September 30, 2007, FDI in Panama was approximately \$1 billion, lead by investments in the banking sector and the Colon Fee Zone. There are various announced FDI-funded projects in the energy sector, golf courses, residential and commercial construction. Occidental Petroleum, in partnership with Qatar Petroleum, are studying the feasibility of constructing an estimated \$7 to \$9 billion oil refinery in the western Panama are of Puerto Armuelles.

The GOP has "corporatized" Tocumen International Airport as a private entity, with all shares owned by the GOP. The airport has finalized a \$70 million expansion of the passenger and cargo terminals. The airport is now undergoing a \$90 million infrastructure expansion program. Historically, the GOP pledged not to privatize its inefficient water and sewage utility, its electric transmission company, "Atlapa" (Panama's primary convention center and the largest such facility in Central America), or the Caja de Seguro Social (Social Security System).

On October 22, 2006, Panamanians voted by a margin of 78% to 22% to approve a \$5.25 billion project to expand the Panama Canal by constructing a new third set of locks, along with new access navigational channels and deepening the existing navigational channels and the depth of Gatun Lake. In addition, voters approved the construction of a \$300 million bridge over the Caribbean entrance to the Panama Canal which was added to the canal expansion project by the Panamanian legislature. Construction began in September 2007 and will continue to 2014. The project will be financed through increased tolls and a budgeted \$2.3 billion in debt financing. Given the size of the project and the Panama Canal Authority's announced policies, foreign companies are able to bid on such contracts on the same terms and conditions as Panamanian companies.

The GOP developed some of the U.S. government properties transferred to Panama by the United States from 1979 through December 1999. The commuter airport development at the former Albrook Airfield, now known as Marcos A. Gelabert Airport, has been one of the most successful ventures. Other projects now underway include major tourist projects at the former Fort Amador, as well as a biodiversity museum designed by world-renowned architect Frank Ghery. In December 2005, the luxury resort, Playa Bonita, was completed in the Farfan area on the Pacific coast. On the former Howard Air Base, Dell Corporation opened a customer service call center in August 2003 that employs about 2,000 people. In 2006, the GOP announced a \$405 million project led by London & Regional to develop a commercial/residential complex on the same air base. Progress in the academic and research community (City of Knowledge) has been slow but steady. Pursuant to Law 6 of 1999, the GOP offers a variety of incentives to entities operating within the City of Knowledge. Several U.S. universities have located campuses in various former military installations as well as international and regional organizations.

Panamanian Law 22 of 2006 regulates government procurement and other related issues. Law 22 was intended to streamline and modernize Panama's contracting system. It establishes, among other things, an Internet-based procurement system (www.panamacompra.gob.pa) and requires publication of all proposed government purchases, except the Panama Canal Authority and the Social Security System, which have their own Internet based procurement systems. The Panamacompra program requires publication of all government purchases on the Internet; evaluation of proposals and monitoring of the procurement process; consultation of public bids, including technical specifications and tender documents; classification of purchases by different government institutions and gathering and analysis of data. The law also created an administrative court to handle all public contracting disputes. The rulings of this administrative court are subject to review by the Panamanian Supreme Court. The GOP has generally handled bids in a transparent manner, although occasionally foreign companies have complained that certain procedures have not been followed.

While Panama committed to become a party to the World Trade Organization (WTO) Government Procurement Agreement (GPA) at the time of its WTO accession, it remains an observer and not a signatory. Its efforts to accede to the GPA have stalled. Under the TPA, Panama would guarantee a fair and transparent process for procurement covered by the TPA. The TPA provides that U.S. suppliers will be

permitted to bid on procurement by a wide range of GOP entities, including the Panama Canal Authority, over a certain threshold amounts on the same basis as Panamanian suppliers. The TPA would strengthen rule of law and fight corruption by criminalizing bribery in government procurements and establishing at least one impartial administrative or judicial authority to receive and review supplier challenges. Disputes relating to Panama Canal Authority procurement will continue to be addressed through the authority's existing procedures.

Currently, importing entities are required to hold a commercial or industrial license to operate in Panama, which license can be obtained through Panama's online business registration service (www.panamaemprende.gob.pa). Importing entities are not required to have a separate import license, with the exception of certain controlled products such as weapons, medicine, pharmaceutical products and certain chemicals.

Conversion and Transfer Policies

[Return to top](#)

Panama has no legal restrictions on the transfer abroad of funds associated with or capital employed in an investment. There are no restrictions on capital outflows or convertibility. Panama uses the U.S. dollar as legal tender. Currency conversion therefore is not an issue.

There is, therefore, no independent monetary policy in Panama. Inflation, bound by the U.S. dollar, has until recently been low and predictable. While Panama's annual inflation averaged less than 3.2% over the preceding 30 years, inflation has increased to an annual rate of 6.5% as of November 2007. The 51-item based food basket increased approximately 12% between October 2006 and October 2007.

Expropriation and Compensation

[Return to top](#)

While Panamanian law recognizes the concept of eminent domain, the Embassy is unaware of any outright expropriation of property by the Panamanian government in recent years. Very few U.S. investors have alleged that irregular or illegal actions of some government entities, past and current, have resulted in "de facto" expropriation of their property.

Dispute Settlement

[Return to top](#)

Panama has a court and judicial system built around a civil code, rather than the Anglo-American system of reliance upon case law and judicial precedent. Fundamental procedural rights in civil cases are broadly similar to those available in U.S. civil courts, although some notice and discovery rights, particularly in administrative matters, may be less extensive than in the U.S. Judicial pleadings are not always a matter of public record, nor are the processes always transparent.

The business community lacks confidence in the Panamanian judicial system as an objective, independent arbiter in legal or commercial disputes, especially when the case involves powerful local figures with political influence. Over the last few years, the majority of investment disputes involving U.S. investors has been related to land purchasing and/or titling issues. Such disputes have been difficult to resolve due to the lack of adequate titling, inconsistent regulations, lack of trained officials outside of Panama City, and a slow and cumbersome judiciary. Various of these disputes have resulted from U.S. investors being unfamiliar with the Panamanian titling system. When disputes with foreign investors arise the investors often choose not to pursue remedies available to them via the court system. The court system is slow and prone to massive case backlogs and corruption. The GOP and the newly installed President of Panama's Supreme Court have signaled their intentions of strengthening their institutions to address these issues by, for example, digitizing court records and providing access to them on-line.

Panama's commercial law is comprehensive and well-established. Its bankruptcy law is antiquated and remains under review to be adapted to modern business practices.

An increasingly popular and viable alternative for settling disputes is the Center for Mediation and Arbitration established by the Panamanian Chamber of Commerce. Depending on the issues there are other alternative disputes resolution centers as the Panamanian Construction Chamber. Rulings by arbitrators are generally fair and reasonable. In 1998, these rulings were given status as judicial rulings.

