

U.S. Country Commercial Guides



Panama
2019

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Doing Business in Panama

Market Overview

Panama serves as the crossroads of trade for the Americas. Its strategic location as a bridge between two oceans and the meeting of two continents have made Panama not only a maritime and air transport hub, but an international trading, banking, and services center. Panama's dollar-based economy offers low inflation in comparison with neighboring countries and zero foreign exchange risk. Its government is stable and democratic, and actively seeks foreign investment. In May 2019, Panama held presidential elections won by center-left Democratic Revolutionary Party (PRD) candidate Laurentino Cortizo, who pledged to strengthen ties with the United States, fight corruption, tackle inequality, and strengthen Panama's ability to combat money-laundering. The United States is Panama's largest foreign investor, trade partner, and user of the Panama Canal.

Due to the country's historic evolution and premium strategic geographic location, which focused resources overwhelmingly on services and transactions, the assembly and manufacturing sectors – largely comprised of production of items such as processed foods, chemical products, construction materials and a small and declining clothing sector - remain severely underdeveloped. The national poverty rate hovered at 19 percent. These pockets of poverty, mostly in indigenous areas, suffer from significant underemployment and limited education and other social benefits.

Panama's economy is based primarily on a well-developed services sector, accounting for about 80 percent of GDP – with the Panama Canal as the largest economic contributor. Services include the Canal, banking, activities in the Colón Free Trade Zone (CFZ), insurance, container ports, and flagship registry. In June 2016, the country completed a \$5.25 billion expansion of the Panama Canal, which allows for larger ships (Neo-Panamax ships) carrying 12,000 containers (compared to the 5,000 container limit under the old infrastructure). The expanded locks are crucial for U.S. liquid natural gas (LNG) exports, as the Canal is the main artery for U.S. LNG exports to Asian markets. According to the Panama Canal Authority (ACP), the net tonnage for fiscal year 2018 was 442.1 million tons, a 9.5 percent increase from the previous year. Tolls revenue amounted to \$2.969 billion, an 11 percent increase from the previous fiscal year. There was also a 1.8 percent increase in transits from 13,548 in fiscal year 2017 to 13,795 in fiscal year 2018. The Panama Canal serves more than 144 maritime routes connecting 160 countries and reaching some 1,700 ports in the world.

This logistical platform has aided the success of the Colón Free Trade Zone, the second largest in the world, which has become a vital trading and transshipment center serving the region and the world. CFZ imports – a broad array of luxury goods, electronic products, clothing, and other consumer products - arrive from all over the world to be resold, repackaged, and reshipped, primarily to regional markets. Because of this product mix, U.S. brand market share is significant, even if most of those products are made in Asia. That said, the CFZ's activity has waned in recent years due to more small suppliers procuring directly with China, competition from other regional transshipment hubs, and decreasing demand from the economic deterioration in Venezuela and a trade dispute with Colombia.

The United States is Panama's most important trading partner and U.S. products enjoy a high degree of popularity in Panama. In 2018, U.S. exports to Panama reached \$6.8 billion, while in 2017, total exports reached \$6.3 billion. International competition for sales is strong across many sectors including telecommunications equipment, automobiles, heavy construction equipment, consumer electronics, computers, apparel, gifts, and novelty products. China and Japan are the United States' biggest export competitors, with both of their share of exports to Panama trending up as the U.S.'s share trends downwards.

The U.S.-Panama Trade Promotion Agreement (TPA) went into effect in October 2012 and will continue to offer U.S. goods a competitive advantage. For 87 percent of U.S.-made goods, tariffs dropped to zero percent immediately, with remaining tariffs phasing out by 2022.

Panama has full Free Trade Agreements which cover goods and services in force with the following countries or economies: El Salvador, Singapore, Chile, Costa Rica, Honduras, Guatemala, Nicaragua, Peru, the United States, Canada, Iceland, Norway, Liechtenstein, Switzerland, Israel, South Korea and Mexico. Panama has partial trade agreements with the Dominican Republic and Cuba. It is engaged in active negotiations with Colombia and is part of the Central America-EU Association Agreement that entered into force in 2013. Panama established diplomatic relations with the People's Republic of China in June of 2017.

Market Challenges

Panama's inflexible labor laws are a source of concern for prospective investors. Firing practices are excessively regulated, reducing labor mobility and inhibiting hiring. While inexpensive in global terms, Panama's minimum wage is relatively high in a Central American context with annual increases depending on the sector. In addition, competent technical employees fluent in English can be difficult to find. These labor issues, coupled with relatively high costs for electricity, result in higher-than-average unit production costs in Panama.

Instances of questionable government practices have affected U.S. investors in Panama. These include bidding procedures, contract obligations, and a slow and imperfect judicial system. The Cortizo administration has promised to fight corruption, energize the economy, and combat inequality. Panama's real GDP annual growth in 2018 was 3.6 percent and the IMF estimates overall growth in 2019 will be 4.3 percent – still high for regional standards but much lower than boom years Panama experienced in the early 2000s.

International indexes generally rate Panama as one of the best countries in Latin America for business and investment. At the same time, however, U.S. and other international investors have voiced concerns about corruption and inconsistent treatment, as well as late payments on government contracts. For these reasons, we encourage U.S. companies interested in investing in Panama to read our report on investing in Panama thoroughly and to contact the U.S. Commercial Service in Panama for guidance. We also recommend that U.S. citizens interested in purchasing property in Panama consult with the Embassy's American Citizens Services section.

Market Opportunities

Panama has no restrictions on the outflow of capital or outward direct investment. Its accession to the World Trade Organization in mid-1997 opened up trade and lowered tariffs across the board, giving Panama the lowest average tariff rate in Latin America. Panama's recognition of the U.S. sanitary and phytosanitary system and the creation of a Food Safety Authority have essentially eliminated the previous arbitrary procedures for issuing permits for U.S. food products.

Consumer attitudes and many brand preferences are similar to those in the United States. Many U.S. television, radio, and magazines are popular and available in Panama. Middle and upper-income Panamanians frequently travel to the United States for vacation, medical treatment, study, and business, and their buying patterns and tastes are like those of U.S. consumers. U.S. goods and services enjoy a reputation for high quality and are highly competitive.

Best market opportunities in Panama include the following sectors: engineering services, hotel and restaurant equipment, medical equipment, cybersecurity, energy efficiency, and tourism.

Major ongoing infrastructure projects in 2019 include: the expansion of the Tocumen International Airport; the construction of lines two and three of the metro system; the urban renovation of the City of Colon; the construction of new water plants and sewage systems, the construction of a new container port on the Atlantic (delayed); the construction of two gas-fired dual cycle power plants, and fourth bridge over the Panama Canal waterway (on hold). U.S. companies face strong competition from state-owned Chinese companies that have won many the infrastructure projects in the past years. Panama established diplomatic relations with the People's Republic of China in June of 2017.

Market Entry Strategy

Due to its open economy, Panama has few market access problems. One of the more common market entry options is to appoint an agent or distributor. The U.S. Commercial Service offers U.S. companies market entry assistance through a variety of services, any of which can be tailored to suit your needs. We also will work to defend your business interests in Panama if the need arises.

Given the ease of air travel between the U.S. and Panama, our Gold Key Service (GKS) is our most popular offering. This service connects you with qualified potential representatives, distributors, partners, or customers. The U.S. Embassy will conduct background checks, set up the meetings, and provide translation and driving services as part of the service.

To learn more about how we can assist you in doing more business in Panama, please visit our website at www.export.gov/panama. You can also call us at 011-507-317-5000.

Political Environment

For background information on the political and economic environment of Panama, please click on the link below to the U.S. Department of State [Background Notes](#).

Selling US Products & Services

Using an Agent to Sell U.S. Products and Services

According to Panama's constitution, nationals and foreigners are treated equally under the law. Both Panamanian and foreign companies must fulfill the same basic requirements to organize and operate most types of business activities in Panama. The Panamanian law does not require the use of an agent or distributor to import goods. However, the use of an agent or distributor is recommended in order to expedite the importing process and to facilitate the after sales service and support. There is no law regulating the relationship between international suppliers and local agents and distributors. This relationship is only governed by the private agreements made between the parties involved. In cases of contract termination or disputes, the private contract clauses prevail over any other document or practice. U.S. companies are strongly encouraged to stipulate arbitration as the preferred mechanism for any dispute resolution, as opposed to reliance on the local court system.

Individuals may engage in business activities in their own names or through legal entities. The most commonly adopted form of legal entity is the corporation (Sociedad Anonima, or S.A.). Other types of legal entities commonly used in Panama are general partnerships, simple limited partnerships, joint stock partnerships, and limited liability companies.

To learn more about how we can assist you in securing an agent or distributor in Panama, please visit our website at <http://export.gov/panama>.

Establishing an Office

Establishing an office in Panama is generally a straightforward process. Local office space is plentiful, with many options on location and cost. Panama has one of the most modern and flexible business law frameworks in Latin America. U.S. firms should obtain legal and tax related advice from established accounting and legal firms.

Following are some of the advantages offered by Panamanian laws to do set up a business in Panama:

Two or more persons of any nationality may organize a corporation, a limited liability company and other types of legal entities suited to conduct business in Panama for any lawful purpose. They do not have to be domiciled in Panama. The incorporation or partnership documents may be executed anywhere, even outside of Panama, and in any language, provided a Spanish translation is submitted for registration.

There are no requirements regarding the amount paid in capital. Ownership of a Panamanian corporation may reside in a single individual or corporation and no part of the capital needs to be held by a Panamanian except if it is to undertake certain operations within Panama. This also applies for limited liability companies, although the minimum number of members is two. There are no nationality or residence requirements for shareholders, partners or members. Neither the directors nor the officers are required to be shareholders, partners or members.

In the case of a limited liability company, one manager must be named although the manager need not be a member or partner. The Board of Directors of a corporation must be composed of at least three directors, but one person may hold more than one position. Meetings of members, partners, shareholders or directors may be held outside of Panama and through electronic means. Proxies may be used.

In order to form a corporation or a limited liability company in Panama, the client must furnish the following information:

The name of the corporation or the limited liability company. It may be in any language, but it must end in a word or abbreviation indicating that it is a corporation such as “S.A.”, “Inc.” or “Corp.”. In the case of a limited liability company it must include the designations “S. de R.L. or similar”

The objectives and purposes of the corporation or limited liability company.

The amount of the authorized capital. Usually the authorized capital will consist of US\$10,000 divided into 100 shares of US\$100 each, although the amount and par value can be left for the Board of Directors to decide.

Duration of the corporation or limited liability company, usually perpetual.

The full names and addresses of three or more directors, managers and/or officers. In case of a limited liability company, the addresses of the members or partners must be included as well.

The domicile of the corporation or limited liability company.

The time period usually involved in setting up a corporation or limited liability company is from fifteen days to two months. Attorney fees usually range from US\$600 to US\$1,500 per corporation or limited liability company.

Every corporation or limited liability company organized pursuant to the laws of Panama must have a resident agent within Panama, who must be an attorney or a law firm. The annual fee for this service is about US\$200.00. Approximately 400,000 corporations are registered in Panama.

In order to engage in commercial or industrial activities, all corporations, partnerships or individuals must obtain proper authorization from the Ministry of Commerce and Industry. These are called Aviso de Operación (“Operational Advice”) There are three basic types of regulated commercial activities requiring Operational Advice.

Retail Activities: These involve direct sales to consumers, representation or agencies of manufacturing or merchant companies (for sales to consumers) and any other activities designated as such by law, excluding sales of manufactured goods and agricultural activities or those requiring special regulation. These activities (retail) are generally reserved for Panamanian nationals.

Industrial Activities: These include extraction or manufacturing, as well as wholesale and sales to the State of such commodities; building companies; manual industries and crafts.

Regulated Activities: This require regulatory permits from governmental entities prior to issuing the Operational Advice and include, among others, hospitality, liquors, administrative concessions by the state such as public transportation, telecommunications and public services, banking, insurance, trust companies, real estate, securities, drugs, hospitals, arms and munitions, delivery of mail, security companies and several other activities.

Exemptions for business license requirements are granted to persons or legal entities engaged exclusively in agriculture, cattle, bee, or poultry-raising, or in the manufacturing and sale of handicrafts, provided that hired workers do not perform the work. Operational Advices must be kept at all times in a visible and accessible place. The cost for obtaining an Operational Advice ranges from \$250 to \$750 and can be done via internet by accessing the PanamaEmprende Portal <https://www.panamaemprende.gob.pa>. This Portal also has additional information and details regarding the necessary government permits. It should be consulted periodically to ensure compliance with the laws. Prior to incorporating a company or obtaining an Operational Advice it is strongly recommended to consult with a local lawyer or law firm.

The Panamanian tax system is territorial, meaning all income derived from local operations is subject to income tax, unless stipulated in the Special Incentive Zones (visit www.mici.gob.pa for details). An annual tax is levied

based on a company's paid in capital, as stated in income tax filings, and a yearly incorporation tax plus other applicable taxes due depending on the activity.

