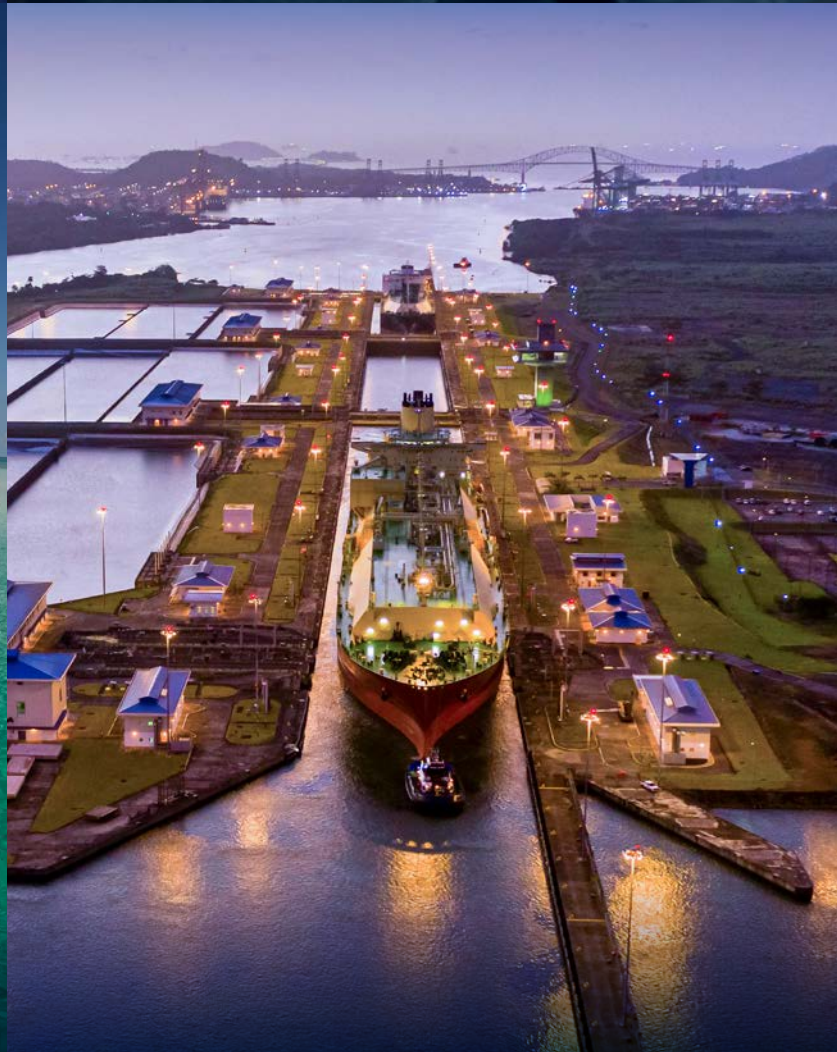


# PANAMA

THE BEST CONNECTION FOR YOUR INVESTMENT







4 MESSAGE FROM PROPANAMA

16 LOGISTICS HUB

6 PANAMA BY THE NUMBERS

26 DIGITAL HUB

8 WHY INVEST IN PANAMA?

30 AGROBUSINESS HUB



**AUTHORITY FOR THE  
ATTRACTION OF INVESTMENTS  
AND PROMOTION OF EXPORTS,  
REPUBLIC OF PANAMA.**

**PROPANAMA**  
Obarrio, P.H. Omega, Mezzanine

**PROPANAMA**  
AUTHORITY FOR THE ATTRACTION OF  
INVESTMENTS AND PROMOTION OF EXPORTS

 [www.propanama.gob.pa](http://www.propanama.gob.pa)  
 [@propanamagob](https://twitter.com/propanamagob)  
 [propanama.gob](https://www.instagram.com/propanama.gob)  
 [propanama.gob](https://www.facebook.com/propanama.gob)  
[inversiones@propanama.gob.pa](mailto:inversiones@propanama.gob.pa)  
 [comunicacion@propanama.gob.pa](mailto:comunicacion@propanama.gob.pa)

**Ambassador**  
Carmen Gisela Vergara  
General Administrator of PROPANAMA





**34** **TOURISM**

**42** **PUBLIC-PRIVATE PARTNERSHIPS**

**38** **ENERGY**

**46** **SPECIAL REGIMES**

**40** **PHARMACEUTICAL INDUSTRY**

**Production**  
Editora del Caribe

**Editing**  
Marcela Gómez  
Juan Abelardo Carles  
Roberto Quintero  
Ana Benjamín

**Copyediting**  
Sarah VanGundy

**Translation**  
Iris Mielonen

**Design**  
William Bello

**Photography**  
Javier Pinzón  
Carlos Gómez  
David Mesa  
Freepik  
Shutterstock  
PROMTUR Panamá

**Editora del Caribe**  
Calle 64, Casa 717-A  
San Francisco,  
Panama City, Panama



**Carmen Gisela Vergara M.**  
**General Administrator of PROPANAMA**

**PRO** **PANAMA**

AUTHORITY FOR THE ATTRACTION OF  
INVESTMENTS AND PROMOTION OF EXPORTS

# WELCOME TO PANAMA



Welcome to Panama, a great little country that brings the whole world together. As a business hub in the heart of the Americas, our country is the perfect place to develop sustainable investments with social impact.

