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FLORIDA

IFAS EXTENSION

A Primer on Exporting to Panama¹

Christina D. Storz, Timothy G. Taylor, and Gary F. Fairchild²

Introduction

Every year the U.S. Department of State publishes extensive Country Commercial Guides for a large number of countries. These guides provide a great deal of information useful to individuals interested in developing export markets either through direct exports or through direct foreign investment. This paper provides an abridged version of the Country Commercial Guide for Panama as well as supplemental information of direct relevance to agribusiness firms. It is hoped that the information contained in this report provides a useful starting point for individuals interested in exploring export or investment opportunities in Panama.

Note: County Commercial Guides are available for U.S. exporters from the National Trade Data Bank's CD-ROM or via the Internet. Please contact Stat-USA by telephone (1-800) STAT-USA for more information. Country Commercial Guides can be accessed via the World Wide Web at <http://www.stat-usa.gov>, <http://www.state.gov>, and <http://www.mac.doc.gov>. They can also be ordered as a hard copy or on diskette from the National Technical Information Service (NTIS) by telephone (1-800) 553-NTIS. American exporters seeking general export information/assistance and

country-specific commercial information should contact the U.S. Department of Commerce, Trade Information Center by telephone (1-800) USA-TRADE; or by fax (202) 482-4473.

Economic and Political Overview

Due to its strategic location at the mouth of two oceans, Panama, from the time of the conquistadors, has served as the crossroad of trade for the Americas. Today the country is an international trading, banking, and services center. Trade liberalization and privatization over the last several years, while flawed, have added some substance to these assertions. Panama's dollar-based economy offers low inflation and zero foreign exchange risk. Panama's government actively seeks foreign investment.

The downturn of Panama's economy, which started in 1999, modestly reversed itself at the start of 2003. Panama still struggles to overcome the departure of the U.S. military, low prices for its primary exports, higher prices for petroleum imports, reduced trade and investment due to the regional and worldwide economic slowdown, and contraction of domestic demand. However, growth in tourism, telecommunications, and maritime sectors, along with recent growth in construction, portends that gains in the Panamanian economy might continue.

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 2. Christina D. Storz, Research Assistant; Timothy G. Taylor, Professor; and Gary F. Fairchild, Professor, Department of Food and Resource Economics, Florida Cooperative Extension Service, Institute of Food and Agricultural Sciences, University of Florida, Gainesville, FL.

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The sectors of Panama's economy that have suffered include manufacturing, construction, traditional agriculture, retail sales, fishing, and the exports sector (the Colon Free Zone in particular).

According to the government of Panama, the economy grew 0.8% in real terms in 2002, compared to 0.3% real growth in 2001. Although Panama's 2002 per capita GDP (Gross Domestic Product) is among the highest in the region at US\$3,699, this figure is unreliable as an indicator of prosperity overall, because of Panama's highly skewed income distribution. Panama's income distribution is second only to Brazil in the Western Hemisphere in terms of inequality. The Survey of Living Standards, produced by the World Bank and the government of Panama in 2000, estimated that 37% of all Panamanians live in poverty, including over 50% of children under age 10, and 95% of the indigenous population.

Due to the evolution and composition of Panama's largely services based economy, the extent and nature of local competition is limited in most non-service sectors. The United States is Panama's most important trading partner, with about 40% of the import market. Although U.S. products enjoy a high degree of acceptance in Panama, competition is strong in several sectors, including telecommunications equipment, automobiles, heavy construction equipment, consumer electronics, computers, apparel, gifts, and novelty products.

Panama's merchandise imports increased in 2002 by 3.5% over 2001 to a total of US\$3.1 billion. The value of Panama's total merchandise exports in 2002 reached US\$756 million, a decrease of 6.5% over the previous year.