Most service providers are required to charge a seven percent (7%) value-added tax on most services.

Franchising

According to industry experts, there are about 200 franchise chains operating in Panama. About 15 Panamanian companies have successfully embraced the franchise business model (Pio Pio, Athanasious, Farmacia Metro, etc.). Foreign franchises comprise more than 90 percent of the total number of franchises in the country. The United States is the market leader, but competition has increased from countries such as Colombia, Guatemala, El Salvador, Mexico, and some European markets. Competitive prices, product quality, and strong promotion are the main factors in determining successful market penetration. There are no major restrictions for franchise operations in Panama. Most banks are familiar with the franchise business and the use of the U.S. dollar, in and a well-developed banking system results in business transactions being substantially easier than in other countries.

Panama is a regional shopping destination for many Latin Americans and counts on a steady stream of foreign consumers in Panama's growing malls. As a result, there is significantly greater purchasing power in the franchise space, particularly in restaurants, than Panama's own income distribution and small population would at first indicate.

The market continues to diversify with new franchises entering the market in different sectors, such as gyms, house cleaning, security services, beauty services, flower arrangements, and mail and package delivery services. Opportunities for growth are also exponentially growing outside Metropolitan Panama City.

Direct Marketing

Local laws allow companies and individuals to import directly with no intervention from agents or distributors. This situation opens the door for a direct marketing approach, especially in certain sectors such as industrial goods, industrial machinery, agricultural equipment and other high value equipment or machinery.

Joint Ventures/Licensing

Joint ventures, especially for large projects, are becoming common in Panama. Some joint ventures are formed for limited periods, such as for a specific construction contract or technology transfer contract. The profits from joint ventures can be distributed annually to each joint venture partner and are taxed in the same manner as any other income.

Panamanian law requires the registration of license agreements, although in practice few licensors and licensees do so. License agreements are frequently used to reinforce rights to registered trademarks. The agreements must be attached to the registered trademark and filed with the Industrial Property Department in the Ministry of Commerce and Industry. The agreement becomes part of the file on the trademark covered.

The Colón Free Zone (CFZ) offers the U.S. exporter looking for regional marketing arrangements a convenient one-stop distribution center. However, there have been instances of money laundering, intellectual property piracy and drug trafficking reported in the CFZ. All U.S. firms should perform due diligence before commencing operations there. Please contact CS Panama for assistance in identifying potential business partners in the CFZ.

Selling to the Government

The law (Law 22) regulating government procurement and other related issues went into effect at the end of 2006. It created the Direccion Nacional de Contrataciones Publicas (National Procurement Office) and was designed to streamline and modernize Panama's contracting system. One of the highlights of the law is the

establishment of an internet-based procurement system <http://www.panamacompra.gob.pa>. All purchases must be announced in this system, in turn providing greater flexibility, transparency, and speed in government purchases. The law also regulates the use of performance bonds, creates an administrative court to deal with procurement-related issues and an office to monitor public tenders (National Directorate for Public Tenders), allows for interest payment in the case of late payments to suppliers, and provides more expedited information access for all participants in the procurement process. At the time of this writing, the Panama legislature was moving to reform Law 22.

Panama is an observer to the WTO Agreement on Government Procurement (GPA) which is a plurality agreement that establishes rules requiring open, fair and transparent conditions of competition be ensured in government procurements. Additionally, the U.S.-Panama TPA (Chapter 9) requires fair and transparent procurement procedures for procurement covered by the TPA. For complete text visit [USTR](#).

U.S. and other bidders for important government contracts continue to complain of lack of transparency, excessive delays, and bureaucracy in the bid selection process. Requirements may at times be designed to exclude competition and favor a particular supplier. Excessive bureaucracy has been also responsible for the government's slow payment record.

The Panama Canal represents significant business opportunities for U.S. exporters, with annual purchases of as much as \$250 million, including port and marine equipment, building materials, industrial equipment and transportation materials and equipment. Despite being a government agency, the Panama Canal Authority (ACP) is a unique organization that by constitutional law is autonomous, runs a profitable and efficient operation, has full control over its budget, and enjoys an excellent payment record.

The Commercial Service maintains Commercial Liaison Offices in each of the main multilateral development banks, including the World Bank and the Inter-American Development Bank. These institutions lend billions of dollars to developing countries for projects aimed at accelerating economic growth and social development by reducing poverty and inequality, improving health and education, and advancing infrastructure development. The Commercial Liaison Offices help American businesses learn how to get involved in bank-funded projects, and advocate on behalf of American bidders. Learn more by contacting the Commercial Liaison Offices to the World Bank and the Inter-American Development Bank.

Many governments finance public works projects through borrowing from the Multilateral Development Banks. Please refer to "Project Financing" Section in "Trade and Project Financing" for more information.

Advocacy

U.S. companies bidding on Government tenders may also qualify for U.S. Government advocacy. A unit of the U.S. Commerce Department's International Trade Administration, the Advocacy Center coordinates U.S. Government interagency advocacy efforts on behalf of U.S. exporters bidding on public sector contracts with international governments and government agencies. The Advocacy Center works closely with our network of the U.S. Commercial Service worldwide and inter-agency partners to ensure that exporters of U.S. products and services have the best possible chance of winning government contracts. Advocacy assistance can take many forms but often involves the U.S. Embassy or other U.S. Government agencies expressing support for the U.S. bidders directly to the foreign government. Click [here](#) for more information.

Multilateral Development Banks and Financing Government Sales

Price, payment terms, and financing can be a significant factor in winning a government contract. Many governments finance public works projects through borrowing from the Multilateral Development Banks (MDB). Please refer to the Project Financing Section in Trade and Project Financing for more information. A helpful guide for working with the MDBs is the [Guide to Doing Business with the Multilateral Development Banks](#).

The U.S. Department of Commerce's (USDOC) International Trade Administration (ITA) has a Foreign Commercial Service Officer stationed at each of the five different Multilateral Development Banks (MDBs): the African Development Bank; the Asian Development Bank; the European Bank for Reconstruction and Development; the Inter-American Development Bank; and the World Bank.

Distribution & Sales Channels

Business practices in Panama are very similar to those in the United States. Business tends to be direct and straightforward. On average, Panama City accounts for 65% of total national sales of consumer goods. The remaining 35% is distributed among the principal cities of David, Colón, Santiago, and Chitré.

Generally, the marketing channel structure in Panama is simple. Direct importers act as wholesalers and in many cases also as retailers. This situation is common in the case of apparel, automotive parts, and hardware products. In the case of consumer goods, food and medicines, the retail operation is separate from the wholesale operation. For industrial goods, sales are normally handled by local exclusive agents or distributors. In other cases, local firms order direct from U.S. brokers or the manufacturer.

Some of Panama's major importers are also regional distributors for Central and/or South America, with warehousing facilities located in the Colón Free Zone (CFZ). Generally, CFZ importers/distributors have affiliated stores in Panama City for retail sale to the local market. We encourage U.S. companies with consumer retail products to look at selling through the Colón Free Zone to the region. For more information on this option, please contact CS Panama.

Most of Panama's trade moves through the Atlantic ports of Manzanillo, Cristobal, and Evergreen, and the Pacific Port of Balboa. The Tocumen International Airport handles the bulk of Panama's air cargo. Merchandise, especially from the CFZ, is transported to Central America by land. Panama has an efficient terrestrial transportation system.

Express Delivery

Most of the international express delivery companies have a presence in Panama as well as local companies that provide delivery services. In general, express delivery firms are highly reliable. Deliveries from U.S. cities take typically 3-5 days. Imports of certain goods like cosmetics and hygiene products produced abroad are restricted to a maximum of two or three products per person when purchased online for personal use. Cosmetics intended to be sold by retailers must comply with Panamanian cumbersome registration procedures.

According to the U.S.-Panama Trade Promotion Agreement Article 5.7 (g) "Express Shipments (g) under normal circumstances, provide that no customs duties or taxes will be assessed on, nor will formal entry documents be required for, express shipments valued at US\$100 or less."

Selling Factors & Techniques

Panama has the highest per capita income in Central America. However, most of income is skewed to a small, consumer goods-oriented economic class. These upper-middle and upper-income class families have high levels of disposable income. They are interested in purchasing high quality, trend-setting goods. Price is less of a factor in purchasing decisions made by this class than for the middle and lower income classes. Most Panamanians are interested in quality, but price still plays a significant role in the purchase decision.

Panama's growth as a passenger air hub for Latin America and its competitive consumer retail environment have contributed to a proliferation of shopping malls that promote Panama as a shopping destination for the region's growing middle class. It is not uncommon to see Brazilians, Colombians, Venezuelans, and Central

Americas flooding the malls, particularly during holidays. As a result, U.S. consumer retail and franchise companies can expect more sales opportunities than Panama's small population would at first indicate.

The use of the U.S. dollar as legal currency and consumer preference for high-quality products at competitive prices are two reasons for high acceptance of U.S. products in Panama. Overall, U.S. products are well accepted in the market and known for their high quality. Nonetheless, U.S. products must compete against lower-priced products, especially from Asia. For example, as in the U.S. itself, Japanese and Korean electronics dominate the market because of aggressive market entry techniques and good quality at competitive prices. Note that U.S. brands, many of whom are manufacture outside of the U.S., enjoy a prominent position in the marketplace and in the Colón Free Zone. Such brands as Nike, Oakley, and Columbia sportswear fall into this category. There are an estimated 150 U.S. brands present in Panama.

eCommerce

Law No. 112, signed on July 30, 2001, was the first law in the region to embrace e-commerce. Revised laws No. 51 (July 2008) and Law 89 (November 2012), enhanced the legal framework for developing e-commerce activities, and strengthened the institutional setting for an effective application and management of the different aspects of e-commerce defined by the law. It created the National Directorate of Electronic Commerce (Dirección Nacional de Comercio Electrónico) as part of the National Commerce Directorate of the Ministry of Commerce and Industry to oversee the application of the law and act as a regulator. Basic features of the e-commerce law are the following:

Legalized transaction or contract completed electronically.

Made electronic signature a legal instrument except for real estate transactions and succession purposes.

Defined certification organizations, which issue signature certificates and define operating procedures. A certificate will allow any person or organization to claim legitimacy.

Established that certification entities will register on a voluntary basis.

For additional information visit <http://www.mici.gob.pa/subcategoria.php?cid=16&sid=49>

The Panamanian Chamber of Commerce has promoted the increased use of e-commerce with financial assistance from the Inter-American Development Bank (IDB). Some Panamanian firms, especially supermarkets, fast food delivery, banks, and consumer electronic stores, use e-commerce. An increasing number of companies and the government are working to provide e-commerce solutions to their clients. Companies are using social media to drive business to their brick-and-mortar location.

Promoting participation of the citizenry is the cornerstone of socially inclusive governance. The goal of e-participation initiatives should be to improve the citizen's access to information and public services; and promote participation in public decision-making which impacts the well-being of society, in general, and the individual, in particular. According to the United Nation E-Commerce Development Index (EGDI), an index that measures governments' ability to deliver public services digitally, Panama ranks 85 in 2018 a significant leap from 99 rank in in 2016.

The Colon Free Zone (CFZ or Zona Libre de Colon), the largest free trade zone in the Americas, is embracing e-commerce to be more competitive. The proposed changes include using new logistics platforms to increase efficiency.

Trade Promotion & Advertising

Television and newspaper advertising are the promotion tools of choice for most distributors of U.S. products. E-mail and social media promotion are popular for goods and services. Panama has a very competitive advertising market, with standardized pricing and very good production quality. Additionally, trade shows,

specialized seminars, and exhibitions are effective tools for trade promotion. Special sale prices during events such as Mother’s and Father’s Day, Back-to-School, and Easter are usually advertised in newspapers during weekends.

Most foreign manufacturers of consumer products maintain a consistent presence in the country through newspaper ads, large billboards, sponsored sports events, and TV advertising. Web-based advertising and company promotion are gaining popularity, with many companies taking to social media platforms (Instagram, Facebook, Twitter, etc.) to advertise their products and services with targeted advertisements tailored to consumer preferences. Radio advertising is mainly used outside of the Panama City metropolitan area.

Important Websites:

La Prensa. Newspaper: <http://prensa.com>

Grupo Epasa. Newspaper: <http://epasa.com>

La Estrella de Panama. Newspaper: <http://laestrella.com.pa/>

Panama América. Newspaper: <https://www.panamaamerica.com.pa/>

American Chamber of Commerce in Panama. Trade Publication: <http://www.panamcham.com>

Business Panama. Trade publication: <http://www.businesspanama.com>

Panama Chamber of Commerce. Trade publication: <http://www.panacamara.com>

Colón Free Zone. Trade publication: <http://www.zolicol.gob.pa/>

Expocomer. Trade Show: <http://www.expocomer.com/en/>

Panama Info. Trade publication: <http://www.panamainfo.com/>

Cableonda. Cable T.V: <http://www.cableonda.com>

Medcom. Commercial T.V.: <http://www.medcom.com.pa>

Pricing

The price structure for imported goods in Panama depends on the level of competition. The costs of transportation and import duties vary from item to item. Local prices can be higher or lower than the world average depending on local competitive conditions. For the sake of illustration, the calculation below demonstrates average costs added to a product before it reaches the consumer. Import duties from non-FTA countries average 10% over cost, while insurance, and freight (CIF) value and wholesale and retail markups are about 25% each.

