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The Panama Newsflash is a publication composed by the Embassy 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 economic 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 Embassy 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.

World Economic Forum says it wants to hold annual Latin American meeting in Panama.

(Source: Notimex) The World Economic Forum wants to hold its 2014 annual Latin American meeting in Panama City to coincide with the conclusion of the expansion of the Canal. Klaus Schwab, the executive director of the Forum, sent a letter to Ricardo Martinelli, the Panamanian president, expressing his interest in the project. Schwab suggested that he and Martinelli could discuss the idea at the upcoming Forum summit in Davos, Switzerland.

Panama bucks the world trend in stock markets with 30 percent increase in index. (Source: Cinco Días) Red ink is everywhere among the world's stock markets. But there are exceptions. Panama's market would be the envy of any European country, thanks to the country's stability, and the income from foreign investment and tourism. The result has been a 30 percent increase in Panama's market increase over last year.

Panama orders 18 percent increase in minimum wage despite business concern. (Source: AFP) The government of Panama decreed an increase of between 15 and 18 percent in the minimum wage after bosses and workers failed to agree after six months of talks. The increase depends on the economic activity, the size of the company and the region where each employee works.

Panama to negotiate new treaties on double taxation. (Source: Prensa.com) Before April 2012 the country will negotiate double taxation agreements with the UAE and Hungary. The announcement was made by the Minister of Economy and Finance, Frank de Lima, during the opening of the new ordinary session of the Legislature. The head of the Ministry of Economy and Finance also stressed the importance of the ratification by the French legislature of the double taxation agreement with Panama signed last December and its departure from the "gray list" of countries with uncooperative tax policies collated by the Organization for Economic Cooperation and Development (OECD). He said



that the move by France means that later this month, when France makes its new "gray list" Panama should be left out of this category.

Panama to acquire Corredor Norte highway from Mexico's Pycsa for \$650 million. (Source: Panamá América) Panama's state-owned turnpike administration, the ENA, is expected to buy the Corredor Norte road from its current owners, Mexican company Pycsa. The purchase is expected to be concluded in the second week of January. It has been delayed by negotiations with Pycsa's lawyers. The \$650 million sale is expected to be financed by bonds and commercial paper.

Panama's tourism industry fears bubble in hotel construction could be about to burst. (Source: Panamá América) The supply of hotel rooms in Panama is far outgrowing the demand from tourists. The result could be a sharp drop in prices. Last year, some 2,600 hotel rooms were built in Panama. This year and next, more than 4,000 a year are expected. Panama's tourism authority admits that 340 percent more additional space is available in the country's hotels while growth in tourist arrivals has increased by 15 percent.

Italy turns its back on \$250 million deal with Panama now being questioned amid scandal. (Source: Newsroom Panama) Italy's foreign ministry distanced itself from multi-million dollar sales by Italian group Finmeccanica to the Panamanian government. The contracts for radars, helicopters and digital cartography are worth \$250 million. In Panama, two members of the opposition, have questioned the role of Valter Lavitola, the apparent sales manager of Finmeccanica to Panama, now a fugitive from Italian justice. The contract was signed by the former Italian prime minister Silvio Berlusconi and President Ricardo Martinelli.

2000% tax hike for Multiplaza Pacific. (Source: Panamá América) Panama's Multiplaza Pacific shopping mall has been dealt a severe blow by Panama's tax man. The mall is owned by three of Central America's most powerful families, the Robles of El Salvador and the Motta and Harari families of Panama. Panama's Finance ministry reviewed the value of the mall's real estate and found that it was worth \$231 million, though it had previously been estimated at \$13 million. From now on, Multiplaza Pacific will have to pay \$2.3 million a year in rates, on the basis of 1 percent of its value. Previously, it was paying \$113,000 a year.

Future of Aviation in Panama. (Source: Capital.com.pa) It is expected that 14 million passengers will pass through Tocumen Airport in 2025, almost triple the amount of 2010. According to several industry representatives, the main challenge will be the growth of airport infrastructure, which eventually will become a constraint for the sector. Ofelia Barcenas, solutions manager for the International Air Transport Association (IATA), said the agency is working to streamline all processes related to passenger transit, such as migration and security. Some examples are the use of electronic tickets and collecting boarding passes using smartphones. She added that despite these optimizations, growth in infrastructure is key. She acknowledged the existence of expansion projects, such as the South Terminal, currently under implementation and valued at \$400 million, but noted that these are complex and will take years to complete. A key role will be played by Copa Airlines, which operates its main hub from Tocumen Airport in Panama. The company has major plans for 2013, such as adding 17 aircraft, 11 destinations and 1,150 employees. According to the airline spokesman, Carlos Alvarado, "the key to sustainability is that the infrastructure must accompany and be consistent with the growth of the industry."