PANAMA has a long history of facilitating mobility and sustainability, as well as offering great opportunities for all kinds of activities. Since rising out of the ocean three million years ago to form a bridge between North and South America, the country has served as a strategic place of passage for the continent's people and businesses. Long before the term "globalization" was popularized, Panama was an important player in the global trade of goods and the types of cultural exchanges typical of large ports. The country developed a robust service economy, creating business opportunities and strategic alliances, and opening its doors to benefit the entire world.

Over time, and thanks to our unique geographical location, we have played a fundamental role in global mobility. The discovery of the "South Sea" reaffirmed the short distance between the Atlantic and the Pacific Oceans and made us the most important trade route between Spain and the American Pacific. In 1855, Panama became the home of the world's first intercontinental railroad; we soon dev to the construction of the Panama Canal, which opened in 1914. Following this legacy, Panama continues to invest in its mission to connect the world: the **Panama Canal** expansion guarantees the transit of maritime cargo for another 100 years, and the new terminal in **Tocumen International Airport's** Hub of the Americas makes it possible for millions of people to travel safely and comfortably to more than 90 cities in America, Europe, and the Middle East.





As a regional trade center, we enjoy access to excellent air and maritime transportation as well as overland connections to Central America, the United States, and Canada via the Inter-American Highway.

This expansive physical infrastructure is perfectly matched by the country's digital infrastructure: 100% of regional internet traffic, 97% of regional voice traffic, and 90% of regional data transmissions pass through Panama along eight fiber-optic cables that take advantage of the continent's narrowest land, making us a digital information and communications super highway.

Complementing this impressive infrastructure are the many tax, labor, and immigration incentives currently enjoyed by the hundreds of companies that operate in our 15 private national **duty-free zones** and the roughly 188 multinational companies with regional headquarters in Panama. These companies benefit from

the country's location, facilities, incentives, professional workforce, and convenient access to 59 countries and more than 1.6 billion consumers covered by 23 free trade agreements, including the Colon Free Zone, Panama Pacifico, and the City of Knowledge.

Our ability to move world trade and connect all parts of the region makes Panama the ideal place to invest for **#reconstruirmejor** (**#betterrebuilding**). Panama offers a politically and economically stable and secure country virtually free of natural disasters; a world-class banking and financial center; a US dollar-based local currency; internationally renowned cutting edge medical services; an excellent business climate; and an incomparable quality of life.

In addition to connecting land, oceans, people, and businesses, we are one of the world's fastest growing economies, with an

average annual growth rate of more than 5% in the last 15 years.

Our commitment to service, along with the advantages and experiences we offer, provides companies the ideal place to **#conectarsemejor** (**#connectbetter**). This country is synonymous with connections, especially now that global value chains are becoming increasingly regional and there are so many opportunities for sustainable development through expanding, relocating, and consolidating operations closer to target markets.

We invite you to take a moment to learn about all the advantages that Panama provides. We are certain you will find us the perfect location for your next business venture and the best place to connect and recover.

Welcome to Panama!











# PANAMA

## BY THE NUMBERS



**Area**

29,157.28 mi<sup>2</sup>



**Population**

4.2 million (2023)\*

**Workforce**

2,049,616 people (2022)\*

**Total GDP**

73.4 billion USD (2022)\*

**Growth Rate (% GDP)**

10.8% (2022 vs. 2021)\*

15.8% (2021)\*

-17.7% (2020)\*



**GDP per capita**

14,740 USD (2022)\*

**GDP per sector**

Agriculture: 2.6%\*

Manufacturing: 26%\*

Services: 71.4%\*



**Inflation Rate**

0.6% (July 2022 to July 2023)



**Total Unemployment**

9.9% (April 2022)\*



**Exports**

1.106 billion USD (Jan-Apr 2023)\*\*

**Imports**

3.535 billion USD (Jan-Apr 2023)\*\*

Welcome to Panama, the country that connects oceans and continents, people and ideas, and information, products, and services. The country has historically played an important role in the logistics of world trade, and boasts an open, cosmopolitan and creative population, making modern Panama the best bet for a successful investment.

\* National Institute of Statistics and Census. Republic of Panama.

\*\*Ministry of Commerce and Industry. Republic of Panama.





# INVEST IN PANAMA

## A SAFE CHOICE

**The country covers slightly less than 30,000 square miles and has a population of some 4.2 million people, but its strategic location and a series of historical, political and economic factors, as well as its exceptional natural beauty, combine to make Panama the rising star of Latin America.**

According to the World Bank, despite the abrupt deceleration caused by the COVID-19 pandemic, Panama's GDP growth rate reached 18.8% in 2022.

These promising expectations are rooted in solid ground. Over the last decade, Panama has experienced notable economic progress, doubling its per capita income. Today, Panama has one of the region's most buoyant economies, with an average annual growth rate of 4.7% between 2014 and 2019, and the highest per capita income in Latin America.

Historical factors help lay the groundwork for the country's economic and legal stability. When the United States built the Panama Canal, the dollar became the country's legal tender, giving Panama a marked economic stability that has controlled inflation over the last 120 years, and also facilitated international transactions.