The Colon Free Zone alone represents a larger market than Panama's entire internal market. Free Zone imports totaled US\$4.45 billion in 2002, with exports of US\$4.8 billion. These figures mark a decrease of 6.5% and 10%, respectively, in comparison to 2001, when imports decreased 0.6% and exports increased 0.4%. The total net contribution of the CFZ to the Panamanian trade balance (Exports-Imports) was US\$369.3 million, down slightly from 2001. In 1999, the CFZ experienced one of its worse years ever, a disastrous 23% decline. Zone imports are mostly luxury goods,

electronic products, clothing, and other consumer products. Because of this product mix, U.S. market share is somewhat lower in the Zone than in Panama. Hong Kong is the Free Zone's biggest supplier, while Colombia and Ecuador are the two largest destinations for Zone re exports.

As a direct effect of economic slow down of the economy, Panama's agriculture sector continued to reduce its contribution to the GDP (Gross Domestic Product) in 2002, which stands now at 6.9%. Falling prices for export commodities (e.g., coffee and sugar) have reduced agricultural exports 2%, on average. Banana exports decreased 13% due to access problems to European Union markets and to local labor unrest. Traditional commodities (e.g., rice, corn, and beans) suffered setbacks due to bad weather conditions and drought, forcing an increase in imports. The sectors that experienced the highest growth rates were fruits (mainly melons, watermelons, and pineapples) at 7% and beef at 3%. Some agricultural imports are still subject to high duties while non-tariff barriers have proven to be a persistent obstacle to agricultural market opening.

The Fisheries sector suffered a setback, with exports decreasing 12%, due to recurring problems with shrimp virus (the White Spot Virus). Panama paved the way for tuna exports by signing the International Dolphin Conservation Program Agreement in 1998. In 2002, tuna exports increased 49%, or US\$14 million, due mainly to U.S. markets.

Marketing U.S. Products and Services

There are a number of factors that should be considered in exporting products to Panama. This section provides a brief overview of many critical factors that must be considered.

Establishing a Business

Panama has one of the most modern and flexible corporate laws in Latin America. To form a corporation in Panama, the client must furnish the following information:

- The name of the corporation. It may be in any language, but it must terminate in a word or abbreviation indicating that it is a corporation.
- The objectives and purposes of the corporation.
- The amount of the authorized capital. Usually the authorized capital will consist of US\$10,000 divided into 100 shares of US\$100 each. Shares may be nominative or bearer shares.
- Duration of the corporation, usually perpetual.
- The full names and addresses of three or more directors and/or officers.
- The domicile of the corporation.

The time period usually involved in setting up a corporation takes 15 days and 60 days. Attorney fees usually range from US\$600 to US\$1,500 per corporation.

Exemptions for business license requirements are granted to persons or legal entities engaged exclusively in agriculture, cattle, bee, or poultry husbandry, or in the manufacturing and sale of handicrafts, provided that the work is not performed by hired workers.

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, Colon, Santiago, and Chitre.

Generally, the marketing channel structure in Panama is simple. Direct importers act as wholesalers and, in many cases, 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 directly from U.S. brokers or manufacturers.

Some of Panama's major importers are also regional distributors for Central and/or South America, with warehousing facilities located in the Colon Free Zone (CFZ). Generally, CFZ importers/distributors have affiliated stores in Panama City for retail sale to the local market.

Agents / Distributors: Finding a Partner

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. There are restrictions on foreigners participating in retail trade and practicing certain professions. In practice, however, there are legal ways to overcome these restrictions. U.S. firms interested in retailing should consult a local attorney.

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.

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*). Other types of legal entities commonly used in Panama are general partnerships, simple limited partnerships, joint stock partnerships, and limited liability companies.

The U.S. Commercial Service offers U.S. companies assistance in identifying potential business opportunities in Panama: the worldwide Gold Key Service (GKS) for those who wish to travel to Panama, and the International Partner Search (IPS) for those companies who cannot immediately visit Panama. Both services assist U.S. companies in locating appropriate representatives in Panama.

Franchising

Panama is receptive to U.S.-style franchising. The market for both specific and general franchising opportunities is attractive. Panama maintains no

control on royalty payments or transfers. Recreation, entertainment services, fast food, automotive, and hotel and motel franchises are readily marketable as the local market demands better facilities and services. U.S. Embassy recommends consulting a local attorney for details on how to set up a franchise in Panama.

