



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 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 send a message to [sanjose@trade-minbuza.nl](mailto:sanjose@trade-minbuza.nl).*



## TRADEPLATFORM:

In 2009 the Departments of Commerce of the Embassy of the Netherlands in San José, Guatemala-City, and Managua started developing a tradeplatform to simplify the networking between Dutch and Central American companies and entrepreneurs. On the website [www.doingtradeincentralamerica.com](http://www.doingtradeincentralamerica.com) different information sources for Dutch companies interested in doing trade with Central American companies are grouped together. The Embassy of the Netherlands has launched the tradeplatform 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 tradeplatform include the possibility to advertise your company for free, publish your trade leads, search for potential contacts or partners in the different countries and sectors and contact companies you would be 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](http://www.centralamericab2b.com/index.php?option=com_comprofiler&task=registers).

**Dutch Council on Tall Buildings together with 53 companies will visit Panama from 11-14 November.**



Dutch Council on Tall Buildings is a foundation which organizes knowledge and network about tall buildings and related topics in the Netherlands. Fifty-three Dutch companies will visit Panama on a fact finding mission and to establish business contacts.

Panama's total value of new construction, building additions and repairs approved last year (2008) amounted to \$1.6 billion, an 18.7 percent increase over the \$1.3 billion of like investments in 2007. Panama's construction companies are opening new market niches. Work on luxury housing developments have slowed in 2009 but \$449.7 million was invested in the first seven months of the year in offices, shopping malls and hotels. Official figures show that construction of non-housing projects rose by 112.6 percent through July compared with the same period of last year. Some 22 hotels are currently under construction, and work is about to commence on the La Chorrera shopping mall, a \$70 million project. **The Embassy sees opportunities for Dutch companies in the following areas:**

- Consulting engineers
- Construction companies
- Equipment suppliers
- Environmental analysts
- Architects
- Electric equipment suppliers
- Lawyers and accountants

Panama could represent a very lucrative market for Dutch consulting-, construction-, engineering companies and assorted suppliers (pumps, sanitation, kitchens, furniture, etc.). Matchmaking facility Panamatch can help Dutch companies to get acquainted with local counterparts; for more information contact EVD. For more information contact: Jan Klerks, Stichting Hoogbouw / Dutch Council on Tall Buildings, Tel +(31 6 3011 8917), E-mail: [post@hoogbouw.nl](mailto:post@hoogbouw.nl)

**Dutch Trade Mission for the Maritime, Logistics and Transport sectors a great success**



The Embassy in San José, Consulate in Panama City, NCH (Dutch Centre for Trade Promotion) in the Netherlands organised a Maritime, Logistics and Transport trade mission to Panama from the 12th to the 16th of October within the framework of the 2g@there program. A record participation of Dutch companies visited Panama. The focus of the mission was on matchmaking.

Each Dutch company met Panamanian counterparts individually during this mission. 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 our Consulaat-Generaal in Panama (Dieter Ploeger), Phone: (00507) 263 6494. Email: [nltrade@cwpanama.net](mailto:nltrade@cwpanama.net)



**Panama outbound trade mission to the Netherlands**

Within the same 2g@there program, a group of 15 Panamanian companies from the maritime and logistics sector will visit the Netherlands from the 31<sup>st</sup> of October till the 6<sup>th</sup> of November. Several visits will be made to Dutch companies, to the Port of Rotterdam, Schiphol and the expansion project of the Maasvlakte II. Also, mission leader and Viceminister of Trade, Mr. José Domingo Arias, will meet his counterpart Frank Heemskerck.



**Dutch outbound trade mission to Central American**

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 SNV to organize a B2B Food Processing Trade Mission. DLV Plant is coordinating a trade mission to Central America to help Dutch

suppliers 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. For more information, and to register, please contact Jan Tuinstra at [j.tuinstra@dlyplant.nl](mailto:j.tuinstra@dlyplant.nl)



PHILIPS



### **Big names join growth of regional offices in Panama**

(Source: La Estrella) Dutch Philips Electronic, German auto-maker BMW and US-based biotechnology company Genzyme have joined the growing group of multinationals with regional headquarters in Panama. José Domingo

Arias, deputy foreign trade minister, said that Panama is an excellent place to do business because of its high-quality logistics and communications. The country also offers a special tax regime for multinationals that set up regional offices. BMW is planning to extend its operations in Latin America while absorbing much of the work currently done in regional offices in Venezuela, Brazil and Argentina. Heineken International B.V. decided a couple of months ago to also establish its regional headquarters in Panama.