The GOP accepts binding international arbitration of disputes with foreign investors. Panama became a member of the International Center for the Settlement of Investment Disputes (ICSID) in 1996. The United States and Panama signed an amendment to the Bilateral Investment Treaty to incorporate Panama's membership into ICSID on June 1, 2000. This amendment took effect in May 2001. Panama also became a member of the World Bank's Multilateral Investment Guarantee Agency (MIGA) in 1997.

Once ratified and implemented, the TPA will solidify the legal framework for U.S. investors operating in Panama. All forms of investment will be protected under the agreement, including enterprises, debt, concessions and similar contracts, and intellectual property. With very few exceptions, U.S. investors will be treated as well as Panamanian investors (or investors of any other country) in the establishment, acquisition, and operation of investments in Panama. The TPA draws from U.S. legal principles and practices to provide U.S. investors in Panama substantive and procedural protections that foreign investors currently enjoy under the U.S. legal system. The TPA's investor protections are backed by a transparent, binding international arbitration mechanism, under which investors may, at their own initiative, bring claims against a government for an alleged breach of the TPA's investment chapter. Submissions to investor-state arbitral tribunals would be made public, and hearings would generally be open to the public. Tribunals would also be authorized to accept amicus submissions from non-disputing parties.

Performance Requirements and Incentives

[Return to top](#)

There are no legal performance requirements such as minimum export percentages, significant local requirements of local equity interest, or mandatory technology transfer. There are no established general requirements that foreign investors invest in local

companies, purchase goods or services from local vendors or invest in R&D or other facilities. There are special tax and other incentives for manufacturers to locate in an export-processing zone (EPZ), which include call centers.

Official support for investment and business activity is especially strong for the Colon Free Zone (CFZ), the banking sector, the tourism sector, and EPZs. Companies in the CFZ pay no income taxes. Banks and individuals in Panama pay no tax on interest or other income earned outside Panama. No taxes are withheld on savings or fixed time deposits in Panama. Individual depositors do not pay taxes on time deposits. EPZs offer tax-free status, special immigration privileges, and license and customs exemptions to manufacturers who locate there. Investment incentives offered by the GOP are available equally to Panamanian and foreign investors. The incentives do not discriminate or distinguish between Panamanians and foreign investors.

Law 8 of 1994 offers tax and other incentives to investors in tourist industries. As part of the Torrijos Administration's review of all fiscal incentive programs, the GOP has decided to eliminate certain incentives contained in Law 8. The GOP has discussed removing the incentives granted to investments in new casinos, shopping malls, and night clubs. The GOP expects to maintain the incentives related to residential projects, such as hotels, apartment-hotels, hostels and time shares.

In 1997, the Panamanian government enacted legislation to promote the restoration of historical buildings and sites in Panama City's old downtown area known as "Casco Viejo." Tourism incentive laws provide, among other measures, tax exemptions for vehicles and other designated goods imported for use in, or to build infrastructure for, the tourist sector. Similar incentives exist for the mining sector. Law 28 of 1995 extended national industry and export incentives. However, contracts that were created prior to Law 28 continue to receive the benefits of the previous incentives. In 1997, the GOP eliminated tariffs on fuel imported by electricity generators to promote privatization of the former state electric company. The government has gradually phased out tariff incentives that favor the importation of raw materials for further processing in Panama.

Right to Private Ownership and Establishment

[Return to top](#)

With the current exception of retail trade, the media, and several professions, foreign and domestic entities have the right to establish, own, and dispose of business interests in virtually all forms of remunerative enterprise. Foreigners need not be legally resident or physically present in Panama to establish corporations or to obtain local operating licenses for a foreign corporation. Business visas (and even citizenship) are readily obtainable for significant investors. Banking, financial services, and the legal profession are receptive toward attracting foreign business.

Once ratified and implemented, the U.S.-Panama TPA Panama would accord substantial market access across its entire services regimes, subject to very few exceptions, using a "negative list" approach. Under the TPA, Panama agreed to dismantle significant services and investment barriers, such as lifting restrictions on investment in retail trade, ensuring access to contracts related to the Panama Canal, and providing new access in professional services that previously had been reserved

exclusively to Panamanian nationals. This would allow U.S. firms to take full advantage of the benefits of the TPA across all sectors, including, but not limited to express delivery, logistics, energy, audiovisual, computer, construction, wholesaling, health, education, and environmental services. U.S. financial service suppliers have full rights to establish subsidiaries or branches for banks and insurance companies. Portfolio managers in the U.S. would be able to provide portfolio management services to both mutual funds and pension funds in Panama. Even under the TPA, investment by financial services firms would still be restricted. Similarly, while the TPA would accord U.S. telecommunications companies greater access to the Panamanian market (with the exception of mobile services) and provide for greater transparency and enforcement by the regulating agency, telecommunications investments are hampered by the reluctance of Cable & Wireless Panama (one of the two cellular telecommunications companies operating in Panama and principal wire-line carrier) to negotiate and/or implement interconnection agreements with new entrants.

Protection of Property Rights

[Return to top](#)

Mortgages, liens, and other security interests are recognized and registered in the public registry. Much of the information contained in the public registry is available on line. The public property registry has been expanded and modernized. Unique features of Panamanian law and practice in specific areas (including but not limited to banking, accounting requirements, formation and functioning of corporations, and taxation) make retention of local legal counsel highly advisable.

The legal framework for the protection of intellectual property rights (IPR) in Panama has improved significantly in recent years. The government passed an Anti-Monopoly Law in 1996 mandating the creation of commercial courts to hear anti-trust, patent, trademark, and copyright cases exclusively. Two district courts and one superior tribunal began to operate in June 1997 and have been adjudicating intellectual property disputes. In January 2003, the GOP designated an IPR-specific prosecutor with national authority, which has consolidated and simplified prosecution of those cases.

IPR policy and practice in Panama is the responsibility of an “Inter-institutional” Committee. This committee consists of representatives from six government agencies and operates under the leadership of the Ministry of Commerce and Industry. It coordinates enforcement actions and develops strategies to improve compliance with the law including organizing training and public awareness seminars, among other activities. The creation of a specialized prosecutor for intellectual property-related cases has strengthened the protection and enforcement of IPR in Panama. However, given Panama’s role as a transshipment point, industry is concerned Panama will become susceptible to trading in pirated and counterfeit goods.

The TPA provides for improved standards for the protection and enforcement of a broad range of intellectual property rights, which are consistent with U.S. standards of protection and enforcement and with emerging international standards. Such improvements include state-of-the-art protections for digital products such as U.S. software, music, text and videos; stronger protection for U.S. patents, trademarks and

test data, including an electronic system for the registration and maintenance of trademarks; and further deterrence of piracy and counterfeiting.

