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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 economic 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.

Dutch companies active in Panama



Export opportunities to Aruba and Curacao Panama's Vice-Minister of Trade and Industry, Jose Domingo Arias led a successful trade mission to Curacao and Aruba where they explored Panamanian export potential to both islands. The Dutch islands import around Usd \$400 million worth of food on a yearly basis. The cost of living on the islands is rising faster than forecasted which is affecting the islands macro-economic

stability. The Dutch Embassy in San Jose wants to help the islands of the Kingdom by promoting cheaper food imports from countries such as Costa Rica and Panama.

Other news

Panama's economic activity grew by 7.22% (Source: Efe). Commerce is the leader. Economic activity of Panama rose by 7.22 percent in the first two quarters of this year, compared with the same period a year earlier. The monthly index of economic activity shows that the sectors that contributed to the growth were storage, communications, commerce and mining. The first quarters of this year also showed increases in community and personal services, as well as hotels and restaurants.



Panama in world's top 50 most competitive (Source: Efe) Panama's economy is among the 50 most competitive in the world and the second in Latin America, beaten only by Chile, according to the 2010-2011 competitiveness report of the World Economic Forum. According to the index, Panama took the 49th place, four places higher than a year ago. Panama was the only country in the region that rose in the rankings. El Salvador fell from 82 to 91, Guatemala from 78 to 84, Costa Rica from 56 to 61, and Nicaragua from 112 to 114.

India attempting to deepen trade ties with Latin America as commerce secretary visits Panama and Colombia (Source: Livemint.com). At a time when demand for Indian goods in developed countries is declining, the country is trying to deepen trade relationships with Latin American countries to explore alternative growth frontiers. Commerce secretary Rahul Khullar will lead a business delegation of engineering companies to Colombia and Panama on a five-day visit from today, "with an eye to explore the possibility of bilateral trade agreements". Indian exports to Latin American countries rose 72.5 percent in 2010-11 to \$10.7 billion. However, India shares a trade deficit of \$3.2 billion with the continent, with imports growing at 34 percent to \$14 billion during the same year.

Oil exploration opportunities in Panama Panama will start a bid process before the end of this year, for exploration rights in new oil fields, said Energy Secretary Juan Manuel Urriola. Last month, Panama's National Energy Secretariat announced the discovery of 900 million barrels of crude oil in two basins on the Caribbean coast of eastern Panama, representing a potential contribution to the country's coffers of \$15 billion over 20 years. A geological study conducted by Venezuelan firm OTS found the deposits in the Garachine-Sambu and Bayano-Chucunaque-Atrato basins of Darien province, which borders Colombia. The quality of the oil deposits has not yet been determined but Urriola estimated their commercial potential at some \$15 billion in taxes and royalties, based on an estimated price of \$100 per barrel over 20 years. OTS recommended that in the bidding process the exploratory areas be divided into four geographical blocks per basin. The company will submit a prospectus, which will enable the bidding process to start before the end of 2011. No date for the prospectus has yet been announced. Opportunities for Dutch geologists, oil companies, engineers, environmentalists and equipment suppliers

Help wanted in Panama (Source: Reuters) Even if they build it, maybe no one can run it. Panama is building a global logistics center, including a giant free zone, an airport hub, and a wider canal. Banking and real estate have also grown strongly during the past decade. Panama has a serious talent shortage, the product of one of Latin America's worst education systems, based partly on the World Economic Forum 2011 competitiveness rankings. Panama also has the hemisphere's second widest gap between rich and poor, according to United Nations. In recent years, Panama has been the regional leader in attracting foreign businesses, which need competent staff. Laureate International Universities already has two campuses in Panama. There's room for more big investments in education, as well as small ones. Investment opportunities: primary and secondary schools, universities, technical schools and teachers.

Colombia links Panama to \$420 million power line (Source: Efe) Colombia and Panama will invest \$420 million to construct a power line that will start in the northern region of the Andean nation and could eventually connect with all of Central America. The project will be financed in equal parts by the two countries. The financial aspect is concluded and the line now becomes a genuine commitment, which enable Panama and, in the future, other Central American countries, to receive surplus hydropower from Colombia. The 14,000-megawatt line should go into service by 2014.