**Panama Proposes Negotiation with EU** (Source: Prensa.com) In the proposal, dubbed "Five plus one", the country commits to making the necessary changes without economic integration with the region. One of the changes would be the adoption of a unified tariff code with Central America. This proposal seems to have changed, at least partially, the posture of the European Union, who had initially conditioned Panama's participation in the Agreement to the country joining Sieca (Central American Integration System).

**Panama tipped to lead Latin America in economic growth next year** (Source: Latin Business Chronicle) Panama will have Latin America's highest GDP growth in the five-year period starting next year, while Venezuela will have the lowest, according to a Latin Business Chronicle analysis. The analysis is based on new forecasts from the International Monetary Fund. Other growth stars include Peru, the Dominican Republic and Chile. On the opposite end, top losers include Ecuador, Honduras and Argentina, the analysis shows.

**Martinelli promises new law to boost Panama Diamond Exchange** (Source: Diamond Intelligence) President Ricardo Martinelli has informed the leadership of the Panama Diamond Exchange that he aims to complete legislation granting the area of the exchange free zone status. The president's commitment follows last week's meeting in Panama City between an international industry delegation, led by World Diamond Council Chairman Eli Izhakoff, and officials from the Panama Diamond Exchange. The international delegation included senior diamond industry officials from Israel and the United States. Erez Akerman, president of Panama's exchange, said: "This is an essential step in our program to transform Panama into the primary diamond, gemstone and jewelry center for all of Latin America."

**Panama legislators seeks \$235 million increase in public spending** (Source: La Estrella) Panama's Congress has asked the economy ministry for a \$234.9 million increase in the budget for 2010, bringing the total of \$10.575 billion. The money will come from adjustments to taxation on the Colon free zone, casinos and ports. Spending will be increased on public works, housing, education and on the Congress itself.

**Sharp fall brings Panama's 12-month inflation rate of 0.5 percent** (Source: Reuters) Consumer prices in Panama fell 0.6 percent in September from the previous month, bringing the 12-month inflation rate to 0.5 percent. Panama's annual inflation rate has slowed sharply this year from 8.7 percent in 2008 as the country's economy slows due to slower shipping

trade through its interoceanic canal. Falling electricity, gasoline and fruit prices contributed to the one-month inflation drop, the agency said.

***New Subsidy for Exports*** (Source: Prensa.com) Dubbed CEFA (Certificates for Fostering Agroexports) will replace the former one named CAT (Taxpaying Certificates). The project created by CEFA will be presented to the Legislative Assembly in the upcoming weeks, reported Luis Víctor Viallarreal, vice minister of Agricultural Development. Prensa.com reports: "CEFAs will be transferable, as were CATs, although the conditions regulating their transference are not defined yet. CEFAs will grant an incentive to agricultural exports, as they will reduce commercialization costs (such as packing and shipping) for certain products".

***Spain and Panama work on accord to avoid double taxation*** (Source: Efe) Panama's government hopes to reach agreement with Spain before the end of the year on a treaty to avoid double taxation. Both countries want to reach an accord that will facilitate the operations of Spanish companies such as Sacyr-Vallehermoso, which heads the consortium currently constructing the third set of locks for the Panama Canal. Several other major Spanish companies have operations in Panama. They include Telefónica, BBVA and Unión Fenosa.

***Panama opens talks on double taxation accord with Italy*** (Source: Efe) Panama began talks in Naples towards a double taxation treaty with Italy, with a team lead by Panama's deputy economy minister, Frank De Lima. De Lima stated that since the beginning of president Martinelli's term, a decision was made to take the necessary steps to be able to get out of the OECD's "gray" list of potential tax havens. The listing affects the country's ability to attract foreign investors. The treaty is hoped to be signed in December by Martinelli and Italy's Silvio Berlusconi, in Milan.