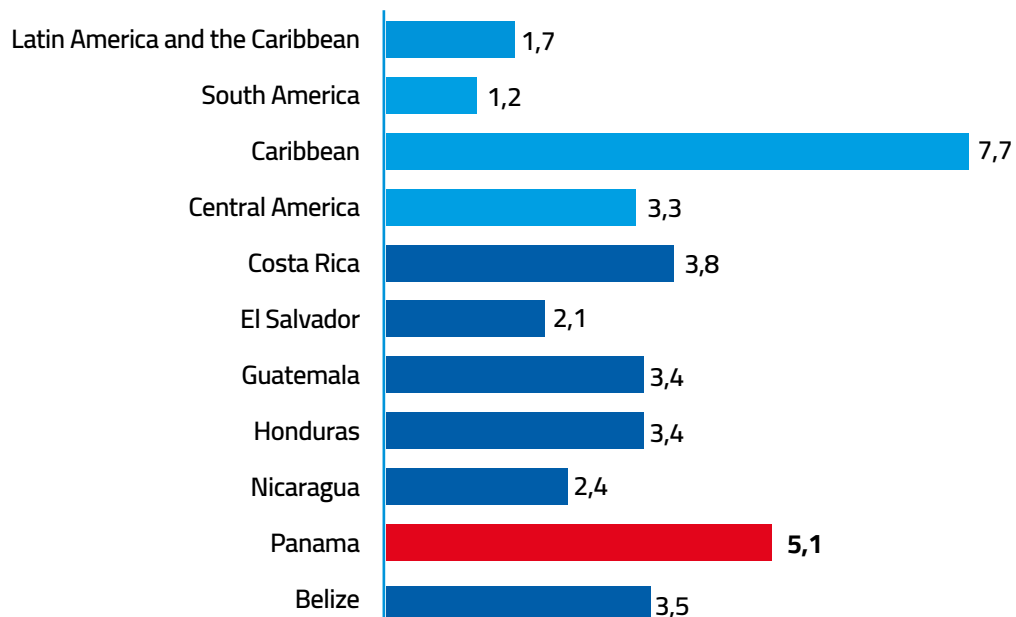
Politically, the country became a democracy more than thirty years ago. Government power is transferred through the popular vote every five years, providing the country with the stability and legal security needed for business to prosper.







## PROJECTED GDP GROWTH 2023



Source: ECLA, Growth Projections (as of September 2023)





## UNPARALLELED CONNECTIVITY

Canal-related activities inspired Panama to foster a competitive service sector, which includes outstanding logistics, transport, financial, communications, and trade services. What began 150 years ago with the construction of the world's first transcontinental railway, and later expanded with the building of the Panama Canal, has become a comprehensive network of air and sea routes—including eight underwater telecommunications cables—that combine to make the country one of the best connected in the world. The slogan “Bridge of the world, heart of the universe” has never been so apt.

While a strong Western influence has determined Panama's currency, lifestyle, and high level of Spanish-English bilingualism, the country has also forged close ties with the other side of the planet, including links with strong partners like China. China is the Panama Canal's second largest client (by volume), but there are also close social ties that date back to the construction of the trans-Isthmus railroad and the Canal. The large Chinese immigrant community that was established some 150 years ago now plays an active part in the future of Panama.