Key factors for market success in Panama are high quality, customer service, brand-name recognition, and attractive packaging. American products targeting the middle to upper-middle income market are usually competitive. Panamanians have a penchant for high quality U.S. products.

Consumers with high disposable income follow sophisticated U.S. and European consumption patterns. Most high-end U.S. and foreign brand names are represented in Panama. An aggressive marketing strategy is usually necessary to succeed in this trend-conscious market.

Joint Ventures / Licensing

Joint ventures, especially for large projects, are becoming common in Panama. Some joint ventures are formed for limited periods of time, 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 contemplates 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.

Panama is an interesting and potentially profitable site for licensing agreements and joint ventures as well as routine buy/sell operations. The Colon Free Zone offers the U.S. exporter looking for regional marketing arrangements a convenient "one-stop" distribution center. There have been instances of money laundering, intellectual property piracy, and drug trafficking reported in the CFZ. All

U.S. firms should be aware of these factors before commencing operations in the Zone.

Selling Factors / Techniques

Panama has the highest per capita incomes in Central America. The majority of income is skewed to a small, consumer goods oriented economic class. These upper-middle and upper 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. The majority of Panamanians are interested in quality, but price plays a more important role in the purchase decision.

The use of the U.S. dollar as legal currency and consumer preference for high quality products at competitive prices are two reasons for the high acceptance of U.S. products in Panama. Overall, U.S. products are well accepted in the market and are considered of good quality. However, in many instances, U.S. products must compete against lower priced products, especially from the Far East. For example, as in the United States itself, Japanese and Korean electronics dominate the market because of aggressive market entry techniques and good quality at competitive prices.

Advertising / Trade Promotion

Television and newspaper advertising are the promotion tools of choice for the majority of distributors of U.S. products. E-mail marketing is becoming increasingly popular, especially for services. Panama has a very competitive advertising market, with standard prices 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 Easter, Mother's Day, Father's Day, and back to school are usually advertised in newspapers during weekends.

Most foreign manufacturers of consumer products maintain a high profile presence in the country through newspaper advertisements, large billboards, sponsored sports events, and TV advertising. Radio advertising is mainly utilized outside of Metropolitan Panama City.

Sales Service / Customer Support

Success among distributors is often decided by quality of the training, counseling, and the support they receive from their principals. American companies should focus on providing U.S.-level training and technical assistance to their distributors and making sure they have the resources to provide after-sales support, including spare parts, service equipment, and quality service to the customers.

Product Pricing

The price structure for imported goods in Panama depends on the level of competition. The cost 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 average 10% over CIF value and wholesale and retail markups are about 25% each.

Selling to the Government

Panama does not have a Central Procurement Office such as the U.S. General Services Administration (GSA). All purchases of goods and services of any significant value are by law advertised for public bid. Government procurement regulations establish that each government organization is responsible for its own procurement but subject to the supervision of the Ministry of Economy and Finance and the Comptroller General's Office. The latter provides ultimate authorization for all purchasing contracts. Government regulations also establish a process of company pre-qualification for purchases above US\$250,000 to ensure that potential suppliers have the proper qualifications. Another feature of the procurement system is that tender documents for major bids are discussed with interested companies to assure agreement about an understanding of terms and condition of participation. Lack of transparency, excessive delays, and bureaucracy problems in the bid selection process have caused problems for bidders in important government bids in the past.

Excessive bureaucracy is also responsible for the government's poor payment record. Typical payment

schedules range from three to six months, after goods or services have been invoiced.

Need for a Local Attorney

Attorneys are required, among other things, for establishing a corporation, registering products, registering a patent, obtaining a commercial license, and for handling immigration matters. Attorneys are frequently used to prepare major bids to make sure that paperwork and other requirements are properly completed. In many cases, local law firms become part of consortia participating in major bids.