Panama is a member of the World Intellectual Property Organization (WIPO), the Geneva Phonograms Convention, the Brussels Satellite Convention, the Universal Copyright Convention, the Bern Convention for the Protection of Literary and Artistic Works, the Paris Convention for the Protection of Industrial Property, and the International Convention for the Protection of Plant Varieties. In addition, Panama was one of the first countries to ratify the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty, although the GOP has yet to introduce implementing legislation to put these treaties fully into force in Panama and to establish new offenses, such as those needed for internet-based copyright violations and to enhance border measures. Under the TPA, Panama would be obligated to ratify or accede to the Patent Cooperation Treaty, the Convention Relating to the Distribution of Programme-Carrying Signals Transmitted by Satellite, and the Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure by the date the TPA enters into force. Panama would also be obligated to ratify or accede to the International Convention for the Protection of New Varieties of Plants by 2010 and the Trademark Law Treaty by 2011.

Copyrights

The National Assembly in 1994 passed a comprehensive copyright bill (Law 15), based on a World Intellectual Property Organization model. Law 15 provides copyright protection based on the life of the author plus 50 years. If there are co-authors, the protection is until the death of the last author plus 50 years. Collective works, software and audiovisual works are also covered for 50 years since the date of publication or after the work is finished (with no publication). The law modernizes copyright protection in Panama, provides for payment of royalties, facilitates the prosecution of copyright violators, protects computer software, and makes copyright infringement a felony.

Though Panama's 1994 copyright law modernized copyright protection and amendments to the law in 2004 provided for a special Copyright Office with anti-piracy enforcement powers, piracy remains a significant problem. For example, although U.S. industry welcomes the effective police and legal action which have significantly reduced the rate of DVD piracy, Internet piracy is quickly emerging in Panama. Films in theatrical release are often downloaded to DVDs and videos, reproduced on optical discs, and then distributed by street vendors.

The TPA would require implementation of the WIPO Treaties in a manner consistent with the U.S. digital Millennium Copyright Act. The TPA would also extend copyright protection to life of the author plus 70 years; would require both governments to mandate the use of legal software in government agencies; and would include provisions to protect against the theft of encrypted satellite signals and the manufacturing or sale of tools to steal such signals.

Patents

Panama is a member of the Paris Convention for the Protection of Industrial Property. Panama's Industrial Property Law (Law 35 of 1996) provides a term of 20 years of patent protection from the date of filing. Law 35 provides specific protection for trade secrets. However, at least one pharmaceutical company has raised the alarm that these protections are not being respected by the office of the Ministry of Health that registers generic medicines, though the Ministry is attempting to address the concerns.

The TPA would address the issues of patent extension for unreasonable approval delay, data exclusivity of material submitted to regulators, and the prevention of patent linkage.

Trademarks

Law 35 provides trademark protection, simplifies the process of registering trademarks and allows for renewal of a trademark for ten-year periods. An important feature of the law is the granting of *ex-officio* authority to government agencies to conduct investigations and to seize materials suspected of being counterfeited. Decrees 123 of November 1996 and 79 of August 1997 specify the procedures to be followed by Customs and Colon Free Zone (CFZ) officials in conducting investigations and confiscating merchandise. In 1997, the Customs Directorate created a special office for IPR enforcement, followed by a similar office created by the CFZ in 1998. The Trademark Registration Office has undertaken significant modernization with a searchable computerized database of registered trademarks that is open to the public as well as online registration.

The Trademark Registration Office's website allows applicants to track the status of their Trademark and Patent applications and the creation of a Customer Service Center. The Trademark Registration Office claims to be the most advanced in the region, with 90% automation. This office reports that it has reduced trademark registration processing time in half, down from one year to six months. This office also reports that it has conducted classes on the importance of IPR protection at the Technical University of Panama and recently sponsored a National Inventor's Competition that brought inventors together with prospective investors and customers.

The TPA would broaden the scope of protected trademarks to implement and enforce existing geographic indication protections and provide for increased trademark services automation.

Transparency of Regulatory System

[Return to top](#)

Panama's 1997 accession to the WTO, wholesale privatization, and overhaul of various laws that regulate economic activity created a fluid regulatory climate.

Panamanian regulators responsiveness to the concerns of those they regulate has been mixed, depending on the sector. U.S. businesses had complained for several years of arbitrariness or a lack of responsiveness by officials responsible for issuing sanitary/phytosanitary (SPS) permits for the importation of agricultural products. They also complained about unannounced and costly sanitary controls imposed upon arrival of various shipments of agricultural products that had previously been pre-cleared for importation. In December 2006, the U.S. and Panama signed a bilateral agreement on

SPS measures in which the Panamanian government agreed to recognize the equivalency of the U.S. food safety inspection system and to require only USDA Food Safety Inspection Service "Certificates of Wholesomeness" (or other applicable export certificates of U.S. authorities) for the importation and sale of meat and poultry products from the U.S. In February 2007, Panama's Health and Agriculture Ministries published resolutions formally granting this equivalency. In early 2006, the Torrijos Administration created the Panamanian Food Safety Authority ("AUPSA"), which assumed control over the inspection of all food imports into Panama as of November 15, 2006. AUPSA established an online system to ensure transparency and prompt processing for the importation of food products into Panama. This system has effectively facilitated the entry of U.S. food products and strengthened science-based decision-making on SPS matters.

Public Utilities and telecommunications industries long complained of slowness of Panama's Regulatory Entity ("Ente Regulador") in responding to competitive concerns or requests for information. In February 2006, the Torrijos administration enacted by "decree law" the elimination of the Ente Regulador and creation of a new "National Public Services Authority." The GOP's aim is to provide more effective oversight by separating administrative and regulatory functions related to water, electricity, and telecommunications providers. The National Public Services Authority's director has taken steps to resolve regulatory disputes in the electricity and telecommunications sectors. In the banking and finance sector, private entities generally give good marks to the Panamanian entities that regulate them, such as the Superintendent of Banks.

On July 12, 2006, Panama enacted Law 27 which allows the GOP to create enterprises to conduct oil and gas exploration, distribution, production, storing, industrialization, commercialization, importation, exportation and refining activities. This gave rise to concerns that Law 27 is ambiguous and may result in greater government intervention and restrictions on the energy sector. To date, the GOP has not sought governmental greater intervention in the energy sector.

Under the PanamaEmprende program, the creation of a business and obtaining the requisite permits have largely been automated to an online system which before required significant delays and the possibly for corruption.