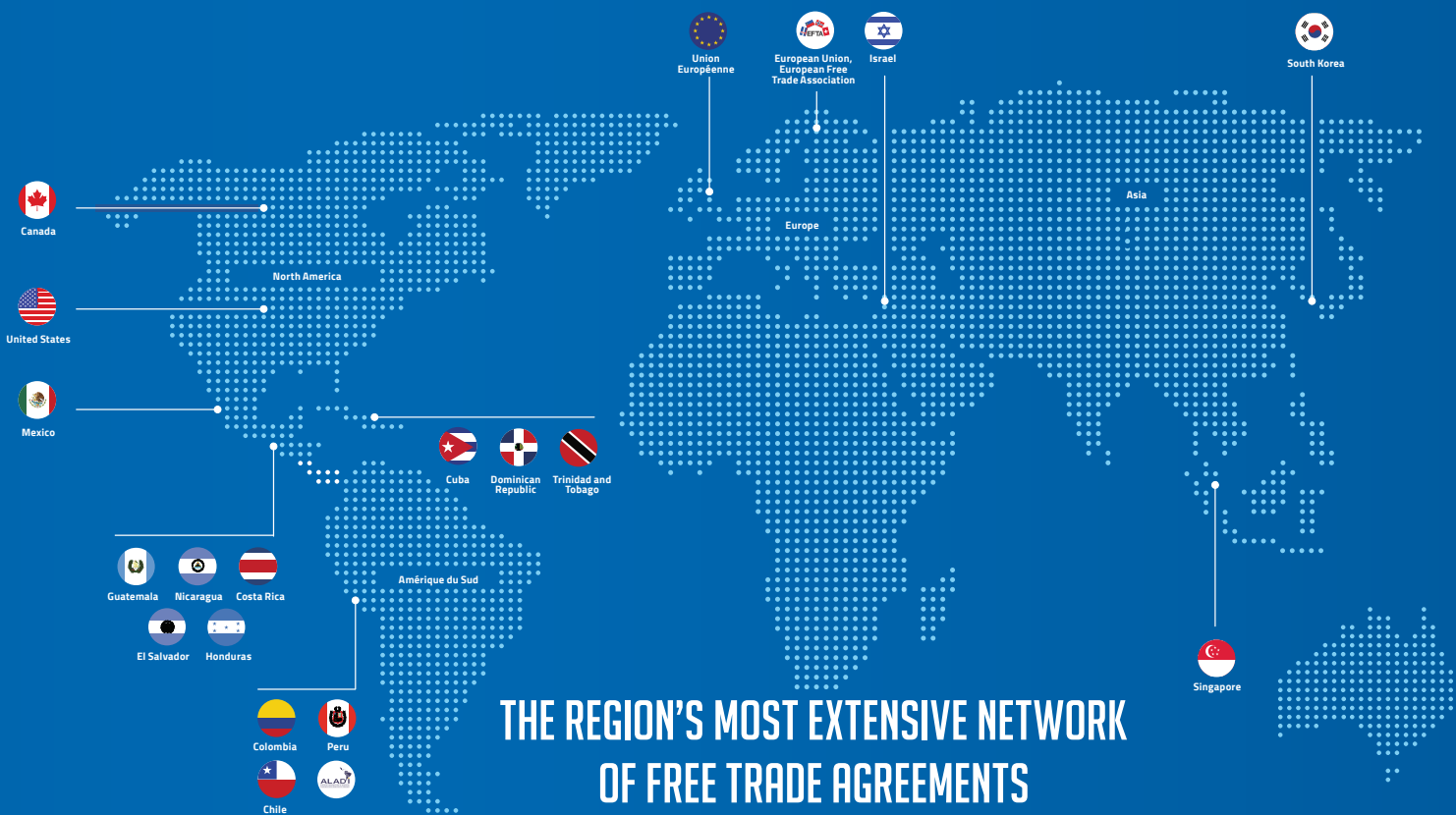
## 1.6 BILLION CONSUMERS

Five basic factors make Panama the ideal place for foreign investment: its strategic location; high levels of connectivity generated by the Panama Canal, which also led to the development of the aviation hub; a legal and tax regime that favors investors; high quality of life; and public safety.

Panama is a small country, with just four million inhabitants, but it serves as a platform from which many companies can manage their operations for the rest of the continent.

Furthermore, the country has the region's most extensive network of free trade treaties: 23 trade agreements afford us preferential treatment in 56 countries.





## THE REGION'S MOST EXTENSIVE NETWORK OF FREE TRADE AGREEMENTS

23

TRADE AGREEMENTS

59

COUNTRIES WITH PREFERENTIAL TREATMENT

1.6+

BILLION POTENTIAL CONSUMERS



## ATTRACTIVE TAX REGIME

Despite the heavy pressures weighing on the global economy, Panama continues to offer a prosperous, stable environment for business, thanks to its business-friendly tax regime, trade policies, and a regulatory framework that facilitates the diversification of its economy.

The Panamanian government has promoted policies that attract foreign enterprises and encourage innovation by creating a series of Special Economic Zones (SEZ) (See p. 46).

With a total of 15 Free Trade Zones —where more than 100 companies

operate— Panama offers many additional cost-benefit advantages, from incentives and import and export tax exemptions to lower service costs, more direct access to talent development programs, and a skilled workforce. (See p. 48).

The special program for Multinational Headquarters (MHQ) has attracted some 180 multinational companies to the country. (See p. 51). In 2019, Panama approved a Public-Private Partnerships (PPP) law to incentivize private investment, social development, and job creation. (See p. 42)

## GOOD REASONS TO INVEST IN PANAMA:

- Strategic Location
- Unparalleled Connectivity
- Economic and Political Stability
- Favorable Legal and Tax Regime
- High Quality of Life
- Public Safety





## AN ENVIABLE LIFESTYLE

Certain historical factors make it possible for the country, and especially its capital city, to offer an enviable quality of life to people who come here to do business. High purchasing power in Panama City facilitated the development of an urban infrastructure that places the capital among the most modern in Latin America. Its skyscrapers create a distinctive skyline that draws the eye, but that is no more than a hint of the city's vibrancy.

High-end restaurants and nightlife venues dot the city. Greek, Italian, French, US, Caribbean, Pakistani, Chinese, Turkish, and Israeli communities, among other nationalities, play a considerable role in the national economy. This gives the city a cosmopolitan vibe and provides everyone with the chance to savor excellent cuisine based on recipes brought from around the world by third, second, and even first-generation immigrants—immigration to the country continues today.

The country enjoys schools of an international standard, and some even offer primary instruction in languages such as Mandarin, Greek, Italian, French, Hebrew, and English. The children of executives will have no trouble adapting in Panama.

Public safety is also a hallmark of the city, given that it has one of the lowest indices of robbery and street crime in the region, according to the UNDP and USAID Infosegura project. Beautiful and spacious residential complexes support a comfortable, tranquil lifestyle in a city filled with modern shopping centers where executives can find their favorite international brands. The city is also the perfect launch pad for a weekend escape to the Caribbean or Pacific beaches that are just a few miles away, or a trip to the tropical jungle that sits on the edge of the city.





## A NEARSHORING LOCATION

The economy and markets are dynamic. While the factories of large companies used to operate at a distance, today higher labor and especially ocean transport costs are drawing the factories back. The COVID-19 pandemic has accelerated the process.

Now is the time to consider Panama as a unique nearshoring location. By having their production plants closer at hand, companies can exercise greater control over processes, reduce transport costs, and form more robust supply chains that are less susceptible to interruptions.