Tenders

Tender for expansion of Tocumen Airport. (Source: Prensa.com) The plan is for a 20 gate terminal that is completely independent from the current one, using an investment of \$350 million. Transit through Tocumen International Airport grew by almost 20% during 2011, reaching 6 million



passengers, up from the 5.1 million recorded in 2010. It is estimated that in 2012 the figure will be between 6.4 and 6.6 million. The increase was the result of the 12 new frequencies which Copa Airlines incorporated last year as well as new flights by Iberia and KLM from Europe, said the manager of Tocumen, SA, Juan Carlos Pino. Given this increase, Pino pointed out that they have accelerated the master plan made in 2003 for the upgrade of the airport and they expect to receive the conclusions of the study in January. A third runway is also planned over the next five years as aircraft movement has increased in the last two years. With the updates to the master plan work is projected to take place in Tocumen over the next 25 years, starting with the construction of the South Terminal. This project will not be similar to the north pier, but instead will be a completely separate terminal that will have migration and security areas as well as new parking lots. The plans for Tocumen indicate that the tender for the South Terminal will be made in the first half of 2012, and construction started later this year. The investment amount is \$350 million, which includes 20 additional gates. If completed by 2015, the airport would have 54 gates in total.

SSA Marine plans to invest \$200 million for expansion of port facilities in Colón. (Source: Dredging Today) The US company SSA Marine, through its subsidiary Manzanillo International Terminal in Panama, plans to invest in Colón more than \$200 million in the coming years to expand port services. The future expansion of the port includes dredging the access channel, a new dock for maneuvers, three new piers for post-Panamax, additional areas for loading and storage and nine gantry cranes. Since it launched operations in Colón in 1995, Manzanillo International Terminal has seen steady growth in port activity.

Tender for Shipyard for \$19.8 million. (Source: CentralAmericaData.COM) The Maritime Authority has taken receipt of the Braswell Shipyard facilities, for safe keeping for the duration of the bidding process that will award a concession for its management. The Maritime Authority is putting out to tender the development, management and operation of a shipyard on the Pacific coast at the Port of Balboa. The shipyard is located on the Pacific side of Panama and has three docks for repairing ships, one of which has the same dimensions as the locks capable of handling Panamax vessels or five small ships at once. It is considered a very important asset for the maritime industry. According to the tender specifications, the Licensee shall:

- Achieve optimal commercial development of the shipyard which is subject of this tender.
 - Comply with the Investment Plan necessary to adapt existing facilities and acquisition of any additional equipment needed.
 - Carry out all operations with a high degree of responsibility and care in order to do the utmost to avoid damage to ships, facilities, properties and personnel of the state, and personal or property of others.
- Scheduled date for receipt of bids is 13 February 2012.

For more information those interested can approach the AMP's headquarters, located in the PanCanal, building, Plaza Albrook, or call 501-5118 or 501-5119 (cell). The shipyard is located on the Pacific side of Panama and has three docks for repairing ships, one with the same dimensions as the locks capable of handling Panamax vessels, or five small ships at once. It is considered an important asset for the auxiliary maritime industry.

New tender for \$500 million City Government (Source: Prensa.com) By declaring as void the contract call for design of the City Government, the Government of Panama will launch a new tender. Determined by the evaluation committee, none of the three companies which submitted bids, F. G. Guardia y Asociados, Consorcio Ciudad Gubernamental Proyecto Arnaiz, and Omniconsult, managed to meet the minimum requirements set out in the terms and conditions of the project. Ministry sources explained that when the deadlines are met, a new tender will be summoned.

Panama to invite tenders for new \$300 million Canal Bridge (Source: Yahoo! Noticias) In the coming three months an invitation to tender will be issued for a \$300 million project to construct a new bridge over the Panama Canal. The announcement was made by Panamanian Vice President Juan Carlos Varela, who added that the bridge will be built on Panama's Atlantic side and will improve connections between a region of Colón province and Panama City. This project will be very important for many remote communities of Colón since it will improve access to the capital so that can be in the city within minutes, or continue to the rest of the country.



\$ 200 million infrastructure project (Source: Prensa.com) Panamanian Government will tender the modernization of the Master Plan which will include a project to create three new landfills at the Bay of Panama. The project includes landfills at Avenida de los Poetas (in Chorrillo), another one in front of the Frank Gehry Museum and the third one at Naos Island where they would build a marina and a dock. For construction of the landfills material from the Canal expansion will be used. The modernization of the Master Plan includes new land use and financing. An inter-institutional committee which currently works on the project is examining potential sources of funding, like the transfer of resources from other public institutions and private partnerships.

Note: for more information on these and other tenders, please contact nltrade@cwpanama.net

Events

April 18-20, 2012 Panama Canal Authority to host **World Infrastructure Congress**. Geotechnical, electrical, structural and civil engineering The Panama Canal Authority will host its first-ever best practices Engineering and Infrastructure Congress. Occurring in Panama City, Panama, the congress will convene world-renowned experts in geotechnical, electrical, structural and civil engineering. In addition, it will showcase infrastructure projects from around the world and update attendees on the progress of the Canal Expansion Program.

More information



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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 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. 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.



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



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more information please visit the website: www.evd.nl/landen. More information can be obtained from Judith Brussee, country manager Panama, through email panama@info.evd.nl or by phone (0031) 070-7788692.



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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, www.handelswijzer.com, www.doingtradeincentralamerica.com or 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 or by phone (00506) 2296 1490 (Luc Schillings or Hans Buhrs).

You can also contact our Embassy in Panama (Jennie van Haren), Phone: (00507) 263 6494 or (00507) 264 7257. Email: nltrade@cwpanama.net