Efficient Capital Markets and Portfolio Investment

[Return to top](#)

Panama's 1998 Banking Law regulates the country's financial sector. The law, which concentrates regulatory authority in the hands of a powerful and well-financed

Superintendent, transformed the previously inadequate regime into one that approaches international standards. The Bank Superintendent has worked since 2004 toward bringing Panama's bank supervision up to "Basel II" standards. In July 2006, the Bank Superintendent reported that Panama largely complies with the international standards for effective bank supervision. However, the Superintendent determined that, to fully meet Basel II standards, Panama needs to bolster and modify its regulatory framework for banks in areas such as capital adequacy; liquidity, market risk, and loan and

investment portfolio ratings. The GOP is working to make modifications to its banking to comply with more of the standards of Basel II.

Traditional bank lending from the well-developed banking sector is relatively efficient and is the most common source of financing for both domestic and foreign investors, offering the private sector a variety of credit instruments. The free flow of capital is actively supported by the GOP and is viewed as essential to Panama's large offshore banking sector. Panamanian and foreign investors are treated equally vis-à-vis government policy and law with respect to access to credit. Panamanian interest rates closely follow international rates (i.e., the London Interbank Offered Rate - LIBOR), plus a country-risk premium. The rate on a domestic commercial loan ranged between 8.0% and 10.0625% in 2007 and was 8.0625 as of November 30, 2007. The six-month domestic deposit rate was 4.56% as of November 30, 2007. Total assets in Panama's banking system topped \$7.5 billion as of November 30, 2007.

Early in 1999, Panama passed a securities law that established a National Securities Commission to regulate brokers, fund managers, and all matters related to the securities industry. The Commission began to function in early 2000. Some private companies, including multinational corporations, have issued bonds in the local securities market. Companies rarely issue stock on the local market and, when they do, they often try to issue shares with no voting rights. As a result, these stocks are less attractive than those with voting rights. Moreover, investor demand is generally limited because of the small pool of persons, companies, and investors with the resources to invest.

Interest from time deposits and certain bonds are tax-exempt. There is a 10% withholding tax on dividends, although capital gains from the sale of equities listed on the Panamanian exchange is tax exempt. While wealthy Panamanians may hold overlapping interests in various businesses, Post is unaware of any established practice of having cross-shareholding or stable shareholder arrangements, designed to restrict foreign investment through mergers and acquisitions.

There are no restrictions on, nor practical measures to prevent, hostile foreign investor takeovers, nor are there regulatory provisions authorizing limitations on foreign participation or control or other practices to restrict foreign participation. There are no government or private sector rules to prevent foreign participation in industry standards-setting consortia.

Financing for consumers is also relatively open, as mortgages, credit cards and personal loans, even to those earning modest incomes, are widely available on terms similar to those in the U.S.

Political Violence

[Return to top](#)

Panama's Constitution provides for the right of peaceful assembly, and the Government generally respects this right. No authorization is needed for outdoor assembly, although prior notification for administrative purposes is required. Throughout 2007, police showed restraint and professionalism while monitoring protests by retirees, students, political activists, and the teachers' union.

Political violence in Panama since the end of the Noriega era in 1989 is not common, but there are exceptions. During 2007, there were two incidents involving the construction workers union SUNTRACS. In one incident in Chilbre, SUNTRACS workers clashed with workers from a company union, resulting in the death of the SUNTRACS protester. In the other incident a policeman shot and killed a SUNTRACS worker during a violent protest at a development project on Isla Viveros. Typically, SUNTRACS will protest in front of non-SUNTRACS unionized projects seeking to disrupt construction. SUNTRACS has also engaged in numerous protests through the country aimed at impeding traffic and commerce.

Corruption

[Return to top](#)

Panama is a member of the Organization of American States (OAS) Inter-American Convention Against Corruption (IACC), but not a signatory to the OECD Convention on Combating Bribery. Panama's submission to the IACC lacks empirical examples of how its anti-corruption laws have been applied. The general perception is that anti corruption laws are not applied rigorously and that the government enforcement bodies, such as the Comptroller General's and the Attorney General's offices, have been ineffective in pursuing and prosecuting those accused of corruption, particularly in high-profile cases. Constitutional reforms that permit the Supreme Court to decide whether to investigate or indict legislators while in office were implemented on November 15, 2004. However, the Torrijos Administration later backpedaled by signing Law 25 of 2006 which precludes any entity other than the Supreme Court from opening an investigation into corruption allegations involving a sitting legislator.

Panamanian law provides that only the National Assembly may initiate corruption investigations against Supreme Court judges and that only the Supreme Court could initiate investigations against members of the National Assembly, thereby encouraging, in effect, a "non aggression pact" between these two branches of government. Supreme Court judges are typically nominated to their 10-year terms on the basis of political considerations as opposed to recommendation from civil society.

The GOP has not acted to dismantle Panama's dictatorship-era libel and contempt laws, which often are used to punish whistleblowers, while those accused of acts of corruption are seldom prosecuted and almost never jailed. Panama's government lacks strong systemic checks and balances that incentivize accountability. The lack of a strong professionalized career work force in Panama's public sector also hinders systemic change.

Panama has a wide range of laws, regulations and penalties to combat corruption. Accepting or receiving bribes is illegal and subject to imprisonment. President Martin Torrijos campaigned in 2004 with a promise to eradicate corruption. The government continues to assert its commitments to combating corruption as part of its overall agenda of institutional reform. Nonetheless, allegations of corruption have been endemic for many years and remain common. Complaints by American investors about allegedly corrupt judicial and governmental decisions prejudicial to their interests remain problematic. Nevertheless, other than cases involving drug trafficking and money laundering, GOP officials, judges, and legislators are seldom investigated, much less

convicted on corruption charges. In late 2007, press reports of embezzlement by Ministry of Education officials sparked a GOP corruption investigation and a handful of arrests.

While corruption is present in many areas, Panama's Supreme Court has been a particular concern. In March 2005, four Court magistrates hurled accusations of corruption against each other, provoking wide-spread public demands for the dismissal of all nine justices. In response, President Torrijos created a State Justice Commission to recommend improvements to the administration of justice, mainly in the areas of transparency, efficiency, and public accessibility. The Commission released its report in October 2005, but thus far no long term substantial changes have been made. In November 2005, the National Assembly's Judicial Affairs Committee dismissed a complaint filed by NGO Citizens' Alliance for Justice against eight of the nine magistrates for questionable rulings. Coincidentally, a day later the U.S. government revoked the visa of Supreme Court magistrate Winston Spadafora under section 212(f) of the Immigration and Nationality Act (regarding public corruption). In January 2008, newly installed Panamanian Supreme Court President Harley Mitchell publicly acknowledged corruption concerns and signaled his intention to address those concerns.