To facilitate this, Panama approved Law 159 (August 31, 2020), better known as EMMA, to make it easier for multinational companies to provide manufacturing-related services.

Panama will also become a base for production, assembly, maintenance, reconditioning, and development of products for internal commercial use and export, along with warehousing and distributing components. (See p. 52)

### FAVORABLE REGIMES:

- Special Economic Zones
- Free Trade Zones
- Special Regime for Multinational Headquarters
- Public-Private Partnerships Law
- Agroparks Law
- EMMA Law to Facilitate Manufacturing Services
- Pacific Panama







## **SUSTAINABLE INVESTMENTS WITH** **SOCIAL IMPACT**

The COVID-19 pandemic created a global watershed moment. This is the time to ask ourselves whether we wish to continue as before or whether we should forge a new, more sustainable and humane path. As a country, Panama has outlined a new plan for the kind of investors who work for their country and subscribe to the B Corporation philosophy.





B Corporations represent a paradigm shift in business. This concept — which emerged early this century in the United States— has quickly become a global movement of companies committed to improving the world in which we live.

The main aim of the B Corporation model is to promote positive change at the social, economic, or environmental level, without sacrificing the growth, profits, or jobs created by traditional companies.

The idea emerged in 2006 at B Lab, a company co-founded in 2006 by Jay Coen Gilbert, with the intention of creating the conditions needed for environmentally- and socially-responsible companies to prosper.

As Coen notes, people used to create NGOs, whereas now they create companies with bylaws that prioritize not only generating profits for their stockholders, but also generating a positive impact on their surroundings.

B Corporations are born and develop out of the idea that a company can have a purpose in society that goes beyond its financial results. The true success of these companies comes when they integrate their business model and their profits with their impact on society and the environment in a measurable and scalable fashion.

Panama has used this concept to frame its development goals, prioritizing offering incentives to companies with goals compatible with the basic concepts of Type-B, i.e. sustainable companies that generate a positive social impact, contribute to the country with knowledge and technology transfer, and/or help improve the quality of life of the country's people.