Average Pricing Schedule

CIF Panama	\$100.00
Import Duty (+10%)	+10.00
Total Landed Cost	110.00
Wholesale Price (+25%)	138.00
Retail Price (+25%)	\$172.00

Note: A 7% value-added tax on CIF value plus the import duty is assessed at the time of customs liquidation. Since this value-added tax is payable on all goods, domestic and imported and is passed through to the consumer, it is not included in this calculation.

Note that goods made in the U.S. qualify for preferential treatment under the U.S. – Panama Trade Promotion Agreement (TPA). Approximately 87% of U.S.-made goods, enjoy the duty-free treatment. For a significant percentage of the remaining goods, including agriculture, there is a sliding scale for reduced duties over time. As the TPA went into effect on October 2012, more Panamanian buyers are particularly interested in carrying more U.S. brands.

For more information on whether or not your goods qualify for preferential treatment under the TPA, please visit our website at <http://export.gov/panama/u.s.-panamafreetradeagreement>.

Sales Service/Customer Support

Ability to offer after-sales service and customer support are critical factors for success in Panama. For certain products, such as food and consumer goods, U.S. companies should clearly identify a return policy. For industrial equipment, Panamanian distributors value ongoing training and technical assistance. U.S. exporters should ensure the distributor has the resources to provide after-sales support, including spare parts, service equipment, and can offer high quality service to customers. Note that U.S. companies enjoy a clear advantage over foreign competitors in this area.

Sales to the government are highly dependent on the service and support capabilities of the local agent/representative.

Protecting Intellectual Property

The intellectual property rights (IPR) chapter of the U.S.-Panama Trade Promotion Agreement contains state-of-the-art protections spanning all types of intellectual property, and requirements to join key multilateral IPR agreements. The Agreement also contains strong enforcement provisions to ensure that all American intellectual property rights are efficiently and effectively protected in Panama.

Several general principles are important for effective management of intellectual property (“IP”) rights in Panama. First, it is important to have an overall strategy to protect your IP. Second, IP may be protected differently in Panama than in the United States. Third, rights must be registered and enforced in Panama, under local laws. For example, your U.S. trademark and patent registrations will not protect you in Panama. There is no such thing as an “international copyright” that will automatically protect an author’s writings throughout the entire world. Protection against unauthorized use in a particular country depends, basically, on the national laws of that country. However, most countries do offer copyright protection to foreign works under certain conditions, and these conditions have been greatly simplified by international copyright treaties and conventions. For additional information about treaty obligations please see WIPO’s country profiles at <http://www.wipo.int/directory/en/>.

U.S. companies should consider how to obtain patent and trademark protection before introducing a product or service to the Panamanian market. It is vital that companies understand that intellectual property is primarily a private right and that the U.S. government cannot enforce rights for private individuals in Panama. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in Panamanian law. The U.S. Commercial Service can provide a list of local lawyers upon request.

While the U.S. Government stands ready to assist, there is little we can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IP in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the USG can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a lawsuit. In no

instance should U.S. Government advice be seen as a substitute for the responsibility of a rights holder to pursue its case promptly.

It is always advisable to conduct due diligence on potential partners. A good partner is an important ally in protecting IP rights. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Panama require constant attention. Work with legal counsel familiar with Panamanian laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IP and stop counterfeiting. There are a number of these organizations, both Panama or U.S.-based. These include:

- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)

A wealth of information on protecting IP is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: **1-866-999-HALT** or visit www.STOPfakes.gov
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the U.S. Patent and Trademark Office (USPTO) at: **1-800-786-9199**, or visit <http://www.uspto.gov>.
- For more information about registering for copyright protection in the United States, contact the U.S. Copyright Office at: **1-202-707-5959**, or visit <http://www.copyright.gov/>.
- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, please visit the "Resources" section of the STOPfakes website at <http://www.stopfakes.gov/resources>.
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: www.stopfakes.gov/businesss-tools/country-ipr-toolkits. The toolkits contain detailed information on protecting and enforcing IP in specific markets and also contain contact information for local IPR offices abroad and U.S. government officials available to assist SMEs.
- The U.S. Department of Commerce has positioned IP attachés in key markets around the world. You can get contact information for the IP attaché who covers Panama.

In any foreign market companies should consider several general principles for effective protection of their intellectual property. For background, please link to our article on [Protecting Intellectual Property](#) and [Stopfakes.gov](#) for more resources.

Due Diligence

It is critical to conduct due diligence to assess the credibility/background of a business prospect. To assist with due diligence, the U.S. Commercial Service in Panama provides International Company Service (ICP) designed to help U.S. companies evaluate potential business partners by conducting company background checks.

International Company Profile Full

Provides U.S. companies and economic development organizations with a comprehensive background report on a specific foreign company, including: general business information, background and product information, key officials, references contacted by ITA, financial data/creditworthiness information, reputational information, a site visit and interviews with principals; information sources consulted in preparing the report; and analysis of information collected.

International Company Profile Partial

Provides U.S. companies and economic development organizations with a general background report on a specific foreign company based on publicly available information; including general business information, background and product information, key officials, financial data/creditworthiness information (only when publicly available) and reputational information; information sources used in preparing the report; and brief analysis of analysis of information collected.

The following websites can be useful in obtaining information on corporations and individuals in Panama:

For verification of corporate registration and board members: <https://www.registro-publico.gob.pa/>

For credit references: <https://www.apc.com.pa/default.aspx>

For banking references: <http://www.asociacionbancaria.com/>

For verification of commercial licenses: <http://www.mici.gob.pa/>

Local Professional Services

Relocation services: <http://www.larmgroup.com/>

Architectural/engineering services: <http://www.spia.org.pa/>

Insurance services: : <http://www.apade.org>

For banking services: <http://www.asociacionbancaria.com/>

For attorney services: <http://www.cna.gob.pa/>

For accounting services: <http://www.colegiocpapanama.org/>

For freight forwarding services: www.apacpanama.com

For real estate services: <http://www.acobir.com>

Principal Business Associations

American Chamber of Commerce in Panama. Has excellent relations with the U.S Embassy. Accepts U.S. and Panamanian firms. Moderate influence on government actions. <http://www.panamcham.com/>

Panama Chamber of Commerce. Largest private sector organization in Panama. Accepts U.S. companies. High influence on government actions. <http://www.panacamara.com/>

Panamanian Chamber of Construction (CAPAC). Important private sector organization dealing with the construction sector. Accepts U.S. companies. High influence on government actions. <http://www.capac.org/>

Panamanian Association of Business Executives (APEDE). This is an association of individual executives. Accepts U.S. citizens. High influence on government decisions. <http://www.apede.org/>

National Council of Private Enterprises (CoNEP). Influential council membership includes local chambers. <http://www.conep.org.pa>

Panama Maritime Chamber. Private organization in Panama. Accepts U.S. companies. <http://www.camaramaritima.org.pa>

Limitations on Selling US Products and Services

Panama has no limitations on selling U.S. products and services except for specific products that for security or safety reasons have some restrictions, i.e. explosives, arms, medications without the appropriate licensing, and other licensing-dependent products like e-Cigarettes.

Web Resources

The following organizations can assist U.S. exporters trying to gain exposure in the Panamanian market:

Camara de Comercio, Industrias y Agricultura de Panama (Panama Chamber of Commerce):

<http://www.panacamara.com>

American Chamber of Commerce and Industry of Panama: <http://www.panamcham.com>

Asociación Panameña de Agencias de Carga (Panama Freight Forwarding Association):

www.apacpanama.com

Panamanian Chamber of Construction (CAPAC) <http://www.capac.org>

Panamanian Association of Business Executives (APEDE) <http://www.apede.org>

Trade Shows

Cyber Tech Latino America

January 2020

Trade show, seminars, and B2B for IT professionals.

<https://panama.cybertechconference.com>

Expo Comer

March 25-28, 2020

<https://www.expocomer.com>

Leading Sectors for US Exports & Investments

Energy Efficiency

Panama has an installed capacity of approximately 3,423 MW, about 52% of which is hydropower. During the dry season Panama supplements its hydropower with natural gas, thermoelectric, LNG, and wind generation. The net cost to end users is approximately \$0.14/kwh, much of which is attributable to generating costs. Panama is seeking to lower this cost, as well as smooth out the supply, to increase its competitiveness for foreign direct investment.

Daily consumption of energy never surpasses 2,000 MW and modest growth in demand, around 2.4 percent in 2017, prompted the government to increase the percentage of renewable energy to 70-80 percent of the total demand. This demand for new energy sources has created challenges and opportunities within the power sector, not only to supply internal demand but also to position Panama as an energy hub for the Central American region.

Panama's energy demand can be divided into four main sectors: residential, commercial and public, industrial and transportation. The transportation and industrial sectors are the main consumers of oil and oil products, while the commercial, public and residential sectors account for the highest electricity share. Refrigeration and illumination accounts for 65% of the energy use in the country.

The share of electricity in total energy supply has remained at around 20% for the last 15 years, while the final electricity consumption rate has witnessed a steep growth of approximately 5.8% annually.

1. Residential sector: Household energy requirements are supplied by electricity and liquefied petroleum gas (LPG) for cooking and heating. The two fastest growing end uses in the residential sector are space cooling and appliances. Energy consumption for space cooling has nearly doubled, driven largely by increased penetration of cooling equipment due to the climate change and el Niño. El Niño year is an irregular climatic change which usually comes with an extensive dry season and increase of temperatures.
2. Industrial sector: Industry has seen moderate growth in energy demand, with total energy consumption in the sector reaching 8% of the total energy consumption in the country in 2018. Energy intensive industries in Panama include food, cement, and paper production.
3. Commercial and public sector: The commercial and public sectors are the largest consumer of electricity among the four sectors. Industry experts indicate that the sector accounts for about 57 % of total final energy consumption in Panama. The commercial sector accounts for 46% while the public sector accounts for 11%. Commercial buildings in Panama use electricity for lighting, cooling, heating and motive power. Innovative building technologies and solutions should lead the way for high performing buildings that could use 50-70% less energy than typical buildings.
4. Transportation Sector: The transportation sector includes both cargo and passenger transportation and is the largest consumer in Panama's total final energy consumption. The number of vehicles on the road has accelerated in recent years up to almost one million cars circulating in Panama. While still a nascent market, hybrid vehicles have begun to increase their sales in the country, while electric vehicles have yet to be deployed on a large scale in Panama.

Leading Sub-Sectors

1. Sector: Industry & Mining

Energy use: 8%

Overall opportunities: Increased adoption of energy management systems by companies.

2. Sector: Commercial

Energy use: 46%

Overall opportunities: Key measure includes high efficiency air conditioners and controls, and improved building insulation, and windows to reduce cooling demand.

3. Sector: Public

Energy use: 11%

Overall opportunities: Government energy efficiency strategies. Experts helping with enforcing regulations. Trainings to support energy efficiency policies.

4. Sector: Residential

Energy use: 35%

Overall opportunities: The two fastest-growing end users in residential are space cooling and appliances.

5. Sector: Transportation

Energy use: Oil

Overall opportunities: Fuel efficiency standards, hybrids and electric cars.

Opportunities

The National Energy Secretariat has established the National Energy Plan (PEN) 2015-2050, a route for modulating the growth of electricity demand and energy efficiency. A reduction in electricity demand through increased energy efficiency including better building designs and reduced transmission and distribution losses are part of the PEN 2015-2050.

By 2050, Panama could achieve the goal of saving up to 35% of energy consumption, based on the projections of the National Energy Secretariat.

There is ample potential for energy savings within companies and households, however, if technologies are not available, tools and a culture of energy saving will continue to waste resources unnecessarily. An adequate understanding of the principles of Energy Efficiency will improve the quality of life of people and the competitiveness of companies.

On August 2018, the United States and Panama signed the *Memorandum of Understanding to Strengthen Infrastructure Investment and Energy Cooperation* and marked the formal inauguration of the United States initiative called America Crece or Growth in the Americas. This initiative is an innovative, whole-of-government approach to support economic development by catalyzing private sector investment in energy and other infrastructure projects across Latin America and the Caribbean.

The United States Development Agency funded an Energy Resources & Sustainability Master Plan for Tocumen International Airport to explore the possibility that the airport generates electricity and creates a self-sufficient micro-grid by the use of solar panels or other available technology. The USTDA should be finalized by 2020.

