



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 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 want to receive the Panama newsflash, or wish to add a person to the distribution list or desire to send an observation, please feel free to forward a message to nltrade@racsaco.cr.

Regional Newsflash

In addition to information about economic developments in Panama, regional (Dominican Republic, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama) economic information will be offered to our clients. In line with an ever more integrated Central America, and the expressed need for regional insight, the Dutch Embassies in the region are joining efforts and is publishing the Regional Newsflash. If you wish to receive the Regional newsflash or desire to send an observation, please feel free to forward a message to nltrade@racsaco.cr or you can download it from our website www.handelswijzer.com.

The Netherlands offers help to flooded southern Costa Rica and western Panama.

The Ambassador of the Netherlands, Matthijs van Bonzel offered direct help to offset the impact of floods as the rain continues to batter the Caribbean coastal zone (western Panama) with the advice of an expert to provide possible solutions for design of civil works, as well as those linked to the field of hydraulic engineering works. Holland is a country with half its territory and rivers are situated below sea level. The Ambassador said that although the struggle against the sea is associated with the figure of the Dutch, it's the rivers that may give the most surprise in a land where nearly seven of its 16 million inhabitants live in provinces protected by levees and pumping stations to contain the water threat.



4,800 hectares of banana destroyed in Panama (Source: pa-digital.com.pa)

Bad weather has hit the banana region of the Bocas del Toro province causing losses in the millions. By this the banana exports to countries such as Germany, Holland, Switzerland and Belgium has been affected negatively. The Bocas Fruit Company, the Bocas del Toro Banana Cooperative (COOBANA) and independent banana farmers have suffered million dollar losses.



Panama as destination for investments

The World Bank identified Panama as a good destination in Latin America for investments. According to Standard & Poor's, Panama and Peru scored both well in beta and alfa standards, the first being the rate of risk and the later being the costs for recovery in case of trouble.



Panama Maritime IX to be held in February 2009 (Source: panamamaritimeconference.com)

The conference is considered to be one of the most important maritime events in Latin America and the Caribbean. It will be held in Panama City from February 8-11, 2009. It is organized by the Panama Maritime Law Association, which has a membership of more than 200 local lawyers, along with the Maritime Chamber which represents more than 130 maritime companies, the Panama Canal Authority and the Panama Maritime

Authority. **The Dutch consultancy firm Ferendi will organize a incoming trade mission with a collective fair exhibit and matchmaking activities for Dutch companies that want to participate in the IX Panama Maritime Conference.** The first participation was a great success which took place in 2007 with 12 Dutch companies. *For more information and the possibility to register your company to obtain more information, surf to www.ferendi.com. For any questions you can also call us on +31(0)20.471 12 28 or send an email to panamatch@ferendi.com.*

Panama receives 23% more Europeans

In the first nine months of this year, 71.154 European tourists visited Panama, over 13 thousand (23.1%) more than the same period last year. The Spaniards, with almost 15 thousand, form the largest group, closely followed by France (13.216) and the Brits come third with almost 9 thousand. Germany and the Netherlands occupy number 4 and 5, both with less than 7 thousand. Europeans, who in general spend more, are the focus of promotion by the new ATP. **The 5 weekly KLM flights bring many of these tourists to Panama.**



COPA will have new destinations in December

(Source: pa-digital.com.pa)

Copa will fly to Valencia, Venezuela starting December and to Santa Cruz, Bolivia and **Oranjestad in Aruba** on December 15. The executive president of Copa Airlines, Pedro Heilbron, told the press that the flight to Santa Cruz, Bolivia has never been included before. It is a direct connection between South and

Central America.

Strong banking sector

The International Monetary Fund acknowledges the strength of the Panamanian banking sector. The growing banking sector, mainly an effect of increasing Foreign Direct Investment, is characterized by conservative portfolios and a high liquidity. The superintendent is known for its active involvement.



Unemployment down to 5.6%

The strong economic growth has led to a decreasing unemployment. According to the Contraloria, last year unemployment dropped from 6.4 to 5.6%. Commerce, construction, transport and telecommunication contributed most to the creation of jobs.