Since taking office in September 2004, the Torrijos Administration took steps toward following through on its "zero tolerance" anti-corruption campaign, including the launch of investigations into the finances of several prominent figures in the Moscoso Administration. The GOP rescinded former President Moscoso's June 2002 decree that impeded enforcement of the January 2002 Transparency Law. Moscoso's decree imposed regulations that hindered access to information on public entities. In addition, President Torrijos established a "National Council for Transparency Against Corruption" that makes recommendations to the President, but the Council's influence on the administration is not strong. Meanwhile, several high-profile cases remain unresolved by the Panamanian courts. The Torrijos Administration also passed a package of fiscal and social security reforms through the National Assembly that included increased transparency measures.

Although Panama's overall efforts to combat public corruption have been lackluster, both the Attorney General and Comptroller General (who have primary responsibility for combating corruption) have worked to improve the transparency of their organizations and pursue public corruption. The GOP has also launched new websites, such as "Panama Compra" ("Panama Buys"), to foster greater transparency. All GOP agencies must now post procurement solicitations online and will only be able to receive online bids. Awards are posted on the website. The GOP has also launched "Panama Tramita" ("Panama Transacts") and "Panama Emprende" ("Panama Undertakes") and other online systems to simplify and increase transparency in government bureaucratic processes and in establishing new businesses.

NGOs, such as "Citizens' Alliance for Justice" and "Transparency International", operate in Panama to promote anti-corruption measures, respect for the rule of law and the judicial system.

Panama currently has bilateral free trade agreements with El Salvador, Taiwan (Taiwan's first such accord), Chile (in force 60 days after the exchange of diplomatic notes which, as of January 10, 2008, has yet to occur) and Singapore. The GOP has concluded negotiations on a free trade agreement with Honduras, Nicaragua and Costa Rica, both of which are awaiting ratification by the Honduran, Nicaraguan and Costa Rican legislatures. The GOP is currently negotiating free trade agreements with Guatemala and CARICOM. The Torrijos Administration also seeks to deepen Panama's trade integration with Andean and Mercosur countries. By regional standards, Panama has been a strong advocate of trade liberalization. For example, Panama joined with the U.S., Mexico, and Chile in pushing for progress on a Free Trade Area of the Americas (FTAA) at the November 2005 Summit of the Americas in Mar del Plata, Argentina. Panama's strong international thrust was also evidenced by the fact that it served as Secretariat for the Free Trade of the Americas from 2001-2003. On November 5, 2004, Panama announced it would start negotiations to join the G-3 consisting of Colombia, Venezuela, and Mexico. However, negotiations to formally join the G-3's commercial framework have not begun.

Panama has bilateral investment agreements with the United States, the United Kingdom, France, Switzerland, Germany, Taiwan, Canada, Argentina, Spain, Chile, Uruguay, the Czech Republic, Netherlands, Cuba, Mexico, Dominican Republic, Korea and Ukraine. Commerce Ministry officials have said that there have been some exploratory talks toward investment agreements with other countries, but they acknowledge that these discussions have a lower priority than ongoing free trade negotiations. The U.S.-Panama Bilateral Investment Treaty (BIT) entered into force in 1991 (with additional amendments in 2001 to reflect Panama's joining the International Center for the Settlement of Investment Disputes (ICSID)).

If the TPA is implemented, it would supersede the BIT. With some exceptions, the BIT ensures that U.S. investors receive fair, equitable and non-discriminatory treatment and that both parties abide by international law standards such as for expropriation and compensation and free transfers. Under the TPA, the BIT would be suspended after a period of 10 years. Investors will continue to have important investment rights and protections under the investment provisions of the TPA. The TPA would establish a more secure and predictable legal framework for U.S. investors operating in Panama. Under the bilateral TPA, all forms of investment would be protected, including enterprises, debt, concessions, contract and intellectual property. U.S. investors would enjoy, in almost all circumstances, the right to establish, acquire and operate investments in Panama on an equal footing with local investors. Among the rights afforded to U.S. investors are due process protections and the right to receive a fair market value for property in the event of an expropriation. Investor rights would be protected under the bilateral TPA by an effective, impartial procedure for dispute settlement that is fully transparent and open to the public. Submissions to dispute panels and dispute panel hearings would be open to the public, and interested parties would have the opportunity to submit their views.

The US and Panama do not have a bilateral taxation treaty.

The United States and Panama signed a comprehensive Overseas Private Investment Corporation (OPIC) agreement in April 2000. OPIC offers both financing and insurance coverage against expropriation, war, revolution, insurrection, and inconvertibility for eligible U.S. investors in Panama. OPIC can insure up to US \$200 million per project for U.S. investors, contractors, exporters, and financial institutions. Financing is available for overseas investments that are wholly owned by U.S. companies or that are joint ventures in which the U.S. firm is a participant. Panama is a member of the Multilateral Investment Guarantee Agency (MIGA).

Labor

[Return to top](#)

Panamanian labor law, in requiring the Labor Ministry's permission to dismiss employees for "economic reasons," may act as a legal barrier to a firm wishing to reduce its workforce or repatriate its capital. If a firm is insolvent, the law also gives workers priority over all other non-secured creditors.

According to the GOP figures, Panama's non-indigenous labor force as of August 2007 was approximately 1.4 million. Non-indigenous unemployment officially declined to 6.7% in August 2007 from 9.1% in August 2006, however, the GOP reports underemployment to be at 19.6% as of August 2007. In December 2007, the GOP hiked Panama's minimum wage by 9%, raising the monthly minimum wage from \$284 per month to \$310 for firms with ten or less employees and \$325 for firms with more than ten employees. Panama, however, suffers from a serious shortage of skilled workers. Despite spending approximately 13% of the central government budget and 5% of GDP on education, approximately half of the students fail their university entrance exam. The lack of skilled labor is of serious concern to both Panamanian and foreign investors.

Labor unions hold some political influence in Panamanian society and often protest in order to further their objectives. According to the GOP's Social Security Office, the construction workers union, SUNTRACS, had 50,320 members as of November 2007. SUNTRACS boast that in addition to such official members it covers almost 200,000 workers in total. SUNTRACS is a radical union that engages in frequent and sometimes violent protests aimed at discrediting the GOP. Although some Panamanians believe SUNTRACS enjoys outside influence and financial support, there has been little or no concrete evidence to support this view.

While the GOP has periodically revised its labor code, including a modest revision in 1995, it remains highly restrictive. Several sectors, including the Panama Canal Authority, the Colon Free Zone, public sector employees, and export processing zones/call centers are covered by their own labor regimes and all or portions of the Labor Code may not apply. Employers outside of these areas such as tourism have called for greater flexibility, easier termination of workers, and the elimination of many constraints on productivity-based pay. Employers frequently cite the lack of skilled labor as a constraint to growth. In connection with the Panama Canal expansion and in recognition of the skilled worker shortage, the GOP, through the National Institute for Professional Formation and Training, has embarked on a \$55 million worker training program.

