

# Panama's Growth, Economic Outlook And Value Proposition as a Business Destination



# Panama's demographics

- **Capital City:** Panama City
- **Area:** 75,517 km<sup>2</sup>
- **Population:** 4,037,043 (2016 est.)
- **GDP:** \$58 Billion
- **GDP per capita:** \$14,520
- **Currency:** US Dollar since 1904
- **Inflation:** 0.2% (2016)
- **Languages:** Spanish (Official & English (Commercial))







FDI Growth  
2015 vs. 2016

17%



FDI % Stock  
vs. the rest of Central America

45%



FDI re-investments  
A key stability and growth driver

64%



Accumulated FDI Growth  
Upward tendency since 2010

85%

Through FDI,  
Panama becomes  
the most important  
services platform in  
LatAm

## Top 5 historic foreign investors

18.7%  
United States

6.5%  
UK

44%  
Rest of the  
World

7.7%  
Switzerland

17.3%  
Colombia

5.4%  
Spain

**USA** is Panama's  
main commercial partner

**+\$5 billion**  
US FDI stock in Panama

**\$1.2 billion**  
Panama FDI stock in US

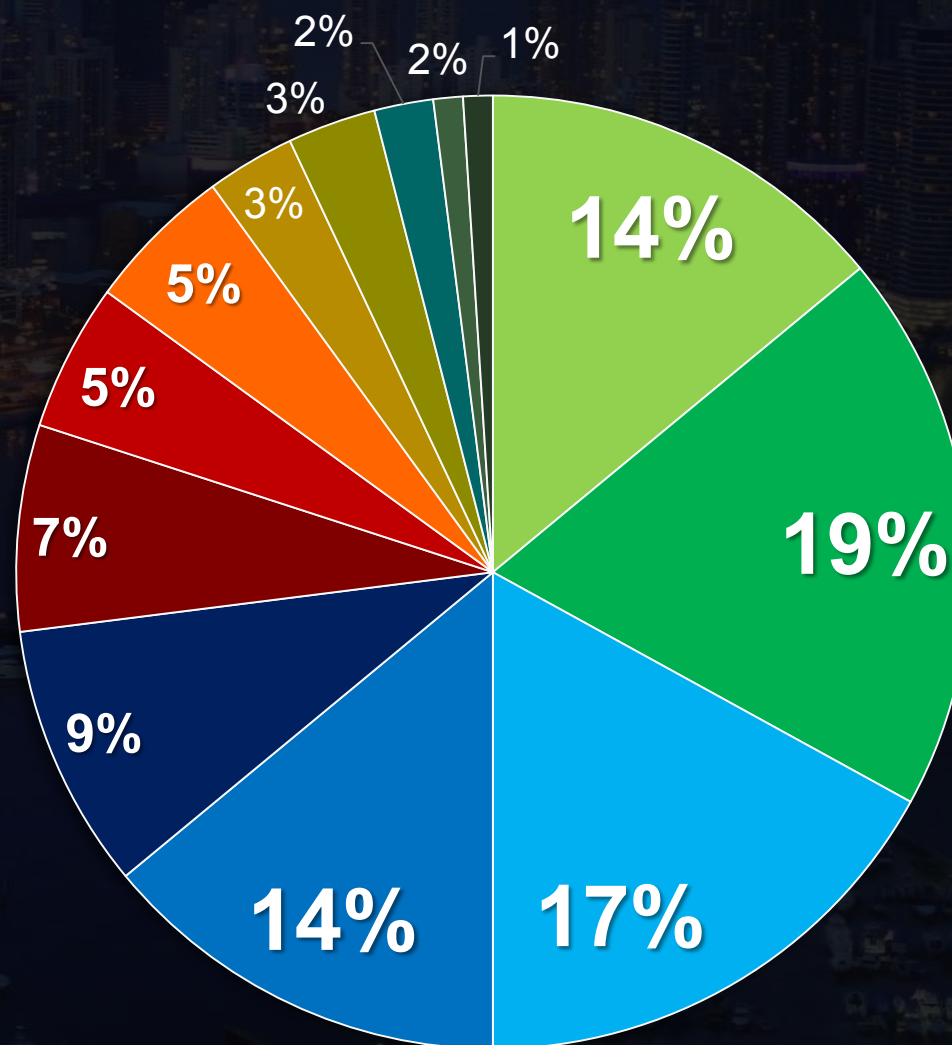
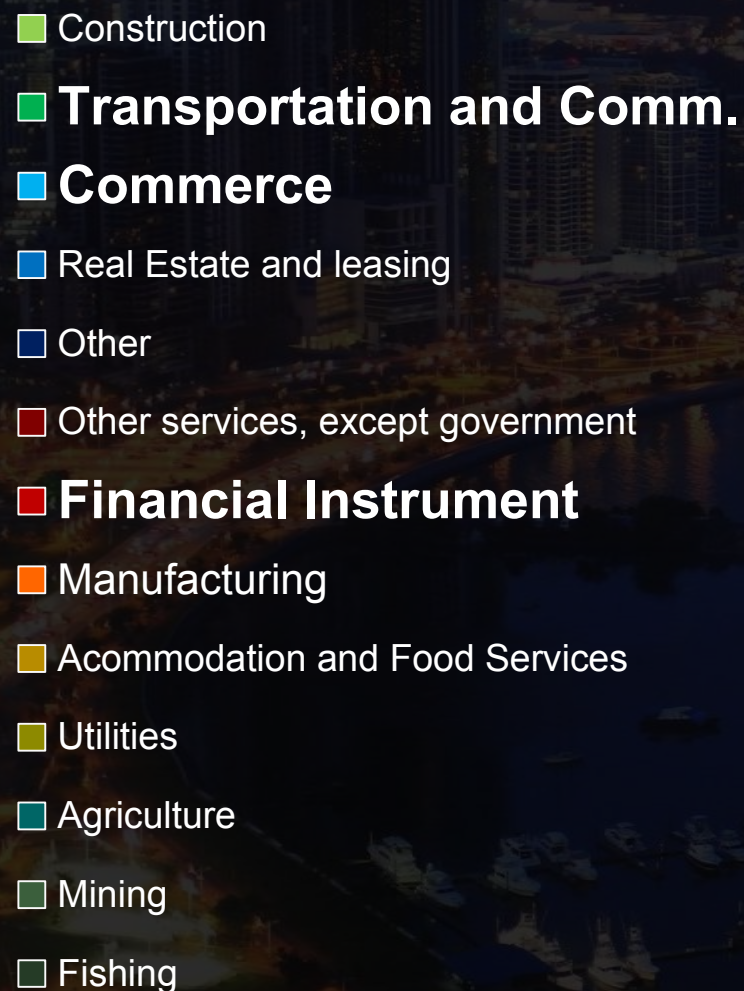
**27 of 135**  
US MHQs in Panama





