



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.

Colombia and Panama launch free trade accord talks next month (Source: Dow Jones) Next month, Colombian and Panamanian diplomats will start negotiations to seal a free-trade agreement. The Colombian President Álvaro Uribe recently stated that he wanted the government to sign free-trade agreements with different countries to offset the effects of the economic slowdown of Colombia's traditional export markets, such as the U.S. and Venezuela. Colombian exports to Panama were \$310 million in 2009. Foreign direct investment from Panama in the first three quarters of 2009 was \$256 million.

Four Central American nations on tax watch list (Source: El Periódico) Guatemala, Belize, Costa Rica and Panama were included in a list of 18 countries which are rated as tax havens by the French authorities, according to the French daily Le Figaro. The list comes in to force on January 1st 2011. The French government expects that it will provide the basis for imposing fiscal penalties on French companies that operate in these countries from March 1st, 2011. The possible sanctions include an increase of up to 50 per cent in retentions on income and the elimination of exemptions.

Panama signs double taxation accord in bid for removal from tax-haven list (Source: Notimex) Mexico and Panama will sign an agreement on February 22nd to stop double taxation between the two countries, as part of paving the way for a trade accord. The government of Panama designed a strategy to negotiate at least 12 agreements to stop double taxation and promote information exchange with countries that are members of the Organization for Economic Cooperation and Development. The agreements aim to help Panama to be removed of the organization's "grey" list of tax havens.

Industrial Promotion Law comes into effect (Source: estrelladepanama.com) Panamanian industrial companies can now deduct up to 35% in taxes by using Industrial Promotion Certificates (CFI). Companies who invest in machinery, staff and process development will be entitled to a 35% refund, by requesting Certificates of Industry Promotion from the Industry Ministry. According to Laestrella.com.pa: "The law states that the only companies entitled to the benefit are those engaging in manufacturing, agro industry and transforming sea resources, including micro, small and medium companies based in Panama. It also includes those working in gathering and transforming agricultural and forestry resources".

Panama implements strategy for promoting exports (Source: Prensa.com) José Domingo Arias, Trade vice minister, announced that the recently created Promotion Agency will focus on boosting sales of traditional export products, such as (water)melon, gourd and high-altitude coffee. "Trade fairs and missions are at the core of export promotion, added Arias. He also commented that they are considering training sessions to inform companies about the Trade Agreements signed by Panama".

Panama to export mango (Source: Prensa.com) The first load of Panamanian grown mango will be harvested in April 2011, and will be exported to England. This year, in Panama 118 hectares are sown with export-quality mango. The type of mango that is used, is a genetic variation of a Peruvian seed. "Panama sees this fruit as an opportunity to diversify its traditional export portfolio", reported Prensa.com. "It is a new product to sell on markets in which the country already commercialized watermelon, melon and gourd".

Panamanian producers demand Cold Chain (Source: Prensa.com) Seven months after the creation of the Cold Chain Secretary, there are still no tangible proposals for the agricultural industry. Virgilio Saldaña, president of a grower's association, added that after each harvest losses due to perishable goods can reach up to 60%. As Fernando Duque, executive secretary of the Cold Chain, said to Prensa.com: "In three months we will know where the gathering centers will be located, and we will start implementing this project".

Chevron appeals Panama fines but adds millions more in investment (Source: La Estrella) The US-based oil company Chevron is appealing fines of total of \$120,000, imposed by Panama's Ministry of Energy for alleged monopoly practices by its local refining unit, Refpan. Meanwhile, Refpan has announced that next month it will start a project on a \$9 million fuel-loading facility in Panama. In this means that Chevron is on schedule with its plan to invest \$70.7 million in Panama between 2007 and the end of next year.

Decal to invest \$25 million in Panama (Source: pa-digital.com.pa) The company, a supplier of bunker fuel for tanker ships, will invest in expanding its facilities during the next 12 years. The announcement was made by Guillermo Márquez, a company representative, after the corporation signed an agreement with the Panamanian State to extend its concession at Isla Tabogilla, in the Pacific coast. "Between 2002 and 2008, Decal invested \$28 million in its fuel storage and dispensing facilities. Now they will extend them to 15 additional hectares.

