



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.



More KLM flights to Panama (Source: KLM) KLM Royal Aviation Company of the Netherlands announces that starting November 1, 2010 it will increase its operations to 6 flights a week. The expansion of 5 to 6 frequencies, or 20% increase in seats offered, is mainly due to the positive response of the Panamanian and Central American customers to KLM flights started in March 2008. The modern and excellent facilities of Panama's Hub of the Americas connecting with COPA Airlines and KLM Amsterdam-Schiphol, allows KLM passengers around the world, comfortably travel between Europe,

Africa, Middle East, Asia, Central and South America using the best schedules, flight connections and a vast network of air links.



KTK Panama S.A. enters Panamanian market with two tug boats Starting July 27, KTK Panama S.A. will offer towing services in the Panama Canal with two DAMEN tug boats. KTK-Panama S.A. was incorporated in February 2009 as a specialized company to offer tugboat services in the Republic of Panama and recently established their offices in Panama City. During the Christening event on the 27th of July, the two tugboats KTK-Tribon and KTK-Barakuda were christened by Mrs. Carolina Dick, wife of the Minister of Economic Affairs of Curacao, Mr David Dick, and Mrs. Aura Sabonge, wife of Mr

Rodolfo Sabonge of the Authority of the Panama Canal. The event took place at the Colon Container Terminal, in the presence of authorities such as Mr. Leopoldo Benedetti, representing President of Panama Mr. Ricardo Martinelli, Mr. Jose Domingo Arias, Vice-Minister of Commerce & Industry, Mr. David Dick, Minister of Economic Affairs of Curacao, Mr. Jorge Barakat, Sub-Administrador of the Autoridad Maritima de Panama, Mr. Julio de La Lastra, President of the Camara Maritima and The

Ambassador of the Kingdom of the Netherlands, Mr. Matthijs van Bonzel. KTK Panama S.A. is owned by KTK Curacao with 100% of the authorized and issued stocks. KTK Curacao has been operating in the Caribbean for 25 years. The company in Panama is being managed by Agustin Diaz Jr.



Thinking Steel finishes construction project Colon On the 28th of July, Thinking Steel, a Dutch company with its headquarters in Gilze, finished off the project of constructing a logistic center for Zoliación in Colon, Panama. The Ambassador of the Kingdom of the Netherlands, Mr. Matthijs van Bonzel, and Commercial Attaché, Ms. Debby van der Schuit, visited the project a day prior to the deadline. The winner of the Latin American Trade Award 2005 assembled this center in only 10 weeks, which includes the time used for the delivery of containers. The building has a surface space of approx 18.000 m², approx 6.000 m² mezzanine and is

constructed using steel construction of approx 600.000kgs of steel. The materials used in the construction are fully pre-fabricated in the Netherlands and were shipped in 60 containers. The project in Colon is Thinking Steel's first project in Panama. Previously, the company has implemented major construction projects in countries such as Colombia, Mexico, the Philippines and several European countries.



Thermaflex establishes its office in Panama The Dutch company Thermaflex, leading manufacturer of special pipes and insulation products made from environmentally friendly polyolefines, has opened its office in Panama. On the 27th of July Thermaflex officially launched its activities in Panama by jointly organizing a cocktail with the Panama Green Building Council. During this ceremony, they were accompanied by the Ambassador of the Kingdom of the Netherlands, Mr. Matthijs van Bonzel, as well as Vice-Minister of Trade Mr. José Domingo Arias as well as Foreign

Direct Investment Manager Ricardo Díaz. With the opening of their office in Panama Thermaflex is the only company with a physical presence in the Panamanian market supplying these high-quality and energy-saving products. The company has factories in five countries, and is present in 45 countries around the world. In the coming years, Thermaflex plans to establish their logistical center for the Central American region in Panama.

Panama is the second most technologically advanced country of Latin America (Source: Prensa.com) During the seminar Latin Business Chronicle in the United States Panama was announced as the second most technologically advanced country of the 20 Latin American countries investigated. With this rating, Panama climbed two spots. The factors that were taken into account are internet penetration, broadband, sales of personal computers and the access to phones. Panama is currently the leader with regards to the wireless network development (a penetration rate of 164,4%) and thereby beat Argentina (128,8% penetration).

