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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.

Panama's business environment in 2010 more competitive (Source: World Economic Forum) The Global Competitiveness Report 2010-2011 released by the World Economic Forum (WEF) ranks Panama 53 out of a total of 139 countries. Panama's WEF ranking has risen six places relative to 2009-2010 when it ranked 59. Factors or pillars considered problematic to doing business in Panama are inefficient government bureaucracy, corruption, restrictive labor regulations and inadequately educated workforce.

Foreign direct investment up by 26% (Source: Prensa.com) In the first six months of this year, Foreign Direct Investment grew 26% when compared to the same period of 2009. According to Roberto Henríquez, Commerce & Industry Ministry, foreign investors are showing the confidence they have in the country by pouring around \$1.14 billion in the nation. "The ministry commented that the Panamanian government is working to create favorable conditions to attract Foreign Direct Investment and to make the country more competitive by offering investors a really attractive business environment".

Growth of 6,1% in Panama's economy (Source: Prensa.com) The economy of Panama grew 6,1% between January and June, reaching a GDP of \$10,8 billion, \$571 million more than the same period of 2009. The sectors with the highest growth were transportation, storage and communications (+14%), followed by trade (+10,2%) and tourism (+9,6%). Sectors like fishing and finances had less favorable results: the first one had a negative growth of 18,1% and the second 2,7%."Alberto Vallarino, Ministry of Economy and Finance, recognized yesterday that in the first half of the year public investment was not as high as they wanted to. He added that the effects of such investment will be more visible in the second half of the year, not ruling out a possible yearly growth of 7% by the end of 2010",.



Tourism revenues up by 15% (Source: Prensa.com) By the end of July, tourism revenue grew 15% when compared to the same period of 2009. If sustained, Panama could reach \$2,4 billion by the end of this year. Panama received \$967,4 million in tourism revenue in the first seven months of this year, 15% more than 2009, when the country netted \$837,7 million. During these first seven months the quantity of tourists also increased to 991.000 visitors, a 10% increase when compared to last year.



Global Bank of Panama earns \$30 million, an 84 percent increase on year (Source: La Estrella) Global Bank of Panama reported that for fiscal year ending June 30, it net earnings were \$30 million, an 84 percent increase on the previous year. Global is a Panamanian-owned bank. It launched operations in 1994. The bank has 30 branches and three lending centers throughout Panama. In May it was rated as an A+ risk by Fitch Ratings.

Costa Rica lags while Panama surges to build new economy (Source: La República) The gap in levels of investment in infrastructure has grown sharply between Costa Rica and Panama. Despite Costa Rica's efforts to open markets and its long-standing ability to harness foreign investment, it is losing ground rapidly because of an excess of red tape and the impotence of the Executive and the Legislature. Panama has modernized its ports, expanded the Canal, updated its highways, and invested in hospitals, all at a heady pace set during only three years, using the development of projects by means of concessions.

The expanded Panama Canal already spurs mega-containerships into service (Source: DC Velocity) The \$5.2 billion project to widen and deepen the Panama Canal won't be completed for four years. But the big containerships that would then be able to traverse the expanded canal aren't waiting for its completion. The stakes are huge for US East and Gulf Coast ports. The expanded canal is expected to siphon Asia-originating traffic bound for US interior points from West Coast ports to East and Gulf Coast ports as shippers and retailers seek lower-cost all-water routes and closer proximity to large distribution centers in the south and moving north toward the nation's heartland.

Panama's free zone for oil to begin operations by the end of this year (Source: La Prensa) By the end of the year, Panama's Colón free oil zone will begin operations. The zone is to be located in the port of Manzanillo under a permission from the Ministry of Trade and Industry. The four tanks, with its pumps and fittings, has been constructed by Colon Oil and Services (Coassa) for a \$14 million investment. The operator is understood to be a European company. A government source said that Oiltanking, a German company, is likely to be given the contract.

