



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.



Trade mission with Dutch Minister Foreign Trade, Frank Heemskerk, to Panama, 10 - 13 January 2010

The visit of Minister Heemskerk to Panama was a great success. The central theme was 'Holland, the mirror of Panama'. The many similarities between both countries offer many

opportunities for Dutch companies. Both countries have small and open economies based on a strong financial sector as other services, mainly in logistics, but also sectors such as maritime and agriculture. The over 20 companies that accompanied Heemskerk were very positive about the opportunities and the doors that were opened by the Dutch minister in meetings with several Panamese ministers and the president Martinelli.

Panama posts the best trade performance in Latin America during 2009 (Source: Latin Business Chronicle) Panama managed to post the best trade performance in Latin America last year. Much of its trade takes place in the Colon Free Zone, the world's second-largest after Hong Kong. A UN estimate published in the Latin Business Chronicle shows that Latin America posted a 23 percent decline in its overall trade of goods and services last year. Only Panama managed to increase its exports, while all the other countries posted declines. Nevertheless, despite its heavy dependence on the US economy, Central America did surprisingly well.

Martinelli most popular president in Americas, with 91 percent rating (Source: Consulta Mitofsky) The presidents of Panama, El Salvador and Brazil have the highest approval ratings of the 17 leaders in the Americas, according to a Mitofsky International survey. The president of Panama, Ricardo Martinelli, received a 91 per cent approval rate. The president of El Salvador, Mauricio Funes, came in second place, with 88 per cent. Guatemalan

president Álvaro Colom received 46 per cent, Costa Rican president Óscar Arias reached 44 per cent and Nicaraguan president Daniel Ortega received 25 per cent.

Fiscal deficit of 1 percent puts Panama on brink of investment grade (Source: Efe) Panama registered a 2009 fiscal deficit of 1 percent, which places it on the threshold of achieving investment grade from the ratings agencies, said Alberto Vallarino, the minister of economy and finance. Vallarino said Panama had been looking to achieve investment grade for some time. "It would open up new sources of finance, attract new investors and speed achievement of the government's development goals," he said. The 2009 deficit was \$250 million less than was forecast, a "tremendously positive" achievement", Vallarino added.

Moody's puts Panama on investment grade watch (Source: Dow Jones) Moody's Investor Service put Panama on watch for upgrade, setting the stage for the company's foreign-currency government bond rating to enter investment-grade territory. Such a move would recognize "the significant improvement in the country's fiscal and debt positions over the past several years and of a structural upward shift in economic growth." Standard & Poor's Ratings Services made the same outlook change in November. Moody's analyst Alessandra Alecci noted that Panama's debt levels "have improved dramatically" in the past decade, "with several ratios already in line with" investment-grade countries.

Panama launches a quest for \$1 billion investment a year (Source: La Estrella) Panama's government has set a goal of obtaining at least \$1 billion a year in foreign investment. The first step to achieve it will be taken with the opening of the Exports Promotion and Investment Attraction Agency. The second step will be a marketing plan, which is supposed to be ready in July, followed by the establishment of overseas offices by December. Local and international enterprise directors and businesspeople will be involved in the decision-making.

Panama stakes \$1.5 billion on boost for farming (Source: La Estrella) The government of Panama aims to invest about \$1.5 billion in irrigation projects over the next five years. The aim is to achieve a growth between 6 and 8 percent a year in the farm sector. The plans include "measures to switch land use from non-sustainable crops such as onions and tomatoes in favor of export crops such as tropical fruit." As well as irrigation, the project includes the establishment of a refrigerated logistics chain.

Panama forecasts 50 percent increase in production of melon and water melon (Source: La Estrella) Panama launched its 2010 export expectations of melon and water melon with high hopes of an improvement compared to 2009. Last year, exports of melon went 68.5 percent down, while those of water melon fell by 54.1 percent, due mainly to a fall in demand. This year, 4,000 hectares have been sown to both crops, up from 2,600 hectares last season. In addition, farmers have sown 1,500 hectares of pumpkin. Some 70 percent of Panama's melon exports go to Europe, while the United States buys the remains.