## **B** CORPORATIONS



**MAKE  
SUSTAINABLE  
INVESTMENTS.**



**GENERATE  
POSITIVE SOCIAL  
IMPACT.**



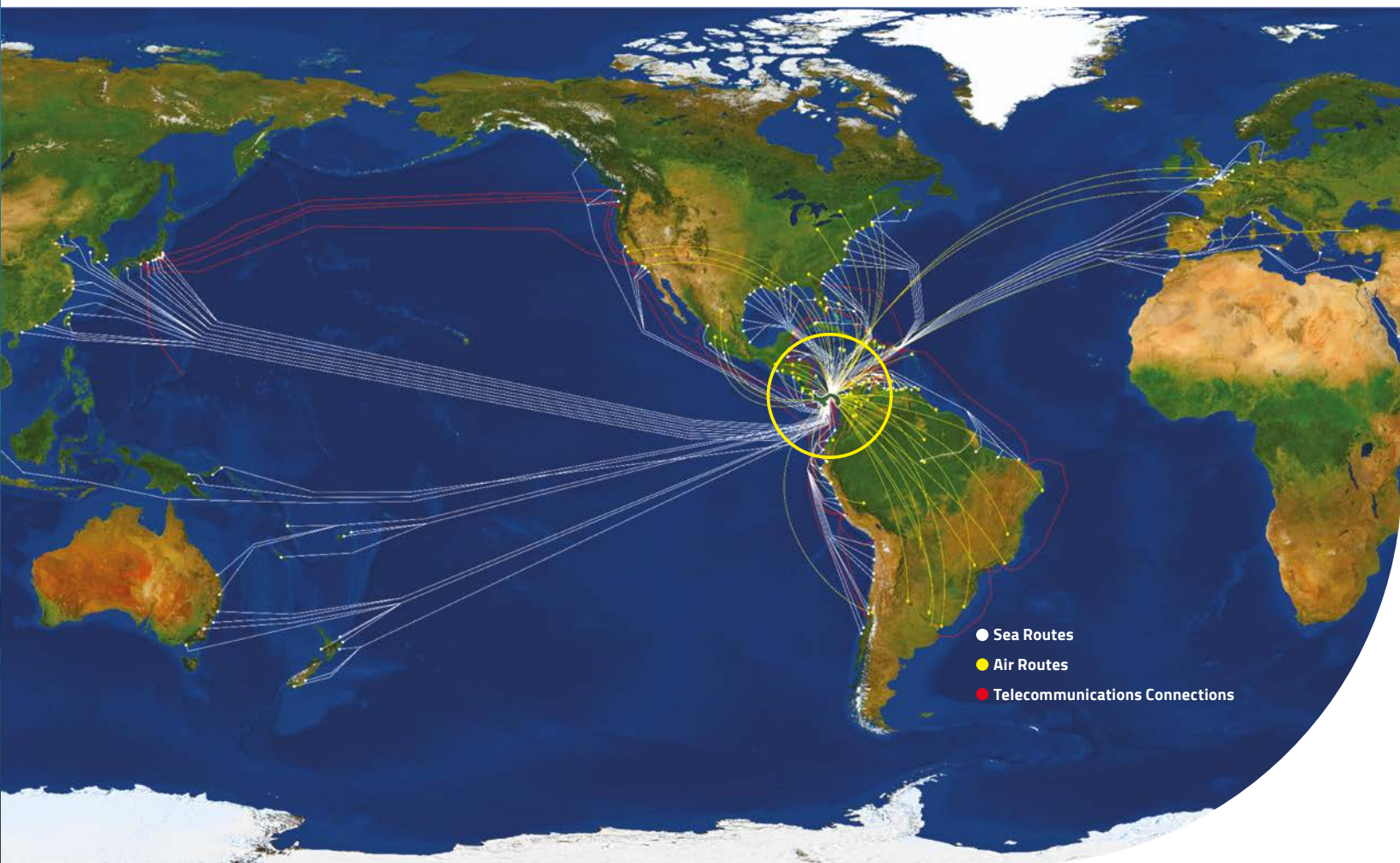
**ENRICH  
KNOWLEDGE AND  
TECHNOLOGICAL  
INNOVATION.**



**HELP IMPROVE THE QUALITY  
OF LIFE OF THEIR EMPLOYEES,  
SUPPLIERS, AND THE COMMUNITIES  
WHERE THEY OPERATE.**





**LOGISTICS HUB****PANAMA****ONE OF THE WORLD'S BEST-CONNECTED COUNTRIES**

**Panama is synonymous with connectivity. That is why it is currently recognized, at both the regional and global levels, as the quintessential center for commercial logistics and trade activities. This is thanks to the fact that the country has invested significantly and consistently over the years in first-class infrastructure and outstanding logistics assets.**





**The expanded Canal has vastly exceeded expectations for transport and reaffirmed its environmental leadership in the maritime industry. The progress sparked by the expansion has resulted in a savings in water, as well as a reduction in CO<sub>2</sub>, since the waterway now gives customers a shorter route and greater cargo capacity.**





# THE PANAMA CANAL

## MULTIMODAL LOGISTICS CENTER OF THE AMERICAS

**The historic interoceanic route, which is nearly 50 miles long, connects many important ports on the Atlantic and Pacific oceans and moves 3% of global maritime trade.**

For more than 100 years, the Panama Canal has been the greatest and best-known asset of the Panamanian Logistics Services Center. The legendary interoceanic route, which links the Caribbean Sea with the Pacific Ocean at the narrowest part of the Isthmus of Panama, connects more than 1,900 ports around the world through 180 sea routes that serve some 170 countries. Translated into numbers, as of August 2023, 11,663 ships have passed through the Canal, including many Panamax (71.48% of total transits) and Neopanamax (28.53%) ships.

In 2022 alone, 14,239 ships passed through the Canal, carrying a total of 518.8 million tons CP/SUAB (Panama Canal/Universal Tonnage Measurement for Ships).

Furthermore, beginning in 2016, the two new Corolí and Agua Clara locks gave the Panama Canal a third lane, allowing New Panamax ships to pass. This route expansion has contributed to the development of global maritime trade, multiplying connectivity and interchange among countries and markets.



**170**  
**USER COUNTRIES**



**518 MILLION**  
**MILLION TONS OF CARGO (CP/SUAB)\*\***



**180**  
**SEA ROUTES**



**14,239**  
**TRANSITS IN 2022\***

\*<https://pancanal.com>

\*\* (Panama Canal/Universal Tonnage Measurement for Ships)



## THE MOST IMPORTANT PORTS IN LATIN AMERICA ARE FOUND IN PANAMA

Panama boasts extremely important coastal strips on both the Pacific Ocean and the Caribbean Sea. This advantage has given the country a unique opportunity to develop an extensive network of national ports.

As a result, Panama is now home to five of the ten main ports in the region. Among these are two exceptionally important ports: Balboa and Cristóbal. Located on the Pacific and the Caribbean respectively, these ports are the most active in Latin America. The other three most notable are Panama International Terminal, Manzanillo International Terminal, and the Colón Container Terminal.

These terminals process container cargo as well as a variety of other types of cargo and passenger transport for both the local and international markets.

This level of excellence allows Panamanian ports to handle:

- A group of 11 international maritime lines that offer services from Panama.
- More than 7.7 million TEUs (equivalent to a 20-foot container) per year.





BALBOA AND CRISTÓBAL ARE THE  
**2 MOST ACTIVE PORTS**  
IN LATIN AMERICA



DIRECT CARGO SHIPPING AND RECEIVING  
**152 PORTS IN 54 COUNTRIES**



MORE THAN  
**11 SHIPPING LINES**  
OFFER SERVICE FROM PANAMA



MORE THAN  
**8.5 MILLION TEUS**  
PER YEAR



ACCES TO  
**1,920 PORTS**





## TOCUMEN INTERNATIONAL AIRPORT A WORLD-CLASS AIR TERMINAL

**Also known as the Hub of the Americas, Tocumen is the main base of operations for the Panamanian carrier Copa Airlines. It is known internationally as an important connection center for flights to and from the most significant destinations in North, Central and South America and the Caribbean.**

Panama is one of the best countries for air connections in the world, making its comprehensive logistics services system even more competitive. The Tocumen International Airport, located just 12 miles from the center of the Panamanian capital, is one of the most important air terminals in the Americas thanks to the large number of destinations served around the world and the volume of annual passenger traffic. At the end of 2019 (before the COVID-19 pandemic), the terminal was operating flights to more than 90 cities in 38 countries in the Americas, Asia, and Europe, and it had an annual passenger volume of more than 12 million people.

