



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 forward a message to nltrade@racsaco.cr.

Regional Newsflash

In addition to information about economic developments in Panama, regional (Dominican Republic, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama) economic information is offered to our clients. In line with an ever more integrated Central America, and the expressed need for regional insight, the Dutch Embassies in the region are joining efforts by publishing the Regional Newsflash together. If you wish to receive the Regional newsflash or desire to send an observation, please feel free to forward a message to nltrade@racsaco.cr. You can also download the Regional Newsflash from our website www.handelswijzer.com.



Panama will be the best place for business (Source: CentralAmericadata)

Upon assuming the Presidency of Panama, Ricardo Martinelli assured that this will be the best way to create jobs and prosperity for all. In his inaugural address, the new leader emphasized that he will push a liberal economic model, going against the “ideological pendulum in Latin America.” He said that he would rely on his experience in Panama’s private sector, promising to open doors to investment, reduce bureaucracy of the State, and impose “agility, efficiency, and transparency” to the process beginning today. Among the works he will promote, and considering it a priority, is the construction of the Metro in Panama City. Before the presidential inauguration ceremony, Martinelli met with Presidents Calderon and Uribe of Mexico and Colombia respectively, to coordinate a narcotics trafficking command between the three countries.



Offers for Set of Locks will be revealed July 8th (Source: Prensa.com)

The Canal Authority will open the envelopes containing the economic proposals from the three qualified consortiums on July 8th. All at the same time, the technical evaluations from the participating consortiums



will be revealed. The consortiums are: CANAL, Bechtel Taipei and Mitsubishi, and Grupo Unidos por el Canal. The economic proposals were submitted on March 3 and, since then, they have remained in a vault at the Balboa branch of Banco Nacional along with an envelope with the official prices submitted by the ACP administrator, Alberto Alemán. **Dutch companies Heerema en IV-Groep participate in the Grupo Unidos por el Canal and Dutch Royal Haskoning is a participant in the C.A.N.A.L Consortium.**



Call for bids for the final contract of the Panama Canal (Source: Prensa.com) A call for bids will begin at the end of July for the fourth and last contract for the dry excavation of the Expansion Program of the Panama Canal. The Panama Canal Authority (PCA) has scheduled the publication of the terms of the contract, which is considered the second most important of the expansion project, at the end of July. The contract will complete the construction of the Pacific Access Causeway, a 6.1 kilometer extension that will unite the third set of locks in the Pacific with Corte Culebra.

Panama Canal Expansion Program received its 11th international award

The Panama Canal Expansion Program received its 11th international award to date at the 2009 International Logistics and Material Handling Exhibition (SIL 2009) in Barcelona, Spain June 4. Judges unanimously bestowed the “Best International Project” award to the Panama Canal Authority (ACP) for its management of the Canal’s expansion, the “largest infrastructure initiative in Latin America.” Other awards bestowed upon the ACP include the esteemed Samoter award for “Best Construction Project in the World” and “Best Long Term Performance Project” last year in Italy, and the “Strategic Project of the Year” award presented to the ACP during the Sixth Latin American Leadership Forum.

Investment on Canal Continues

The Panama Canal Authority (ACP) says it has just spent US\$320m on recent upgrades to the waterway including an improved lighting system in the Canal’s locks; a new track and turntable system; the acquisition of five new tugboats; an additional tie-up station; and, the replacement and reconstruction of the ACP’s launch fleet. According to the ACP, these latest improvements allow two additional transits per day and enhance the safety, reliability and efficiency of the Canal. “Since integrating the track and turntable system and tie-up station into Canal operations, three additional vessels (40 in total) transit the Canal every day,” said ACP Canal Operations Captain Miguel Rodríguez. “These projects have been very well received. Canal customers are afforded a cost-effective and reliable route. Additionally, Canal workers are able to provide smooth and continuous service.”

PRPA and Panama Canal Authority co-promoting Asia route

The Philadelphia Regional Port Authority and Panama Canal Authority agreed on Friday to jointly promote a shipping route between Asia and the city’s port via the Panama Canal. The agreement, which is renewable after two years, will include joint marketing activities and sharing best practices and information, including market studies, information on improvements and/or modernization efforts and personnel training programs.