***IRS to open Panama office in drive against tax cheats*** (Source: Bloomberg) The US Inland Revenue Service is intensifying its hunt for secret offshore banking, opening offices in Beijing, Sydney and Panama City after more than 7,500 Americans revealed undeclared accounts in 70 countries on six continents. Internal Revenue Commissioner Douglas Shulman said Americans coming forward before today's deadline to take advantage of a partial amnesty have revealed accounts ranging in value from \$10,000 to more than \$100 million. The partial amnesty won't be extended, he said. Americans with undeclared offshore accounts have been under growing pressure since Switzerland agreed Aug. 19 to hand over data to the U.S. on as many as 4,450 UBS accounts to settle a lawsuit in which the US had sought as many as 52,000 accounts.

***Panama: \$1 Billion from CAF*** (Source: laestrella.com.pa) The Andean Development Corporation (CAF) is offering the country a credit line for \$1 billion, in order to fund infrastructure projects. This credit line is for the next five years, reported Omar Castillo, budget director at the Ministry of Economy. Manuel Luna writes for Laestrella.com.pa: "CAF has already disbursed \$54 million for the Metro Secretary. Castillo informed that this regional entity is interested in funding this administration's mega projects".

***Public bidding for Panama Dockyard in 2011*** (Source: Prensa.com) The Maritime Authority decided to invite bids for the dockyard concession currently operated by Braswell Shipyard. Roberto Linares, from the Maritime Authority stated that, with the public bidding process, every interested company will have a chance to participate. Braswell Shipyard, the current operator, had requested to "remain on the Pacific coastline of the Panama Canal for 20 additional years, committing to \$40 million in investments".

**Panama invites Bids for \$700.000 Feasibility Study** (Source: PanamáCompra) This study is for a Scientific and Technological R&D Center, known in Spanish as CIDECYT. CIDECYT will engage in scientific and technological research for diverse applications, both practical and scientific, both for the Technical University of Panama as well as for the national and international scientific community. State institutions will work with this center in several development projects in the next years. Determine if it is feasible to install a Scientific and Technological R&D Center in the Chame district. It must help develop the western region of the province of Panama, strengthening the academic community in scientific and technological aspects. The study must also design the Center. According to the bidding rules, the winning company will have 360 days to finish the study.



**\$211 Million for Panamanian Hydro Power Plants** (Source: European Investment Bank) The European Investment Bank has granted a USD 211 million loan to the Gas de France-Suez Group, holder of the concession for the Dos Mares project. The loan will part-finance the construction and operation of the Guanaca, Lorena and Prudencia hydropower plants on the Chiriqui river in western Panama. With a total installed capacity of 117.5

MW, the three plants will be integrated into the river's existing hydroelectric system consisting of the Fortuna and Canjilonés plants. The project will help to meet the rapidly growing electricity demand in Panama in an environmentally sustainable way using available water resources. At the signing ceremony, the EIB Vice-President stressed the importance of this type of investment for "ensuring the local population's security of supply while limiting the climate change impact". Last year, GDF Suez and France's Alstom signed a contract for more than \$89 million to supply electromechanical equipment for the three plants.

**\$20 million for Hydro Power Plant in Panama** (Source: Prensa.com) A small hydroelectric power plant will be built at irrigation project Remigio Rojas, in the province of Chiriquí. Construction is expected to start in 2010, over the river Chico. The plant would output between 7 and 10 MW in May and December, when the flow rate is bigger. "This hydroelectric power plant will not compete for water with the irrigation system", explained Héctor Pérez, from the Ministry of Agricultural Development.

**Budget for Panama-Colombia electricity link rises to \$400 million** (Source: ANSA) The electricity interconnection between Panama and Colombia will cost about \$400 million, an increase of \$190 million on the original estimates, according to Andrés Villegas, general manager of the project. Villegas said that the initial capacity of 300 megawatts can be doubled at a later stage. The government of Panama reckons the interconnection will be completed by 2014. It says the project will boost commercial activity and cut tariffs to consumers by between 20 and 30 percent.



**Colon Free Zone Grows 9.5%** (Source: americaeconomica.com) Trade activity in Panama's Colon Free Zone in the first 9 months of this year was 9.5% higher than the same period of 2008. For September 2009, activity was 15% higher than the same month of 2009. These good news come weeks after users of the Free Zone reached an agreement with Martinelli's

administration regarding how many taxes they must pay. These new taxes, to come into effect in the near future, are a 1% over equity, operation notices up to 50.000 balboas, 5% of distributed profits, 5% ITBMS in services provided in the Free Zone like rents, accountants, lawyers, security, cleaning, and 1% over mortgage loans.