Panama estimates that economy will grow 7.5% in 2009 (Source: Latin America Reuters)



The Panamanian economy is likely to increase its growth slightly next year due to the international financial crisis, lower exports to the US and a slowdown in the real estate industry. The Panama economy will grow 7.5% in 2009 down from the 9.5% estimated for this year, the minister of Economy and Finance, Hector Alexander said to Reuters. "We believe that the economy will grow 7.5% in 2009," said Alexander in the interview with

Reuters.

Farfan megaport in Panama not to be. (Source: estrelladepanama.com)

Port companies lost interest in the project due to the widening of Panama Ports and the construction of the Rodman port. The Farfan megaport has gone under. The \$600 million project, which would have converted Panama into the Singapore of the Americas with regard to logistics, has come to an end. The global economic crisis was the last nail in the coffin. The project was launched in 2005 as part of the current administration's big promises. However, it was immediately objected to by the Panama Ports Company, which was excluded from the bidding and which did not view the installation of a new port on the Pacific side of the Canal positively

Port of Balboa: A transfer option (Source: Prensa.com)



The port is currently the main regional transfer center for cargo coming from Asia to be sent to various ports in the US, Central and South America. Three post-panamax ships carrying cargo arrive weekly from Asia, some of which cannot pass through the Panama Canal due to their size. The load which they carry is distributed to feeder boats (of smaller sizes) and sent to the east coast of Central and South America (Colombia, Ecuador, Peru, Chile, Costa Rica, Guatemala, Nicaragua, El Salvador, Honduras and Mexico).

China promotes products in Panama (Source: spanish.china.org.cn)

The capital of Panama will host the XI Trade Expo of the People's Republic of China, December 4 - 7. The person in charge of the expo, Liang Haiguang, said that 60 companies from China's autonomous cities and provinces will participate with industrial products, construction tools, home appliances, cars and decorating, besides other type of gadgets.

Businessmen press for Panama's integration into SIECA (Source: Proceso Digital)



The Federation of Chambers of Commerce on the Central American Isthmus (FECAMCO) urged the governments of CA to carry out concrete negotiations for the integration of Panama into SIECA. The president of the entity, Costa Rican Carlos Federspiel, said to Acan-Efe that in the face of the financial crisis that started in the US "it is necessary to strengthen intra-Central American trade and for Panama to be integrated into the economic system of the region and other agreements such as the



Agreement of Association with the EU." FECAMCO also issued a release directed towards the region's governments requested that they defend and strengthen trade among the countries by "via the non-application of measure that limit any form of trading of products originating in Central America."

Panama approves FTA with Guatemala (Source: pa-digital.com.pa)

The FTA has already been approved in Panama and is now awaiting debate and ratification in Guatemala. "When this treaty comes into effect, it will include annexed goods, rules of origin, services and investment, and 94% of our current exports are included in the agreement for immediate access, that is, practically all of our exports to Guatemala, which converts it into a vital support for the national industry," the Minister of Trade and Industry, Gisela Porras, emphasized.

Panama and Canada continue FTA negotiations (Source: Estrategia & Negocios)

The second round of negotiations contemplate topics such as goods and services, customs and phytosanitary measures. The technical teams from Panama and Canada will meet at the Playa Bonita Hotel on the outskirts of the City of Panama to continue negotiations for the signing of a bilateral Free Trade Agreement. The parties started the second round of talks, presided over by the Panamanian Minister of Trade and Industry, Gisela Alvarez de Porras. Talks included the administration of the supply of goods, the discussion of regulations for market access, rules of origin, easing of trade, customs procedures and health and phytosanitary measures. They also discussed topics such as trade obstacles, investments, social corporate responsibility and trans-border trade.