Net income Panamanian banks grew to 7.17% in May 2010 (Source: Prensa.com) The accumulated net income of Panamanian banking industry during the first five months of 2010 reached \$ 474.26 million, which represents an increase of 7.17% according to data compiled by the Superintendency of Banks. While the banks were making less money because they had to sacrifice profitability for liquidity., the performance is being driven by higher investment income that, at the end of May reached a total of \$ 12 billion 581 million. This value is 16.53% higher compared to the same period in 2009.

Panama imported goods worth \$823 million (Source: Prensa.com) During the first five months of 2010 the biggest section of imported goods belonged to products for industry, construction and electricity (\$279 million). This category of capital goods was introduced by the Contraloría and grew by 7% compared to the same period of 2009. The import of other capital goods totaled \$272 million, followed by the segment of transportation equipment and telecommunications with a value of \$251 million and goods for agriculture for more than \$20 million. These assets reached a total value of \$ 823 million.

Hotel occupation increases due to conferences (Source: Prensa.com) Hotel occupation was up by 8% in the first five months of the year relative to the same period in 2009. Sara Pardo, president of the Panamanian hotel association (Apatel), commented that the rise in the number of conferences held in Panama was a crucial contributing factor. She added that tourists are staying longer in hotels. The average last year was 2.4 days while in 2010 this has gone up to 3.2 days.

Tourism increases 20% in May (Source: Prensa.com) The number of visitors in May was 105,800, 20% more than in the same period last year. May becomes the month with largest year-on-year increase so far in 2010. Salomón Shamah, head of the Panamanian Tourism Authority, stated that, "this growth is expected to continue in the coming months with the arrival between July and September of Carnival's Freedom cruise liner at the Colon 2000 cruise terminal. In the first five months of the year 6.3% more tourists visited Panama than in the same period of 2009.

Panamanian milk production up 11.7% (Source: Prensa.com) Despite increases in the first four months of the year, current supplies are not able to meet demand. Panamanian production is only able to provide 50% of total milk consumed by the the country, the rest is imported. "Local producers warn that the market is reducing the incentive to increase output by cutting the price of grade C milk from 36 cents to 30". Panama's Ministry for Farming Development (Mida) will initiate a new approach from 2011, in which, "all industries will be required to purchase local milk in order to be eligible for a 3% tariff".

2011 Budget is \$13 billion (Source: Presidencia de Panamá) The ministerial council has approved the state's budget proposal for the 2011 fiscal year. The proposal is 46% capital expenditure, an increase of 4% on 2010 when it was 42%. This is consistent with the Martinelli administration's policy of prioritizing investment over operating costs. As such, running costs for the 2011 fiscal year make up 54% of the total budget, reflecting a 4% decrease. The ministerial council also authorized the Economy and Finance Minister, Alberto Vallarino, to present the state budget bill to the National Assembly.

Panamanian salaries improve (Source: Prensa.com) Salaries in the labor market have increased 5.92% relative to 2009. The preliminary findings of a survey into Panamanian salaries carried out by Price Waterhouse Coopers indicates that the increase relative to 2008 is 14.3%. Multinational companies recorded the largest increase relative to last year with a rise of 9.6%. In addition to salary increases a new market has developed for specialist salary analysis, giving rise to new job opportunities.

Panama to award electricity distribution concession (Source: Prensa.com) The Panamanian State has bought Bocas Fruit Company's electrical assets for \$4 million, to award a concession contract. Juan Manuel Urriola, Energy Secretary, explained that once the assets have been purchased, they will proceed to release them under administrative concession so that they can be managed privately to supply electricity to the village communities of Changuinola and Almirante. The purchase includes transmission and distribution equipment but not the power generation plants. Urriola added that the term of the concession will be until 2013.