Web Resources

- American Chamber of Commerce in Panama: <http://www.panamcham.com>
- Panama Chamber of Commerce: <http://www.panacamara.com>
- Government of Panama Electric Regulatory Agency: <http://www.asep.gob.pa/>
- Government of Panama Science/Technology/Innovation Secretariat: <http://www.senacyt.gob.pa/>

Tourism

The United States is Panama's top tourism destination. In 2018, Panama's Comptroller estimated that 42 percent of all Panama international air travelers were bound for the United States. The closest competing destinations were Costa Rica and Colombia, with market shares of 21.6 percent and 10.1 percent respectively. Panamanians travel most frequently to Miami, Orlando, and New York. Other destinations, such as Las Vegas and Houston, are gaining popularity.

Since 2010, Panamanian travel to the United States has increased steadily. This growth can be explained mainly by an increase in Panamanian purchasing power, which is also reflected in the country's high GDP growth rates in the last ten years and its new status as a high-income country, as designated by the World Bank (\$14,370 per capita (PPP)).

Travel services are readily available via a network of more than 150 travel agencies and tour operators, half of which are specialized in outbound travel. As a hub, most major airlines have offices located in Panama such as United, American Airlines, Delta, Spirit, Copa, Air Europa, and others.

From Panama, there are currently thirteen ports of entry to the United States via air—Atlanta, Chicago, Houston, Las Vegas, Los Angeles, Miami, New York, Newark, Orlando, Boston, Dallas, Denver, New Orleans, Ft. Lauderdale, Tampa, San Francisco, Puerto Rico and Washington D.C. Miami is by far the most popular.

Leading Sub-Sectors

About 78.6 percent of Panamanians traveling to the U.S. go for leisure/tourism and spent around \$383 million in 2018. Roughly 12.4 percent of Panamanians travel for business. This class of travelers spent \$60.8 million. Their travel is not cyclical and not as price sensitive as the leisure market. The remaining 9 percent of the market is mostly travelers visiting relatives and students whose travel patterns coincide with their study schedules.

Opportunities

Business travelers stay an average of three to eight days in the United States. They favor first class hotels, rental cars, and spend an estimated amount of \$250 to \$350 per day. The average business traveler is a male executive between 35 to 50 years old.

The most popular destination for Panamanian leisure travelers is the Orlando area, followed closely by Miami and New York. Panama leisure travel to the U.S. is cyclical. The high season goes from mid-December to February, when it is summer season in Panama and students are on vacation. Other preferred travel dates coincide with Panamanian and U.S. school breaks. The average leisure traveler spends from \$100 to \$150 a day, not including meals and shopping.

The cruise market, according to industry sources, is an "awakening market". Many Panamanians combine a cruise vacation with one or two days of shopping. Panamanians prefer starting their cruise from Miami, Fort Lauderdale, or Port Canaveral. Panamanians prefer a 7-day cruise and spend an average of \$800 per cruise, excluding air fare. Panamanians tend to go on cruises during the high season, in the months of January, February and March. These U.S. winter months coincide with Panamanian school vacations (the academic year in Panama goes from March to December). Cruise travel for "Quinceañeras", girls who are celebrating their 15th birthday, has been on the rise typically departing from Fort Lauderdale and sailing to various destinations in the Caribbean.

Panamanians also travel to the U.S. to attend trade shows, especially in Las Vegas. The U.S. Commercial Service promotes several trade shows throughout the year, the most popular trade shows are related to

technology, consumer electronics, house ware, food and beverages, automotive, construction and hardware-related sectors.

Web Resources

- Cámara de Turismo de Panamá (CAMTUR) <http://www.camturpanama.net>
- American Chamber of Commerce in Panama <http://www.panamcham.com>
- Autoridad de Turismo de Panama <http://www.atp.gob.pa/>

Cybersecurity

With a population of about four million people, Panama has a relatively high internet penetration rate of 2.9 million or 70% of the population. About 2.5 million Panamanians gain access to the internet via their smart phones. Panama has the best submarine fiber optic connections in Latin America. The country is wired on both the Pacific and the Atlantic coasts, which makes possible interconnection to North and South America, Asia, Europe, Africa, and over redundant routes.

Panama's economy is based primarily on a services sector that accounts for nearly 80% of its GDP. Currently Panama is home for 147 Multinational Corporations Headquarters (SEM, by its acronym in Spanish) that benefit from the internet connectivity and the fiber optic connections. A total of 78 banks are also operating in the country. Consequently, cybercrime, digital espionage, and the disruption of online services is a concern.

Panama, since 2013, has followed the "National Strategy of Cyber Security and Protection of Critical Infrastructure". The strategy contemplates the development of actions aimed to improve cybersecurity and places emphasis in the protection of those infrastructure that are vital for the well being of the population, basic services and the proper functioning of the government and private companies. According to the latest OECD report, Panama has a sound governance framework for the development of digital government, although its cybersecurity institutions are still in development stages. Additionally, the government aims to move beyond awareness and towards actively combating cyber threats and online services disruption. In March 2019, Panama's national assembly passed the Personal Data Protection Law that will be effective as of 2021. This law will be the legal instrument used to regulate the principles, rights, obligations, and procedures regarding the protection of personal data. The law will also help compensate individuals for the improper use of their personal data.

The Computer Security and Incident Response Team of Panama (CSIRC) under the Government Innovation Authority (AIG) highlighted five key findings related to cybersecurity in Panama:

- Professional criminals and state actors continue to be the most significant threat and inflict most damage;
- Digital attacks are being used to influence democratic processes;
- The vulnerability of the Internet of Things has resulted in disruptive attacks that endorse the need to enhance digital resilience;
- Many organizations are dependent on a limited number of digital infrastructure service providers which means that the social impact of disruption is large;
- The resilience of individuals and organizations fall behind the increasing threat.

According to cybersecurity experts, U.S. companies have dominated the cybersecurity sector with about 60% share of the total market. This share is driven by the presence of large players, such as Fortinet, Arbor, Palo Alto Symantec, Cisco, Netscout and McAfee represented in the local market. Major competitors in the market are companies from Israel (CSI, ObserveIT, Guardicore) and some European companies like Necsia from Spain.

There are currently no concrete figures on the size of the Panamanian cybersecurity market. This is due to the difficulty in discerning cybersecurity spending from general IT spending for both the public and private sector.

Leading Sub-Sectors

Best prospects for this sector are:

- risk assessment

- anti-malware/virus defense
- endpoint security
- vulnerability management
- network security

Opportunities

The Panama Government is committed to the digital transformation of the public sector and has invested heavily e-government, and in free public Wi-Fi spaces to showcase its commitment to greater internet access for all the population. More accessibility also brings greater security challenges that create opportunities for U.S. companies that offer cyber security solutions that prevent and deter cybercrimes. With an increased focus on the disruptive and expensive consequences of cyber threats both private and public need to increase investment in their IT security.

Web Resources

- IT and Telecom Chamber of Panama (CAPATEC): <http://www.capatec.org.pa/>
- Government of Panama Science/Technology/Innovation Secretariat: <http://www.senacyt.gob.pa/>
- Autoridad de Innovacion Gubernamental: <http://www.innovacion.gob.pa>

Medical Equipment

	2016	2017	2018	2019 estimated
Total Local Production	0	0	0	0
Total Exports	0	0	0	0
Total Imports	\$130	\$143	\$157	172
Imports from the US	\$75	\$103	\$105	\$108
Total Market Size	\$130	\$143	\$157	\$172
Exchange Rates	1:1	1:1	1:1	1:1

Source: Office of the Comptroller General and estimates from industry sources. Note: As of April 2019, the recorded inflation rate in Panama for 2018 was 0.8%, below from the recorded average of 0.9% for 2017, up from the recorded average of 0.7% for 2016. The US dollar is legal tender

Panama's medical equipment market is estimated to grow by at least 6% over the next three years. The medical equipment market in 2018 was estimated at \$157 million, with U.S. equipment holding a market share of 66% or \$105 million. The public sector is the primary end user of medical equipment in health facilities run by the Social Security Fund (CSS) and the Ministry of Health (MINSa). There are roughly 910 hospitals between MINSa (831) and CSS (79), 180 health centers and 109 clinic/care sites offering healthcare in the public sector. The largest facilities are located in the Panama City metropolitan area, which concentrates close to 50% of the country's population. The private sector, is also experiencing strong growth and has state-of-the-art medical facilities. Panama has a long term goal of increasing medical tourism and several private hospitals are affiliated with foreign health organizations such as the Punta Pacifica Hospital, affiliated with Johns Hopkins from the United States.

The medical equipment market in Panama is projected to keep growing, mostly due to increased public demand and increasing investment in new hospitals and clinics country-wide. Growth will be fueled by the construction of new public hospitals and replacement of older equipment in existing private and public health facilities. Private health centers are also upgrading their equipment, seeking to promote medical tourism. Although the private medical sector has not experienced the same sustained growth as the public sector, the demand for private hospitals and clinics services is strong as they innovate to stay competitive in an ever-changing market.

There is no local production of medical equipment. The market relies entirely on imports, most of which is imported from the United States and known for high quality, reliability and familiarity. Furthermore, Panamanian medical equipment distributors representing U.S. brands have well trained staff and offer technical support.

Leading Sub-Sectors

The Ministry of Health has spent approximately \$464 million to build five new hospitals which are located in the interior provinces of Los Santos, Chiriquí, Colon, Darien, and Bocas del Toro. The Social Security Fund is focused on increasing the quality of its service, making their health infrastructure more accessible, and upgrading medical centers across the country, particularly in rural areas.

Two private hospitals (San Fernando and Punta Pacifica) have been awarded with official accreditation by the Joint Commission International (JCI). Panama City has four major private hospitals (affiliated with Johns Hopkins, Cleveland Clinic and Jackson Memorial Hospital), and there are two modern facilities in Chiriquí.

Medical tourism continues to grow year after year. The private sector has invested in technology, state-of-the-art facilities, Western-trained and English care providers, and several well-accredited hospitals meeting U.S. standards have helped fueled the growth in this sector.

Medical imports include cardiovascular, electro-diagnostic, ultrasound, anesthesia, intensive care, dental, optical, and ozone-therapy equipment. Other items include laboratory equipment and catheter devices. All of these U.S. products are highly valued by medical professionals in Panama, many of whom regularly attend medical seminars, conventions, and trade shows in the U.S., to learn first hand about the latest medical technologies.

Opportunities

The best sales prospects for the next three years are:

- **Diagnosis Equipment.** There is a positive outlook for diagnosis equipment, including radiology, ultrasound, CAT, and angiographic equipment.
- **Cardiovascular Equipment.** Demand for cardiovascular equipment is expected to remain strong. This includes electro and echo-cardiographs, defibrillators, and blood testing equipment.
- **Intensive Care Equipment.** Hospitals in Panama provide modern intensive care services, and there is a consistent demand for monitoring and emergency room equipment, and respirators.
- **Surgical Equipment.** This includes anesthetic, blood-circulation, and operating-room equipment.
- **Laboratory Equipment.** This includes chromatography equipment and clinical chemistry, hematology, and histology analyzers.

Web Resources

- Ministry of Health: <http://minsa.gob.pa>
- Caja del Seguro Social: <http://css.org.pa>
- American Chamber of Commerce in Panama: <http://www.panamcham.com>
- Panama Chamber of Commerce: <http://www.panacamara.com>

Hotel and Restaurant Equipment

	2016	2017	2018	2019 estimated
Total Local Production	0	0	0	0
Total Exports	0	0	0	0
Total Imports	\$139	\$153	\$168	184
Imports from the US	\$84	\$92	\$101	\$111
Total Market Size	\$139	\$153	\$168	\$184
Exchange Rates	1:1	1:1	1:1	1:1

Note: The above statistics are unofficial estimates

Data Source: Projection based on data from the Chamber of Commerce and the private sector

The market for hotel and restaurant equipment in Panama continues to grow on an average of nine percent yearly. Factors that fuel this consistent growth are construction of new hotels and restaurants as well as a greater number of tourists visiting Panama. Strongest concentration of new hotels and restaurants have taken place throughout Panama City, along the Pacific Coast, Bocas del Toro and Chiriqui provinces. As of

December 2018, Panama had 912 lodging establishments of which 279 are hotels corresponding to 30,623 hotel beds. Major hotel brands present in Panama include: Wyndham, Hilton, Marriott, Sheraton, Hard Rock, Waldorf Astoria, Crowne Plaza, InterContinental, Courtyard, Holiday Inn, Red Frog Beach Island Resort, and many others. As for restaurants, there are approximately 3,500 registered restaurants, bars and cafeterias that offer a wide range of local and international food options. U.S. franchises dominate the fast food market (McDonald's, Burger King, KFC, Taco Bell, Pizza Hut, Domino's Pizza, Subways, to name a few).

According to the latest statistics from the Tourism Authority of Panama, from January to December 2018 the number of tourists that entered Panama via Tocumen International airport totaled 1,756,005; an increase of 0.3 percent compared to the 1,750,859 tourists that visited during the same period in 2017. The travel and tourism industry contributes to about 11.1% of the GDP. Conference tourism is slated to get a boost after a large convention center on Amador in 2019.