# Panama is a services-based economy

Well-diversified, no sector above 20% of total economy



#2

In Latam  
42<sup>nd</sup> worldwide  
Global Competitiveness Report

#12

Effect of Tax  
Incentives on  
Investment

Business  
Absorption of  
Technology

#27

Financial  
Market  
Development

#12

FDI and  
Technology  
Transfer

#5

Prevalence of  
Foreign  
Ownership

#8

Impact of  
Business  
Rules on FDI

#10



# Panama's comparative advantages for international trade



Dollarized economy  
since 1904.



No central bank.  
Zero currency risk.



Fastest rising  
economy in the  
world\*.



Investment stability  
regime.



Investment grade  
since 2010.  
Stable outlook.

# Panama's financial services platform

is among the most competitive in the world

12<sup>th</sup>

worldwide for the development of its financial market

11<sup>th</sup>

worldwide for the soundness of its banks

6<sup>th</sup>

worldwide for the availability of financial services

5<sup>th</sup>

worldwide for financial services meeting business needs



92 banks (local and international)



120 billion in assets (Jan 2017)



3.1% growth in assets (Jan 2017 vs. Jan. 2016)



# Panama's world-class infrastructure is among the best in the world\*

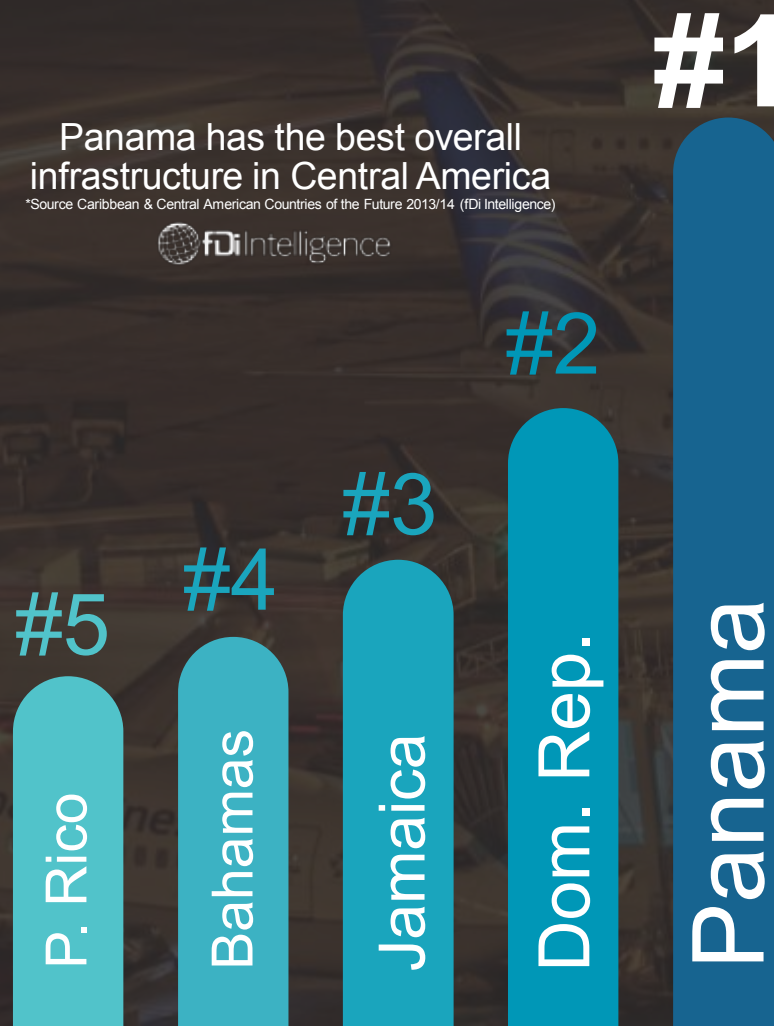


Worldwide quality rankings for Air, Maritime and Telecom Infrastructure

\*Source: World Economic Forum, Global Competitiveness Index 2016-2017

Panama has the best overall infrastructure in Central America

\*Source Caribbean & Central American Countries of the Future 2013/14 (fDi Intelligence)