Railroad sees traffic fall sharply (Source La Prensa) Freight traffic on the Panama Canal Railroad will fall 37.5 percent this year as a result of the global economic crisis, authorities with the railroad said. They estimate that traffic levels, after spiking in 2008, will return to 2007 levels. "The boats are empty, there are no boats moving loads and the factories in China and the United States are locked in the worst crisis in 100 years," said Thomas Kenna,



president of the railroad. Marvin Castillo, president of the Maritime Chamber of Panama, also acknowledged that the global crisis is affecting the sector, but is hopeful that the situation will improve. He said that after years of double-digit growth, he expects cargo traffic to increase slightly. According to preliminary figures from the Comptroller, the national ports saw traffic increase by 7 percent over 2008 levels during the first four months of the year.

Panama: Latin America's Highest FDI per GDP

Panama has Latin America's highest foreign direct investment level compared to its economy. Brazil leads Latin America when it comes to overall foreign direct investment, but Panama is the champion when investment is measured as a percent of its GDP, according to a Latin Business Chronicle analysis of FDI data from the United Nations Economic Commission for Latin America and the Caribbean (ECLAC) and GDP data from the International Monetary Fund (IMF). Panama last year received foreign direct investment (FDI) worth \$2.4 billion, an increase of 26 percent from 2007. That represents 10.4 percent of its \$23.1 billion economy.

Venezuelan deposits in Panama's banks summed \$1.401 billion

According to the Superintendent of Banks of Panama, Venezuela occupies third place in terms of foreign investment in the local banking system. Venezuelan investments in Panama include restaurants, bars, pizzerias, real estate, services sector, international transport, and even a bi-weekly newspaper, among others. In the Colón Free Trade Zone, the amount of Venezuelan capital has reached \$2.5 billion.

Conditions improve for Panamanian exporters (Source: martesfinanciero.com) The Free Trade Agreement with Guatemala added to those with Taiwan, Singapore, Chile, Costa Rica, and Honduras. The group of countries that allow a wide variety of tariff-free Panamanian products through free trade agreements will be expanded with the ratification of the agreement with Nicaragua, creating a larger network of favorable markets. This can offset the decline in revenues caused by the global crisis.

Value of building permits drops 5.5 percent (Source La Prensa) The value of buildings permits contracted 5.5 percent in the first third of the year, according to the Comptroller. The value of these permits fell from \$504 million in the first four months of 2008 to \$477 million this year. The decline is visible in residential projects, which registered a decline of \$141 million or 36.8 percent. Even more dramatic is the decline in residential projects in the province of Panama, which are down 38.8 percent. However, the activity in the sector is being maintained with the implementation of previously approved projects and the completion of public works.

Real Estate Prices in Panama Drop (Source: Prensa.com) Prices for properties in the main zones of Panama City dropped in 2009 by between 15% and 20% compared to those of 2008. Figures from the Department of Economic Affairs at the Chamber of Commerce, Industries, and Agriculture of Panama, which were published at Prensa.com, indicate that "in 2008, the cost per square meter for an apartment on Balboa Avenue was, on average \$3000, but in 2009 it fell 20% to \$2500; Similarly, in San Francisco, the cost per square meter was \$1,600, 15% less than in 2008."

\$216.8 million for infrastructure in Panama (Source: La Prensa) The Andina de Fomento Corporation approved loans to invest in road infrastructure and the restoration of hydrographic basins. The loans offered by the Andina de Fomento Corporation (CAF) for



\$71.3 million is distributed in the following way: \$18.4 million for the "Investment Program for the Restoration of Priority Hydrographic Basins" and \$52.9 million for the "Mass Transportation System for the City of Panama" project. CAF also gave the green light for a loan for \$5.5 million for the 'Binational Bridge on the Sixaola River;' another for \$80 million for the "Program of Rehabilitation and Highway Improvements;" and another \$60 million for the 'Program for Inter-oceanic Corridor Infrastructure.'