The hospitality market is very competitive. The U.S. holds a leading position in this market with significant competition being from France, Italy, Spain, and Brazil.

Leading Sub-Sectors

The hotel and restaurant market has shifted towards offering a higher quality experience with greater use of technology, and taste for latest food trends. Restaurant owners are seeking app based and digital equipments, as well as multi-functional equipment, nitro equipment, natural and rustic décor, lightweight catering transport equipment, delivery apps, and restaurant software. With a thriving nightclub/bar sector, bar equipment is also in high demand.

Opportunities

The increasing flow of tourists, as well as the U.S.-Panama Trade Promotion Agreement, which eliminated import tariffs for hotel and restaurant equipment, are factors that help create great opportunities for U.S. exporters of hotel and restaurant equipment. Moreover, the Panamanian government passed Law 80 in 2012 that offers incentives to foreign investors to develop activities related to the hospitality sector in Panama.

Web Resources

- Camara de Turismo de Panama: <http://www.camtur.com>
- Autoridad de Turismo de Panama:
http://www.atp.gob.pa/sites/default/files/documentos/oferta_de_alojamiento.pdf
- Asociacion Panamena de Hoteles: <http://apatelpanama.com>
- American Chamber of Commerce in Panama: <http://www.panamcham.com>
- Panama Chamber of Commerce: <http://www.panacamara.com>
- Expocomer (Commercial Trade Show): <http://www.expocomer.com>

Agricultural Products

In 2018, Panama ranked 28th among the leading 35 country markets in exports of U.S. agricultural products with a value of \$683.1 million. U.S. products are seen as high in quality and are well accepted overall. The customs clearance process in Panama is relatively fast and trouble-free for U.S. exporters that comply with local requirements. The majority of consumer food imports in Panama are purchased through a local importer, distributor or wholesaler. The primary products are prepared food (\$53.8 million); dairy products (\$47.2 million); poultry meat and poultry products (\$35.9 million); pork and pork products (\$38.9 million); distilled spirits (\$34.9 million). All of these categories, in 2018 denote the highest export levels since at least 1970, with an annual growth of 5%. On the other hand, Panamanian production and exports to the rest of the world, has declined dramatically, due to contraction in the agricultural sector.

<i>(in US\$ million)</i>	2016	2017	2018	2019est
Total Local Production	551.4	539.5	527.5	224.8
Total Exports	131.8	130.9	127.0	54.1
Total Imports	430.8	669.0	550.0	229.1
Imports from the U.S.	388.3	376.7	398.4	93.6
Exports to the U.S.	10.7	7.0	7.2	1.8
Total Market Size	850.4	1077.6	950.5	399.8
Exchange Rate	0	0	0	0

Data Sources: Dept. of Commerce, U.S. Bureau of the Census Trade Data. General Comptroller of Panama, National Institute of Statistics and Census

Leading Sub-Sectors

Panamanian consumers are demanding more convenience and healthy food products. This trend has resulted in good prospects for U.S. exports of fresh fruit (mainly apples, grapes, peaches, and pears), organic foods, healthy food products such as gluten-free, low carb, low sodium, low sugar, low fat, processed fruits and vegetables (especially canned fruits), and snack foods (including corn chips, popcorn, cookies and candies). Processed canned fruits and vegetables, especially mixed fruits, mixed vegetables, yellow sweet corn, peas, mushrooms, and garbanzo beans generate strong import demand because most of the food products found in the supermarkets are not processed locally.

Opportunities

Specialty food products, such as confections, cheese, coffee, wines, beers, snacks, spices, ethnic, natural, organic, fat-free, low sodium, lactose-free, gluten free and more, represent best prospects of U.S. exports to Panama, due to the growing demand of consumers.

Web Resources

- Dept. of Commerce, U.S. Bureau of the Census Trade Data:
<https://apps.fas.usda.gov/Gats/BicoReport.aspx?type=country>

- General Comptroller of Panama, National Institute of Statistics and Census:
<http://www.contraloria.gob.pa/inec/comercioexterior/>
- Euromonitor International Database: <http://go.euromonitor.com/passport.html>

Bulk Agricultural Products

U.S. exports of bulk agricultural products to Panama totaled 151.5 million in 2018. With 140 food-processing companies, the value of Panama’s food processing ingredients market is valued at \$110 million per year with U.S. products holding 60 % of the market share. These include dairy processors, meat and poultry products processors, fishery products processors, fruits processors, beverages and spirits, bakery, snacks, among others. This sector, according to official figures and the Union of Industrialists of Panama (SIP), has an estimated annual growth for 2018 at 2.0%. The production of beverages, liquor in particular, are on track to grow by 3% in the coming year. Furthermore, the production of processed milk and sugar has been improving over the last few years.

<i>(in US\$ millions)</i>	2016	2017	2018	2019est
Total Local Production	174.4	172.2	170.0	71.8
Total Exports	49.1	47.1	45.2	19.6
Total Imports	284.3	279.3	299.7	119.9
Imports from the U.S.	149.8	144.7	151.5	33.6
Exports to the U.S.	31.3	30.6	28.7	0.6
Total Market Size	409.6	404.4	424.5	172.0
Exchange Rate	0	0	0	0

Data Sources: Dept. of Commerce, U.S. Bureau of the Census Trade Data. General Comptroller of Panama, National Institute of Statistics and Census

Leading Sub-Sectors

U.S. exports of bulk agricultural products to Panama increased 6.8% last year. Principal products in this category include yellow corn (\$83.4 million), wheat (\$36.5 million) and “paddy” rice (\$10.7 million).

Opportunities

Yellow corn, wheat, paddy rice and pulses represent best prospects of U.S. exports to Panama, due to the growing demand of consumers.

Web Resources

- Dept. of Commerce, U.S. Bureau of the Census Trade Data:
<https://apps.fas.usda.gov/Gats/BicoReport.aspx?type=country>

- General Comptroller of Panama, National Institute of Statistics and Census:
<http://www.contraloria.gob.pa/inec/comercioexterior/>
- Euromonitor International Database: <http://go.euromonitor.com/passport.html>

Intermediate Agricultural Products

High demand for soybean meal (\$81.4 million) continues to drive this sector, which are mainly used for feeding chicken, shrimps in aquaculture and pork production. All soybean meal imports are from the U.S.

Market Estimates

<i>(in US\$ millions)</i>	2016	2017	2018	2019est
Total Local Production	4.9	4.8	4.7	2
Total Exports	14.7	12.5	10.3	5.2
Total Imports	211.4	210.6	209.8	87.8
Imports from the U.S.	131.7	126.3	133.2	27.0
Exports to the U.S.	13.5	10.6	12.5	3.4
Total Market Size	201.6	202.9	204.2	84.5
Exchange Rates	0	0	0	0

Data Sources: Dept. of Commerce, U.S. Bureau of the Census Trade Data. General Comptroller of Panama, National Institute of Statistics and Census.

Leading Sub-Sectors

Soybean meal and soybean oil are the leading products.

Opportunities

Soybean meal, soybean oil, distiller dried grains (DDGS) represent best prospects of U.S. exports to Panama, which are mainly used for animal feeding.

Web Resources

- Dept. of Commerce, U.S. Bureau of the Census Trade Data:
<https://apps.fas.usda.gov/Gats/BicoReport.aspx?type=country>
- General Comptroller of Panama, National Institute of Statistics and Census:
<http://www.contraloria.gob.pa/inec/comercioexterior/>

Euromonitor International Database: <http://go.euromonitor.com/passport.html>

Customs, Regulations & Standard

Trade Barriers

As part of the negotiations for the TPA, Panama approved "The United States – Panama Agreement regarding certain Sanitary and Phytosanitary Measures and Technical Standards affecting Trade in Agricultural Products" (Signed and Entered into Force in December 20, 2006), that eliminated sources of discretion and abuse in the import approval process, thus lifting any existing sanitary or phytosanitary barriers. Panama has no other trade barriers.

Import Tariff

When Panama joined the WTO in 1997, the government lowered tariffs to a maximum of 15%, except for a few agricultural products, and to an overall average of 12%, the lowest in the region. The revised import duty structure was significantly lower than the one negotiated for WTO accession and represented a substantial commitment to trade liberalization. In October 2012, the Trade Promotion Agreement (TPA) between the United States and Panama came into effect and reduced import duties to zero for 87% of the products in the tariff schedule, with the exception of some food and agricultural products, on which duties will reduce gradually over the course of the next fifteen years.

Import Requirements & Documentation

No import licenses are required in Panama. Any company holding a commercial license can freely import goods into Panama. A commercial or industrial license is required by individuals or companies wishing to engage in commercial or industrial activities.

The basic import documents are: Commercial Invoice (in original), and Bill of Lading (for sea transportation) or Airway Bill (for air transportation). Some products will require additional documentation such as sanitary or phytosanitary certificates for food agricultural products, certificate of free sale for pharmaceutical products, and certificate of origin to access the preferential duties under the TPA. Special import permits are required for all types of firearms, ammunition, and fertilizers.

Labeling/Marking Requirements

Local regulations do not require labels to be in the Spanish language, unless there is a specific ingredient in a food product that the Ministry of Health through a Decree has declared to be labeled in Spanish, such as medicines, agricultural chemicals, toxic products, and food products that require specific instructions or warnings due to human health risks. Labels are required to have basic information regarding the name and address of manufacturer, expiration date, listing of ingredients, lot number, and the product form, e.g. powder, liquid, etc.

In general, products that comply with U.S. labeling and marking requirements are accepted for sale in Panama. Food products labeling and marking must comply with CODEX Alimentarius guidelines. However, there are specific labeling requirements established on Panama's Technical Regulations, such as for fresh onions, fresh potatoes, dairy products, fresh shell eggs.

All goods arriving in Panama intended for re-exportation immediately must be marked "PANAMA IN TRANSIT" on each box or outside container.

For more information please contact the Panama Customs Authority: <http://www.ana.gob.pa>

U.S. Export Controls

The U.S. government maintains a suspension of all licenses and other approvals to export/transfer defense articles or services to Myanmar under section 38 of the Arms Export Control Act (22 U.S.C. sec. 2778, as

implemented by 22 C.F.R 126.1). The United States imposes export controls to protect national security interests and promote foreign policy objectives. The United States also participates in various multilateral export control regimes to prevent the proliferation of weapons of mass destruction and prevent destabilizing accumulations of conventional weapons and related material. The U.S. Department of Commerce's Bureau of Industry and Security (BIS) administers U.S. laws, regulations and policies governing the export and reexport of commodities, software, and technology (collectively "items") falling under the jurisdiction of the Export Administration Regulations (EAR). The primary goal of BIS is to advance national security, foreign policy, and economic objectives by ensuring an effective export control and treaty compliance system and promoting continued U.S. strategic technology leadership. BIS also enforces anti-boycott laws and coordinates with U.S. agencies and other countries on export control, nonproliferation and strategic trade issues.

BIS is responsible for implementing and enforcing the EAR, which regulate the export, reexport, and transfer (in-country) of items with commercial uses that can also be used in conventional arms, weapons of mass destruction, terrorist activities, or human rights abuses, and less sensitive military items.

BIS's Export Administration (EA) reviews license applications for exports, reexports, transfers and deemed exports (technology transfers to foreign nationals in the United States) subject to the EAR. Through its Office of Exporter Services, EA provides information on BIS programs, conducts seminars on complying with the EAR, and provides guidance on licensing requirements and procedures. EA's Office of Technology Evaluation (OTE) analyzes U.S. export data on items subject to the EAR, BIS license application data, and global trade information to assess data trends. [OTE's data portal](#) provides excerpts from statistical reports, along with data sets to enable the public to perform analyses of exports and licensing on its own.

U.S. exporters should consult the EAR for information on how export license requirements may apply to the sale of their items. If necessary, a commodity classification request may be submitted in order to obtain BIS assistance in determining how an item is controlled (*i.e.*, the item's classification) and the applicable licensing policy. Exporters may also request a written advisory opinion from BIS about application of the EAR to a specific situation. Information on commodity classifications, advisory opinions, and export licenses can be obtained through the BIS website at www.bis.doc.gov or by contacting the Office of Exporter Services at the following numbers:
Washington, D.C. Tel: (202) 482-4811 Fax: (202) 482-3322 Western Regional Office Tel: (949) 660-0144 Fax: (949) 660-9347 Further information on export controls is available at: <http://www.bis.doc.gov/licensing/exportingbasics.htm>.

BIS's Export Enforcement (EE) is responsible for the enforcement of the EAR. BIS works closely with U.S. embassies, foreign governments, industry, and trade associations to ensure that exports from the United States are secure. In accordance with the EAR, BIS officials conduct site visits, also known as End-Use Checks (EUCs), globally with end-users, consignees, and/or other parties to transactions involving items subject to the EAR, to verify compliance.