Panama: Investments and FTA needs qualified labor (Source: pa-digital.com.pa)

Panama may lose a lot of foreign investments due to the lack of qualified personnel for specialized jobs, even though it has the infrastructure and an excellent location for doing business. "It must be noted that there are many things working in Panama's favor with the FTA's and these represent an increase in exports, and the country has managed to attract a lot of foreign investments," indicated Alejandro Ferrer, ex minister of Trade and Industry. Panama has increased its exports in the last few years, from \$566 million in 1997 to \$1.1 billion in 2007.

Spain seeks more trade with Panama (Source: pa-digital.com.pa)

The Chambers of Trade in Spain asked the government of Panama for an increase in the level of trade relations between the two countries. The president of the Superior Council of the Spanish Chambers of Trade, Javier Gomez Navarro, praised the economic situation in Panama, highlighting the leadership of the country in the growth of Latin America, along with Peru, "and this encourages us to offer and request more relations with Spain." "Today Panama is the main destination for Spanish investment in Central America, a phenomenon which is directly related to the huge real estate development in Panama."

Swedish companies explore Panama market (Source: Prensa.com)

The delegation, head by the country's Secretary of Commerce, Gunnar Wieslander, recently toured the country to explore the Panama market. The Scandinavian official pointed out that the Panama market is very attractive to Sweden. The companies that took part in the tour included ABB, an electrical technology company; Atlas Copco, Industrial supplier and mining company; Envac; Alfa Laval; Ericsson, cell phone producer; the Stena Bulk shipping agency; the SMTG mining company and Holtback Invest AB.

***Israel looks to Panama Canal*** (Source: Prensa.com)

Israeli companies could collaborate in security and technology for the Panama Canal Widening Program. "In comparison to other countries, Israeli companies are small but they could use their expertise to increase security at the new set of locks," said the director general for Latin America at the Israeli Ministry of Foreign Affairs, Dorit Shavit. Regarding other possible Israeli investments in Panama, Shavit said that the growth of the country's economy could open many doors for Israeli construction companies.

Mexican Trade Mission visits Panama (Source: Prensa.com)

A trade mission of business persons from Jalisco, Mexico, will visit Panama from November 14 - 17. They seek to strengthen relations between the two groups of business persons, in order to identify business opportunities in the short term, given the great dynamism between both economies.

Federación Latinoamericana de Bancos (FELABAN): 10 premises of regional banking

After the XLII Assembly held in Panama, the Latin American Federation of Banks expressed its position on the financial crisis.

- The current international financial crisis and the resulting global economic recession did not start in Latin America.
- The Latin American banking sector is solid, liquid and credit-worthy.
- Latin American financial systems are complying with the strictest of banking standards and prudence.
- The banking sector is responsible for the protection of the assets of all those who have put their trust in it, and consequently, reaffirms that the principles of rule of law and the market economy should be upheld.
- History has shown that the problems of an economy in crisis are solved with the free flow of trade and capital and not by protectionism.
- We highlight the fact that any government action will be executed more efficiently and quickly in coordination and with the agreement of private agents.
- We call on regulators and managers of the economic and monetary policy in Latin America to assume their role of innovator with prudence in order to maintain financial stability.
- The new international financial order should receive both the support of our governments and the multilateral organizations.
- We call on the international banking system to act with full responsibility to meet the financial needs of the region.
- FELEBAN will continue to head initiatives that lead to the strengthening of the regional financial system with due transparency.

\$1.02 billion spent by tourists in Panama (Source: Prensa.com)

Spending by tourists visiting Panama between January and September 2008 increased by 19% in comparison to the same period the previous year. According to the Main Monthly Economic Indexes report by the Office of the Comptroller General of the Republic, even though increase is the lowest since 2004, tourist arrivals and spending continue to set records so far this year.

***Cruise ship season begins in Panama*** (Source: Prensa.com)

According to preliminary traffic statistics from the Panama Canal Authority they are expecting at least 240 crossings. The first crossing



for the 2009 fiscal year occurred last October 3th, when the Norwegian Pearl, belonging to Norwegian Cruise Line, passed through the Canal. Its port of origin is Los Angeles, California and its destination is Miami, Florida.