\$1 billion Canal savings fund to protect Panama (Source: AFP & Panamá América). Panama's government created a "sovereign fund" based on savings from the Canal's earnings. "Basically, the idea is to have a savings fund that can be used in emergencies, such as natural disasters or an economic crisis," said Alverto Vallarino, the Finance minister. In the next financial year, which begins on October 1, the Panama Canal Authority plans to hand over \$950 million to the government, though the amount will rise after completion of the expansion of the Canal. Panama Canal expected to triple profits by 2014. Target is to achieve \$3 billion a year in net gain. The Panama Canal in august celebrated its 97th anniversary amid a \$5.25 billion expansion project that is 28 percent complete. When the works is completed, the Panama Canal Authority expects that its current annual net profit of



\$1 billion will be increased three-fold. The authority says that the canal's mission is to increase the slice the profits that go to ordinary Panamanians.

Panama's International Banking Center reaches \$75.8 billion in assets (Source: Efe). Assets of Panama's International Banking Center reached \$75.8 billion at the end of the second quarter of this year, an increase of 15 percent on the same period a year earlier. Of that amount, the domestic banking system accounts for \$60.9 billion. The credit portfolio played a major role in the increase by reaching \$25.9 billion. Commercial loans accounted for some 28 percent of the portfolio, followed by mortgages with 27 percent and personal credit with 21 percent.

Panama's Atlantic sector booms as logistics center (Source: La Prensa) The Atlantic sector of Panama is rapidly becoming a major logistics center with the integration of seaports, the railroad, Colón Free Zone, airport and highways. The three Atlantic seaports; Manzanillo, Colón and Cristóbal are leading the Latin American ranking of movement in containers. Manzanillo International Terminal has plans to double capacity with a \$300 million investment. Since it launched operations 16 years ago, Manzanillo has invested \$550 million.

Panama wants to become an Agricultural Logistics Center (Source: laestrella.com.pa) The idea is to develop a storage facility for perishable goods coming from South America which would then be exported to the U.S. The minister of Agricultural Development, Emilio Kieswetter, has visited the United States to see a new multimodal logistics platform by the company Gateway Mississippi Gulf Coast, one of the largest logistics centers in the country. It was created with the aim of speeding up exports of perishable products coming from countries like Argentina, Uruguay or Brazil. President Ricardo Martinelli's government in Panama has acknowledged its interest in having the best food distribution center in Central America, and as part of its Cold Chain Logistics System, whose establishment is estimated to cost in the order of \$230 million. With this initiative the government aims to have a logistics distribution system with a controlled environment, allowing products to arrive at their point of sale in perfect condition.

Mining jobs coming to one of Panama's poorest areas (Source: Newsroom Panama). Canada's Inmet Mining to invest \$4.3 billion. In February, Minera Panamá will begin construction of the infrastructure of its copper mine in Donoso, Colon province, and will create thousands of jobs in the second poorest area of the country. The company, owned by Canada's Inmet Mining, will be investing over \$4.3 billion in the project and will produce about 3,000 direct jobs during construction and 2,000 in the ongoing operation. An environmental impact assessment shows that 6,000 people live within 20 kilometers of the mine, including farmers and indigenous people. Most lack health facilities and have only basic education. Some families depend on subsistence farming and artisanal mining.

Tourist arrivals nearly double in Panama (Source: Panamá América) The number of visitors who arrived in Panama nearly doubled, to 1.2 million, in the first half of this year, compared with the same period of 2010. Spending by the tourists came to \$909 million, an increase of 10.3 percent. Salomón Shamah, head of the Tourism Authority, estimates that income from tourism will reach a record \$2 billion this year.

New auto sales in Panama surge 55%. Hyundai snatches market leadership over Toyota. New auto sales in Panama rose by 55 percent when compared with last year. In addition, Toyota, the historic market leader was overtaken by Hyundai. During August, 3,712 autos were sold in Panama, up from 1,323 in the 2010 month.