Panama betting big on pineapple (Source: laestrella.com.pa) With government support, the country has set out to surpass Costa Rica as the leading exporter of fruit. The announcement was made by José Domingo Arias, the Minister of Commerce and Industries, who explained that the plan includes implementing technologies to increase output and policies to improve commercialization. The minister added that "... Panama has the climatic conditions to surpass its neighbor shortly. Some regions, such as La Chorrera, Capiira and Azuero, enjoy an ideal climate for fruit, without the sharp temperature variations that sweep Costa Rica..."

\$430 million natural gas project for Panama (Source: Dow Jones) Panama will spend \$300 million on a liquified natural gas, or LNG, terminal and \$130 million on a gas-fired power plant, announced the country's Ministry of Finance. The projects will help meet the

country's growing energy demand, and reduce the use of liquid fuels. The LNG terminal will allow the country to receive, store, and then regasify LNG cargos in Colón, which is located near the Atlantic entrance to the Panama Canal. It will take about five years for the projects to be completed.

Heavyweights join the race for \$1.5 billion metro (Source: La Estrella) Seventy companies from around the world have shown interest in designing and building the subway system for Panama. However, only six companies will be able to bid for the project, which is expected to cost up to \$1.5 billion. The tender is estimated to be launched in May. Companies and firms that are interested include Astaldi, Mitsubishi, IFM, Hidalgo e Hidalgo, Guella, Camargo and OAS. Some companies, such as Mexico's ICA and Brazil's Odebrecht, have already done projects in Panama.

Panama Modifies Bidding Rules for Metro (Source: Prensa.com) The Metro Secretary announced that the updated bidding rules can be downloaded from PanamaCompra since yesterday. These modifications were included by request of some of the companies interested in developing the Metro System of Panama City. Roberto Roy, Metro Secretary, was quoted in Prensa.com: "we modified the rules to ease the liquidity and indebtedness ratios ... we reduced the importance given to local experience, from 13 to 8, out of a total 130 points". The request came after complaints that the previous bidding rules would make it too difficult for foreign companies with little or no previous projects in Panama to participate.



Booming trade will make China the ultimate winner in Panama Canal expansion (Source: Dredging Today) This week, in Panama, workmen will start digging a hole big enough to hold the world's biggest Danish-owned, South Korean-built megaships. This will be partly funded by Japan and supported by Latin American cash. The ultimate winner, though, will be China. Work on the final stage of the \$5.2 billion expansion of the Panama Canal begins amidst evidence of China's roaring recovery from the global slump. Imports and exports are expected to grow this year by respectively 19 per cent and 17 per cent. The widened canal will become a prime conduit for Chinese-driven global trade. It will make transport costs of finished goods from China to the east coast of the US considerably cheaper, estimates are up to 30 per cent.

Panama Canal chief pressing ahead with steep increases in tolls (Source: Financial Times) The administrator of the Panama Canal has vowed to push ahead with a program of steep toll increases, this in spite of complaints that they are affecting the shipping market crisis negatively. Alberto Alemán Zubieta stated that traffic through the canal has kept up well during 2009, despite sharp toll rises. Figures that were released last month show that passages through the canal were only 2 per cent lower last year compared to 2008. However, he acknowledged that the mix of traffic changed sharply, as the number of container ships, which have faced the biggest toll increases, has fallen over the past year.

\$353 Million in Job Training (Source: Prensa.com) The government of Panama plans to invest \$353 million in job training programs between 2010 and 2014. Such funds would be administered by Inadeh, the National Institute for Professional Training and Development, and the Labor Ministry. "These institutions will receive \$70.6 million in 2010, and \$353 million over the next five years", reported Prensa.com. The lack of a qualified workforce is considered to be one of the major challenges for the future growth of Panama.