New flights to Panama from Germany and Japan (Source: Prensa.com) Condor Airlines plans to begin direct flights between Frankfurt and Panama by the end of the year. Ernesto Orillac, spokesperson for the Panamanian Tourism Authority (ATP), added that negotiations are also well advanced to establish a direct flight between Panama and Japan operated by an Asian airline. Although he mentioned no names, "a source close to the institution indicated that the operator is All Nippon Airways, whose representatives were in Panama at the end of 2009 to get to know the country,".

21,000 new jobs for 2014 (Source: Prensa.com) A study by the Labor Ministry concluded that the economy will generate 21,000 new jobs in the next four years. The two main areas will be the Panama Canal Expansion and the Howard special economic area (Panama Pacifico). President Ricardo Martinelli recently stated that Howard would generate 25,000 jobs. The study also revealed that outside of the provinces of Panama and Colon, most people work in industries related to agriculture and livestock breeding.

Howard Airport construction ready in December (Source: Prensa.com) From next year the international airport Howard Airport will provide an alternative for commercial flights. The \$3 million construction works are expected to finish in December with the completion of new fuel storage tanks and the passenger terminal. Rosa Muñoz, airport director, told Prensa.com that, "an additional \$2 million will be invested in the modernization of the control tower and amendments to the runway".

\$720 million wind farms announced in Panama (Source: Breadbulk.com) Energy & Environmental Engineering Corp is to invest \$720 million in two wind power projects at Anton Sur and La Colorada. The renewable energy projects are each expected to provide 90 megawatts to the Panamanian national grid. Permits for the projects are expected to be approved by December 2011. Construction of the facilities is expected to begin in early 2012, and should take about 18 months. The estimated investments for these projects are US\$360 million each.

Panamanian Authority renews permits for ITP Group's 152MW wind farms (Source: press release ITP) Panamanian Authority has renewed two wind farm permits for Spanish-Panamanian Group Industria Tecnológica Panameña S.A.: Boquete for 100 MW and Veraguas I for 52 MW. Panamanian Authority has renewed two wind farm permits belonging to the ITP Group, that of Boquete for 100 MW and that of Veraguas I for 52 MW. The later is also undergoing an extension to 92 MW. In order to proceed with the first of two extensions of the Veraguas I project and one of the Boquete project, the Spanish-Panamanian Group has decided to reorganize its project portfolio and cancel its Veraguas II and Veraguas III wind projects. ITP, which has already finished preliminary wind studies and all plans for both projects and should be resuming later this month environmental and electrical impact studies, requested on the 27th of April to the transmission Company, ETESA, access to the network for both its projects. ITP has programmed works to start by the first quarter 2011 and provisional commissioning by the end of 2011. The wind turbines that have been initially selected could be delivered in Panamá first quarter 2011.

Panama to explore for oil and gas (Source: Prensa.com) With the help of funding from the CAF, the country will contract an exploratory study to test for the existence of oil and gas deposits. Frank De Lima, Panama's Vice-Minister of the Economy, commented that the aim of the study is to establish areas with potential deposits of oil and gas. To date, the Atlantic and Pacific coastal areas near the border with Colombia have been mentioned as possible sites with reserves. Minister De Lima stated that there could also be deposits in the Azuero Peninsula and near the border with Costa Rica. Of the total cost of the \$476,000 study the Andean Development Corporation (CAF) will provide \$381,420.

Panama to update maps (Source: Prensa.com) The country's geographic institute will invest \$3 million in digitalizing its cartographic information. The modernization of Panama's national mapping data is part of a project begun two years ago called the National Geographic Information System (Signal). Israel Sánchez, director of the geographic institute, commented that the new system will enable the country's cartographic data to be accessed via a web interface. A system called Signal will make mapping technology available for scientific research, resource management, archeology, environmental impact assessments, urban planning, cartography, sociology, geographical history, logistics and publicity, to name but a few.

Panama offers double advantage as magnet for headquarters of transnationals (Source: La Estrella) In recent years, Panama has become a magnet for headquarters of multinational companies as a result of its advantages in logistics and financial services. The country currently has 40 headquarters of multinationals. This year alone, nine arrived from January through July, three more than in the same period a year earlier. Though other countries offer similar services, neither has the ports on the Pacific and Atlantic, as well as the trans-isthmus railroad, not to mention the expansion of the Canal.