Agribusiness Industry Prospects

Consumer-Oriented Products

The High Value Products (HVP) sector continues the most important category of imported products in Panama. HVP imports from the United States totaled US\$83 million in 2002, representing a 4% decrease, compared to the previous year. The HVP sector is composed of snacks (US\$15 million), processed fruits and vegetables (US\$10 million), fruit and vegetable juices (US\$9 million), pet foods (US\$6 million), dairy products (US\$6 million), wine and beer (US\$6 million), fresh fruit (US\$4 million), poultry meat (US\$4 million), red meats (US\$3 million), breakfast cereals (US\$3 million), and other (US\$17 million).

The best prospects for the United States include snacks, processed fruits and vegetables, and fruit and vegetable juices. The HVP sector in Panama totals US\$210 million, with the United States providing approximately US\$86 million of the market.

Banana exports continue depressed due to European Union market closures and labor unrest.

Bulk Products

Low commodity prices have affected export values. Increases in yellow corn and rice are a result of bad weather conditions in Panama.

The best prospects for the United States include yellow corn, wheat, and rice. The bulk product market in Panama totals US\$127 million, with the United States providing approximately US\$55 million of the market.

Intermediate Products

Best prospects for the United States include soybean meal, vegetable oils, and planting seeds. The intermediate product market in Panama totals US\$190 million, with the United States providing approximately US\$56 million of the market.

Trade Regulations and Standards

Trade Barriers

The current Panamanian government took office in September of 1999. The previous government joined the WTO and 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. The current government has maintained this policy with regard to manufactured products but has largely reversed it for agricultural products. Duties for most agricultural products have been increased to the maximum limits permitted by the WTO. Additionally, the government has erected substantial non-tariff barriers for certain agricultural products, including pork, produce (permanent barriers), beef, poultry, and rice (seasonal barriers). The mechanism utilized has been alleged phytosanitary concerns over non quarantine diseases. The government has declared it will abide by WTO commitments.

Customs Valuation

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. In addition to the duty, all imports into Panama are subject to a 5% 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.

Beginning in 1995, Panama adopted the Harmonized System (HS), or Tariff Nomenclature, as its Customs classification system. In general, the Panamanian Customs system tends to be efficient and

straightforward and does not represent a significant obstacle for U.S. exporters. For more information, visit the website for Panamanian Customs.

Standards

The government designated the Comision Panamena de Normas Tecnicas (COPANIT), an agency of the Ministry of Commerce and Industry, as the domestic registering authority for participation in the International Standards Organization ISO-9000 program. There is no legal limitation in Panama on participation in ISO-9000 by firms doing business here. In fact, an increasing number of Panamanian firms are seeking or have already obtained ISO-9000 certification. Panama is a member of the Pan American Standards Commission (COPAN), headquartered in Venezuela.

Labeling Requirements

Panama has no special regulations for labeling and marking. Labels are required to have basic information regarding the name and address of the manufacturer, expiration date, list of ingredients, lot number, and the product form (e.g., powder, liquid, etc.).

Labels in English are accepted, except for medicines, household products, and foods that require special instructions. In these cases, instructions regarding dosage, usage, warnings, etc., must be in Spanish. All goods arriving in Panama intended to be re-exported immediately must be marked "PANAMA IN TRANSIT" on each box or outside container. In general, products which comply with U.S. labeling and marking requirements will also meet local requirements and are suitable for sale in Panama.

Temporary Entry Provisions

The Panamanian Fiscal Code establishes a temporary entry regime of up to one year for all types of merchandise.

Import Controls

No import licenses are required in Panama. Any company holding a commercial license can freely import goods into Panama. Individuals or companies

wishing to engage in commercial or industrial activities require a commercial or industrial license. Phytosanitary permits are required to import some agricultural products. These were routinely issued in the past but are now frequently refused or delayed as a means of limiting agricultural imports.

Processing Customs documents in Panama for imports is fast, efficient, and reliable. A Customs broker licensed by the government must clear merchandise imported into Panama through Customs. The types of goods imported under duty-free status include those consigned to national or municipal governments, imported by foreign diplomats, consigned to the Panama Canal, sold to vessels transiting the Canal, or intended for re-export.

