



Embassy of the Kingdom of the Netherlands

*The Panama Newsflash is a publication composed by the Consulate-General of the Kingdom of the Netherlands in Panama and the Embassy of the Kingdom of the Netherlands in San José. The newsflash provides an update in terms of imperative economical developments, the most important tenders and a selection of other relevant business news that have to do with Panama. This newsflash is shared with a distinctive group of Dutch businesses with special interests in Panama. It is put together on the basis of publicly available information from various sources such as news articles, press releases, and third party information. The Consulate-General of the Kingdom of the Netherlands in Panama and the Embassy of the Kingdom of the Netherlands in San José are not responsible for the accuracy of the published information. If you do not wish to receive the Panama newsflash, or would like to add a person to the distribution list, or if you desire to send your comment, please feel free to send a message to [sanjose@trade-minbuza.nl](mailto:sanjose@trade-minbuza.nl).*

**Fitch Rating upgrades Panama to Investment Grade** (Source: Fitch Ratings) Panama has joined the privileged group of Latin American countries ranked as investment grade, a group which also includes Brazil, Mexico, Chile and Peru. Fitch Ratings has upgraded the Republic of Panama's long-term foreign currency and local currency Issuer Default Ratings (IDRs) to 'BBB-' from 'BB+'. Both Rating Outlooks remain Positive. Fitch has also upgraded the short-term foreign currency IDR to 'F3' from 'B' and the country ceiling to 'A-' from 'BBB+'. The upgrades reflect a sustained improvement in public finances, underpinned by recent tax reforms, and the economy's resilience to the global financial crisis and associated recession. Although economic growth decelerated to 2.4% in 2009 from 10.7% in 2008, it was one of the strongest growth rates in Latin America and among 'BBB' rated peers. Similarly, fiscal deterioration was moderate, especially by international standards, while Panama's general government debt/GDP ratio stabilized around 45%. The Positive Outlook reflects the expectation that government debt/GDP ratio will further decline as the growth accelerates and fiscal discipline is maintained, despite an ambitious public investment program. The upgrade, a victory for President Ricardo Martinelli and which comes as some Southern European countries are risk downgrades, will likely attract more investment to Panama.

**WB Lends Panama \$1.150 Million** (Source: Prensa.com) The World Bank (WB) has granted Panama a \$1.15 billion credit line for its Metro project. Laura Frigenti, World Bank director for Central America, explained that their technicians are already participating in the project to build a metro system in Panama City. Prensa.com explained that the resources

could also be used to fund water projects, cleaning the bay or building roads, but this has not been defined yet.



**Three Consortiums Qualify To Build Panamanian Metro** (Source: Presidencia de Panamá) Consortiums CIMA, “Línea Uno” and “Grupo Italiano Metro Panamá” complied with the requirements to bid for the Project. These consortiums are composed as following:

**CIMA:**

ACCIONA INFRAESTRUCTURAS, S.A. (52%) - Spain  
MITSUBISHI CORPORATION (12%) - Japan  
MITSUBISHI HEAVY INDUSTRIES, LTD. (12%) - Japan

CONSTRUCTORAS ICA, S.A. DE C.V. (12%) – Mexico

CONSTRUCCIONES Y AUXILIAR DE FERROCARRILES, S. A. (12%) – Spain

**LÍNEA UNO:**

CONSTRUTORA NORBERTO ODEBRECHT, S.A. (55%) - Brazil

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A (45%) - Spain

**GRUPO ITALIANO METRO PANAMÁ:**

IMPREGILO SPA (50%) - Italy

ASTALDI SPA (25%) - Italy

GHELLA SPA (25%) - Italy

**Minister of Trade visits Schiphol**

Minister of Trade, Mr. Roberto Henríquez, made his transits at Schiphol airport useful by meeting with representatives from the Dutch government and with the company NACO to explore the possibilities of airport development in Panama. This visit was a follow up of the meeting last January between former Minister of Trade Heemskerk and President Martinelli, when the latter explicitly expressed his interest in Dutch design and management of airports with Schiphol being the obvious example.

**Panama and the Netherland agree on Double Taxation Treaty**

In a record time of three days, the Dutch delegation visiting Panama reached an agreement on a Double Tax Treaty. Both parties expressed to be content with the result. Panama has the ambition to conclude at least 12 tax treaties before the end of the year in order to avoid to be put on the black list of tax havens from the OECD. This ambition corresponds with the aspiration of becoming a strong and internationally recognized economy.