Houston's The Plaza Group opens Panama office for petrochemicals marketing (Source: Houston Business Journal) Petrochemical marketer The Plaza Group has opened an office in Panama City, and hired two employees to staff the location. The Houston-based company said the expansion is meant to serve growing demand in the Latin American region. The Plaza Group markets certain refinery and/or petrochemical products for firms such as Frontier Oil, BP, and Mitsui.

Panama takes regional crown for competitive economy (Source: Captales.com) Central American countries are making progress on making their economies more competitive, according to the World Economic Forum's Global Competitiveness Report for 2010-2011. Among the highlights were Panama, which rose by six points in the rising, and Nicaragua, up by seven points. Costa Rica was described as "pretty stable" despite having slipped a place in the ranking, while El Salvador lost three places. Panama's increase puts it into the top place in Central America, a title previously occupied by Costa Rica.

New international airport boosts expansion of Panama's Colon Free Zone (Source: International Living) Though well-known among merchants from all over the world, Panama's province of Colon is a mystery outside trade circles. However, it houses the world's second largest free zone. Until now, the Colon airport hosted only domestic flights but is about to get a major facelift. The new airport will offer international passenger and cargo flights for the thousands of business people who visit the Free Zone every year. Investment in the new airport will be around \$60 million; the government plans to spend some \$40 million of that in the first phase of construction.



Deal with Singapore adds to Panama's efforts to be removed from OECD blacklist Panama and Singapore have concluded negotiations on an agreement on avoiding double taxation, Panama's Vice Economy Minister Frank de Lima said. He said Panama has signed 12 similar agreements and reached the target set by the OECD, which will allow the country to be removed from the "blacklist" of tax-haven nations. "Singapore sees much potential in the investment aspect in Panama and our country becomes the second country in Latin America, with which Singapore negotiates these kinds of agreements," said the minister.

Two groups left in the running for the Panama metro The Linea 1 consortium, consisting of Spain's FCC and Brazil's Odebrecht, faces the Italian consortium Metro Panama as the only two runners remaining in the race for the first line of Panama's metro system. Both groups met the requirements of the tender terms, including a \$30 million deposit. Now they have to wait 45 days for the findings of a commission to evaluate the bids. Earlier, the CIMA consortium announced its withdrawal from the bidding, on the grounds that it failed to meet the deadline. CIMA included Japan's Mitsubishi, Mexico's ICA and Spain's Acciona Infraestructura.

Panama to promote two new touristic routes (Source: Prensa.com) Panama Tourism Authority (PTA) is developing two new touristic routes in the Veraguas province. Jaime Cornejo, director of the Tourism Master Plan of the Panamanian Tourism Authority, noted that in the next three months they will invest to improve the spots that will be visited by tourists and to train the inhabitants of these zones. The director added that this model will be developed in other provinces as well and that they have a \$2 million budget.

Panamanian Manufacturing Production Up (Source: Prensa.com) In the first half of the year, industrial manufacturing production increased by up to 12%. According to data from the Comptroller General the largest increase was in the processing of food products, including meat, dairy, tomato, sugar and salt, with an average 12.6% rise. The production of alcoholic beverages saw average growth of 7.5%. "These statistics for the first six months of the year display a tendency for continued development of Panama's manufacturing industry, combined with global volume index rise from 135.8 to 136.9," reports Prensa.com.

\$107 million for Panamanian agriculture in 2011 (Source: Prensa.com) This is the budget presented by the Ministry for Farming Development, 15.6% higher than in 2010. Of the total amount, 40% (\$43.9 million) will go toward investment projects. "Emilion Kieswetter, the Minister for Farming Development, also plans to ask the Economy and Finance Ministry for a further \$23 million of which \$13 million would be used to balance a debt owed to more than 1,000 producers that took part in a competitiveness scheme with the rest to be spent on constructing access routes and genetic improvements to animals and crops," reports Prensa.com.