**New Projects at Barú Free Zone** (Source: estrelladepanama.com) The new administrator, Luis Muñoz, is planning new projects; one of them is the construction of a container port. There are also plans for creating an area where commercial ships and touristic yachts could dock. "Muñoz explained that the Free Zone has seen little development since its creation, so

the main challenge its getting it up and running", reports Laestrella.com.pa. "Muñoz considers regrettable that the province of Chiriquí is not being exploited for commercial and touristic ends, despite its geographic virtues".

**Panama Canal records 9.2 percent increase in income from tolls** (Source: Associated Press) The Panama Canal's income from tolls reached \$1.4 billion during the 2008-2009 fiscal period, which represents an increase of 9.2 per cent compared to the same period a year earlier. During that time, 299 tons of cargo were shipped through the canal, a 3.4 per cent drop that authorities blame on the world economic crisis and problems in the United States, the canal's main user. The rise in income, which is close to official predictions of 10 per cent, is due to the increase in fares for clients in October 2008 and September 2009, according to the Panama canal authority.

**Panama increases Tax Collection at Ports** (Source: Prensa.com) Money collected by the government as a result of movement of containers will increase \$15 million, after an agreement was struck with port companies. Contracts will be modified in order to include a fee, to be accrued every time a container is loaded or unloaded from a ship. Initially, the government wanted to settle this topic with the Pairing Law ('Equiparación' in Spanish). However, it has agreed to establish it through contract addendums.

**Panama's banking sector rated the most robust in Latin America** (Source: Efe) Panama's banking sector is the most robust in Latin America, according to a report by the World Economic Forum. According to the report, Panama stands higher in the list than Chile, Brazil, Peru, Mexico, Colombia, Argentina and Venezuela. The overall first places in the list went to the United Kingdom, Australia, and in third place, the United States.

**Expansion of Tocumen Airport Begins** (Source: Prensa.com) On Monday 12, the administration of Tocumen S.A. will order the start of the expansion project at the airport. The project, which includes erecting the northern terminal, was awarded to Colombian consortium Aerotocumen, which comprises builders Concreto and Odinsa Group. Tocumen's manager, Rafael Flores, explained why the start of project had been delayed: "There were deficiencies in the blue prints, which could increase the cost of the project. Construction could not be started without complying with legal and contractual obligations".

**Tourists will get extra benefits in Panama** (Source: Prensa.com) Tourists visiting Panama will receive accident, health and repatriation insurance. The announcement was made by Salomón Shanah, director of the Panamanian Tourism Authority, who remarked that this insurance will also be extended to Panamanian citizens leaving the country. This program will be funded with a \$10 tax included in the travel ticket, replacing the former "tourism card". Airlines must acquire the cartons (tourist cards) and distribute them among their clients, when the companies cannot deliver the card to tourists at departure, these must purchase it before migratory controls.

**Chilean Companies Visit Panama** (Source: pa-digital.com.pa) Several aquaculture and industrial companies from Chile are visiting Panamanian businessmen in order to explore commercial opportunities. The objective of this visit is to foster the exchange of products, technology and infrastructure. Visitors are taking part of the "Chile - Panama Industrial Encounter 2009", and they "will meet with directors from the Panamanian Water Resources Authority".

**Free Trade Agreement Panama - Nicaragua** (Source: laprensa.com.ni) The Panamanian Government that the ratification documents were interchanged on 23/10/2009 by both states. Now, Panama has ratified Free Trade Agreements with all Central American nations, as the last one pending was this one with Nicaragua. The head of Panama's Commerce and

Industry Minister stated in a press release: "this action consolidates a free trade platform with all the countries of Central America, identified by Panama as its main axis for regional commercial integration".



**New Companies Settle in Panamá Pacífico** Wilhemsen Ship Services and Yermont Enterprises will set up shop in the "flexible" warehouses of project Panamá Pacífico. Henry Kardonski, manager of this Economic Area, said that these companies will occupy the warehouses as early as this month. Many companies are already moving into our storehouses, and those companies looking for world-quality office space will be able to occupy our business buildings as early as January 2010.