Copa airlines one of the best in Latin America (Source: Associated Press) Shares of



Copa Holdings, the parent company of Panama's national airline, rose after a Credit Suisse analyst upgraded the company to "Outperform," citing strong fourth-quarter results and an improved outlook for this year. The company announced that its earnings leaped to \$70.4 million, compared to \$25.8 million a year earlier. The company's full-year net profit was \$240.4 million, up from \$118.7 million in 2008. Besides its strong fourth-quarter results and

outlook, the Credit Suisse analyst also cited the renewed expectations for better passenger demand this year in his upgrade. Panama's Copa Airlines expects to grow this year after

obtaining good results in 2009. Last year, Copa Airline made the third leading purchaser of aircrafts in the world. It also successfully endured the world economic crisis. With 240 flights a day and 7.2 million passengers, the airline grew 11 per cent compared to 2008. In 2010, the airline is expected to grow 15 per cent, raise its daily flights to 260 and increase the number of destinations to 53.

Diagnostic of Panamanian banking opportunities (Source: Superintendency of Banks of Panama) A study concluded that the country has several strengths in international financial services, and that its main market is Latin America. This study was conducted in 2009 by the Panamanian Banking Superintendence and the Ministry of Economy, to provide information for policy making. It concluded that Panama must position itself in the Latin American market, by offering value-added services to specific segments.

Stanford Panama to be sold for \$415 million (Source: La Estrella) Now all national and international requirements are being met, Stanford Bank Panama and Stanford Stock House are expected to be sold on 12/2 to the Strategic Investors Group. District Judge David Godbey, visiting the United States at the moment, authorized Ralph Janvey to proceed with the transaction. Janvey negotiated the sale of Stanford Bank Panama to Strategic Investors Group for \$415 million. Allen Stanford, in prison for a \$7 billion Ponzi scheme fraud, objected to the sale.

BNP Paribas is seeking buyers for its remaining businesses in Panama (Source: La Estrella) French bank BNP Paribas confirmed that it will sell its remaining businesses in Panama. Last year, BNP Paribas made very clear that it wanted to avoid problems by withdrawing its business from Panama after the country was listed as a fiscal paradise. After 50 years in Panama, the bank sold its branch to the Canadian Scotiabank. What remains to be sold are its trust-fund and private banking businesses.

\$1 Billion from WB for Panama's infrastructure (Source: pa-digital.com.pa) The World Bank is considering to lend the country \$1 billion in the next 4 years for infrastructure projects. The announcement was made by Juan José Daboub, Director for Latin America at the WB, adding that "Ricardo Martinelli and his economic team ... presented a strategic investment plan, ... which focuses on infrastructure, education, tourism and security ... especially the metro system and road infrastructure".

IDB Loans \$110 Million for Panamanian Infrastructure (Source: Prensa.com) The credit line by the Inter-American Development Bank will be used for rural infrastructure projects and aqueducts. \$70 million have been earmarked for widening the highway Divisa – Las Tablas, rural roads and upkeep. "\$40 million will be used to strengthen the National Aqueduct and Sewers Institute, to expand drinkable water coverage and improving sewers", reported Prensa.com.

\$8 Million for dredging rivers in Panama (Source: Prensa.com) The ministry of Public Works will spend \$8 million to dredge 23 rivers across the country. These projects include renting the required machinery and equipment. "... in Panama City alone, the entity will spend \$1.6 million, focusing on those rivers close to populated areas", reported Prensa.com.

70 Companies interested in Panamanian Metro (Source: Prensa.com) The Metro Secretary has not ruled out creating consortiums by grouping companies. A similar situation occurred when the PCA put out to tender the third set of locks of the Panama Canal Expansion. The head of the secretary told Prensa.com: "Apparently, companies are already negotiating alliances to comply with all requirements. As it is a large project, companies do not mind sharing it. It looks like no company will go on its own". The Metro Secretary extended the deadline until March 1st for prequalifying companies. Prequalified participants

will be announced on March 15th. They will have to submit their bids on June 7th. The winning company will be announced on July 5th, in order to begin construction on August 2nd.

Odebrecht wins \$94 million contract for affordable housing in Panama (Source: ANSA) The Brazilian firm Odebrecht won a contract to undertake an affordable housing project in Panama. The investment for the project will be around \$94 million. The scheme will include 1,000 houses, parks, sports facilities and public spaces.