Tenders

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



Italian defense company Finmeccanica wins Panama contract worth \$235 million (Source: Dow Jones) Italian defense company Finmeccanica said it won a contract to develop a national security and surveillance system for the Panamanian National Aeronaval Service. The contract was awarded to Finmeccanica group companies Selex Sistemi Integrati, AgustaWestland and Telespazio. Telespazio will supply digital cartography of Panama for the Tommy Guardia National Geographic Institute.

Panama to invest \$250 million in road resurfacing (Source: prensa.com.pa) The Minister of Public Works, Federico Suárez, announced the investment as part of the "Resurfacing your city" program. In a televised interview the minister did not indicate when the project would begin but said it would be "soon". Suárez added that there will be a focus on quality control to ensure that construction companies make use of the best materials available for resurfacing roads.

Panama invites tenders for \$116 million infrastructure works (Source: CentralAmericaData.COM) The works include the repair, design and construction of roads and bridges in Veraguas province. According to the bidding rules, the project comprises, "Cleaning and resurfacing, construction of paved ditches, bridge building and maintenance, and drainage installation". Interested companies should present proposals by 24 August to be evaluated on the following basis: price (30%), experience (15%), financial capacity (10%) and pre-project design (45%).

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.

Panama City's plans for \$100 million convention center begin to take form (Source: La Prensa) Plans for a convention center in Panama City are about to take form. The company Skidmore, Owings and Merrill has already handed over the conceptual design, but its proposal has been rejected. The National Tourism Council made an exception to the procedure on public works by recommending a directly awarded contract to Conventional Wisdom, rather than a tender. Investment in the new convention center is expected to cost about some \$100 million.

Panama invites tenders for new \$60 million Airport (Source: CentralAmericaData.COM) The contract is to study, design and build the new "Enrique A. Jimenez" in the province of Colón. This project's objective is to develop both the land and air aspects of the Enrique Jiménez International Airport in order to provide an efficient, quality service tailored to the needs of its users. The bulk of this project is in the field research, studies and designs necessary for the construction of the airport terminal, runway development and extension, as well as the subsequent works.

Additional \$36.2 million available for Tocumen Airport (Source: laestrella.com.pa) The National Assembly approved the resources to continue construction works at the northern section of the air terminal. Juan Carlos Pino, airport manager, remarked that over \$98 million will be invested in the project, increasing the hub's capacity in 50%. This additional loan was approved by the National Economic Council last month.

Panama Canal Authority receives bids for Pacific access entrance expansion project (Source: Dredging Today) The Panama Canal Authority has received three bids from international firms vying to dredge and excavate the Pacific Access Channel entrance. This project represents the last major expansion programme contract to be awarded and once completed, will allow larger ships to successfully enter the new access channel and reach the new Pacific Locks. Jan De Nul has offered \$54.5 million for the contract, International Underground Corp., \$55.3 million and BKI-Meco \$71.3 million.

Five groups in the running for Panama Metro management (Source: Efe) Two Spanish consortiums, two from the United States and one from Canada are competing for the management and technical assistance of the construction of Panama City's Metro. Roberto Roy, the Metro secretary, said that the five consortiums in the bidding offered Between \$27 and \$27 million. A winner will be chosen on Monday, August 16. The Spanish consortium of TMB, Ayesa and Inelectra presented a proposal of \$27.97 million.

\$15 million worth of fire-fighting equipment (Source: CentralAmericaData.com) The Panamanian government has published a tender for 33 trucks and 525 complete sets of personal protective equipment (PPE) for Panama's firefighting crews. There are three separate invitations for best value tenders worth \$7.7m, \$6.2m and \$1.2m. The first is to supply 10 conventional firefighting vehicles, 2 off-road 4x4 firefighting trucks and one rescue truck with 75m ladder. The second is for 5 off-road 4x4 firefighting trucks and 15 commercial vehicles. The third requires 525 complete sets of personal protective equipment (PPE) for firefighters.

