



## Newsflash Panama December 2010

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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](mailto:sanjose@trade-minbuza.nl).*

### **Promising Cruise Season in Panama (La Estrella)**

The country hopes for this 2010-2011 season a \$ 110 million income in foreign currency. Estimates by the Panama Tourism Authority (PTA) took into account the arrival at Colon Port of some 185 cruise ships with approximately 320,000 passengers. "Studies of the ATP and the Ministry of Trade and Industry, estimate that the average spending of cruise tourists is \$ 90 per day. In transportation, tourists spent per day about \$ 15..", according to the article in Laestrella.com.pa.

### **Panama: 7% Economic Growth in 2010 (La Prensa)**

Government officials estimate that the Panamanian economy closed 2010 with over 7% growth. At a press conference by the Minister of Economy, Alberto Vallarino, the minister stated, "We have achieved a cumulative growth of seven percent which was our revised projection and if the trend of acceleration of the economy we've seen in the last four quarters continues (...) we can expect a higher growth for this fiscal year when final numbers are known in March." Estimates by the International Monetary Fund (IMF) on the growth of the Panamanian economy were 6% for 2010 and 6.5% between 2011 and 2013

### **Panama to Offer Tourist Insurance in January 2011 (La Prensa)**

The policy will cover medical expenses for up to \$ 7 thousand and \$ 40 thousand for transfers to medical facilities in other countries. As of January 15 tourists and Panamanian residents entering the Tocumen International Airport will receive the insurance policy. "According to the contract, Generali will insure for \$ 1.95 every tourist entering through Tocumen, who will receive a pamphlet containing an identification card, which must be filled in by the insured", informed Prensa.com.

### **Digicel and Claro with 30% of Panamanian Market in 2015 (Pyramid Research)**

Pyramid Research predicts that Digicel will reach 21.3% of the mobile market and Claro 11.7% in 2015. The research firm expects the market to continue growing hand in hand with increased demand



for data services, but it is close to saturation point, with a penetration of 137% in late 2010. According to Pyramid, Claro and Digicel will take market share from dominant Cable & Wireless and Movistar, especially in prepaid phones, where there will be "fierce price competition." "The implementation of number portability in 2011 will reinforce this trend," said Eulalia Marin-Sorribes, an analyst at Pyramid.

#### **Canal Transit Temporarily Suspended (La Prensa)**

The Panama Canal Authority temporarily suspended transit through the waterway on the 8th of December. The suspension was due to high water levels at lakes Gatun and Alajuela as a result of heavy rains. "Executive Vice President of Operations for the ACP, Manuel Benitez, said the decision was made because transit through the Canal could be affected by the Chagres River currents, which flows into the channel at Gamboa and flows to Alajuela," reports Prensa.com. The situation was normalized quickly, and on the 9th of December the Canal re-opened its transit.

#### **Panama Upcoming Medical Tourism Destination (La Prensa Martes Financiero)**

Globally, medical tourism spending has reached \$ 60 billion and it is expected that in three years that figure should reach \$ 100 billion. In Central America, Panama is just beginning to participate with less than 1% of that market, where Costa Rica is one of the largest players at 16%. Estimates by the secretary general of the National Department for Science, Technology and Innovation of Panama, Ruben Berrios, says Panama should be able to grow as a destination for medical tourism within 5 years and reach 12% of the global market. Four medical centers, Hospital Punta Pacifica (HPP), Hospital Clinic San Fernando, Paitilla Medical Center and Hospital Nacional, have created an alliance to support, under the auspices of the Tourism Authority of Panama (ATP), to promote the country as a service provider to "medical tourists".

#### **"Paperless Panama" by 2012 (Ministry of Economy and Finance)**

The Ministry of Economy and the Authority for Digital Innovation signed an agreement to promote the project. The agreement provides for the MEF to execute initiatives to enable digitization of processes and electronic exchange of information between state institutions, in order to increase productivity, improve quality of service to users, reduce bureaucracy, provide total governance transparency and reduce administrative costs. The Minister of MEF said he expected that by January 1st, 2012, to require public institutions to implement the project and submit electronic responses as well as having digital files for processes of government procedures.