\$2.3 Million for collection center in Panama (Source: pa-digital.com.pa) In the province of Coclé, a collection center for sea products will be built.. Its cost will be covered by a special fund approved by CENA, the National Economic Council. "Commerce Minister Roberto Henríquez explained to Prensa.com that the project will create new business opportunities in the region, benefiting over 200 fishermen from 8 local associations."

Panama puts out to tender \$386 Million in 5 Hospitals (Source: Prensa.com) The contract comprises designing, constructing, equipping and financing 5 hospitals in Panama. Interested companies must submit their bids before March 26. Prensa.com provides details about the hospitals to be built: "Hospital General Metetí", in Darien (\$43 million); "Hospital General de Especialidades Anita Moreno", in Los Santos (\$70 million); "Hospital Luis Chicho Fábrega de Veraguas" (\$107 millones); "Hospital Manuel Amador Guerrero", in Colón (\$130 millones); and "Hospital General Bugaba", in Chiriquí (\$36 million)."

Panamanian social security invests in laptops (Source: pa-digital.com.pa) The entity will spend \$1 million to supply its medical staff with laptops to access patients' medical records. The Institute expects to automate many health related paperwork with this digital record system, also known as "light client". Doctors will be able to access the patient's health record, request analysis and medicines through their personal computers. From Pa-digital.com: "The system has an approximated cost of \$1 million, and each unit is valued at \$350".

Informal employment evades taxes in Panama (Source: Prensa.com) Of the 160.000 Panamanians who declared to work at their own companies, 84% are not registered at the Tax Authority as taxpayers. Insiders believe that the situation is the same for most informally employed people. According to data from the Comptroller of the Republic, about 43% of the country's workforce, 489.000 individuals, is informally employed., "Street salesmen form the largest group (158.217) of in the informal sector. The rest of the number is made up of craftsmen, mining and construction workers (120.430), and those working in services or market salesmen (117.992)", as Prensa.com reports.

Events



Call for participation at ExpoComer on 03-06 March

The Dutch Embassy will be present at the Expocomer Fair from March 3rd to 6th, together with several stands from Aruba and possibly Curacao. The fair will host an exhibition area of 1000 stands, where national and international businesses from almost 40 countries will exhibit their supplies, as well as the services and products in the following areas: food & beverages, textiles & accessories, services, technology and construction. The fair offers a unique opportunity to establish business contacts with businessmen, high ranking multinational executives, products and services suppliers, government authorities, international companies and

agencies and seminars. The organization of this fair is in the hands of the Panama Chamber of Commerce. For more information or participation you can visit the website: www.expocomer.com or contact our Consulate-General in Panama, Mr. Dieter Ploeger, Tel.: 00507 263 6494. Dutch companies which cannot be present can send folder material etc. through the Consulate-General. Email: consuladonl@cwpanama.net .



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 26th to 30th, 2010. Organizers expect the presence of ministers and technicians from 33 countries and delegates from 60 organizations. The announcement was made by Panamanian Chancellor Juan Carlos Varela.

Expo Logistics Panama in October Atlapa Conventions Center will host Expo Logistics Panama on October 7th and 8th, 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 of the region.



Dutch B2B renewable energy and energy saving matchmaking trade mission to Central America and Colombia The Dutch Embassy in Costa Rica has, in cooperation with the Dutch Embassy in Colombia, contracted the Dutch company Metasus Consulting who completed a study about the opportunities for Dutch

companies in renewable energy and energy saving. A trade mission will be planned for September of 2010. For more information contact: Ir. A.T. (Bert) Keesman, e-mail: keesman@metasus.nl or via www.metasus.nl



Dutch outbound trade mission to Costa Rica and Panama 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, Dutch Embassies in Central America and the SNV to

organize a B2B Food Processing Trade Mission. DLV Plant is coordinating a trade mission to Costa Rica and Panama in June 2010 in order to help Dutch suppliers to get a better understanding of the current market trends. Participants will meet with local branch organizations and companies, receive market briefs, individual matchmaking and possibly tour local commercial facilities. Companies will have the opportunity to exhibit their products and meet with buyers during tabletop display matchmaking sessions. Focus products are: Tomato, Meat and Poultry, Dairy Products, Canned and Shelf Stable Goods, Frozen and Processed, Juices, Spices and Ingredients. Corporate Social Responsibility will be an important topic during the mission. For more information, and to register, please contact Jan Tuinstra at 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 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 of all parties, the website is in English. Furthermore, 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 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.



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 (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