Basic import documentation required by the Panamanian Customs office includes import declaration (prepared and signed by Customs broker), commercial invoice (in English or Spanish, in quadruplicate), airway bill, bill of lading (in triplicate), commercial license number, phytosanitary certificate (animal and plants products obtained from USDA), and certificate of free sale (if required).

Any food product or other item used for human consumption (including for use on human skin or clothes) may be subject to the certificate of free sale (CFS) documentation requirement. The main purpose of the CFS is to prevent the dumping of inferior goods, especially for human consumption, on the Panamanian market. The CFS must verify that a product is sold freely and used widely in the United States. Potential exporters of items subject to the CFS documentation requirement may wish to either contact their trade association (which may provide the service of issuing the documentation) or the U.S. Food and Drug Administration (Division of Programs and Enforcement Policy, 200 C Street, SW, Washington, D.C. 20204).

If for any reason the bill of lading or any other required document cannot be presented within 24 hours after the shipment has arrived, clearance of the goods will be permitted by posting a bond equal to the amount of import duties. The bond is cancelled if the prescribed documents are presented in due form within a period of 90 days. The bond may be extended, in justified cases, an additional 90 days.

Plants, seeds, or animals may be prohibited for import into Panama if so determined by the Ministry of Agriculture.

Export Controls

The Fiscal Code regulates all matters concerning Panama's exports. The code establishes that all national products may be exported, except drugs (with the exception of those having pharmaceutical or scientific purposes), staple products determined by the government to be temporarily scarce in the country, and those products the government decides not to export for reasons of international agreements or for economic interest of the country.

Exports subject to the payment of taxes require an Export Authorization, which is issued by the National Customs Office, Ministry of Economy and Finance. Exports subject to taxes are metals and natural resources.

The Vice Ministry of Foreign Trade was created in 1998 to promote exports and investment. It facilitates the processing of export documentation through a one stop" (ventanilla unica) office which can reduce the export process to a few hours.

Export documentation required by Panamanian Customs authorities includes commercial invoice; export declaration (usually prepared and signed by Customs broker); certificate of origin (issued by Chamber of Commerce, Industry, and Agriculture of Panama, or by the Panama Trade Development Institute); bill of lading; airway bill; and veterinary, sanitary, or phytosanitary certificate (when applicable).

There is no requirement to utilize export brokers for export documentation.

Free Trade Zones / Warehouses

The Colon Free Zone (CFZ), the largest in the Western Hemisphere and second in the world to Hong Kong, is located in the City of Colon, 90 kilometers from Panama City. The CFZ offers free movement of goods and complete exemption from taxation on imports and re-exports. There are no taxes on the export of capital or the payment of dividends. In addition, there are reduced income tax rates on

earnings from re-export sales. Furthermore, firms located in the CFZ are exempt from import duties as well as from guarantees, licensing, and other requirements and limitations on imports. Due to its geographic location, the CFZ is a major factor in channeling goods from large industrialized countries to consumer markets in Latin America. Unfortunately, the CFZ has also been used by the Colombian drug cartels for money laundering and drug trafficking. Other problematic transactions include trade in pirated intellectual property and stolen vehicles.

Export Processing Zones (EPZ) are well-defined areas for the establishment of industrial, commercial and service facilities, which operate in a free trade system. All or most production is exported. A range of incentives has been established to attract companies into the EPZs.

Membership in Free Trade Agreements

In 2003, Panama completed a free trade agreement (FTA) with El Salvador. Negotiations are under way for a FTA agreement with the rest of Central America. Another FTA is being negotiated with Taiwan. Panama also has bilateral preferential trade agreements with Costa Rica, Honduras, Guatemala, Nicaragua, and the Dominican Republic. These accords are limited in scope and for some products are based on quotas. Panama also has limited preferential agreements with Mexico and Colombia. Previous negotiations with Chile and Mexico are now on hold. Panama has also agreed to negotiate a more broad preferential agreement with the Andean Free Trade Agreement (Pacto Andino). For the past three years, Panama has shown a strong interest in a FTA with the United States. Following a presidential visit to the United States in June of 2003, the United States expressed its willingness “to explore options for free trade” with Panama.