Dutch news

Dutch company wins tender refrigeration equipment (Source: Hydroworld.com) The Dutch company N.R. Koeling will carry out the project to provide industrial concrete refrigeration equipment. The equipment will be used by the "Grupo Unidos por el Canal" (GUPC) consortium in its construction of the new set of locks for the Panama Canal. N.R. Koeling will supply two large flake ice facilities to support the concrete production process. One will be located on the Atlantic side of the canal and the other in the Pacific. Equipment for the facilities will be provided by the North American company North Star Ice Equipment.

Delegation of the Panama Canal Authority (ACP) visits the Netherlands During the last week of September, a delegation of three staff members of the ACP will visit the Netherlands, as part of the collaboration agreement between the ACP and the Netherlands Directorate-General for Public Works and Water Management (Rijkswaterstaat). This visit will focus on introducing the delegation to the new locks in IJmuiden and further discussing the possible knowledge transfer with regards to the construction of these locks. The delegation will also be offered sessions about project management



and contractmanagement together with the staff of the Netherlands Directorate-General for Public Works and Water Management. Additionally, the delegation will receive a presentation about the research on the social-cultural aspects of the expansion project of the ACP in Panama by Ms. Karen Smit, PhD student of the VU University Amsterdam.

Thanks to the collaboration between these Panamanian and Dutch counterparts, several reciprocal visits have been realized over the last years. In additionally, Dutch knowledge is even being used at the testing site of the physical model tests of the ACP in Lyon, France. The Netherlands Directorate-General for Public Works and Water Management is currently planning the placement of two employees with the ACP during the construction of the Pacific-side locks in 2011.

Tenders

Panama irrigation projects worth \$600 million (Source: pa-digital.com.pa) Panama's Ministry for Farming Development (Mida) plans to construct two irrigation projects next year.

One of the projects will be located in Veraguas while the other is in Santa María, both in the centre-west of the country. These works add to irrigation projects already underway in the country such as "Remigio Rojas" in Chiriquí and El Caño in Coclé, for which \$65.3 and \$1.5 million have been invested respectively. Producers are claiming they need financial support towards land investments in order to take advantage of the Remigio Rojas system.

\$386 million award of Panamanian Hospital contracts suspended (Source: pa-digital.com.pa)

Due to complaints received from Samsung the public acquisitions directorate has suspended the award process. The evaluating committee had awarded the \$386 million contract for five hospitals to IBT Health consortium and FCC Construcción. Korean Samsung C&T Corporation contested the decision. The suspension of the award allows the claims made about the 31 May decision to be investigated.

Panama to invest \$100 million in street lighting (Source: laestrella.com.pa)

Over the next four years, 72,000 new street lights will be fitted and current installations replaced throughout the country. The existing lights, which are fitted with high-pressure sodium lamps, will be replaced with LED bulbs. This is expected to lead to energy savings of 50-80%. Dennis Moreno from the Panamanian Public Services Authority (ASEP) told laestrella.com.pa that the scheme is designed to help people feel safer on their way home at night.

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

Events

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 in the region.



1-3 October 2010: Second Edition Eco FERIA Panama The Asociación Conciencia Ecológica of Panama would like to invite you to the second edition of the Panama Eco FERIA, which is set for the 1st to the 3rd of October 2010 in Salon Las Totumas in the Atlapa Convention Center. The first edition was held in January 2010 and thanks to its success it has been decided to organize the



second edition only 7 months later. With the help of the German-Panamanian company ForestFinance - CO2OL, who will make Eco Feria Panama the first fair to fully offset its carbon footprint. Instead of the event being open only for two days, this edition will be held for three days. Over 8000 visitors are expected, as well as countless people involved in the business of ecological products and services. Some of the participants are Mar Viva, Smithsonian, Alcandia de Panama, Organica, Energia Solar Pass and several government institutions

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.doingtradecentralamerica.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 more information please visit the website: www.evd.nl/landen. More information can be obtained from Judith Brussee, country manager Panama, through e-mail: panama@info.agentschapnl.nl or by phone (0031) 088-6028097.



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).

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