# Panama leads the region in logistics performance

#1

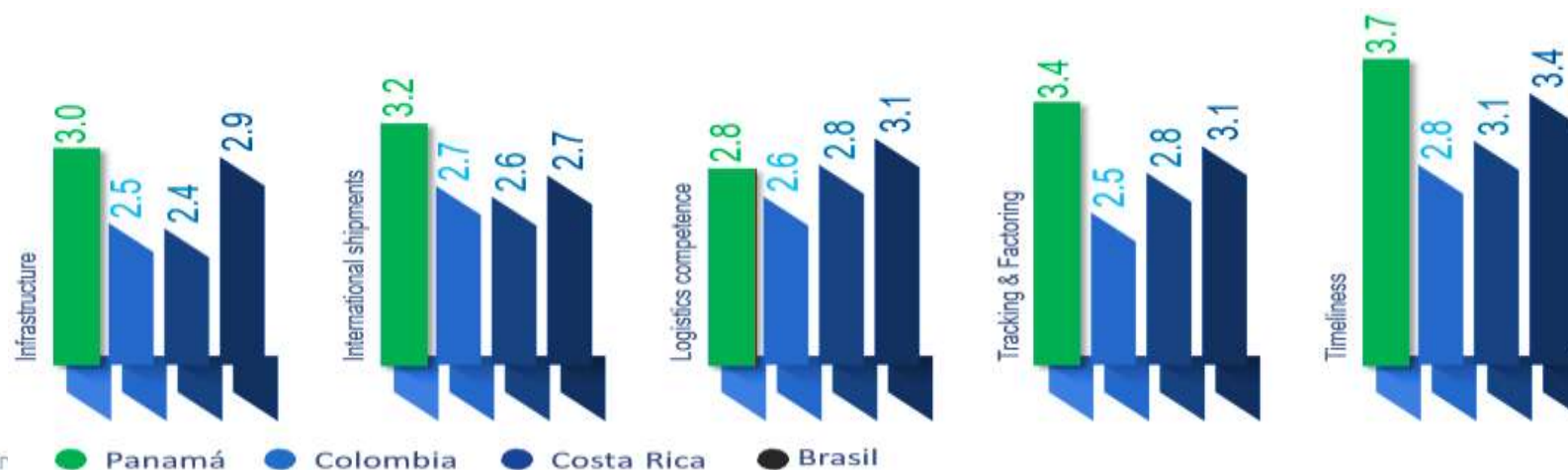


in Latin America according to the World Bank's LPI 2016

#40



worldwide in logistics performance ranking, beating neighboring countries in nearly all indicators



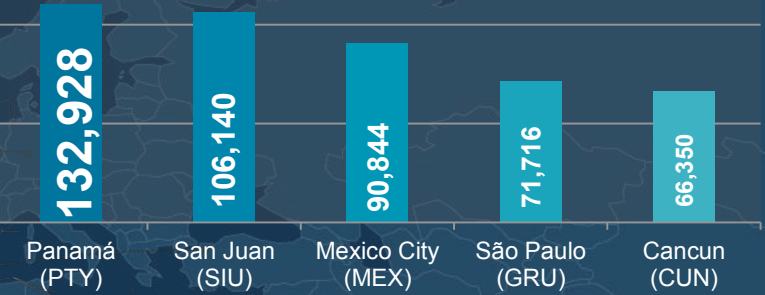


# Panama, The Great Connection

## Gateway to the Americas



**90** destinations  
best connected LatAm airport



**Top 2** most active ports  
on 2 oceans

1. Balboa: 3,468,283 TEU

2. Cristóbal: 3,286,736 TEU



CEPAL

Nexus for  
**7** continental  
submarine fiber optic  
cables

- 100% regional Internet traffic
- 97% international voice traffic
- 90% transmission of electronic data
- Virtually unlimited bandwidth



reaching all American markets  
in **hours** by air  
and **1-7 days** by sea



# 5% maritime trade concentrates in Panama

**7 million TEUs**  
transshipment **2016**

**50%** of total LAC transshipment flows

**65%** of total LAC transshipment flows from the **Pacific**

**40%** of total LAC transshipment flows from the **Atlantic**



## Ample network of trade agreements

**20** agreements  
reaching **60** countries

# 1.3 billion

consumer market  
access

**+\$29,000**  
per capita  
purchasing power



# A multimodal platform connecting two oceans in an 80 km stretch





# Strategic growth sectors

Logistics



Business Services



Tourism



Energy



# INSTITUTO TÉCNICO SUPERIOR DEL ESTE (ITSE)

New careers in:



New Education Opportunities:



An Alternative for Youths:



Organization

- ▶ LOCATION: **Tocumen**
- ▶ CAPACITY: **5,000 STUDENTS**
- ▶ Short and alternative careers to enter the labor market
- ▶ Duration: **2 YEARS**
- ▶ Education Methodology: **70% practice theory**
- ▶ Ethical values, creativity & productive competences

ITSE is organized in:  
SCHOOLS

DEPARTMENTS

- |                          |                                   |
|--------------------------|-----------------------------------|
| ▶  Engineering & Tech    | ▶ Construction Industry Aerospace |
| ▶  Business              | ▶ Finance Logistics Languages     |
| ▶  Hospitality & Tourism | ▶ Hospitality Tourism             |