Cruise ship industry expectations grow in Panama (Source: estrelladepanama.com)

Under the theme "At the rhythm of the Cruise Ships", APEDE held its 13th Tourism Forum, with the participation of representatives from the private and public sector. At the event held by the Panamanian Association of Business Executives (APEDE), they discussed the competitive advantages of Panama and the potential of the country's coast as a place for trips by these ships. Ramakrishan "Rama" Rebbapragada, vice president of Royal Caribbean Cruises, the main international partner in the development of the industry, also took part as a lecturer in the event. They also discussed the concern of whether or not the country is ready to handle the volume of tourists that the cruise ships will bring. The topic of security and infrastructure was not passed by either.



Infrastructure: the multiplying factor (Source: americaeconomia.com)

The Minister of Public Works of Panama is convinced that infrastructure investment are key to offset the upcoming crises. IMF claims that Panama with an estimated growth of 9% for 2009 will be the Latin American country with greatest economic expansion next year. In 2007, it was the country that grew the most in the region (11.5%) and this year second place, just behind Peru. In addition, it was rated the most competitive country in Central America based on the Global Competitiveness Report from the World Economic Forum.

The aeronautics industry grows in Central America (Source: estrelladepanama.com)

The air transport sector in Central America grew 8% this year. In Panama estimates put it at 10%. Like all businesses, the industry is going through tough times due to the crisis. The speakers at the 17th Regional General Assembly of the International Council of Airports in Latin America and the Caribbean (ACI-LAC) Conference and Trade Show which was held in Panama. But, all stated that the sector (in Latin America) prepared to face the ups and downs of the global economy.

Panama to spend \$110 million on medicine in 2009 (Source: Prensa.com)

The amount for the purchase of medication in 2009 increased by \$18 million due to inflation and a greater number of clients. The budget increase was caused by the increase in the price of medication due to inflation and the increase in policy holders and beneficiaries, said the director of National Purchases and Supply of the Social Security Agency, Ulises Santos. According to statistical data, the institution currently serves 2.5 million people, or 73.5% of the total population of the country.

Panama: Requires insurance to transport foreign cargo (Source: prensa.com.pa)

The Land Transit and Transportation Authority will request foreign cargo transporters to carry obligatory insurance to travel through Panamanian territory. This according to Heraclio Batista, national ATTT director. Batista explained that this obligatory insurance requirement is stipulated in transit regulations. He added that similar standards are applied in other Central American countries where Panamanian truckers transport cargo.

***Panama: European group to buy Congrexpo*** (Source: Prensa.com)

Congrexpo, which is dedicated to planning, organizing and carrying out congresses, was purchased by the European group Congrex Holding. The acquisition includes Congrexpo International which is based in Panama and Congrex Costa Rica, reported the president of the company, Diego Fernandez de Cordob. Congrexpo was founded in 1979 in Panama and was in charge of organizing fairs such as Expocomer and regional congresses such as Felaban.

Panamanian Government supports agricultural exporters (Source: Prensa.com)

Starting December agriculture exporters of melon, watermelon, and pumpkin will be able to finance the packing costs and maritime transport costs, in addition to production. The financing offered by the Government is being restructured in order to plant more than 5 thousand hectares of pumpkin, and later to include other products, the presidential adviser on Agricultural matters, Guillermo Salazar, reported.

King Ocean Services to operate out of Panama (Source: Prensa.com)

With a fleet of six ships, and 27 years of service, the shipping company is dedicated to transporting heavy equipment, dry goods and refrigerated cargo. The weekly service schedule begins in Florida, USA, passes through Limon, Costa Rica, and arrives at the Manzanillo International Terminal (MIT) in Colon, Panama, each Wednesday. On the return trip it passes through Barranquilla and Cartagena, Colombia, then to Limon again and finally the United States.