An EUC is an on-site verification of a party to a transaction to determine whether it is a reliable recipient of U.S. items. EUCs are conducted as part of BIS's licensing process, as well as its compliance program, to determine if items were exported in accordance with a valid BIS authorization or otherwise consistent with the EAR. Specifically, an EUC verifies the *bona fides* of recipient(s) of items subject to the EAR, to include: confirming their legitimacy and reliability relating to the end use and end user; monitoring their compliance with license conditions; and ensuring such items are used and/or re-exported or transferred (in-country) in accordance with the EAR. BIS officials rely on EUCs to safeguard items subject to the EAR from diversion to unauthorized end uses/users. The verification of a foreign party's reliability facilitates future trade, including pursuant to BIS license reviews. If BIS is unable to verify the reliability of the company or is

prevented from accomplishing an EUC, the company may receive, for example, more regulatory scrutiny during license reviews or be designated on BIS's Unverified List or Entity List, as applicable. BIS has developed a list of "[red flags](#)," or warning signs, intended to discover possible violations of the EAR. Also, BIS has "[Know Your Customer](#)" guidance. BIS provides a variety of training sessions to U.S. exporters throughout the year. These sessions range from one to two day seminars and focus on the basics of exporting as well as more advanced topics. Check a [current seminar schedule](#) for a list of upcoming seminars. BIS also provides [online training](#). The EAR does not regulate transactions involving all U.S. goods, services, and technologies. Other U.S. Government agencies regulate more specialized exports. For example, the U.S. Department of State's Directorate of Defense Trade Controls has authority over defense articles and services. A list of other agencies involved in export control can be found on the [BIS website](#) or in Supplement No. 3 to Part 730 of the EAR. The [EAR](#) is available on the BIS website and on the e-CFR ([Electronic Code of Federal Regulations](#)) website.

The [Consolidated Screening List](#) (CSL) is a list of parties for which the United States Government maintains restrictions on certain exports, reexports or transfers of items. The CSL The Consolidated Screening List API consolidates eleven export screening lists of the Departments of Commerce, State and the Treasury into a single data feed as an aid to industry in conducting electronic screens of potential parties to regulated transactions. The Consolidated Screening List API consolidates eleven export screening lists of the Departments of Commerce, State and the Treasury into a single data feed as an aid to industry in conducting electronic screens of potential parties to regulated transactions. consolidates a number of smaller lists of restricted parties that are maintained by a variety of U.S. Government agencies, including the Department of Commerce, as an aid to industry in conducting electronic screens of potential parties to regulated transactions. .

Temporary Entry

The Panamanian Fiscal Code establishes a temporary entry regime of 90 days for all types of merchandise. This temporary entry may be extended for up to one year. There are two options for temporary entry. First, the goods can enter the country if the importer makes a deposit equivalent to the import duty. This payment will be reimbursed at the time the goods leave the country. Second, an insurance company can issue a bond for the importer covering the import duty value, payable if the goods fail to exit the country as scheduled.

Special temporary provisions apply in the case of trade shows and exhibitions taking place at Panama's exhibition and convention center, Atlapa. Goods can enter the Atlapa Convention Center with no warranty payment or bond required.

Samples with commercial value are subject to temporary entry requirements. Samples with no commercial value are admitted duty free. If samples arrive in large containers, they will be dutiable even though they may be marked as free samples.

If the goods are eligible for duty free treatment under the TPA between the United States and Panama, the above procedure does not apply.

Prohibited & Restricted Imports

The following products cannot be imported into Panama:

Counterfeit coins or printed material that imitates currencies. Equipment or instruments for manufacturing coins.

Liquors, wines, beers, or medicines with labels that falsely describe contents, or of any kind of harmful preparation. Certain firearms or war materials.

Foreign lottery or raffle tickets.

Opium in the form of gum or for smoking.

Obscene brochures, books, newspapers, magazines, or postcards containing negative portrayals of the country's culture, civilization, or dignity. Plants, seeds, or animals when determined by the Ministry of Agriculture.

Customs Regulations

Panama assesses import duties on an ad valorem basis. The ad valorem system uses the declared CIF value as the basis for import duty calculations and in some cases utilizes historical price information as a reference. Panama adheres to the WTO Customs Valuation Agreement, which stipulates the methods for the determination of customs valuation.

In addition to the duty, all imports into Panama are subject to a 7 percent transfer or value added tax (ITBM) levied on the CIF value, plus import duty and other handling charges. Pharmaceuticals, foods, and school supplies are exempt from the ITBM tax.

Due to the TPA between the U.S. and Panama, some 87% of U.S. products enter Panama duty free. For other products, duties may be phased out over time. Since there are several exceptions, it is convenient to check what products are under duty free regime. We suggest that U.S. exporters go through the following process to determine duties today and in the future:

1. Customs Info Database - shows you tariffs/duties that Panama is currently assessing. You can access this database by simply signing up with your email address.
2. Tariff Tool for Free Trade Agreements – shows you how tariffs will be phased out for any particular good in any country that has a Free Trade Agreement (current or pending) with the U.S. Cautionary note: this tool does not show agricultural products. In addition, it is not completely accurate for current tariff rates; instead, it shows what Panama is allowed to charge, which may be higher.

Under the U.S.-Panama Trade Promotion Agreement a certificate of origin may be required, although the importer's knowledge of origin may be sufficient. No format for the certificate is specified but must contain the following information: the names of the certifying person, importer, exporter, and producer; the tariff classification and description of the goods; information demonstrating the goods' origin; and date of certification. Blanket certifications covering up to 12 months of shipments are permissible. Certificates may be in English or Spanish, but a translation may also be required.

Beginning in 1995, Panama adopted the Harmonized System (HS) or Tariff Nomenclature as its customs classification system. In general, the Panamanian customs system does not represent a significant obstacle for U.S. exporters. The Tariff Nomenclature has changed during the last decade due to the entry of Panama into the Central American Customs Union, adopting the "RECAUCA" modifications.

Contact information for the Panamanian customs' office is:

Dirección General de Aduanas

P.O. Box 0819-07729

Panama, Panama

Phone: +507-506-6407

Fax: +507-506-6240

Web: www.ana.gob.pa

Standards for Trade

Overview

As a WTO member, Panama implemented the WTO's Agreement on Technical Barriers to Trade (TBT) that includes the Code of Good Practice for the Preparation, Adoption and Application of Standards. The government of Panama (GOP) passed Law 23 of July 15, 1997, which established new dispositions on product standards, labeling and certification policy, and redefined the functions of the Directorate General of Standards and Industrial Technology (DGNTI) and the Panamanian Commission for Industrial and Technical Standards (COPANIT). Basically, DGNTI was given the main role in establishing standards and technical regulations, while COPANIT was given an advisory role to DGNTI. The National Council for Accreditation (CNA) was charged with all national accreditations.

Panama has an open economy and there are no significant market access problems related to standards and technical regulations. Certain market access problems have occurred in the past with several agricultural products, such as: fresh onions, fresh potatoes, dairy products, fresh shell eggs. More information at Ministry of Commerce and Industry for the Technical Regulations:

<http://www.mici.gob.pa/detalle.php?cid=15&sid=46&clid=21&id=335>

According to WTO guidelines, Panama informs WTO of any standards or technical regulations activities. U.S. companies can participate in the standards development process by contacting DGNTI and submitting specific requests or suggestions. There are no limitations to participation by foreign countries.

Products for which Panama has not set standards can enter the Panamanian market provided that they comply with standards and technical regulations from the U.S., Europe or any other industrialized country

Standards

The Directorate General of Standards and Industrial Technology (DGNTI) establishes technical regulations and standards in Panama. Because of budget and other limitations, this organization has been mostly dedicated to establishing standards for food products upon specific requests by industrial organizations and according to WTO guidelines. DGNTI establishes a semiannual working plan showing all activities it will undertake for the following six months. DGNTI performs its functions through its three departments: Standards, Certifications, and the Information Center.

Members of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to notify to the WTO proposed technical regulations and conformity assessment procedures that could affect trade. Notify U.S. (www.nist.gov/notifyus) is a free, web-based e-mail registration service that captures and makes available for review and comment key information on draft regulations and conformity assessment procedures. Users receive customized e-mail alerts when new notifications are added by selected country(ies) and industry sector(s) of interest and can also request full texts of regulations. This service and its associated web site are managed and operated by the USA WTO TBT Inquiry Point housed within the National Institute of Standards and Technology, part of the U.S. Department of Commerce.

Conformity Assessment

While DGNTI leads in conducting conformity assessments, it is joined by a number of other public and private organizations. These organizations include the Central Laboratory of Health from the Ministry of Health (MINSAs), the University of Panama, the Technological University of Panama, the National Secretariat of Science and Technology (SENACYT), the Ministry of Agricultural Development (MIDA), the Consumer Protection Authority and Defense of Competition, and the Agricultural Marketing Institute (IMA). Panama does not have any Mutual Recognition Agreement (MRA) with U.S. organizations.

Product Certification

Once the conformity assessments have been conducted, the DGNTI will issue a conformity assessment certificate. DGNTI is the only organization authorized to issue conformity assessments related to products. Other private organizations such as SGS and Bureau Veritas deal with conformity assessments on system or procedures and can issue certificates, but only related to systems. Product certification is a matter that does burden U.S. exporters.

Accreditation

The National Council for Accreditation (CNA) created by Law 23, July 15, 1997, is the government authority in charge of all national accreditations. This Council is formed by a number of government organizations including the Ministries of Commerce, Health and Agricultural Development, and the National Secretariat of Science and Technology (SENACYT). The CNA works through a technical secretariat, which is the technical body of the Council. Accreditation is largely voluntary.

The technical secretariat appoints accreditation committees, which are groups formed by specialists from the public and private sectors. These committees provide basic input for CNA decisions. Accreditation is obligatory for organizations that deal with fuel laboratories and environmental testing laboratories. All other accreditations are voluntary. Accreditation can be granted in three categories: Laboratories (calibration and testing), inspection organizations, and certifying organizations. As of June 2018, there were fifty organizations that had been accredited by CNA, with several accreditation applications under review.

Publication of Technical Regulations

All final technical norms and regulations are published by the Ministry of Commerce and Industry in the Official Gazette or "Gaceta Oficial." Law 23 requires that the General Directorate of Standards and Industrial Technology (DGNTI) publishes all agreements, technical regulations, norms, and procedures.

Official Gazette or Gaceta Oficial

Panama, Republic of Panama

<http://www.gacetaoficial.gob.pa/>

Tel. +507 527-9393

Panama does not maintain an annual regulatory agenda or at least it is not published

Contact Information

The WTO TBT Inquiry Point and National Information Center is:

Dirección General de Normas y Tecnología Industrial (DGNTI)

Contact: Edgar Arias, Director General

P.O. Box 0815-01119

Panama, Republic of Panama

Tel. +507 560-0716

E-mail: dgnti@mici.gob.pa

Consejo Nacional de Acreditacion (CNA)

Contact: Alexander Polo, Technical Director

P.O. Box 0815-01119

Panama, Republic of Panama

Tel. +507 560-0715

E-mail: apolo@mici.gob.pa

<http://www.cna.gob.pa>

Trade Agreements

The U.S. and Panama signed a trade promotion agreement on June 28, 2007, which was implemented on Oct. 31, 2012. The TPA eliminated tariffs reduction to zero for about 87 percent of U.S. exports (including nearly all industrial and consumer goods), with the remainder phasing out over ten years. Some agricultural tariff lines will be phased out by January 1, 2031. The TPA also includes provisions relating to customs administration and trade facilitation, technical barriers to trade, government procurement, investment, services, financial services, telecommunications services, electronic commerce, intellectual property rights, and labor and environmental protections. Under the TPA, U.S. firms have better access to Panama's services sector than Panama provides to other WTO Members under the General Agreement on Trade in Services. All services sectors are covered under the TPA except where Panama has made specific exceptions. Moreover, Panama became a full participant in the WTO Information Technology Agreement. Panama also entered into a bilateral agreement with the United States in 2006 that resolved some of the regulatory barriers to trade in agricultural goods ranging from meat and poultry to processed products, including dairy and rice.

Panama has full FTAs which cover goods and services in force with the following countries or economies: El Salvador (2003), Singapore (2006), Chile (2008), Costa Rica (2008), Honduras (2009), Guatemala (2009), Nicaragua (2009), Peru (2012), the United States (2012), Canada (2013), the EFTA countries (2014), Mexico (2015), South Korea (2018) and Israel (2019). Panama has partial trade agreements with the Dominican Republic (1987), and Cuba (2009). In 2013, Panama and Colombia signed a free trade agreement, which was the culmination of three years of negotiations between both countries. After the agreement was signed, there was a tariff dispute between the countries regarding tariffs placed on clothing and footwear imports to Colombia that were re-exported from the Colon Free Zone. The dispute was brought to the WTO, which ruled in Panama's favor in March 2018. Panama and China began FTA negotiations on June 12, 2018, which would boost the already significant Chinese import market share and Chinese footprint on all the logistical assets in Panama. Due to Panama's recognition of the People's Republic of China, on June 12, 2017, Panama broke diplomatic relations with Taiwan, and withdrew the Panama-Taiwan FTA that was implemented from 2004-2017.