As the main operations hub for Copa Airlines and the Latin American and Caribbean connection center for the Star Alliance airlines, many of the destinations Tocumen serves are located in the Americas. The airport's two terminals and more than 50 boarding gates currently host 15 international airlines. It offers passengers an extensive selection of bars, restaurants, and shops, make it one of the most comfortable, modern and competitive airports in the region.





# PANAMA

## CUTTING-EDGE TRANSPORTATION

**The Panama City metro is a thriving state enterprise used by 500,000 people in the metropolitan area. As the first and only urban metro in Central America, it places the country at the forefront of public transportation on the continent.**

Panama's modern metro network, which has operated in the capital since 2014, is one of the great infrastructure works that improves quality of life for those in the country. Lines 1 and 2 of the Panama Metro have a total of 31 stations and a fleet of more than 40 trains, each with three to five cars, providing rapid and efficient public transportation.

Line 3—one of the most ambitious projects currently in progress in the country—is already in development. This will be a commuter train that connects downtown Panama City with the province of Panamá Oeste, directly benefiting a wide swath of Panama's population. And Line 3 is just the beginning; the Panama Metro master plan anticipates up to nine lines and an investment of more than 10 billion dollars by the year 2035.







# THE PANAMA RAILROAD

## THE DRY CANAL THAT LINKS THE ATLANTIC OCEAN WITH THE PACIFIC

The railroad is an extremely important component of Panama's logistics hub, forming an essential part of the country's modern connectivity platform. The Panama Railroad also has great historic value as the world's first transcontinental railway line, which was proclaimed the great engineering marvel of the mid-19th century.

The Panama Canal operates in conjunction with the railway system, which serves as a "dry canal" for moving merchandise between Caribbean and Pacific ports. Opened on January 28, 1855, the country's rail system is known as the Panama Railroad. Today, it is administered by the Panama Canal Railway Company, a merger of the Kansas City Southern and Mi-Jack Products companies, which won a 50-year

concession in the late 1990s to reconstruct and operate the railroad.

The railway's primary role is as a transfer connection for container shipping, but it is also a tourist attraction. It offers passenger transport, allowing visitors to enjoy a unique voyage through the exuberant Panamanian jungle along the route of the Panama Canal.







## THE HIGHWAYS OF PANAMA PROVIDE EXCELLENT LAND CONNECTIONS

**Panama's road network includes the Pan-American Highway, the Panama North and South Corridors, the Panama-Colón highway, the Trans-Isthmus Highway, and other through-roads that provide access to principal urban centers.**

In total, Panama boasts a road network of approximately 9,406 miles, of which:

- 3,946 miles are paved.
- 5,460 miles have yet to be paved.

This does not include the areas around Panama City and Colón, where there are approximately 50 miles of toll roads.

The section of the Pan-American highway that crosses Panama runs from Paso Canoas on the Costa Rican border to the town of Yaviza in the Darién jungle. This is the most important stretch of roadway in the Panamanian road network; it is vital to international trade, since it connects the country directly to Central and North America, reaching all the way to Canada.

For further information:  
<https://propanama.gob.pa/es>  
<https://hubpanama.com>  
[info@hubpanama.com](mailto:info@hubpanama.com)  
Telephone: (507) 501-5000

**The country's road infrastructure is ranked third in quality in Latin America.**





**DIGITAL HUB**



# PANAMA

## THE WINNING CONNECTION

Panama's 10-year strategy for information technology and communications sector (ITC) development consists of a public-private and academic partnership that seeks to turn Panama into a center for digital innovation.





## **PANAMA'S DIGITAL HUB STRATEGY RESTS ON FOUR PILLARS**



**HUMAN RESOURCES**



**LEGAL AND REGULATORY FRAMEWORK**



**PHYSICAL AND SOCIAL INFRASTRUCTURE**



**FINANCIAL RESOURCES**

Based on these pillars, the country has created a map of coordinated programs and projects to promote cluster relationships and ensure appropriate resource distribution, making the ITC sector competitive at the international level.



## LEGAL AND REGULATORY FRAMEWORK

**Executive Decree 455 forms the basis for the Panama Digital Hub Strategy, which is focused on accelerating the development of the digital economy**

Panama has passed laws to attract tech companies and promote technology, research, and development. Executive Decree 455, for example, ensures strategic continuity for the country's digital economy goals. This is highly advantageous, since it helps the country provide value in the face of new industry demands.

The decree performs several important functions:

- Proposes a timeline and an action plan for establishing a regional data exchange center.
- Facilitates financial innovation via the incorporation of FINTECH technologies and the creation of guidelines that regulate "sandboxes."
- Updates the tax mechanisms and guidelines that affect the digital economy and e-commerce platforms.



## INFRASTRUCTURE

**OPTIC: Panamanian Observatory of Information Technologies and Communications**

The ITC sector is characterized by continuous technological evolution, which demands infrastructure renovation. This is why one of the Panama Digital Hub's signature projects is the Panamanian Observatory of Information Technologies and Communications (OPTIC). OPTIC is a technical research unit that seeks to integrate current studies, data, and experiences in the field. The goal is to provide the kind of reliable, detailed information the government needs to formulate policies that support private sector investment decision making.