**Minister of Labour visits Rotterdam**

Minister of Labour, Mrs. Alma Cortés, visited Rotterdam. She had a meeting with Mayor Aboutaleb and also met with Smit and the Port of Rotterdam. Several topics on port management, including the labour aspect, were discussed. In May Cortés will be part of an International Conference on the Eradication of Child Labour, taking place in The Hague.

**Minister Verhoeven meets with Minister Urriola**

Dutch Minister of Economic Affairs Verhoeven met with the Panamenian Minister of Energy, Juan Manuel Urriola, during an Energy Conference in Mexico. Several topics of joint interest were touched upon, such as an upcoming trade mission in September and relevant Dutch technologies for which Panama has a specific need.

**Canal fuels Panama's hopes of becoming supply chain powerhouse** (Source: DC Velocity) Even though it's more than four years ahead, the planned opening of the expanded Panama Canal has become one of the most eagerly anticipated events in global commerce today. But Rodolfo Sabonge, vice president of the Panama Canal Authority insists the \$5.25 billion project has less to do with the canal than with the country itself. When the expanded canal goes live, it will transform Panama into a global supply chain center on a par with the world's great facilities, as Sabonge said.

**Panama Could Change Mining Legislation** (Source: prensa.com.pa) President Martinelli stated that he is willing to modify the present regulation to foster foreign investment. According to Martinelli the country has big opportunities in mining, and a lack of regulation cannot be an issue in taking advantage of them. “Lee Myung-Bak, the Korean President, told us to change the law. We’ll do it, I want the Korean Government, Canadian and U.S. investors to invest in the country”.

**New Wind Farm in Panama** (Source: pa-digital.com.pa) Studies are underway to build a wind power farm in “Lídice de Capira”. The project is being developed by the Energy and Environment Partnership with the Americas (EEP), and is almost 100% approved by the National Environment Authority (ANAM). “The idea is to generate electric energy for the nearby communities”, explained César Castillo, from ANAM. Newspaper Panamá América reported that a study to determine the wind power potential of the area will be conducted over the next 6 months, by installing wind generation towers at different altitudes. In September this year a regional trade mission will be organized for the countries Panama, Costa Rica and Colombia.

**\$10 Million for Renewable Energy in Panama** (Source: Prensa.com) The Energy and Environment Partnership with Central America (EEP) will make \$10 million available to fund renewable energy initiatives in Panama. The announcement was made by Markku Nurmi, president of the technical committee of the organism, which receives funds from European organisms. “EEP’s funds will be used to generate sun, wind and geothermal energy, as well as small hydro power plants, which is planned between 2010 and 2012.

**Panama Hosts International Investment Conference** (Source: prensa-latina.cu) The event will take place on March 24th and gathers businessmen, politicians and investors. It is organized by the World Bank and the Council of the Americas. “The forum intends to promote investments in strategic areas, such as logistics, agriculture and tourism”, reported Prensa Latina. “Panama will use the event to showcase its advantages as a hub for regional headquarters of multinational corporations”. One of the key note speakers was Mr. Pieter Elbers, Senior Vice President of the KLM.

**Colon Free Zone Sells 17% More in Panama** (Source: pa-digital.com.pa) In February, sales at the Colon Free Zone (ZLC) were 17% higher than during the same period in 2009. Leopoldo Benedetti, CEO of the ZLC, explained that these figures are also higher than in February 2008 and 2007. He stated that ZLC management has introduced new incentives for investors, as they now receive adequate information to decide on future investments.

**Foreign Investment Drops 26% in Panama** (Source: laestrella.com.pa) In 2009, Foreign Direct Investment (FDI) was \$1.77 billion, 26.2% less than in 2008, when the country received \$2.4 billion. Experts agree that the world economic crisis had strong negative effects on the country, especially in banking and in the Colon Free Zone. “Aristides Hernández, from consulting firm BDO, considers that FDI volume in 2009 was not that bad, considering the crisis and that the historic average has been less than \$1 billion per year”, as Laestrella.com.pa reported.

**Panama Passes Tax Reform Bill** (Source: elnuevoherald.com) Panama’s Congress passed a tax bill which includes a 2% increase in the tax to consumption. With this new law, the government seeks to increase tax collection in \$200 million a year. Additionally, this law modernizes the Fiscal Code, eliminates some taxes and sets the ITBMS tax at 7% (a form of value added tax). “José Blandón, president of the Treasury Commission, explained that the law will be beneficial, as it does not only include an increase to ITBMS, but also includes many other considerations, including how these additional resources will be spent.