**Trained Students: 8,000**  
(After School Program)



**Kids Taught: 1,400**  
(Kids Program: Kinder to 3rd Grade)



**Trained Teachers: 1,400**  
(600 locally & 800 Internationally)



**Goal 2019:**  
**16,200 teachers trained**  
**289,000 students trained**



# Competitive Incentives & Special Regimes



Special Economic Regimes  
fostering development  
driving innovation



LABOR



FISCAL



INCENTIVES



CUSTOMS



IMMIGRATION

# Investment Stability Law

Strengthening Panama's stable, predictable and secure business environment

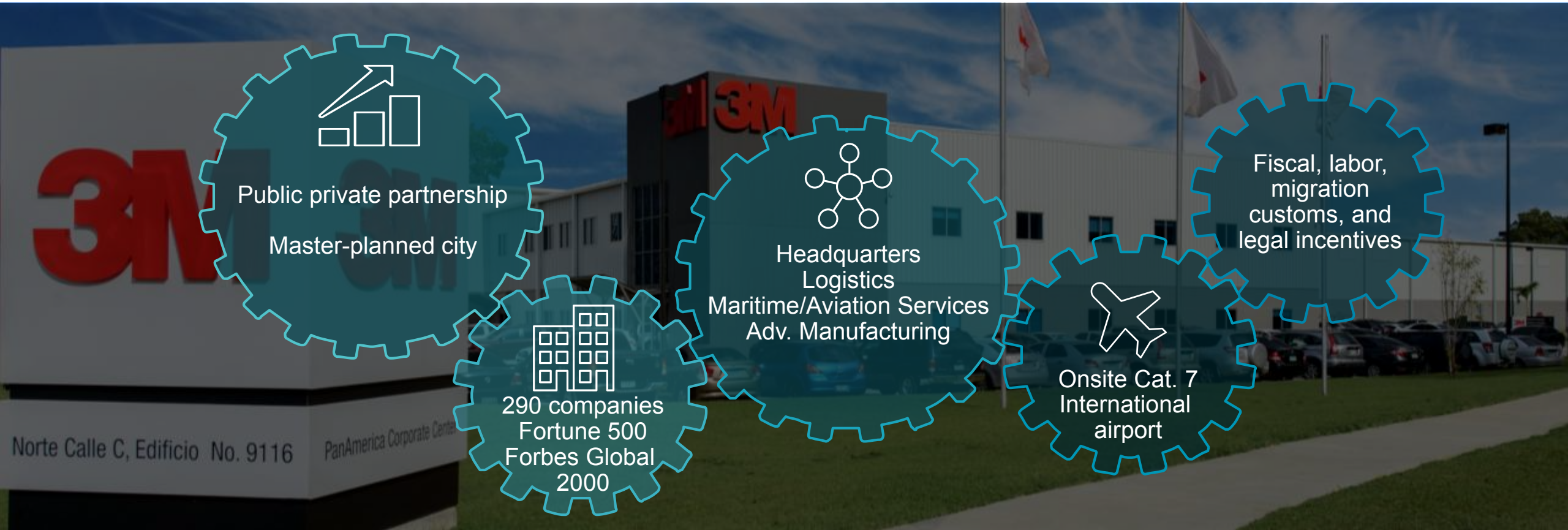




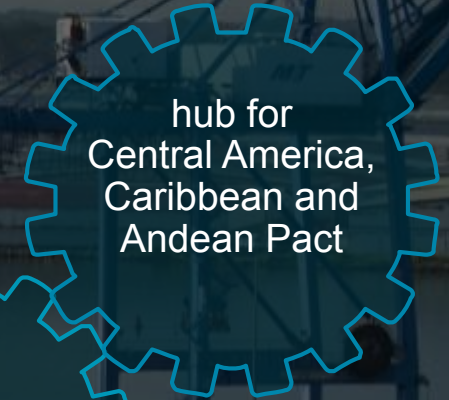
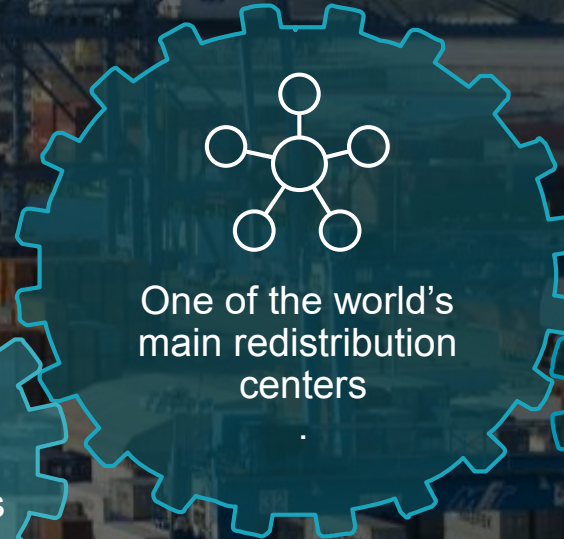
# Panama is the choice of multinationals