Panama Hiring More Foreigners (Source: Prensa.com) In 2009, the number of successful work permits granted to foreign citizens increased by 58.2%. This increase is driven by a demand for workers with very specific expertise, for instance in the case of the expansion of

the Canal and the arrival of a series of multinational corporations. A contributing factor is the lack of domestic skilled labor in some areas. "A report from the Labor Ministry shows that 12.118 work permits were processed in 2009, up from 7.657 in 2008", reported Prensa.com.

General Electric Rules Out Panama for Laboratory (Source: Prensa.com) The company explained the country lacks the number of English-speaking IT specialists that is required for the project. GE needed to hire between 1.000 and 1.500 IT technicians and engineers for this initiative, and will move the project to Chile instead. "GE sources assured they couldn't be sure they would have the required personnel, even with a three-year window and reducing the number of English-speaking engineers to 50%", reported Prensa.com.

Panama: World Center for Shipping Routes (Source: wired.com) Measuring the volume of ships and the number of other ports it links to, the Panama Canal is the world's leading maritime hub. These are the results of a map showing a year's worth of the world's shipping routes, traced by GPS. Scientists have produced the first map showing all the world's shipping routes, based on actual voyages. A team has reconstructed a year's worth of travel itineraries from 16.693 cargo ships using data from Lloyd's Register Fairplay and the Automatic Identification system, which tracks vessels using VHF and GPS. The map highlights a number of "hotspots" where the most traffic is recorded. The largest is the Panama Canal, followed by the Suez Canal and Shanghai.

Costa Rica - Panama Electrical Interconnection in July (Source: elfinancierocr.com) The last component of the electrical interconnection project between Costa Rica and Panama is planned to be ready by July 2010. Panama has already completed its share of the project, which is located in an area called "Friendship Ring" ("Anillo de la Amistad"). Costa Rica still has to complete two power lines. Elfinancierocr.com reports: "The agreement between both countries also created a permanent bi-national commission, that will develop other collaboration topics in addition to electrical interconnection, such as risks to natural resources, tourism, infrastructure, agriculture, health, education, social development, customs and migration".

Japan Wants to Invest in Panama (Source: Prensa.com) The Japanese Foreign Relations minister announced his country's interest in investing in 4 infrastructure projects. At a meeting of the chancellors of Japan and Central America, the minister listed the envisioned projects: the first metro line, the bay cleanup project, the widening of the Canal and the Panama-Colon Highway. "Japan is the largest partner in funding the Panama Canal and the bay cleanup project, with a contribution of nearly \$1 billion", reported Prensa.com.

Air Europa to Link Madrid With Panama (Source: Prensa.com) The European airline will start the route Madrid-Panama in October, with 4 weekly frequencies. On January 21st, the Panamanian Tourism Authority (ATP) and Air Europa signed a collaboration agreement which regulates the new route, to be operated with 299-passenger planes. "ATP confirmed that Air Europa has been negotiating with Copa Airlines for an agreement to distribute passengers throughout both networks", reported Prensa.com. "This would be the key piece to complete the jigsaw, as one flight between Panama and Madrid could lack the required demand".

Panama to Host Expo Turismo 2010 (Source: terra.com) The international fair is organized by the Tourism Chamber, and will take place on October 7 and 8. Its objective is to boost the tourism industry, and, among others, it is intended for air travel companies, hotels and tourism schools. Adolfo Linares, president of the Panamanian Commerce Chamber, stated in a press conference that "the Chamber is doing everything to ensure a successful first edition of Expo Turismo".