Law 25 of 1996 provides for the development of "export processing zones" (EPZ's) as part of an effort to broaden the Panamanian manufacturing sector while promoting investment in former U.S. military bases transferred to Panama. The law also includes specific labor and immigration provisions that are more favorable than the current Panamanian labor code. The government also provides numerous tax incentives to companies that operate in EPZs. Companies, whether Panamanian or foreign, operating in these zones may import inputs duty- free if products assembled in the zones are to be exported. Of the thirteen registered EPZs, most remain small and underdeveloped with only a few tenants. They face difficulties combating Panama's high relative wages, low industrial base, and weak infrastructure, particularly outside the Panama-Colon Corridor. Law 25 also provides for the development of call centers. Of the 39 companies licensed to operate call centers, only 16 have begun operations. The call centers are operated mostly by U.S. companies and employ approximately 10,000 persons. Law 41 of 2004 provides for the development of "Panama Pacific

Special Economic Area" in the former Howard Air Base to encourage investment, specifically regarding logistics, in the area. In 2006, Singapore Technologies Aerospace entered into an arrangement to use the facility to provide aircraft heavy maintenance services. Also in 2006, IP Leather and River Latin-America announced an \$18 million investment using the Howard Air Base facilities. A \$405 million contract has been awarded to London & Regional to develop the former air base. The estimated \$7-\$9 billion Occidental Petroleum/Qatar Petroleum oil refinery project would be located in the Free Trade Zone in Baru, near Puerto Armulles.

Foreign Direct Investment (FDI) in Panama
1998-2006
(In nominal US\$ millions and as percent of GDP)

Year	FDI (\$)	GDP (\$)	Stock/GDP
1998	1,218.7	10,935	11.14%
1999	517	11,456	4.51%
2000	623.8	11,620	5.37%
2001	467.1	11,807	3.95%
2002	98.4	12,272	0.80%
2003	817.6	12,933	6.32%
2004	1,019.0	14,179	7.08%
2005 (1)	962.1	15,483	6.63%
2006 (1)	2,574.2	17,097.	15.06%

Source: GOP Comptroller General's Office

(1) Preliminary figures.

(2) January 1, 2007 through September 30, 2007.

FDI Inflows
By Country or Area of Origin 2003-2006
(In Millions of U.S. dollars)

	2003	2004	2005	2006
Brazil	10,144	18,146	15,066	18,782
Costa Rica	575	794	861	1,469
Central America	17,396	25,411	23,108	24,364
Latin America & Caribbean	44,692	94,290	75,541	83,753
Developing Economies	178,699	283,030	314,316	379,070

Source: United Nations World Investment Report 2007

Foreign Investment Stocks in Panama
By Country or Area of Origin 2000, 2005, 2006(1)
(In Millions of U.S. dollars)

	2000	2005	2006	As percent of GDP %		
				2000	2005	2006
Brazil	103,015	195,562	22,914	17.1%	24.5%	20.8%
Costa Rica	2,709	5,417	6,780	17.05%	27.3%	31.7%
Central America	115,122	239,589	263,848	17.7%	27.6%	27.8%
Latin America & Caribbean	481,017	816,206	908,575	23.9%	32.7%	30.2%
Developing World	1,707,639	2,621,615	3,155,856	25.6%	26.3%	26.7%
World	5,810,189	10,048,015	11,988,838	18.3%	22.6%	24.8%

Source: United Nations World Investment Report 2007

Foreign Direct Investment
By Sector 2003-2007
(In Million U.S. dollars and percent of total foreign direct Investment for such year)

	2003	2004	2005 (1)	2006 (1)	2007 (2)
Colon Free Zone Businesses	\$78,659	\$206,020	\$330,250	\$383.9	\$ 317.8
	9.6%	20.2%	34.3%	14.9%	
Banks, Intl. License	\$47,588	\$64,327	\$112,511	(\$29.5)	(\$28.0)
	5.8%	6.3%	11.7%	1.1%	2.0%
Banks General License	\$303,147	\$341,376	\$178,189	\$1,679.8	\$256.2
	37.1%	33.5%	18.5%	65.2%	25.5%
Other Business	\$ 388,184	\$407,300	\$341,219	\$540.0	\$458.6
	47.5%	40.0%	35.5%	21.0%	45.7%

Source: GOP Comptroller General's Office

- (1) Preliminary figure.
 - (2) Estimate. January 1, 2007- September 30, 2007.
- (Insert text here)

Web Resources

[Return to top](#)

Contraloria General de la Republica <http://www.contraloria.gob.pa/>

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 7: Trade and Project Financing

- [How Do I Get Paid \(Methods of Payment\)](#)
- [How Does the Banking System Operate](#)
- [Foreign-Exchange Controls](#)
- [U.S. Banks and Local Correspondent Banks](#)
- [Project Financing](#)
- [Web Resources](#)

How Do I Get Paid (Methods of Payment)

[Return to top](#)

As Panama is an international banking center, there are a number of payment options for Panamanian importers. U.S. suppliers usually require irrevocable letters of credit when making overseas sales and these are readily provided by the local banking system. Bank drafts are also available at very reasonable cost. The local banking system is modern and efficient and payments have not represented an issue for Panamanian importers.

How Does the Banking System Operate

[Return to top](#)

The U.S. Dollar is Panama's currency and, therefore, there is no central bank. The National Bank of Panama has certain functions of a central banks such as serving as the clearing house for the banking system.

Panama opened its banking sector to foreign competition in 1971 under legislation which placed high priority on banker-depositor confidentiality. The banking legislation establishes three classes of operations. General license banks operate full service banks in Panama and compete for domestic deposits and loans (40 banks). International License or "Offshore" banks, can only accept deposits from persons or organizations located overseas (33 banks). Representative Offices can only perform representational activities (12 banks). There are also two state-owned deposit-taking institutions. Foreign and Panamanian banks compete on equal terms. Banks are organized into the Panamanian Banking Association (Panamanian and Foreign Banks). Banks are licensed and regulated by the Banking Supervisory Authority (Superintendencia de Bancos). Panama's banking system does not have a deposit insurance scheme.

Foreign-Exchange Controls

[Return to top](#)

There are no foreign exchange controls. The U.S. dollar is the national currency. There are no restrictions on capital flows in or out of the country.

Banco Bilbao Vizcaya Argentaria
Tel: (507) 227-0973
Fax: (507) 227-3663
General Manager: Felix Perez Parra

U.S. Correspondents:
BBVA New York
Bank of New York
First Union International Bank, N.Y.
JP Morgan Chase
Northern Trust, N.Y.