**Free Internet in Panama** (Source: Presidencia de Panamá) Starting October, over 500 hot-spots in 22 cities provide free wireless Internet connection. The service will allow users free access to web pages, chat and email using a connection of up to 512 kbps. Hot spots are located close to urban concentrations like schools, parks, libraries, community gyms and other municipal and government places. Guillermo Ferrufino, Social Development Minister, signed the contract with Liberty Technologies, who won the public contract with a mix of technologies: wi-fi and Wimax.

**Industry Promotion Law in Panama** (Source: Prensa.com) Domestic industry has been shrinking in the past years, and now accounts for just 5% of the GDP. A recent law, endorsed by the Executive, creates the Industrial Promotion Certificates, known as CFI. "Industrial companies expect the sector to resurge to 1980's levels. Its hopes are centered on these Certificates, which will give back to the companies 25% to 35% of what they invest in areas such as research and development; quality and administration systems; profit investment and reinvestment; and training".

**Petroterminal de Panama pipeline & storage financing closed** (Source: Emii.com) Northville Industries, the government of Panama and Castor Petroleum have closed a \$480 million refinancing and expansion financing for the Petroterminal de Panama oil pipeline and storage project. The deal refinances an interim financing from November 2008, and increases the storage capacity of the project. Petroterminal de Panama owns a 131km oil pipeline running across the Panamanian isthmus, connecting the Atlantic and Pacific Oceans.

**Inmet cuts production outlook on lower sales volumes** (Source: Reuters) Inmet Mining said that third-quarter profit fell 18 percent on lower sales volumes, and the company cut its full-year production outlook. Toronto-based Inmet's main development property is the Cobre Panama – formerly called Petaquilla – copper deposit in Panama, for which it is currently seeking a funding partner. The company now expects to produce 87,000 tonnes of copper, 76,000 tonnes of zinc and 224,000 ounces of gold in 2009.

**Medical Tourism Increases in Panama** (Source: estrelladepanama.com) In the last 6 months, medical tourism has increased 1000%, according to Hospital Punta Pacífica, leading player in the industry. Andrés Caballero, manager of the Hospital, reported that "in February, we used to attend 3 patients each month. We are now serving 30". "Medical tourism has gained advantage in the last months due to Panama's competitive prices when compared to the United States, where most visitors come from", reports Laestrella.com.pa.

**\$ 30 Million for Panamanian Agriculture** (Source: pa-digital.com.pa) The agricultural industry is confident it will return to profitability with these investments. \$11 million will be given as extraordinary loans for rice and corn growers from Coclé, Herrera and Los Santos, for the 2009/10 harvest. Rubén Campos, general manager of the Agricultural Insurance

Institute, told Pa-digital.com.pa that "they have approved bails up to \$1.700.000 for growers from diverse sectors".

**\$30 Million for refrigerated logistical center** (Source: pa-digital.com.pa) The Brazilian Grupo Galores will erect, close to Tocumen Airport, its first Refrigeration Logistical Center. It will benefit the commercialization of perishable products, and will start operations midway 2010. Máximo Gallardo, president of Apex, Panama's Exporters Association, stated that "...this center will benefit both exports and imports of products such as chicken meat, beef, seafood, vegetables and flowers, among others".

**New onion drying plant** (Source: Prensa.com) A \$500.000 facility for curing and drying onions will be erected in the province of Coclé. The plant will have capacity for up to one thousand daily onion quintals, improving commercialization of the vegetable. Abad Barrios, president of the Natá Onion Cooperative, told newspaper Prensa.com: "We are filling the paperwork to purchase equipment for this plant, which will benefit over 200 farmers in Natá and the Azuero region".

## Events

**Panama Hosts Encounter on Cargo Transportation** (Source: Critica.com.pa) The International Encounter for Strategic Management of Cargo Transportation and External Trade will take place from December 2 to 5 in Panama City. Augusto Robinson, president of the Panamanian-Colombian Industry Chamber, explained the encounter will show Colombian businessmen what Panama offers as a multimodal center for cargo transportation. According to the President of the Center for Logistics and Transportation Studies in Colombia, 'Panama has historically been Colombia's first strategic partner'.

## More information



### **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. 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.



Ambassade van het  
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### **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.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, Hans Buhrs or Monique van Hussen).

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