Panama has bilateral investment agreements with the United States, the United Kingdom, France, Switzerland, Germany, Taiwan, Canada, Argentina, Spain, Chile, Uruguay, the Czech Republic, Netherlands, Cuba, Mexico, Dominican Republic, South Korea, Ukraine, Sweden, Qatar, Finland, and Italy. The U.S.-Panama Bilateral Investment Treaty (BIT) entered into force in 1991 (with additional amendments in 2001 to reflect Panama's joining the International Center for the Settlement of Investment Disputes (ICSID)). The investor protection provisions in the TPA have supplanted those in the BIT. However, investments made under the BIT maintain the option to invoke dispute settlement under either treaty until October 31, 2022.

For more information on Panama's Free Trade Agreements, please visit the following websites:

<http://www.mici.gob.pa>

<https://ustr.gov/trade-agreements/free-trade-agreements/panama-tpa>

Licensing Requirements for Professional Services

According to Panamanian regulations, several professional services such as engineering, medical, legal, accounting, are reserved for Panamanian nationals. In some cases, some foreign professionals are required to validate their university degrees by attending local universities and completing specific courses. The U.S-Panama Trade Promotion Agreement leaves the door open for bilateral recognition of professions and the issuance of professional licenses. Some of the existing restrictions can be overcome by hiring local professionals or entering into alliances with local firms. As of October 2017 drivers for ride-sharing companies require Type E1 driver license reserved for Panamanians.

Web Resources

Ministry of Commerce and Industry, for trade regulations, and standards: <http://www.mici.gob.pa>

National Customs Authority: <http://www.ana.gob.pa>

Ministry of Agricultural Development: <http://mida.gob.pa>

Ministry of Health: <http://minsa.gob.pa>

USTR: <https://ustr.gov/trade-agreements/free-trade-agreements/panama-tpa>

Investment Climate Statement

Executive Summary

Executive Summary

As the home of the Panama Canal, the world's second largest free trade zone, and sophisticated logistics and finance operations, Panama attracts high levels of foreign direct investment from around the world and has great potential as a foreign direct investment (FDI) magnet and regional hub for a number of sectors. Panama remains in the first position in attracting FDI in Central America, closing 2018 with USD 5,548.5 million, indicated by the latest report of Panama's National Institute of Statistics and Census (INEC). The accumulated foreign investment of the United States in Panama represents 22.2 percent of the total at USD 1.21 billion. Panama boasts one of the Western Hemisphere's fastest growing economies, good credit, a strategic location, and a stable, democratically elected government.

Panama's Ministry of Economy and Finance predicts the economy will grow by 4.5 percent in 2019, up from 3.7 percent in 2018. Panama's inflation rate was less than one percent as of the end of 2018. Panama's sovereign debt rating is investment grade, with ratings of Baa1 (Moody's), and BBB (Fitch; Standard & Poor's). The Panama Canal Authority inaugurated a USD 5.4 billion expansion of the Panama Canal in June 2016. The expansion has promoted increased investment in port systems operations, storage facilities, and logistics. Panamanian President, Juan Carlos Varela, has sought to improve Panama's image and investment climate profile. Panama retains one of the highest ratio of FDI to gross domestic product (GDP) in the region at 7.7 percent.

Panama has challenges, including corruption, judicial capacity, a poorly educated workforce, and labor and banking issues, which have either precluded further investment from foreign companies or have complicated existing investments. With a population of just over four million, Panama's small market size for many companies is not worth the risk of investment. The World Bank classified Panama in July 2018 for the first time as a "high-income" jurisdiction in its annual country classifications after its Gross National Income per capita barely squeaked past the threshold for that classification. Panama has the 12th highest Gini Coefficient in the world and a national poverty rate of 19 percent. This contrast is just one indicator of a growing disparity between the economic narrative and the reality of Panama's working and middle classes.

Table 1: Key Metrics and Rankings

Measure	Year	Index/Rank	Website Address
TI Corruption Perceptions Index	2018	93 of 175	http://www.transparency.org/research/cpi/overview

World Bank's Doing Business Report	2019	79 of 190	http://www.doingbusiness.org/en/rankings
Global Innovation Index	2018	70 of 126	https://www.globalinnovationindex.org/analysis-indicator
U.S. FDI in partner country (\$M USD, stock positions)	2018	N/A	http://www.bea.gov/international/factsheet/
World Bank GNI per capita	2018	N/A	http://data.worldbank.org/indicator/NY.GNP.PCAP.CD

Openness To, and Restrictions Upon, Foreign Investment

Policies Towards Foreign Direct Investment

Panama depends heavily on foreign investment and has worked to make the investment process attractive and simple. With few exceptions, the Government of Panama makes no distinction between domestic and foreign companies for investment purposes. Panama benefits from stable and consistent economic policies, a dollarized economy, and a government that consistently supports trade and open markets.

The United States runs a multi-billion dollar trade surplus with Panama. Both countries signed a Trade Promotion Agreement (TPA) that entered into force in October 2012. The U.S.-Panama TPA has significantly liberalized trade in goods and services, including financial services. The TPA also includes sections on customs administration and trade facilitation, sanitary and phyto-sanitary measures, technical barriers to trade, government procurement, investment, telecommunications, electronic commerce, intellectual property rights, and labor and environmental protection.

Panama has one of the few Latin American economies that is predominantly services-based. Services represent nearly 90 percent of Panama's GDP. The TPA has improved U.S. firms' access to Panama's services sector and gives U.S. investors better access than other WTO Members under the General Agreement on Trade in Services. All services sectors are covered under the TPA, except where Panama has made specific exceptions. Under the agreement, Panama has provided improved access in sectors like express delivery, and granted new access in certain areas that had previously been reserved for Panamanian nationals. In addition, Panama is a full participant in the WTO Information Technology Agreement.

The office of Panama's Vice Minister of International Trade within the Ministry of Commerce and Industry is the principal entity responsible for promoting and facilitating foreign investment and exports. Through its Proinvex service (<http://proinvex.mici.gob.pa>) the government provides investors with information, expedites specific projects, leads investment-seeking missions abroad, and supports foreign investment missions to Panama. In some cases, other government offices may work with investors to ensure that regulations and requirements for land use, employment, special investment incentives, business licensing, and other requirements are met. While there is no formal investment screening by the GOP, the government does monitor large foreign investments.

Limits on Foreign Control and Right to Private Ownership and Establishment

The Panamanian government does impose some limitations on foreign ownership in the retail and media sectors where, in most cases, ownership must be Panamanian. However, foreign investors can continue to use franchise arrangements to own retail within the confines of Panamanian law (under the TPA, direct U.S. ownership of consumer retail is allowed in limited circumstances).

In addition to limitations on ownership, the exercise of approximately 55 professions is reserved for Panamanian nationals. Medical practitioners, lawyers, accountants, and customs brokers must be Panamanian citizens. Most recently, the Panamanian government instituted a regulation requiring that ride share platforms use drivers that possess commercial licenses, which are available only to Panamanian nationals. The Panamanian government also requires foreigners in some sectors to obtain explicit permission to work.

With the exceptions of retail trade, the media, and several professions, foreign and domestic entities have the right to establish, own, and dispose of business interests in virtually all forms of remunerative activity. Foreigners need not be legally resident or physically present in Panama to establish corporations or to obtain local operating licenses for a foreign corporation. Business visas (and even citizenship) are readily obtainable for significant investors.

Other Investment Policy Reviews

N/A

Business Facilitation

Procedures regarding how to register foreign and domestic businesses, as well as how to obtain a notice of operation, can be found at the Ministry of Commerce and Industry's website (<https://www.panamaemprende.gob.pa/>) where one may register a foreign company, create a branch of a registered business, or register as an individual trader from any part of the world. Corporate applicants must submit notarized documents to the Mercantile Division of the Public Registry, the Ministry of Trade and Industry and the Social Security Institute. Panamanian government statistics state that applications for foreign businesses take between one to six days to process.

The process for online business registration is clear and available to foreign companies. Panama is ranked 48 out of 190 countries for starting a business and 99 out of 190 for protecting minority investors, according to

the 2019 World Bank's Doing Business Report
(http://www.doingbusiness.org/en/data/exploreeconomies/panama#DB_rp).

Outward Investment

No data is presently available on outward investment.

2. Bilateral Investment Agreements and Taxation Treaties

The U.S.-Panama Bilateral Investment Treaty (BIT) entered into force in 1991 and was amended in 2001. The BIT ensures that, with some exceptions, U.S. investors receive fair, equitable, and nondiscriminatory treatment, and that both parties abide by international law standards, such as for expropriation and compensation and free transfers. Following the October 31, 2012, implementation of the TPA, the investor protection provisions in the TPA have supplanted those in the BIT. However, until October 30, 2022, investors may choose to invoke dispute settlement under the BIT for disputes that arose prior to entry into force of the TPA, or for disputes relating to investment agreements that were completed before the TPA entered into force. Panama has closely scrutinized, and in some cases disputed, which firms may qualify for preferred treatment under the BIT and TPA. Panama has a bilateral taxation treaty with the United States.

Panama also has 21 bilateral investment protection agreements with: Argentina, Canada, Chile, Cuba, the Czech Republic, the Dominican Republic, Finland, France, Germany, Italy, Korea, Mexico, the Netherlands, Qatar, Spain, Sweden, Switzerland, Ukraine, the United Kingdom, and Uruguay. Panama has signed three BITs that are pending entry into force: Belgium, Luxembourg, and United Arab Emirates.

Panama established diplomatic relations with the People's Republic of China in June of 2017. As of this writing, the parties are currently negotiating a free trade agreement and will be negotiating their fifth round in April 2019 in Beijing.

Legal Regime

Transparency of the Regulatory System

Panama has five regulators, three that supervise the activities of financial entities (banking, securities, and insurance), and two that supervise the activities of non-financial entities ("designated non-financial businesses and professions (DNFBPs)" and cooperatives). Each of the regulators regularly publish detailed sector reports, fines and sanctions on their websites. Panama's banking regulator began publishing fines and sanctions in late 2016. The securities and insurance regulators have published fines and sanctions since 2010. Law 23 of 2015 created the regulator for DNFBPs, which began publishing fines and sanctions in 2018.

In 2012, Panama modified the securities law to regulate brokers, fund managers, and matters related to the securities industry. The Securities Superintendent is generally considered a competent and effective regulator. Panama is a full signatory to the International Organization of Securities Commissions (IOSCO).

Panama is a member of UNCTAD's international network of transparent investment procedures (<http://panama.eregulations.org/>). Foreign and national investors can find detailed information on administrative procedures applicable to investment and income generating operations including the number of steps, name and contact details of the entities and persons in charge of procedures, required documents and conditions, costs, processing time and legal bases justifying the procedures.

International Regulatory Considerations

In 2006, at the time of the negotiations of the TPA, the parties also signed an agreement regarding "Sanitary and Phytosanitary Measures and Technical Standards Affecting Trade in Agricultural Products." That agreement entered into force on December 20, 2006.

The Panamanian Food Safety Authority (AUPSA) was established by Decree Law 11 in 2006 to issue science-based sanitary and phytosanitary (SPS) import policies for agricultural and food products entering Panama. AUPSA does not have regulatory authority for domestic products. In the last four years, AUPSA, as well as other parts of the government, have implemented or proposed measures that restrict market access. These measures have also increased AUPSA's ability to limit the import of certain agricultural goods, for example as fresh or chilled onions. In that particular case, AUPSA modified its import requirement adding that imported onions can only be commercialized before the 120 days of harvest of the onion bulb, and each shipment must be accompanied by a laboratory analysis certification of free of *Ditylenchus dipsaci*. In another case, AUPSA certified that a bio-tech agricultural product met international standards and did not pose a threat to human consumption, but the Ministry of Health (MINSa) refused to recognize U.S. and international standards, which resulted in a loss of investment of over USD 100 million.

On April 10, 2018 the President of Panama vetoed the Draft Bill 577 of October 16, 2017, which would have modified Decree Law 11 of 2006 that created the Panamanian Food Safety Authority (AUPSA). On October 3, 2018 this draft bill 577 was approved again by the National Assembly's, after the bill was partially vetoed by Panama's President due to concerns over whether they would unduly restrict trade and market access. The bill is currently pending.

Legal System and Judicial Independence

In 2016, Panama transitioned from the civil to accusatory justice system with the goal of simplifying and expediting criminal cases. Fundamental procedural rights in civil cases are broadly similar to those available in U.S. civil courts, although some notice and discovery rights, particularly in administrative matters, may be less extensive than in the United States. Judicial pleadings are not always a matter of public record, nor are the processes always transparent.