Government bid for the Metro in Panama (Source: pa-digital.com.pa) During the first 100 days of Ricardo Martinelli's administration, the bid for the construction of the Panamanian Metro will be called. Jorge Morales Quijano, the general secretary designated by the Transit and Ground Transportation Authority, made reference to the countries that are interested in participating, among them are Canada, Germany, France, Spain, and Japan. The purchase for the new buses that will serve as feeders for the rail system is also being bid out; however, before public action takes place, it is necessary to bring any new legislative proposals to the National Assembly.

Fierce competition for metro financing (Source: Prensa.com) The government of Japan said that it is interested in providing financing for the mega project of a Panamanian subway train. The special envoy of the emperor of Japan, Masatoshi Wakabayashi, expressed the interest of his government to finance the metro during a meeting with President Ricardo Martinelli. In the beginning of June, the Corporacion Andina de Fomento (CAF) also announced that it would be interested in financing the new government's biggest project.

Incentives for Film Industry in Panama (Source: Prensa.com) The country aims to compete with countries like Puerto Rico, Colombia and Mexico as a destination for international productions. Starting this Monday June 8, Law 36 from 2007 goes into effect, which creates an official registry of areas designed to develop the film industry and the single window for investment processing in that branch so that permits can be handled in an expeditious manner to permit the use of locationas, facilities, visas and everything needed for the completion of the work. The figures handled by the Ministry of Trade and Industry show that the industry represented \$19 million in 2008 and in the 1st quarter of 2009 there have already been nearly \$7 million. It is expected that these regulations and government support will help to consolidate the industry in Panama.



Recovery Free Zone (Source La Prensa) After having seen a big decline in activity in the first trimester, the month May showed a strong recovery. Activity amounted to \$1.57 billion, an improvement of 17.4 percent over the same month last year when transactions were \$1.34 billion.

Imports increased 20 percent, totaling \$756.1 million, and exports were \$818.4 million, a 15.2 percent jump. The surge in economic activity was welcome news, as the global economic crisis had substantially reduced activity at the Free Zone in the first quarter of the year. The increase in business for May has helped boost 2009 levels back to similar levels that were experienced last year. While imports are down slightly as compared to last year, exports are actually slightly ahead of 2008 figures.



Chevron makes investments of \$50 million (Source: radiopanama.com.pa) The multinational will improve the standards of its services in the former refinery Bahia Las Minas and the service stations under concession. The legal representative of



the company in Panama, Pedro Sigui, added that the company has already invested \$20 million over the last two years, and hopes to invest another \$50 million over the next three.

20,638 new companies in Panama (Source: Prensa.com) Most of the companies that were registered through the Panamá Empeñe system are in the services and retail sectors. During the last 12 months, 67.7% of the new companies were established in the capitol, 10.6% in Chiriqui, and 21.6% were from throughout the rest of the provinces. Using the website www.panamaemprende.gob.pa, people can open their business in just a few minutes, electronically, “without waiting in line or having additional procedures or costs.

Insurance sector grew 27% (Source: pa-digital.com.pa) During 2008, Panamanian insurance companies subscribed premiums for \$776.6 million, with growth of 27.47% in the sector. Growth during the first quarter of this year is around 11% due to the shrinking of the economy. As of April 2009, the insurance field in Panama has 27 competitors. Just in 2008, the Panamanian Superintendency of Insurance and Reinsurance authorized operating licenses to 11 insurance and reinsurance companies. Among the new companies in the sector are: "Banesco Seguros, Seguros Constitución, Eastern Pacific Insurance Company, Premier Seguros International, and Global Property and Surety.

Cruise passengers grow 12% (Source: estrelladepanama.com) As of the month of May, the number of passengers that arrived via cruise ship was 282,803, a 12% gain over the same period in 2008. During the first five months, 147 ships pulled into Panamanian ports and stayed for an average of eight hours, according to tourism authorities. Tourism authorities explained that the growth is fundamentally because Panama has been established as a Home Port and calculated that each passenger spends on average \$95 while on shore.