HUAWEI



new balance



UNDER ARMOUR



SAMSUNG



BOSCH



COCA-COLA



DIAGEO



maxell



SONY



ACE



TOMMY  
HILFIGER



Coleman



NOVARTIS



JVC



LG



adidas



Kenneth Cole



BACARDI



JOHNSON & JOHNSON



SANDOZ



PAYLESS



CHANEL



BAYER



Koyo



Pfizer



GLAXOSMITHKLINE



NOVO NORDISK



Lilly



ASTRAZENECA



SANOFI



P&G



ELECTROLUX



PANASONIC  
ideas for life



RALPH LAUREN



L'ORÉAL  
PARIS



YAMAHA



MSD



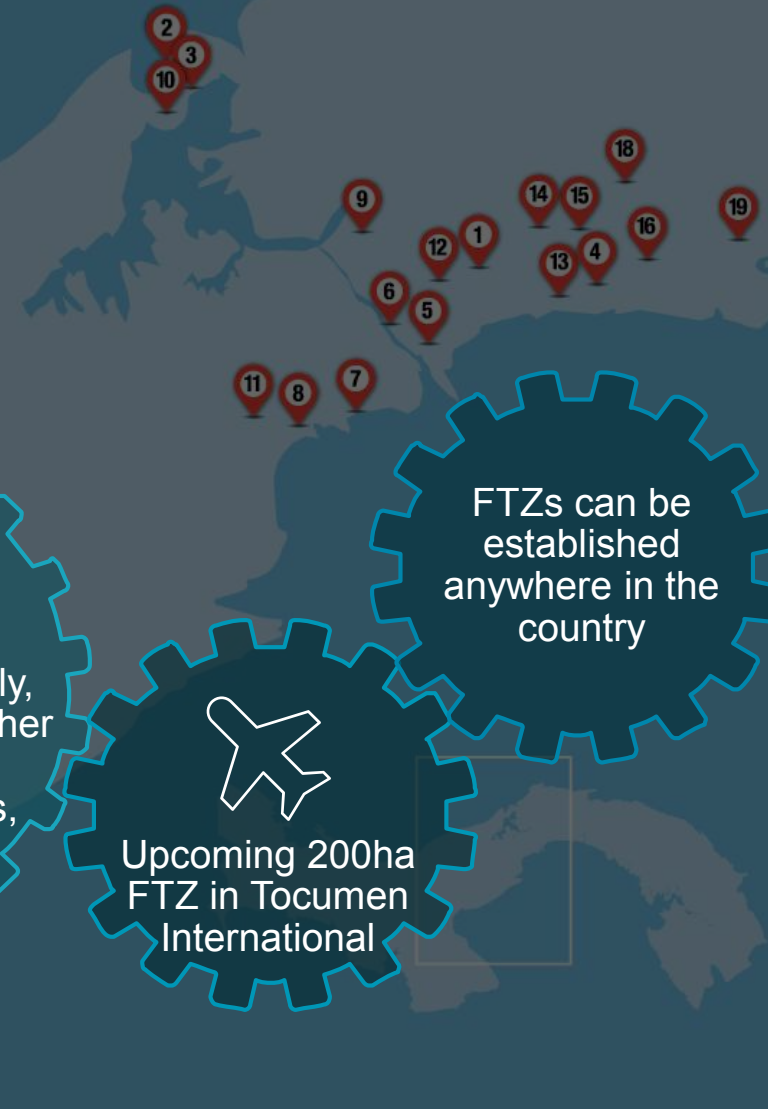
0% Income tax in the lease and sublease  
0% Income tax for foreign operations  
0% tax and custom duties exemption for goods and services required for operations

  
Special labor code and immigration flexibilities

  
Manufacturing, assembly, processing, logistics, higher ed., research, tech, environmental services, health and services