US Department of Agriculture grants entry for Panamanian peppers (Source: Fruitnet). Regulations amended to reflect clean bill of health. The new ruling for imports of peppers from Panama into the US comes into effect on 22 September 2011. The US Department of Agriculture's Animal and Plant Health Inspection Service has announced it is amending the regulations to allow, under certain conditions, imports of commercial shipments of peppers from Panama into the US without treatment. In June the service published a proposal to amend the regulations for imports of Panamanian peppers into the US under certain conditions.



Tenders

New tender for \$500 million City Government (Source: Prensa.com) By declaring as void the contract call for design of the City Government, the Government of Panama will launch a new tender. Determined by the evaluation committee, none of the three companies which submitted bids, F. G. Guardia y Asociados, Consorcio Ciudad Gubernamental Proyecto Arnaiz, and Omniconsult, managed to meet the minimum requirements set out in the terms and conditions of the project. Ministry sources explained that when the deadlines are met, a new tender will be summoned.

Panama to invite tenders for \$180 million Oncology Hospital (Source: Prensa.com) The new clinical facility being contracted by the country's Ministry of Health is expected to cost \$180 million. The new oncology hospital is scheduled to be completed by the beginning of 2015 and will be located in Clayton, just west of Panama City. Work is due to begin at the beginning of 2012. Vice-minister of health, Julio Santamaría, stated that the project has the permits necessary to proceed and has been approved by the Finance and Economy Ministry, which will assign it a budget item

Panama invites bids for \$102 million health centers (Source: Panamá América) The bidding is for the study, plan development, construction and equipment of 10 primary care health centers. The technical specifications chapter outlines the requirements and scope as well as the design to develop, the blueprint for plans and implementation, construction and civil engineering equipment and the furniture for the ten Innovative Primary Health Care Centers. The execution of the project may not exceed 15 months.

Panama to invite tenders for new \$300 million Canal Bridge (Source: Yahoo! Noticias) In the coming three months an invitation to tender will be issued for a \$300 million project to construct a new bridge over the Panama Canal. The announcement was made by Panamanian Vice President and Minister of Foreign Affairs, Juan Carlos Varela, who added that the bridge will be built on Panama's Atlantic side and will improve connections between a region of Colón province and Panama City. This project will be very important for many remote communities of Colón since it will improve access to the capital so that can be in the city within minutes, or continue to the rest of the country.

\$ 200 million infrastructure project (Source: Prensa.com) Panamanian Government will tender the modernization of the Master Plan which will include a project to create three new landfills at the Bay of Panama. The project includes landfills at Avenida de los Poetas (in Chorrillo), another one in front of the Frank Gehry Museum and the third one at Naos Island where they would build a marina and a dock. For construction of the landfills material from the Canal expansion will be used. The modernization of the Master Plan includes new land use and financing. An inter-institutional committee which currently works on the project is examining potential sources of funding, like the transfer of resources from other public institutions and private partnerships.

Tender for Parking Lots at end of 2011 (Source: Prensa.com) By the end of the year, the Mayor of Panama will put out for tender the construction of underground car parks in the capital. This was announced by the advisor to the Mayor of Panama, Jose Isabel Blandon, who added they expect to have the final designs and plans for the project ready by that date. There are several proposals for the development of this project, including locating the parking underneath parks, as has been done in Porras Park, Andres Bello (via Argentina) and Harry Strunz (Calle 50).

Note: for more information on these and other tenders, please contact

Events



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Sept. 22-23, 2011, ATLAPA Convention Center, Panama City, Panama
EXPO LOGISTICA Panama is directed to executive and professional staff of companies in general, seaports, air ports, air and land transport, cargo movement, universities, freight, storage warehouse, import and export companies, among others. EXPO LOGISTICA Panama is the ideal site to meet business contacts and update about the last trends

on logistics matters.

April 18-20, 2012 Panama Canal Authority to host **World Infrastructure Congress**. Geotechnical, electrical, structural and civil engineering The Panama Canal Authority will host its first-ever best practices Engineering and Infrastructure Congress. Occurring in Panama City, Panama, the congress will convene world-renowned experts in geotechnical, electrical, structural and civil engineering. In addition, it will showcase infrastructure projects from around the world and update attendees on the progress of the Canal Expansion Program.

[More information](#)



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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



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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 (Luc Schillings or Hans Buhrs).

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