Panama is a beneficiary of the Caribbean Basin Economic Recovery Act, better known as the Caribbean Basin Initiative (CBI), which provides for one-way free trade access for specific Panamanian exports to the United States. In 2000, the U.S. government enacted new legislation enhancing the CBI program. The new CBI Law permits more liberal treatment of textile imports from CBI countries.

Since Panama is not an important textile exporter, the new legislation has limited value for Panama.

Investment Climate in Brief

- Traditionally, Panama has maintained a rather liberal regime for foreign investment and investment in financial instruments. The government and the Panamanian business community actively encourage foreign direct investment (FDI). Laws in general make no distinction between domestic and foreign companies.
- Panama has no legal restrictions on the transfer abroad of funds associated with or capital employed in an investment. There are no restrictions on capital outflows or convertibility. Panama uses the U.S. dollar as legal tender. Currency conversion therefore is not an issue.
- The Embassy is unaware of any outright expropriation of property by the Panamanian government in recent years.
- The business community generally lacks confidence in the Panamanian judicial system as an objective, independent arbiter in legal or commercial disputes, especially when the case involves powerful local figures with political influence. When disputes with foreign investors arise, as they do from time to time, the investors often choose not to pursue remedies available to them via the court system. In a few cases, the appearance of corruption has been so widely accepted as to constitute conventional wisdom. The decision by investors to avoid the court system is moreover understandable, given massive case backlogs and the specter of corruption.
- An increasingly popular and viable alternative for settling disputes is the Center for Reconciliation and Arbitration established by the Panamanian Chamber of Commerce. Rulings by arbitrators are generally fair and reasonable.
- There are no legal performance requirements such as minimum export percentages or significant local procurement rules.

- With the exception of retail trade, the media, and a few professions, foreign and domestic entities have the right to establish, own, and dispose of business interests in virtually all forms of remunerative enterprise.
- Some of Panama's business, corporate, and banking codes have been modernized and are, in general, enforced so as to strengthen confidence in property rights.
- Protection of intellectual property rights (IPR) in Panama has improved significantly over the past several years.
- Panama's relatively recent accession to the WTO, wholesale privatization, and overhaul of various laws that regulate economic activity have created a fluid regulatory climate. Panamanian regulators have been exposed only recently to complex issues, many of them technical. Regulators' responsiveness to the concerns of those they regulate has been mixed, depending on the sector. American businesses have complained of arbitrariness or a lack of responsiveness by officials responsible for issuing sanitary/phytosanitary permits for the importation of agricultural products and, more recently, that those same officials have applied unannounced and costly sanitary controls on arrival of various shipments of agricultural products that had previously been pre-cleared for importation.
- Political violence in Panama is relatively rare; however, in 2002, there were several public demonstrations, including a major public protest against corruption in Panama City.
- Panama suffers from an expansive, unproductive labor force, due, in part, to inflexible labor laws
- By regional standards, Panama is a strong advocate of trade liberalization, in part because a relatively large proportion of its economy is outwardly focused; A.T. Kearney ranked Panama as the most globalized country in Latin America on its Globalization Index for 2003. Panama's strong international thrust was also evidenced by the fact that it served as Secretariat for the Free

Trade of the Americas from 2001 to 2003, and continues to lobby to become the permanent headquarters of FTAA offices.

- Panama has bilateral investment agreements with the United States, the United Kingdom, France, Switzerland, Germany, and Taiwan.

Business Customs

Travel Advisory and Visas

American citizens may enter Panama with a passport or a certified copy of a U.S. birth certificate and an official picture I.D. (e.g., driver's license), and a Tourist Card purchased for US\$ 5.00 from an airline serving Panama. The Tourist Card is valid for 90 days and may be extended for another 90-day period. The following are three types of Visas available to businessmen wishing to spend extended periods of time in Panama:

- *Inversionista (Investor)*: A minimum of US\$100,000 must be invested and US\$600 must be deposited in advance (US\$500 with the Ministry of Government and Justice and US\$100 with the Ministry of Economy and Finance).
- *Visa de Visitante Temporal (Temporary Visitor's Visa)*: For executives or technicians working with a company in Panama for a limited time. The visa is valid for one year and is renewable.
- *Temporal Especial (Working Permit)*: For professional or skilled personnel transferred from an overseas office to work in Panama temporarily. The applicant must prove his earnings will come from outside of Panama. The visa is valid for three to six months.