Convention Tourism in Panama (Source: Capital.com.pa) To become a global destination for the convention industry, Panama must increase the number of available hotel rooms and air plane seats. For this reason, Martinelli's government produced a strategic five-year plan which includes a Tourism Development Master Plan by the Panamanian Tourism Authority. The latter includes specific considerations for the convention tourism industry, remarking the country's potential, given its geographic location and flight connectivity with Latin America through Copa Airlines' route network. Since most convention visitors will come from the United States, Panama is pondering whether to negotiate a special tax exemption status with the U.S. Internal Revenue Service. Capital.com.pa published that "the Panamanian Hotel Association targets 24.000 hotel rooms for 2010, 1.5 million visitors, 180.000 direct jobs and \$1.6 billion in revenue".

Less Tourists, More Revenue (Source: pa-digital.com.pa) From January to November 2009, tourism driven revenue in Panama reached \$1.32 billion, \$42 million more than during the same period of 2008. An increase in the money spent by each tourist, which now averages \$1000, counterbalanced an 8% drop in tourist arrivals. Pa-digital.com reports that it was only in the first months of 2009 when the number of tourists dropped, and that by the end of the year the situation normalized, reaching 1.353.857 visitors.

Licenses to Generate 336.8 MW of Wind Power (Source: Panamanian Public Services Authority) Panama granted "Unión Eólica Panameña" licenses to install, operate and exploit 4 wind power farms. The public services authority of Panama granted the company provisional licenses to install, operate and exploit the wind farms called Nuevo Chagres, Portobelo Ballestillas, Marañón and Rosa de los Vientos, capable of 42.5, 59.5, 850 and 194 MW, respectively. They will install 168 generators capable of 850kW, and 97 capable of 2000kW.

Panama: 4 New Super Post-Panamax Cranes (Source: Prensa.com) The Port of Balboa received 4 Korean super Post-Panamax cranes, worth \$7.5 million each. They were built by Doosan Heavy Industries and Construction Co. Ltd., and will be the largest to operate at the port. "They can unload vessels with 22 lines of containers, and will be installed at the port's new 18th dock", reported Prensa.com.

Decal to Invest \$25 Million in Panama (Source: pa-digital.com.pa) The company, a supplier of bunker fuel for tanker ships, will invest in expanding its facilities during the next 12 years. The announcement was made by Guillermo Márquez, a company representative, after the corporation signed an agreement with the Panamanian State to extend its concession at Isla Tabogilla, at the Pacific coast. "Between 2002 and 2008, Decal invested \$28 million in its fuel storage and dispensing facilities. Shortly, they will extend them to 15 additional hectares", reported newspaper Panamá América.

Free Internet Activated in Panama (Source: Presidencia de Panamá) The first phase of the National Internet Network project ("Red Nacional Internet") was recently activated, with 328 hotspots in 11 cities. The entire project aims to provide free internet access in 22 cities, via 600 wi-fi hotspots. Users will be able to access web pages, chat, e-mail and to use messaging services free of charge, with speeds up to 512 kbps. Hotspots will be located in high-density locations such as schools, libraries, community gyms, museums, health centers and hospitals.

Tenders

Panama Metro begins consulting process (Source: Prensa.com) The consortium Geoconsult/Cal and Mayor/Poyry formally joined the Metro task force today. Antonio Guevara, Director at Poyry Mexico, explained that Geoconsult will conduct the geological, geotechnical and local advising studies; Cal and Mayor will conduct demand, civil structures and urban development studies; and Poyry will be the overall responsible for the system. Prensa.com reported: "According to Government estimates, the project could go out to tender between February and March 2010". Estimated investments total around USD 1.500 million.

Tender for \$270 million "Metro Bus" system (Source: CentralAmericaData.COM) The project comprises design, procurement and the operation of a new public transportation system for Panama City. In the proposal, candidate companies must include a passenger demand study, route design, operations plan, driver training plans, and maintenance and user information programs. They must also provide a fleet reposition plan and an investment program in terminals. The deadline for submitting offers is February 26, 2010, at the offices of the Panamanian Transport Authority. For further information on the tender: <http://www.panamacompra.gob.pa/panamacompra/detallegeneral.aspx?ID=2009-1-03-0-08-LV-001408> More than 20 companies have shown interest in taking part in the tender to realize Panama's proposed new public transport system, the Metro Bus. The companies that want to compete are drawn from 10 countries, officials say. The new transport system is expected to launch operations next year in Panama's capital.