HSBC
Tel: (507) 263-5877
Fax: (507) 263-6009
General Manager: Joseph Salterio

U.S. Correspondents:

HSBC –USA, Miami

Banco del Pacifico, (Panama, S.A.)
Tel: (507) 263-5833
Fax: (507) 263-7481
General Manager: Jose Chung, Jr.

U.S. Correspondent:
First Chicago International Bank, New York

The Bank of Nova Scotia
Tel: (507) 263-6255
Fax: (507) 263-8636
E-mail: scotiabk@sinfo.net
General Manager: Terry McCoy

U.S. Correspondents:
Bank One International Corp. N.Y.

Banco General, S.A.
Tel: (507) 265-0303
Fax: (507) 265-0210
<http://www.banco-general.com>
General Manager: Raul Aleman Z.

U.S. Correspondents:
Citibank N.A., New York
JP Morgan Chase, New York
Bank of America N.T. & S.A., San Francisco

Nations Bank, Atlanta
Dadeland National Bank, Miami
First Union Bank, Miami

Banco Internacional de Costa Rica, S.A. (BICSA)

Tel: (507) 263-6822

Fax: (507) 263-6393

General Manager: Jose Francisco Ulate

U.S. Correspondents:
Citibank N.A., New York
BankAmerica International, New York
Banco Atlantico, New York
The Bank of New York, New York

Banco Latinoamericano de Exportaciones, S.A. (BLADEX)

Tel: (507) 210-8500

Fax: (507) 269-6333

Chief Executive Officer: Jaime Rivera

U.S. Correspondents:
JP Morgan Chase, New York
Citibank N.A., New York
Credit Lyonnais, New York
Swiss Bank Corporation, New York
Barclays Bank PLC, Miami

Note: This list is intended to be representative and not complete. Further detailed information on these banks and other banks in Panama can be located in the Polk Register or by contacting the Asociacion Bancaria de Panama (Panamanian Bank Association), P.O. Box 0816-00805, Panama, Republic of Panama; Tel: (507) 263-7044, Fax: (507) 223-7630 or 263-7783. E-mail: vpe@asociacionbancaria.com
(Insert text here)

Project Financing

[Return to top](#)

The Inter-American Development Bank (IDB) has financed several studies and projects related to health, education, tourism and infrastructure. The World Bank (IBRD) also has funded a number of small social-sector-oriented projects. Panama became a member of the World Bank's Multilateral Investment Guarantee Agency in 1997. The Panamanian government has pursued financing from International Financial Institutions for a number of infrastructure and social sector investment projects.

The IDB has been the only Multilateral Development Organization with an office in Panama. In recent months the World Bank announced the opening of an office in Panama.

Export-Import Bank of the United States: <http://www.exim.gov>

Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html

OPIC: <http://www.opic.gov>

Trade and Development Agency: <http://www.tda.gov/>

SBA's Office of International Trade: <http://www.sba.gov/oit/>

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/cc/default.htm>

U.S. Agency for International Development: <http://www.usaid.gov>

Panamanian Banking Association: www.asociacionbancaria.com

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 8: Business Travel

- [Business Customs](#)
- [Travel Advisory](#)
- [Visa Requirements](#)

Business Customs

[Return to top](#)

Business practices and customs in Panama are a unique blend of North American methods and traditional Latin style. Foreign corporations operating in Panama are important in shaping the style and manner of doing business.

Travel Advisory

[Return to top](#)

In 1987, the State Department's Bureau of Consular Affairs established the Consular Affairs Bulletin Board (CABB), as a means to keep the international business community informed about security and crime problems abroad. Access to the CABB is free of charge to anyone with a computer and a modem. Callers dial 202-647-9225 from their modem. Consular Affairs and the Bureau of Diplomatic Security update the CABB daily.

The Travel Advisory Service of the Department of State provides foreign travel information and, when appropriate, warnings. Phone: (202)647-5225, Fax: (202)647-3000, [Http://travel.state.gov](http://travel.state.gov).

Further information can be obtained from the Consular Section of the U.S. Embassy in Panama, Unit 0945, APO AA 34002, Tel: (507) 207-7332, Fax: (507) 207-7278.

Visa Requirements

[Return to top](#)

U.S. citizens may enter Panama with a passport or a certified copy of a U.S. birth certificate and an official picture I.D., (e.g. driver's license) and a Tourist Card purchased for US\$ 5.00 from an airline serving Panama. The Tourist Card is valid for 90 days and may be extended for another 90-day period. The following are three types of Visas available to businesspersons wishing to spend extended periods of time in Panama:

1. Inversionista (Investor): A minimum of US\$100,000 must be invested and US\$600 must be deposited in advance (US\$500 with the Ministry of Government and Justice and US\$100 with the Ministry of Economy and Finance).

2. Visa de Visitante Temporal (Temporary Visitor's Visa): For executives or technicians working with a company in Panama for a limited time. The Visa is valid for one year and is renewable.
3. Temporal Especial (Working Permit): For professional or skilled personnel transferred from an overseas office to work in Panama temporarily. The applicant must prove his earnings will come from outside of Panama. The Visa is valid from three to six months.

There is a USD\$ 20.00 departure tax on leaving the country.

U.S. Citizens are subject to Panamanian law when visiting Panama and penalties for possession, use and trafficking in illegal drugs are severe.

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security options are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website: <http://travel.state.gov/visa/index.html>

United States Visas.gov: <http://www.unitedstatesvisas.gov/>

U.S. Embassy Panama: <http://panama.usembassy.gov/>

[Return to table of contents](#)

Chapter 9: Contacts, Market Research, and Trade Events

- [Contacts](#)
- [Market Research](#)
- [Trade Events](#)

Contacts

[Return to top](#)

U.S. EMBASSY CONTACTS

U.S. Commercial Service
U.S. Department of Commerce
U.S. Embassy Panama
Tel: (507) 207-7000
Fax: (507) 317-1658

Nicholas Randal Kuchova, Senior Commercial Officer
Tel. (507) 207-7388
E-mail: nicholas.kuchova@mail.doc.gov

J. Enrique Tellez, Senior Trade Specialist;
Tel. (507) 207-7080
E-mail: Enrique.Tellez@mail.doc.gov

Jeane A. de Zuniga, Commercial Assistant
Tel. (507) 207-7392
E-mail: Jeane.Zuniga@mail.doc.gov

Diana Lozano, Administrative/Commercial Assistant;
Tel. (507) 207-7242
E-mail: Diana.Lozano@mail.doc.gov

Economic Section, U.S. Department of State
Timothy Lattimer, Chief, Economic Section
Tel. (507) 207-7293
E-mail: LattimerTP@state.gov