Invitation to tender for \$1.2 million Air and Sea Base (Source: CentralAmericaData.COM) The contract includes everything from environmental impact studies through to the construction of the base on the Azuero Peninsula. Services are required to carry out soil studies, environmental impact assessments, topographic studies, design, creation and supply of plans, technical specifications and construction for the Port of Mensabe Air and Sea base in Los Santos province on the southerly Azuero Peninsula. Offers must be received by 5 August.

Bids invited for Panamanian Metro Bus Administration (Source: CentralAmericaData.COM) The contract worth \$15 million is for the financial administration concession of the Metro Bus service. Panama's Land Transport Authority (ATT) will carry out the tender for financial administration of the capital's Metro Bus system, a mass passenger transport system. The main aim of the project is to replace the existing manual payment systems with a more flexible, secure and intelligent mechanism, probably based on contactless technology. The new system should be scalable such that other transport modes can be incorporated at a later date if required.

New date for number portability bids (Source: National Authority of Public Services) Proposals to provide the equipment for the project should now be received by 19 August. The contract is to supply, install and provide technical support for equipment to enable people to keep their telephone number when they change providers. Proposals for the \$3.4 million Number Portability project will be managed the Panamanian Public Services Authority (ASEP), which will carry out all administrative operations with telecommunications service providers. Tenders are expected to be turnkey solutions for an All Call Query (ACQ) setup.

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



Dutch B2B renewable energy and energy saving matchmaking trade mission to Central America and Colombia

The Dutch Embassy in Costa Rica in cooperation with the Dutch Embassy in Colombia, have contracted Metasus Consulting from the Netherlands who completed a study about the opportunities for Dutch companies in the sectors of renewable energy and energy saving. Coming September 2-10 a Dutch trade mission on renewable energy and energy efficiency is scheduled to Panama, Costa Rica and Colombia. As a result of preparatory market surveys in 2009, many business opportunities were identified in biomass / biofuels, waste 2 energy, solar and wind energy as well as energy efficiency. Private and public sector organizations can also participate in development cooperation projects or invest in hydropower or biofuels. Financial instruments of a.o. FMO and NL EVD International make it even more attractive to participate. The mission is organized by MetaSus, in collaboration with the Dutch renewable energy umbrella organization DE Koepel and local partners. NL EVD Internationaal, the Dutch Agency for international business and cooperation supports the mission and the Dutch Embassies are actively cooperating to turn the event into a success. For more information contact: Ir. A.T. (Bert) Keesman by e-mail: keesman@metasus.nl or via www.metasus.nl



Dutch B2B matchmaking trade mission to Central America

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, the Dutch Embassies in Central America and SNV to organize a B2B Tomato & Dairy Trade Mission. The mission will also focus on social corporate responsibility and fair trade. The events will take place in Panama and Costa Rica, where representatives and branch organizations from whole Central America will be present. A trade mission will be planned for 14-20 of November. For more details send an e-mail to Jan Tuinstra at j.tuinstra@dlvplant.nl



1-3 October 2010: Second Edition Eco Feria Panama

The Asociacion Conciencia Ecologica 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.doingtradeincentralamerica.com several information sources for Dutch companies interested in doing trade with Central American companies are grouped together. The Embassy of the Netherlands has launched the trade platform on the 1st of November and can be found on the website www.centralamericab2b.com. This service is provided free of charge. The advantages of this trade platform include the possibility to promote your company for free, publish your trade leads, search for potential contacts or partners in the different countries and sectors, and contact the companies that you are interested in. Additionally, events that could be potentially interesting to Dutch or Central American companies will be published on this platform. To maximize the accessibility for all parties, the website is in English. In addition, a short manual will be provided to make the usage of the website as easy as possible.

To benefit from all these services, please register your company on http://www.centralamericab2b.com/index.php?option=com_comprofiler&task=registers.



EVD Panama country webpage

The EVD has a Panama country webpage where you can find up to date information in the areas of: business news, economical developments, tenders, country information (incl. fact sheet and laws), interesting sectors, activities, important documents and the business country guide from the Embassy of the Kingdom of the Netherlands. For 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.



Ambassade van het
Koninkrijk der Nederlanden

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