Some U.S. firms have reported inconsistent, unfair, and/or biased treatment from Panamanian courts. The judicial system's capacity to resolve contractual and property disputes is often weak and open to corruption. The World Economic Forum's 2017-2018 Global Competitiveness Report rated Panama's judicial independence at 120 of 137 countries. The Panamanian judicial system suffers from poorly trained personnel, case backlogs, and a lack of independence. Furthermore, under Panamanian law, only the National Assembly may initiate corruption investigations against Supreme Court judges, and only the Supreme Court may initiate investigations against members of the National Assembly, which in turn has led to charges of a de facto "non-aggression pact" between the branches.

Laws and Regulations on Foreign Direct Investment

Panama has different laws governing incentives depending on the activity, including the Multinational Headquarters Law, the Tourism Law, the Investment stability Law, miscellaneous laws associated with certain sectors, including the film industry, call centers, certain industrial activities, and agriculture exports. In addition, laws may differ depending on the economic zone, including the Colon Free Zone, the Panama Pacifico Special Economic Area, and the City of Knowledge. Proinvex (<http://proinvex.mici.gob.pa/>) provides more details on tax and other benefits.

Government policy and law treat Panamanian and foreign investors equally with respect to access to credit. Panamanian interest rates closely follow international rates (e.g., the U.S. federal funds rate, the London Interbank Offered Rate – LIBOR, etc...), plus a country-risk premium.

The Ministries of Tourism, Public Works, and Industry and Commerce court foreign investment, but once a company invests in Panama, have been less able to provide assistance to foreign investors to help them navigate their new environment, especially in tourism, branding, imports, and infrastructure development. Although individual ministers have been responsive to U.S. companies, the root issues are more difficult to address. U.S.

companies frequently complain about non-payment issues from several ministries, which have stalled payments without any official statement as to the merits of the contract terms.

Some private companies, including multinational corporations, have issued bonds in the local securities market. Companies rarely issue stock on the local market and, when they do, often issue shares without voting rights. Investor demand is generally limited because of the small pool of qualified investors. While wealthy Panamanians may hold overlapping interests in various businesses, there is not an established practice of having cross-shareholding or stable shareholder arrangements, designed to restrict foreign investment through mergers and acquisitions.

Competition and Anti-Trust Laws

Panama's Consumer Protection and Anti-Trust Agency, established by Law 45, October 31, 2007, and modified by Law 29 of June 2008, reviews transactions for competition related concerns and serves as a consumer protection agency.

Expropriation and Compensation

Panamanian law recognizes the concept of eminent domain. In at least one circumstance, a U.S. company has expressed concern about not being reimbursed at fair market value following the government's revocation of a concession.

Dispute Settlement

ICSID Convention and New York Convention

Panama is a Party to the Convention on the Settlement of Investment Disputes between States and Nationals of Other States (ICSID Convention and the New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitral Awards).

Investor-State Dispute Settlement

Resolving commercial and investment disputes in Panama can be a lengthy and complex process. Despite protections built into the U.S.-Panamanian trade agreements, investors have repeatedly struggled to resolve investment issues in courts. There are frequent claims of bias and favoritism in the court system and complaints about the lack of adequate titling, inconsistent regulations, and a lack of trained officials outside of the capital. The World Economic Forum – Global Competitiveness Index 2017-2018 report ranks the independence of Panama's judicial system 120 out of 137 countries (<http://reports.weforum.org/global-competitiveness-index-2017-2018/countryeconomy-profiles/#economy=PAN>). There have been allegations that politically connected businesses have benefited from court decisions, and that judges have "slow-rolled" dockets for years without taking action. Many Panamanian legal firms suggest writing binding arbitration clauses into all commercial contracts.

International Commercial Arbitration and Foreign Courts

The Panamanian government accepts binding international arbitration of disputes with foreign investors. Panama is a party to the 1958 New York Convention as well as to the 1975 Panama Convention. Panama became a member of the International Center for the Settlement of Investment Disputes (ICSID) in 1996. Panama adopted the UNCITRAL model arbitration law as amended in 2006. Law 131 of 2013 regulates national and international commercial arbitrations in Panama.

Bankruptcy Regulations

Commercial law is comprehensive and well established. The World Bank 2019 Doing Business currently ranks Panama 113/190 for resolving insolvency because of slow court systems and complexity of the

process. Panama adopted a new bankruptcy law in 2015, but Panama's Doing Business ranking has not yet shown material improvement for this metric.

Industrial Policies

Investment Incentives

Panama provides Industrial Promotion Certificates (IPCs) to incentivize industrial development in high value-added sectors. Targeted sectors include research and development, management and quality assurance systems, environmental management, utilities and human resources. Approved IPC's provide up to 35 percent in tax reimbursements, and preferential import tariffs of 3 percent.

Law 1 (2017) modifies Law 28 (1995) by exempting exports from income tax and provides a zero percent import duty for machinery for those companies that export 100 percent of their products. Producers to sell a portion of their products into the domestic market will pay a three percent import tariff for machinery and supplies.

Foreign Trade Zones/Free Ports/Trade Facilitation

Panama is home to the Colon Free Trade Zone, the Panama Pacifico Special Economic Zone, and 16 other "free zones" (11 active zones and 5 in development). The Colon Free Trade Zone has more than 2,500 businesses, while the Panama Pacifico Special Economic Zone has more than 340 businesses, and the remaining free zones host 126 companies. These zones provide special tax and other incentives for manufacturers, back office operations and call centers. Additionally, the Colon Free Zone offers companies preferential tax and duty rates that are levied in exchange for basic user fees and a five percent dividend tax (or two percent of net profits if there are no dividends). Banks and individuals in Panama pay no tax on interest or other income earned outside Panama. No taxes are withheld on savings or fixed time deposits in Panama. Individual depositors do not pay taxes on time deposits. Free zones offer tax-free status, special immigration privileges, and license and customs exemptions to manufacturers who locate within them. Investment incentives offered by the Panamanian government apply equally to Panamanian and foreign investors.

Performance and Data Localization Requirements

There are no legal performance requirements such as minimum export percentages, significant local requirements of local equity interest, or mandatory technology transfers. There are no established general requirements that foreign investors invest in local companies, purchase goods or services from local vendors, or invest in R&D or other facilities. Companies are required to have 90 percent Panamanian employees. There are exceptions to this policy; but the government must approve these on a case-by-case basis. Fields dominated by strong unions, such as construction, have opposed issuing work permits to foreign laborers and some investors have struggled to staff large projects fully. Foreign workers are common in Panama. Visas are available and the procedures to obtain work permits are generally not considered onerous.

As part of its effort to become a hub for finance, logistics, and communications, Panama has endeavored to become a data storage center. According to the Panamanian Authority for Government Innovation (AIG, <http://www.innovacion.gob.pa/noticia/2834>), the majority of these firms offer services to banking and telephone companies in Central America and the Caribbean. Panama boasts exceptional international connectivity, with seven undersea fiber optic cables.

Panama's data protection law (Law 81, March 26, 2019) establishes the principles, rights, obligations, and procedures that regulate the protection of personal data. The National Authority for Transparency and Access to Information will oversee enforcement of the law that will go into effect in March 2021. The National Authority for Government Innovation is working closely with large private sector companies to draft specific data protection regulations. The concept of the personal privacy of communications and documents is

provided for in the Panamanian Constitution as a fundamental right (Political Constitution, article 29). The Constitution also provides for a right to keep personal data confidential (article 44). The Criminal Code imposes an obligation on businesses to maintain the confidentiality of information stored in databases or elsewhere, and establishes several crimes for the misuse of such information (Criminal Code, articles 164, 283, 284, 285, 286). Panama's electronic commerce legislation also states that providers of electronic document storage must guarantee the protection, reliability, and proper use of information and data stored on behalf of their customers (Law 51, July 22, 2008, article 55).

Protection of Property Rights

Real Property

The majority of land in Panama, and almost all land outside of Panama City, is not titled; a system of rights of possession exists, but there are multiple instances where such rights have been successfully challenged. The World Bank's Doing Business 2019 report (<http://www.doingbusiness.org/data/exploreeconomies/panama>) notes that Panama has risen to 81 out of 190 countries on the Registering Property indicator, though it still ranks 147th in Enforcing Contracts. Panama enacted Law 80 (2009) to address the lack of titled land in certain parts of the country; however, it does not cure deficiencies in government administration or the judicial system. In 2010, the National Assembly approved the creation of the National Authority of Land Management (ANATI) to administer land titling; however, investors have complained about ANATI's capabilities and lengthy adjudication timelines.

The judicial system's capacity to resolve contractual and property disputes is generally considered weak and open to corruption, as illustrated by the most recent World Economic Forum's Global Competitiveness Report 2017-2018 (<https://www.weforum.org/reports/the-global-competitiveness-report-2017-2018>), which rates Panama's judicial independence as 120 out of 137 countries. Americans should exercise greater due diligence in purchasing Panamanian real estate than they would in purchasing real estate in the United States. Engaging a reputable attorney and licensed real estate broker is strongly recommended.

Intellectual Property Rights

Panama has an adequate and effective domestic legal framework to protect and enforce intellectual property rights (IPR). The U.S.-Panama TPA improved standards for the protection and enforcement of a broad range of IPR, including for patents; trademarks; undisclosed tests and data required to obtain marketing approval for pharmaceutical and agricultural chemical products; and digital copyright products such as software, music, books, and videos. In order to implement the requirements of the TPA, Panama passed Law 62 of 2012 (industrial property) and Law 64 of 2012 (copyrights). Law 64 also extended copyright protection to the life of the author plus 70 years, mandates the use of legal software in government agencies, and protects against the theft of encrypted satellite signals and the manufacturing or sale of tools to steal signals.

Panama is a member of the Paris Convention for the Protection of Industrial Property. Panama's Industrial Property Law (Law 35 of 1996) provides a term of 20 years of patent protection from the date of filing, or 15 years for pharmaceutical patents. Panama has expressed interest in participating in the Patent Protection Highway with the U.S. Patent and Trademark Office (USPTO). Law 35, amended by Law 61 of 2012, also provides trademark protection, simplifies the registration of trademarks, and allows for renewals for 10-year periods. The law grants ex-officio authority to government agencies to conduct investigations and seize suspected counterfeited materials. Decree 123 of 1996 and Decree 79 of 1997 specify the procedures that National Customs Authority (ANA) and Colon Free Zone officials must follow to investigate and confiscate merchandise. In 1997, ANA created a special office for IPR enforcement; in 1998, the Colon Free Zone followed suit.

The Government of Panama is making efforts to strengthen the enforcement of IPR. A Committee for Intellectual Property (CIPI), comprising representatives from five government agencies (the Colon Free Zone, the Offices of Industrial Property and Copyright under the Ministry of Commerce and Industry (MICI), ANA, and the Attorney General), under the leadership of the MICI, is responsible for the development of intellectual property policy. Since 1997, two district courts and one superior tribunal have exclusively adjudicated antitrust, patent, trademark, and copyright cases. Since January 2003, a specific prosecutor with national authority over IPR cases has consolidated and simplified the prosecution of such cases. Law 1 of 2004 added crimes against IP as a predicate offense for money laundering, and Law 14 establishes a 5 to 12-year prison term, plus possible fines.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at <http://www.wipo.int/directory/en/>.

Resources for Rights Holders

Embassy point of contact:

Colombia Primola
Economic Specialist
PrimolaCE@state.gov

[Local lawyers list](#)

Financial Sector

Capital Markets and Portfolio Investment

Government policy and law with respect to access to credit treat Panamanian and foreign investors equally. Panamanian interest rates closely follow international rates (e.g., the U.S. federal funds rate, the London Interbank Offered Rate – LIBOR, etc...), plus a country-risk premium.

Some private companies, including multinational corporations, have issued bonds in the local securities market. Companies rarely issue stock on the local market and, when they do, often issue shares without voting rights. Investor demand is generally limited because of the small pool of qualified investors. While wealthy Panamanians may hold overlapping interests in various businesses, there is not an established practice of having cross-shareholding or stable shareholder arrangements, designed to restrict foreign investment through mergers and acquisitions.

Money and Banking System

Panama's 2008 Banking Law regulates the country's financial sector. The law concentrates regulatory authority in the hands of a well-financed Banking Superintendent (<https://www.superbancos.gob.pa/>).

Panama's banking sector is developed and highly regulated. However, some U.S. citizens and entities have had difficulty opening bank accounts. Investors cite lengthy processes, a lack of open communication, and a high documentary threshold for establishing the legitimacy of their activities both inside and outside of Panama. Banking officials counter these complaints by citing the need to comply with international financial transparency standards. Several of Panama's largest banks have gone so far as to refuse to establish banking relationships with whole sectors of the economy, such as e-commerce, in order to avoid all possible associated risks. Private U.S. citizens have also faced difficulty-opening bank accounts in Panama, due to regulatory issues. This results in a large number of legitimate businesses excluded from banking services in Panama.

Traditional bank lending from the well-developed banking sector is relatively efficient and is the most common source of financing for both domestic and foreign investors, offering the private sector a variety of credit