Political Section, U.S. Department of State
Brian Naranjo, Chief Political Officer
Tel: (507) 207-7122
E-mail: NaranjoBR@state.gov

Foreign Agricultural Service,
U.S. Department of Agriculture
Hugo Salazar, Agricultural Specialist
Tel: (507) 207-7064
E-mail: Hugo.Salazar@usda.gov

U.S. Consular Section:
Tel. (507) 207- 7332
E-mail: Panama-CG@state.gov
Federal Benefits
Tel. (507) 207- 7488
E-mail: Panama-USCONSUL@state.gov

U.S. Embassy Mailing Address:
Unit 0945
APO AA 34002
Tel: (507) 207-7000
Fax: (507) 227-1964

WASHINGTON-BASED USG COUNTRY CONTACTS

U.S. Department of Commerce,
Matt Gaisford, Panama Desk Officer
14th & Constitution Ave.
Washington, D.C. 20230
Tel: (202) 482-4464
Fax: (202) 482-4157

U.S. Department of State
Thomas Pierce, Panama Desk Officer
Dept. WHA/CEN-HST Room 5906
2201 C Street NW
Washington, D.C. 20520

2/21/2008

Tel: (202) 482-647-4161
Fax: (202) 482-647-2597

Overseas Private Investment Corporation
1100 New York Avenue, N.W.
Washington, DC 20527
Tel: (202) 336-8472
Fax: (202) 408-9866

Export-Import Bank of the U.S.
811 Vermont Avenue, NW
Washington, DC 20571
Tel: (202) 565-3921 X3916
Fax: (202) 565-3931
http:// www.exim.gov

U.S. Trade and Development Agency
1621 N. Kent St., Suite 300
Arlington, VA 2209-2131
Jorge Esteban, Panama Country Manager
Tel: (703) 875-4357
Fax: (703) 875-4009
E-mail: info@tda.gov

U.S. - BASED MULTIPLIER ORGANIZATIONS RELEVANT FOR COUNTRY

Embassy of Panama
Ambassador Federico Humbert Jr.
2862 McGill Terrace NW
Washington, DC 20008
Tel: (202) 483-1407
Fax: (202) 483-8413

U.S. Panama Business Council
Juan B. Sosa, President
5353 Memorial Drive #2041
Houston, TX, 77007
Tel. 713-426-0554
Fax. 713-426-0375
E-mail: panamerica@msn.com

MINISTRIES AND GOVERNMENT OWNED AGENCIES IN PANAMA

Ministerio de Comercio e Industrias,
(Ministry of Commerce and Industry)
Alejandro Ferrer, Minister
P.O. Box 0815-01119
Panama, Republic of Panama
Tel: (507) 560-0600
Fax: (507) 560-0663
Web Site: www.mici.gob.pa

Vice Ministerio de Comercio Exterior
Carmen Gisela Vergara, Vice Minister
P.O. Box 0815-01119
Panama , Republic of Panama
Tel: (507) 560-0600
Fax: (507) 560-0653
Web Site: www.vicomex.gob.pa

Ministerio de Desarrollo Agropecuario,
(Ministry of Agricultural Development)
Guillermo Salazar, Minister
P.O. Box 0816-01611
Panama , Republic of Panama
Tel: (507) 507-0601
Fax: (507) 266-2943
Web Site: www.mida.gob.pa

Ministerio de Economía y Finanzas
(Ministry of Economics and Finance)
Hector Alexander, Minister
P.O. Box 0816-02836
Panama , Republic of Panama
Tel: (507) 506-6753
Fax: (507) –507-7045
Web Site: www.mef.gob.pa

Ministerio de Salud, (Ministry of Health)
Dr. Rosario Turner, Minister
P.O. Box 0816-06812
Panama1, Republic of Panama
Tel: (507) 512-9400
Fax: (507) 212-9240
Web Site: www.minsa.gob.pa

Ministerio de Obras Publicas,
(Ministry of Public Works)
Benjamin Colamarco, Minister
P.O. Box 0816-06734
Panama , Republic of Panama
Tel: (507) 507-9400
Fax: (507) 507-9419
Web Site: www.mop.gob.pa/

Autoridad Marítima Nacional,
(National Maritime Authority)
Fernando Solorzano, Administrator
P.O. Box 0816-01548
Panama, Rep. of Panama
Tel: (507) 501-5000
Fax: (507) 501-5405

Web Site: www.autoridadmaritima.gob.pa

Administracion de la Zona Libre de Colon,
(Colon Free Zone Administration)
Nilda Quijano, General Manager
P.O. Box 0302-00512
Colon, Republic of Panama
Tel: (507) 475-9512
Fax: (507) 475-9628
Web Site: www.zonalibredecolon.com.pa

Autoridad Aeronautica Civil (AAC),
(National Aeronautics Authority)
Eustacio Fabrega, Director
P.O. Box 03073-03187
Panama , Republic of Panama
Tel: (507) 501-9000
Fax: (507) 501-9487
Web Site: www.aeronautica.gob.pa

Instituto Panameno de Turismo (IPAT),
(Tourism Institute of Panama)
Ruben Blades, Director
P.O. Box 0816-00672
Panama, Republic of Panama
Tel: (507) 526-7000
Fax: (507) 526-7132
Web Site: www.ipat.gob.pa

Instituto de Acueductos y Alcantarillados Nacionales (IDAAN),
(National Water Works Company)
Juan Antonio Ducruet, Executive Director
P.O. Box 0816-1535
Panama , Republic of Panama
Tel: (507) 523-8500
Fax: (507) 522-8502
Website: www.idaan.gob.pa

Inter-American Development Bank,
(In-country office)
Marcelo Antinori, Representative
P.O. Box 0816-02900
Panama , Rep. of Panama
Tel: (507) 206-0900
Fax: (507) 206-0999
Web Site: www.iadb.org

American Chamber of Commerce and Industry of Panama (AmCham)
P.O. Box 0843-0152
Panama, Republic of Panama
David Hunt, Executive Director

2/21/2008

Tel: (507) 301-3881
Fax: (507) 301-3882
Website: www.panamcham.com

Market Research

[Return to top](#)

To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/marketresearch.html> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, but free of charge.

Trade Events

[Return to top](#)

Please click on the link below for information on upcoming trade events.

<http://www.export.gov/tradeevents.html>

(Add link to trade events section of local buyusa.gov website here or just delete this text.)

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 10: Guide to Our Services

The U.S. Commercial Service offers customized solutions to help your business enter and succeed in markets worldwide. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers

For more information on the services the U.S. Commercial Service offers U.S. businesses, please click on the link below.

U.S. Commercial Service Panama: <http://www.buyusa.gov/panama/en/>

[Return to table of contents](#)

U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** or the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRADE**, or go to the following website: <http://www.export.gov>

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.