### ***Panama Full Member of CAF***

(Source: americaeconomica.com) Panama has complied with all the requirements to become a full member of the Andean Development Corporation (CAF). The country was member of CAF as Series C shareholder, with limited access to products and services. Panama's Legislative approved on March 3<sup>rd</sup> a constitutive agreement with CAF, which incorporates the country as a full member. With this status, Panama is entitled to up to 15% of CAF's loan portfolio, which is around \$1.8 billion.

***La Quinta Hotels To Invest \$25 Million in Panama*** (Source: laestrella.com.pa) The hospitality franchise will build 13 hotels over the next 7 years, for a total of 500 rooms. Construction of the first of them will begin by the end of 2010, in Pan Canal shopping mall, Albrook, Panama City. "Lincoln García, president of InterOceanic Hotels, explained that they aim for upper middle class customers. 'Panama currently has either luxury or cheap hotels. We want to add a new option for middle class tourists'".

***Iberia to Fly Madrid – Panama 4 Times a Week*** (Source: pa-digital.com.pa) The Spanish airline will fly four times a week between Panama City and Madrid. An agreement was signed between Panamanian tourism authorities and the airline. This agreement is a preamble to a wider Cooperation Agreement between the Government and the airline. From Panama America: "In the meeting with Iberia executives, Panamanian president Ricardo Martinelli explained that his administration intends to increase the number of air links between Panama and Europe, Asia and Africa, to foster tourism and investment".

***Inmet raises \$500 million for Panama copper project*** Toronto-based Inmet Mining has arranged a \$500-million equity financing through Ellington Investments, a subsidiary of a Singapore-based investment company with holdings in Asia and Latin America. Net proceeds from the agreement will be used by Inmet for the development of its Cobre Panama copper, gold and molybdenum project in Panama. Inmet's agreement requests Ellington to buy about 9.3 million subscription receipts at just over \$54 each.

***Panama buys toll highways for \$700 million*** (Source: Reuters) Panama's government said it was buying a toll highway from Mexican construction company ICA for \$420 million after complaints about service. The 12-mile Corredor Sur highway that connects Panama City to Panama's international airport has been criticized for long line-ups at toll booths and was recently forced by the government to undergo an audit. Panama's government said it was also purchasing 51 percent of a second toll road, the Corredor Norte, for \$280 million from Mexican-owned Pycsa.

***C&W to boost its presence in Central America*** (Source: Financial Times) Cable and Wireless's international telecommunications business considers asset sales as well as acquisitions, since it looks to maximize cash generation and shareholder returns. Tony Rice, chief executive of C&W Communications, said that the company would look at developing regional hubs of operations in the Caribbean and central America. The company is considering taking part in an auction of a mobile licence in Costa Rica, since it already operates in Panama: "I've got a good business in Panama, a great management team, therefore I'd like them to expand regionally."

***Expocomer 2010 Expects \$100 Million in Deals*** (Source: Prensa.com) 500 companies from 23 countries participated in the Expocomer 2010, that took place in Panama from March 3<sup>rd</sup> to March 6<sup>th</sup>. Its organizers reported more than \$110 million in deals. The largest pavilion in Expocomer 2010 were the Chinese with 80 modules, followed by Taiwan with 62, and Mexico and Colombia, with 50 each. The Netherlands and companies from Brazil, India, United States, Costa Rica, Spain, France and Russia also participated in the fair.

**DHL invests \$50 million in planes for Panama airport base** (Source: La Estrella) Logistics company DHL announced a \$50 million investment in the purchase of four new planes. The planes are replacements for DHL's Americas fleet at Panama's Tocumen airport, the company's regional hub. DHL also opened a second distribution center in Guatemala, linked to the Panama hub, to reinforce coverage in Central America and the Caribbean.

**Martinelli plans open doors for miners in Panama** (Source: Newsroom Panama) President Ricardo Martinelli announced to a group of entrepreneurs that he is willing to make changes to the Mining Act to facilitate investment in Panama. He mentioned Canada, Korea, the US and Canada, and said there are "great opportunities" for development of the country's copper deposits. The president stated that the Cerro Colorado mine in the province of Chiriqui, "has proven reserves larger than those of Lieutenante mine in Chile."