  
Upcoming 200ha FTZ in Tocumen International

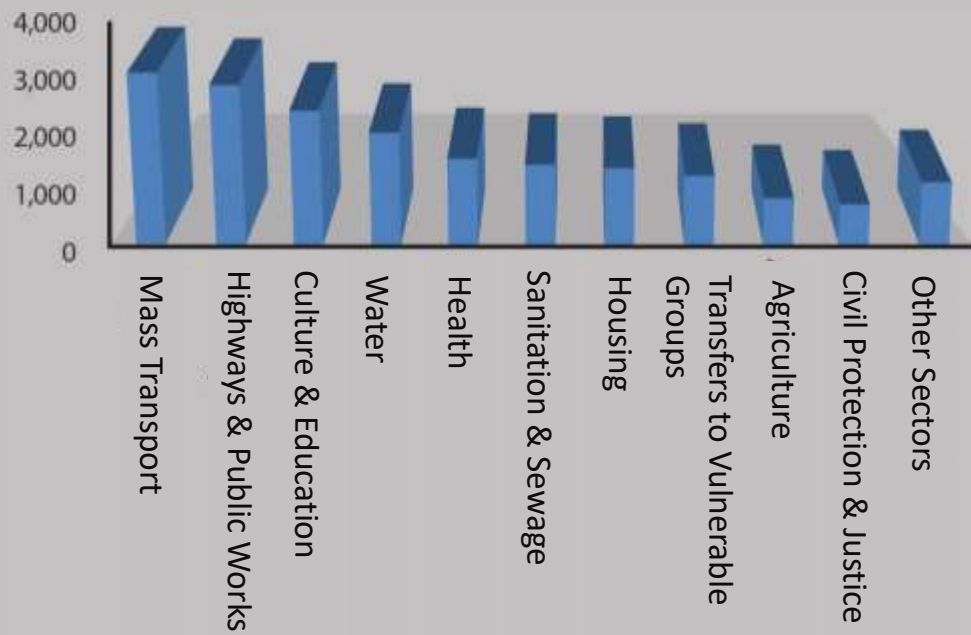
FTZs can be established anywhere in the country





# Strategic Government Investment Plan

## 2015-2019: \$20 billion



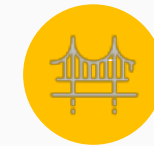
Metro Line 2	\$ 1,857 million
4th Bridge over the Canal	\$1,200 million
National Road Network	\$923 million
Water & Sanitation Projects (various)	\$2,116 million
Social Housing	\$1,260 million
Colon Urban Renewal	\$746 million
Tocumen Airport (New - South Terminal)	\$800 million
Perico Cruise Port	\$200 million
Chan II Hydro Plant	\$1,049 million
Transmission Lines (various)	\$685 million
Public Education Projects	\$765 million
Mi Escuela Primero	\$817 million
ITSE	\$178 million
Panama Bilingüe	\$125 million
Hospitals & Health Infrastructure	\$2,035 million

# Metro Master Plan and 4<sup>th</sup> Bridge over Panama Canal



## Metro Line 3

Connects Panama City to Panama West. US\$ 2.3 Billion investment



## Includes 4<sup>th</sup> Bridge over Panama Canal

An investment of US\$ 1.2 billion



## Expansion and Improvements on existing Line 1

US\$ 300 Million investment



## Line 2 Connection to Tocumen Intl Airport

US\$ 170 Million Investment





## **“THE NEXT INVESTMENT DESTINATION IN THE CARIBBEAN”**

Colon Puerto Libre will transform the city of Colon, on the Caribbean coast of Panama, into a world class shopping destination. Colon is the perfect homeport location for cruiseships and together with the new Panama Canal, the Caribbean culture and cuisine, and direct flights to more than 90 cities in the Americas and Europe, the special regime of Colon Puerto Libre will create a colorful and culture rich shopping experience. The time to invest in Colon is now!







Private Investment is  
Already Happening  
In Colon *Puerto Libre*



# PANAMÁ

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La  
**gran**  
conexión

The  
**great**  
connection

# Panama

The  
**great**  
connection



GOBIERNO DE LA REPÚBLICA DE  
**PANAMÁ**



[www.proinvex.mici.gob.pa](http://www.proinvex.mici.gob.pa)



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