Law proposed to attract investment in tourism (Source: Prensa.com) The Tourism Authority has submitted a project that consists of incentives for the construction of infrastructure and development of small businesses. The project was submitted to the Ministry of Economy and Finances (MEF) for proper consideration and the next administration will compose the definitive text. Should the text be approved, infrastructure construction will be incentivated through fiscal credits of up to 75% of the project, as long as the project is recommended by the Master Tourism Plan.

Traffic through Tocumen International Airport increases 10% (Source: Prensa.com) In the first quarter of the year, the quantity of passengers that passed through the main airport of Panama was 1,569,326. The number of passengers in transit increased by 31.2% compared to the same period of the previous year.

Trade Fairs

Panama hosted the IV Latin-American Forum on Carbon (Source Latin American Carbono Forum) Co-organized by the National Authority on the Environment, the event was held in the El Panama Hotel from the 24th to the 26th of June. The general objective of the Latin-American Forum on Carbon (FLAC) was to bring together all the actors of the carbon market: project owners and developers; the National Offices for the Clean Development Mechanism (CDM), Investment Promotion Agencies; Appointed National Authorities (DNAs); intermediary businesses; and corporate service providers. The purposes of the event included



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sharing experiences regarding the comprehensive processes for CDM projects, understanding the business mechanisms of emissions and the future of the CDM, analyzing national and international politics regarding mitigation and adaptation to climatic change, and facilitating negotiations regarding emissions.



Wind Expo Panama in September 2009 (Source: windexpo.org)

From September 2-4, the second Latin American Wind Energy Conference and Exposition will be held. With the goal of "Integrating Wind Energy into the Latin American energy matrix," the Latin American Association of Wind Energy (LAWEA) is organizing Panama Wind Expo 2009. The program consists of 3 days of exhibitions and conferences related to the subject of wind power and there is an important space reserved for business development. Participants may interact with the players in a sector that promises to grow more each day and is looking to become a source of renewable energy for massive use from Mexico to Patagonia. The embassy is currently, in cooperation with the embassy in Colombia, realizing a study into the energy sector with emphasis on renewable energy and energy saving. A trade mission will be planned for the beginning of the year 2010.



Panama Logistics Expo 2009 (Source: webpicking.com) On October 14 and 15, companies will show their products and services, forming contacts between themselves and potential customers. Panama Logistics Expo 2009, to be held at the Vasco Núñez de Balboa Convention Center, will bring together multinational companies, suppliers, government representatives, consultants, agents and freight and passenger transport companies. Among those attending the conference are: The Panama Canal Authority, Colón Free Trade Zone, SENACYT (National Secretary of Science, Technology and Innovation,), Kawasaki, Suez Canal Authority, Cranfield University, Latin America Logistics Center, DHL Global Forwarding, KPMG Mexico and PROINTEC Panama.



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. More information can be obtained from Marjolijn Steinebach, country manager Panama, through email panama@info.evd.nl or by phone (0031) 070-7788698.

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 or

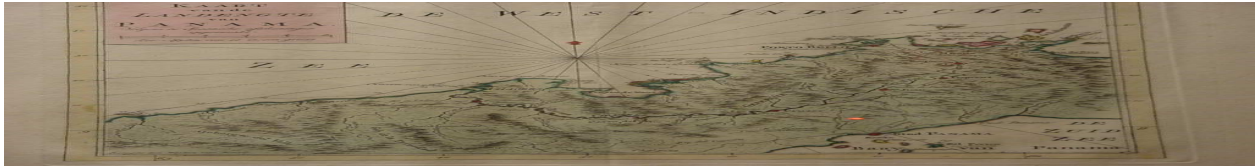


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www.handelswijzer.com . For more information you can contact our commercial department at the Embassy of the Kingdom of the Netherlands in San José by email nltrade@racsa.co.cr or by phone (00506) 2296 1490 (Carel Richter or Hans Buhrs). You can also contact our Consulate-General of the Kingdom of the Netherlands in Panama, Phone: (00507) 263 6494 or (00507) 264 7257 (Dieter Ploeger). Email: consuladonl@cwpanama.net



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