Bridge over the Canal will cost \$250 Million (Source: Prensa.com) The Panama Canal Authority (PCA) will finance the construction of a vehicular bridge over the set of locks in Lake Gatún. Canal Administrator Alberto Alemán explained that they are analyzing the project's design, and that they have not ruled out yet the possibility of a tunnel. Prensa.com reports: "In November 2009, PCA published the bidding rules to hire a specialist company to analyze the various alternatives for this endeavor".

\$25 million for new airport (Source: Critica.com.pa) The Panamanian Minister of Economy, Minister Dulcideo de la Guardia, announced that a new air terminal will be built in the province of Chiriquí. He also explained that they are preparing the bidding rules, and expect to begin the bidding process in February. The state's plans include extending the runway at airport Enrique Malek, in David. The contract comprises studies, design and construction of an expansion at Enrique Malek International Airport, in Panama. This airport is located south of the City of David, and north from Estero de Pedregal. It is the third largest airport in Panama, and the only one in the province of Chiriquí. The expansion aims to improve quality of service and serve an increased number of passengers and flights. For further information about the airport developments in Panama, please contact Dieter Ploeger at nltrade@cwpanama.net.

Events



Call for participation at ExpoComer on 03-06 March

The Dutch Embassy will be present at the Expocomer Fair on 03-06 March, together with several stands from Aruba and possibly

Curacao. The fair will host an exhibition area of 1000 stands, where national and international businesses from almost 40 countries will exhibit their supplies and demands, as well as the services and products in the following areas: food & beverages, textiles & accessories, services, technology and construction. The fair offers a unique opportunity to establish business contacts with businessmen, high ranking multinational executives, products and services suppliers, government authorities, international companies and agencies, seminars, among others. The organization of this fair is in the hands of the Panama Chamber of Commerce. For more information or participation you can visit the website: www.expocomer.com or contact our Consulate-General in Panama, Mr. Dieter Ploeger, Tel.: 00507 263 6494. Dutch companies which cannot be present may wish to send folder material etc. through the Consulate-General. Email: consuladonl@cwpanama.net.



Panama to host FAO conference (Source: Prensa.com) From April 26 to 30, 2010, the XXXI Regional FAO Conference for Latin America and the Caribbean will be held in Panama. Organizers expect the presence of ministers and technicians from 33 countries and delegates from 60 organizations. The announcement was made by Panamanian Chancellor Juan Carlos Varela.



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, has contracted Metasus Consulting from the Netherlands who completed a study about the opportunities for Dutch companies for renewable energy and energy saving. A trade mission will be planned for September of 2010. For more information contact: Ir. A.T. (Bert) Keesman at e-mail: keesman@metasus.nl or via www.metasus.nl



Dutch outbound trade mission to Costa Rica and Panama

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, Dutch Embassies in Central America and SNV to organize a B2B Food Processing Trade Mission. DLV Plant is coordinating a trade mission to Costa Rica and Panama in June 2010 in order to help Dutch suppliers to get a better understanding of the current market trends. Participants will meet with local branch organizations and companies, receive market briefs, individual matchmaking and possibly tour local commercial facilities. Companies will have the opportunity to exhibit their products and meet with buyers during tabletop display matchmaking sessions. Focus products are: Tomato, Meat and Poultry, Dairy Products, Canned and Shelf Stable Goods, Frozen and Processed, Juices, Spices and Ingredients. Corporate Social Responsibility will be an important topic during the mission. For more information, and to register, please contact Jan Tuinstra at j.tuinstra@dlvplant.nl

[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 of all parties, the website is in English. Furthermore, 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.



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