#### **\$ 400 million Urban Development Project in Panama (La Prensa)**

Tocumen S.A. will develop the basic infrastructure of an area of 850 hectares near the Tocumen Airport. According to company estimates, the project would include a residential complex, hotels, a business center and commercial storage. Investment could reach \$ 6 billion. To date about \$ 100 million have already been invested, including land purchase and development of the master plan. The project will be financed 40% with funds provided by investors, among them Joseph Homsany and Isaac Benhamu, both of which are real estate developers.

#### **Draft on Free Zones Law Approved (Presidencia de Panamá)**

The project approved by the Executive establishes a comprehensive and simplified special scheme for establishment and operation of free zones. The initiative, presented by Roberto Henriquez, Minister of Trade and Industry, seeks, among other objectives, to adapt national legislation to requirements of the World Trade Organization (WTO). José Domingo Arias, vice minister of Foreign Trade, who was in charge of explaining the proposal, said the bill broadens the possibility of installing new investments in the country focused on high-tech companies, higher educational establishments, research centers, logistics companies and environmental services. The bill updates the Free Zones Act, Export Processing Zones and puts them in line with the new conditions of the global and regional marketplace to be able to compete effectively in attracting FDI in the region.

#### **\$ 200 Million to Improve Fiscal Management (La Prensa)**

Panama will reform its tax laws and improve public management expenditures with a loan of U.S. \$ 200 million approved by the Inter-American Development Bank (IDB). The program will support reforms to improve investment programs over the medium and long term in Panama, fiscal sustainability and treasury management; deepen local debt markets and modernize public financial accountability in the public sector. With this operation, the country should implement tax reform



legislation which came into force in 2010, paving the way for increased tax revenues and improving the quality and equity of the tax system. The program will also support the consolidation of public finance management. The new system, which will follow the criteria of prudence and transparency established by the Fiscal Responsibility Act, will integrate the processes including investment programming, budget management, treasury management, debt management, public and governmental accounting. The program is the result of many years of support which the IDB has provided Panama to continuously improve its public financial management, a process led by the Ministry of Economy and Finance.

## Tenders

### **Panama Invites Bids For Health Centers (\$102 Million) (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 and the expected date for reception of offers is December 30th, 2010.

### **\$ 35 Million Investment for Historical Center Panama (La Prensa)**

The Ministry of Works will invite bids for a project to improve the area known as "Casco Antiguo"; investment is estimated at \$ 35 million. The works include, as reported by Prensa.com, the "burial of cables, recovery of sewer system, repairing streets and sidewalks, construction of parking for a minimum of 100 vehicles and lighting". The project undertaken by the Ministry is added to the one from the Office of the Casco Antiguo (OCA) which comprises of park illumination, sidewalk repair and installation of a tourism information center.

### **Panama Announces \$24 million Bidding for Mobile Hospitals (La Prensa)**

The Ministry of Health is putting out to tender the supply, installation and maintenance of three mobile hospitals. These hospitals will be located in the regions of Metetí, Darién Province, in Mariato, Veraguas and Tole, Chiriqui. The Ministry of Health requires the hospitals to include equipment and to comply with applicable ISO and international quality (IEC). The objective of the Health Ministry is to bring primary and emergency medicine to marginalized regions as well as solving the overcrowding problem in the country's current hospitals. Bids must be submitted on January 7, 2011.

*Note: for more information on these and other tenders, please contact [nltrade@cwpanama.net](mailto:nltrade@cwpanama.net)*

## Events

### **Panama Maritime X in February 2011 (panamamaritimeconference.com)**

The event will focus on the latest regulations, technology, industry trends and highlights aspects of employment, education and training. The meeting will be held at the Hotel Riu Plaza Panama, Panama City, from February 13th to 16th 2011. Panama Maritime X offers world class exhibition and speakers as well as experts and officials from leading industries and governments. It will cover environmental initiatives, financial challenges and operational issues and include a unique range of technical visits to port facilities, locks of the Panama Canal and the extraordinary progress of works at the expansion site of the Panama Canal. Panama Maritime X will provide opportunities to establish business contacts with current present players in the global maritime industry.



## [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 other with the aim of exchanging information and doing business. On the

website [www.doingtradecentralamerica.com](http://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](http://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](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](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.



### **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](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 or Hans Buhrs).

You can also contact our Consulaat-Generaal in Panama (Debby van der Schuit), Phone: (00507) 263 6494 or (00507) 264 7257. Email: [nltrade@cwpanama.net](mailto:nltrade@cwpanama.net)