\$246 million for hotel in Panama (Source: Invertia)

Nortia Real State, Manuel Lao's the president of the Cirsa Group, will invest in a large hotel in Panama City. Manuel Lao spoke about the project last night at a dinner which included several important persons in the field of economics and finance from Barcelona. He also mentioned that the project will get support of the second vice president of Panama, Ruben Arosemena. The hotel will be called Megapolis Nortia Tower and will have 74 floors with 2200 rooms at 190,000 m². It will also include a 5000 m² casino and other additional services such as a gym, restaurant and conference center.

www.panamacompra.gob.pa

Since 2006 all governmental organizations, except the ACP, are forced by law to announce their tenders through the site www.panamacompra.gob.pa. This new system is more efficient and transparent thus raising confidence amongst people and companies doing business. From the 1st of January until the 31st of May almost 28 thousand public contracts roughly totalling USD 200 million were awarded. The ACP alone awarded contracts worth USD 286.5 million.

Matchmakingfacility Panamatch

As part of the EVD 2g@there program, the consultancy firm Ferendi will organize several Collective Promotional Activities (CPAs), in cooperation with the Netherlands Council for Trade Promotion (NCH). This project is called *Panamatch* and will, for a period of two years, consist of a number of outgoing and incoming sectoral trade missions, collective fair exhibits



and matchmaking activities. *Panamatch* focuses mainly on entrepreneurs and organisations active in the fields of transport, logistics, infrastructure and hydraulics.

Panama has started with one of the most prestigious and visible mainport projects in the world: the expansion of the Panama Canal. The expansion is necessary since the Canal can no longer cope with the capacity of the modern freighters. For Panama this waterway is one of the largest and most stable sources of income. In order to strengthen the position as a main international hub for transport and distribution the government is investing considerably.

In Latin America, Panama does not only play an important role in maritime transport, it constitutes the centre of international banking, trade and services as well. Naturally, the country's favourable geographic is key to success. Think about it: just after Hong Kong, Panama is the second largest free-trade zone in the world. And, on top of that, the Panamanian government actively advocates foreign investment in all areas.

Panama is an emerging market: the Panamanian economy grew by 11,2% in 2007 en for 2008 growth is expected as well, between 8,5 and 9 percent. Hence, it is a country with numerous business opportunities for foreign entrepreneurs.

For more information and the possibility to register your company to obtain more information, surf to www.ferendi.com. For any questions you can also call us on +31(0)20.471 12 28 or send an email to panamatch@ferendi.com.



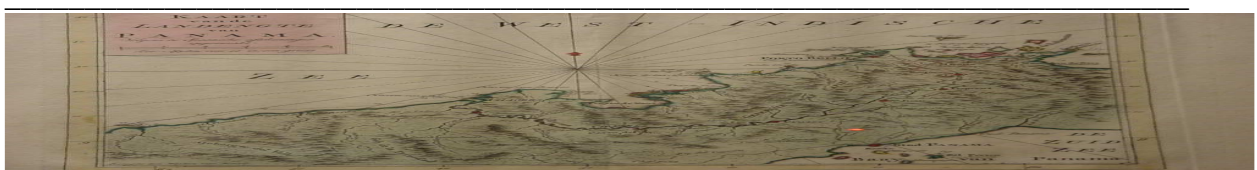
EVD Panama country webpage

The EVD has a Panama country webpage where you can find up to date information, such as: 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. More information please visit website: www.evd.nl/landen. More information can be obtained from Marjolijn Steinebach, country manager Panama, through email panama@info.evd.nl or by phone (0031) 070-7788698.



Embassy of the Kingdom of the Netherlands as information source

On the internet site from 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 on the specific countries but also commercial information. Our 'handelswijzers' (business trade guides) entail broad and up-to-date information on how to do business in each of the four countries. It is a useful tool/guide for Dutch exporters and investors. Visit: www.holanda.or.cr or www.handelswijzer.com. For more information you can contact our commercial department at the Embassy of the Kingdom of the Netherlands in San José by email nltrade@racsaco.cr or by phone (00506) 2296 1490 (Carel Richter of Hans Buhrs). You can also contact our Consulate-General of the Kingdom of the Netherlands in Panama, Phone: (00507) 263 6494 or (00507) 264 7257 (Dieter Ploeger). Email: consuladonl@cwpanama.net



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