## Tenders

**\$75 Million to Expand Tocumen Airport** (Source: mef.gob.pa) Tocumen, the International Airport of Panama, subscribed to a \$75 million loan to improve the country's infrastructure. A \$75 million loan was subscribed between Tocumen International Airport, "Banco Nacional de Panama", "Caja de Ahorros" and the Bank of Nova Scotia Panama, to build the northern section of Tocumen International airport, explained Finance Minister Frank De Lima. De Lima added that the money will be used exclusively to build the north terminal, platform and administrative building, as well as remodeling the main façade, building the presidential salon and expanding the airport's fuel distribution network.

**Bids Invited for \$20 Million Panamanian Assembly Seat** (Source: CentralAmericaData.COM) The contract comprises designing the final blueprints, constructing and supplying equipment for a new building for the National Assembly. Interested companies must submit their bids before May 11th, 2010, at the Transport commission of the National Assembly. To choose the provider, the Assembly will use the Best Value Bidding model ("Licitación por Mejor Valor").

**Panama Invites Bids for Sewage Treatment Plant** (Source: bnamericas.com) In April, authorities will invite companies to bid for conducting a feasibility study for building a water treatment plant in Colón. Representatives from Idaan, the National Sewers Institute, commented that if the project turns out to be feasible, they would proceed to invite bids for its construction. From Bnamericas.com: "The want to build a project similar to the one constructed in the province of Panama, where contamination levels have been reduced thanks to an integral disinfection program".

**Cold Chain Could Start in September** (Source: pa-digital.com.pa) The start of the project, which seeks to reduce the loss of perishable goods, has been delayed due to the lack of statistics from the agriculture industry. Authorities are currently developing the list of products which would be included in the project, and they expect to invite bids on September. Fernando Duque, executive secretary of the Cold Chain, told newspaper Panamá América that "there are 24 products already included due to their high production volumes. These include lettuce, tomato and cabbage. They also want to check with the supermarkets, to see if any other product must be included".

**Panama Invites Bids For \$178 Million Highway Construction** (Source: CentralAmericaData.COM) The country published bidding rules for designing and constructing a highway linking David with Boquete and another linking La Villa with Las Tablas. The project to reconditioning and widening of the road between David and Boquete has an estimated cost of \$108 million, whereas the other highway is expected to cost \$70 million. Interested companies have until April 26<sup>th</sup> to submit their bids.

**\$218 Million for Panamanian Highway** (Source: pa-digital.com.pa) The funds will be spent on completing the highway, which links Madden with “los Cuatro Altos” in the province of Colón. Economy vice Minister Frank de Lima explained that the extension will start at “Quebrada López” all the way up to “los Cuatro Altos”. De Lima also commented that such an enlargement would improve the Logistics Center “significatively”.

**Panama Invites Bids for \$101 Million Highway Works** (Source: CentralAmericaData.COM) The contract comprises design and construction for rehabilitating and widening the highway linking Divisa and Chitré. Interested companies must submit their bids on March 31 2010. A homologation meeting will take place on March 16th, at 10.30 AM, in Curundú, Building 1022, Contracts Administration Directorate.

**Note: for more information on these and other tenders, please contact [nltrade@cwpanama.net](mailto:nltrade@cwpanama.net)**

## Events



**Panama to host FAO conference** (Source: Prensa.com) The XXXI Regional FAO Conference for Latin America and the Caribbean will be held in Panama, from April 26<sup>th</sup> to 30<sup>th</sup>, 2010. Organizers expect the presence of ministers and technicians from 33 countries and delegates from 60 organizations. This announcement was made by Panamanian Chancellor Juan Carlos Varela.

**Expo Logistics Panama in October** Atlapa Conventions Center will host Expo Logistics Panama on October 7<sup>th</sup> and 8<sup>th</sup>, 2010. The event includes conferences, and is intended for businessmen from the maritime, ports and aerial transportation industries. According to its organizers, Expo Logistics Panama is an international trade show for logistics and multimodal transportation, and is the largest in the region.