There is a US\$20.00 departure tax on leaving the country.

In 1987, the U.S. State Department's Bureau of Consular Affairs established the Consular Affairs Bulletin Board (CABB), as a means to keep the international business community informed about security and crime problems abroad. Access to the CABB is free of charge to anyone with a computer and a modem (dial 202-647-9225 from modem).

Consular Affairs and the Bureau of Diplomatic Security update the CABB daily. The U.S. Department of State's Travel Advisory Service provides foreign travel information and, when appropriate, warnings. Further information can be obtained from the Consular Section of the U.S. Embassy in Panama.

Business Infrastructure

Business practices and customs in Panama are a unique blend of North American methods and traditional Latin style. Foreign corporations operating in Panama are important in shaping the style and manner of doing business.

Private business offices are open 8:00 a.m. to 5:00 p.m., Monday through Friday, and Saturdays 8:00 a.m. to 12 p.m. Banks are open 8:00 a.m. to 3:00 p.m., Monday through Friday. Most local banks are open Saturdays 9:00 a.m. to 12:00 p.m. Government offices are open 8:30 a.m. to 4:30 p.m., Monday through Friday.

Panama's official language is Spanish. However, English is widely spoken as a second language in major cities. Panama has excellent local and international telephone services. Direct dialing is available to more than 150 countries worldwide. There are 170 radio stations and five television stations in Panama. Office space both permanent and temporary is readily available.

Health conditions in Panama are good, especially in the urban centers. Running water is available in almost all parts of the country and is usually potable. Use of bottled water or boiling before use is necessary only in some rural areas and small towns in the provinces.

There are several international level hotels. Furnished apartments are available for longer stays.

Transportation from the International Airport into Panama City is by a special taxi service. Car rentals are available. There is no bus service at the airport. Buses and Taxis are readily available in urban areas. Taxi fares are low and usually range from US\$1 to US\$% depending on the trips length.

“Guides for Business Representatives” is available for sale from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402 (telephone 202-512-1800; fax 202-512-2250). Business travelers to Panama seeking appointments with U.S. Embassy Panama officials should contact the U.S. Commercial Service's Commercial Section in advance (telephone 507-207-7000; fax 507-227-1713).

Useful Web Sites

PANAMA:

- Lanic Links-Panama
<http://www.lanic.utexas.edu/la/ca/panama>
- InfoPanama <http://www.infopanama.qc.ca>
- Chamber of Commerce, Industry, and Agriculture <http://www.panacamara.com>

UNITED STATES:

- USDA Foreign Agricultural Service
<http://www.fas.usda.gov>
 - US Export Programs Guide
<http://infoserv2.ita.doc.gov/ticwebsite/tic.nsf/AF34FA880278BDD5825690D00656C6F/F69FDCF72B7713B58525691900746F18?OpenDocument>
 - Internet Guide to Trade Leads
<http://infoserv2.ita.doc.gov/ticwebsite/tic.nsf/504ca249c786e20f85256284006da7ab/ef7db94aef24919885266470049c1cd?OpenDocument>
 - US Trade Finance Resources
<http://infoserv2.ita.doc.gov/ticwebsite/tic.nsf/AF34FA880278BDD5825690D00656C6F/F69FDCF72B7713B58525691900746F18?OpenDocument>
 - Basic Guide to Exporting
<http://www.unzco.com/basicguide/index.html>
- #### **HEMISPHERIC:**
- Hemispheric Guide on Customs Procedures
http://alca-ftaa.iadb.org/hgcp_eng.htm

- Hemispheric Trade and Tariff Database
http://alca-ftaa.iadb.org/eng/ngmadb_e.htm