**Dutch B2B renewable energy and energy saving matchmaking trade mission to Central America and Colombia**

The Dutch Embassy in Costa Rica in cooperation with the Dutch Embassy in Colombia, have contracted Metasus Consulting from the Netherlands who completed a study about the opportunities for Dutch companies in the sectors of renewable energy and energy saving. Coming September 2-10 a Dutch trade mission on renewable energy and energy efficiency is scheduled to Panama, Costa Rica and Colombia. As a result of preparatory market surveys in 2009, many business opportunities were identified in biomass / biofuels, waste 2 energy, solar and wind energy as well as energy efficiency. Private and public sector organizations can also participate in development cooperation projects or invest in hydropower or biofuels. Financial instruments of a.o. FMO and NL EVD International make it even more attractive to participate. The mission is organized by MetaSus, in collaboration with the Dutch renewable energy umbrella organization DE Koepel

and local partners. NL EVD Internationaal, the Dutch Agency for international business and cooperation supports the mission and the Dutch Embassies are actively cooperating to turn the event into a success. For more information contact: Ir. A.T. (Bert) Keesman by e-mail: [keesman@metasus.nl](mailto:keesman@metasus.nl) or via [www.metasus.nl](http://www.metasus.nl)



### **Dutch B2B matchmaking trade mission to Central America**

The EVD has assigned DLV Plant, with the local support of INCAE business school (Ranked #1 in Latin America), the Ministries of Agriculture of Central America, the Dutch Embassies in Central America and SNV to organize a B2B Tomato & Dairy Trade Mission. The mission will also focus on social corporate responsibility and fair trade. The events will take place in Panama and Costa Rica, where representatives and branch organizations from whole Central America will be present. A trade mission will be planned for 04-07 of October. For more details send an e-mail to Jan Tuinstra at [j.tuinstra@dlvplant.nl](mailto:j.tuinstra@dlvplant.nl)

[More information](#)



### **TRADE PLATFORM:**

In 2009 the Departments of Commerce of the Dutch Embassies Guatemala-City, Managua and San Jose developed a trade platform. This Business to Business (B2B) tool helps Central American and Dutch companies find each with the aim of exchanging information and doing business. On the website [www.doingtradeincentralamerica.com](http://www.doingtradeincentralamerica.com) several information sources for Dutch companies interested in doing trade with Central American companies are grouped together. The Embassy of the Netherlands has launched the trade platform on the 1st of November and can be found on the website [www.centralamericab2b.com](http://www.centralamericab2b.com). This service is provided free of charge. The advantages of this trade platform include the possibility to promote your company for free, publish your trade leads, search for potential contacts or partners in the different countries and sectors, and contact the companies that you are interested in. Additionally, events that could be potentially interesting to Dutch or Central American companies will be published on this platform. To maximize the accessibility for all parties, the website is in English. In addition, a short manual will be provided to make the usage of the website as easy as possible.

To benefit from all these services, please register your company on [http://www.centralamericab2b.com/index.php?option=com\\_comprofiler&task=registers](http://www.centralamericab2b.com/index.php?option=com_comprofiler&task=registers).



### **EVD Panama country webpage**

The EVD has a Panama country webpage where you can find up to date information in the areas of: business news, economical developments, tenders, country information (incl. fact sheet and laws), interesting sectors, activities, important documents and the business country guide from the Embassy of the Kingdom of the Netherlands. For more information please visit the website: [www.evd.nl/landen](http://www.evd.nl/landen). More information can be obtained from Judith Brussee, country manager Panama, through email [panama@info.evd.nl](mailto:panama@info.evd.nl) or by phone (0031) 070-7788692.



**Embassy of the Kingdom of the Netherlands as information source**

On the website of the Embassy of the Kingdom of the Netherlands in San José (covering the countries Panama, Costa Rica, Honduras and El Salvador) you can find general information about the specific countries but also commercial information. Our 'handelswijzers' (business trade guides) entail broad and up-to-date information about how to do business in each of the four countries. It is a useful tool/guide for Dutch exporters and investors. Visit: [www.holanda.cr](http://www.holanda.cr), [www.handelswijzer.com](http://www.handelswijzer.com), [www.doingtradeincentralamerica.com](http://www.doingtradeincentralamerica.com) or [www.centralamericab2b.com](http://www.centralamericab2b.com).

For more information you can contact our commercial department at the Dutch Embassy in San José thru email [sanjose@trade-minbuza.nl](mailto:sanjose@trade-minbuza.nl) or by phone (00506) 2296 1490 (Carel Richter or Hans Buhrs).

You can also contact our Consulaat-Generaal in Panama (Dieter Ploeger), Phone: (00507) 263 6494 or (00507) 264 7257. Email: [consuladonl@cwpanama.net](mailto:consuladonl@cwpanama.net)