The mission of OPTIC as an observatory is to understand the evolution of ITCs and their perspectives. This country-wide project contributes to the digital transformation of Panama, allowing it to act as a purposeful, efficient technology center.





# DIGITAL NOMADS

## PANAMA EMBRACES NEW WAYS OF WORKING

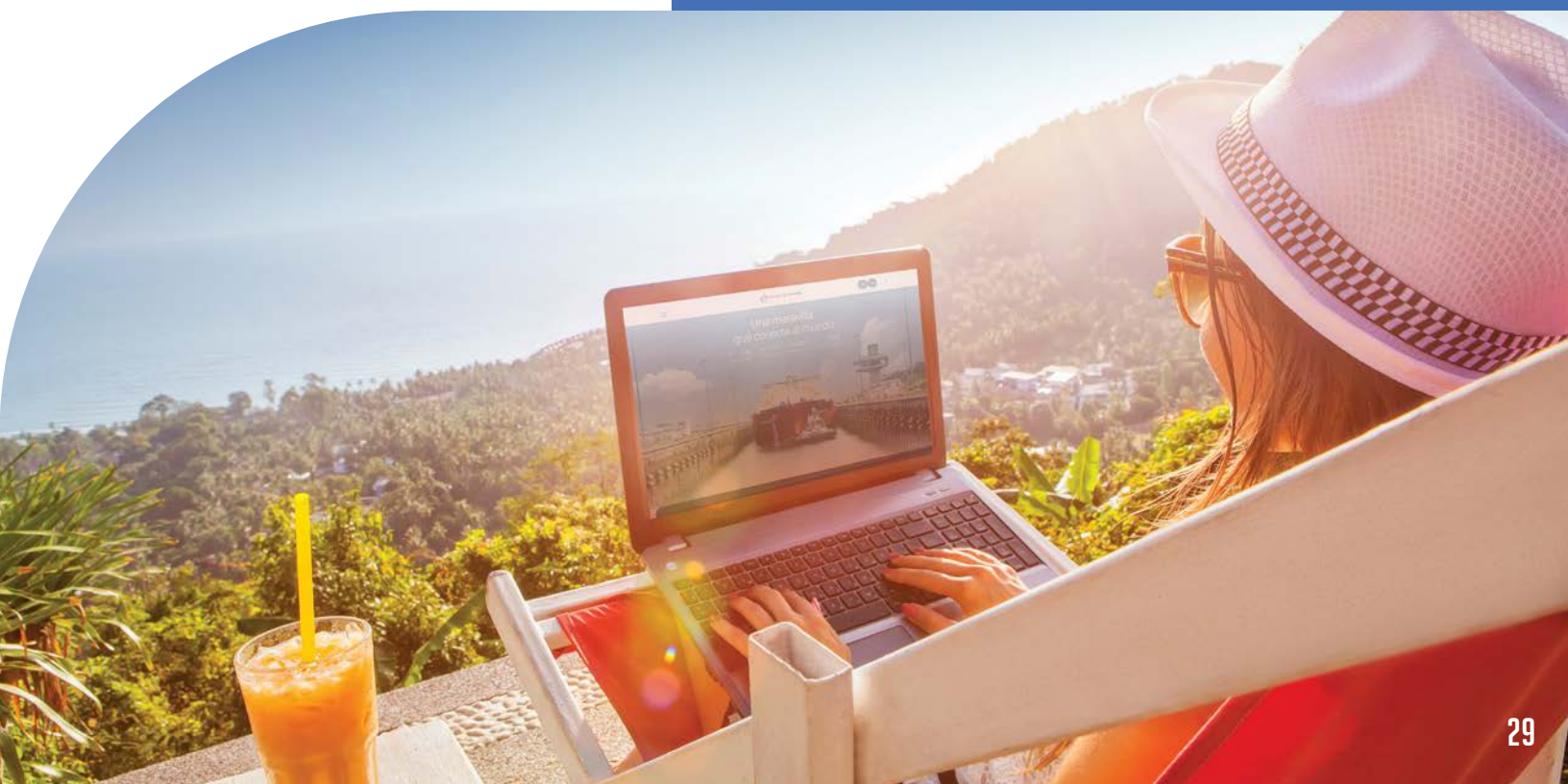
The Panamanian government's Executive Decree No. 198 (May 7, 2021) authorized the creation of the "Short-Term Visa for Remote Workers," which allows remote workers to telecommute from the Republic of Panama. Once granted, this visa has the advantage of not requiring any further paperwork or government authorizations for visa holders, who may reside and work anywhere in the country.

The "Short-Term Visa for Remote Workers," which is valid for up to 9 months—and can be extendable for another 9 months, is intended for freelancers and those who have a contract with a foreign transnational company. To qualify for the visa, the impact of an individual's work must be limited to foreign countries and their income must come from a foreign source and amount to at least \$36,000 (USD) or the equivalent.

According to the study "MBO Partners 2022 State of Independence," carried out by employment assessment firm MBO Partners, in the United States alone, 16.9 million workers consider themselves digital nomads, representing a 9% increase since 2021, and an impressive 131% increase since 2019.

### Visa requirements:

- Notarized power of attorney
- Application from the applicant's legal representative
- Three ID-sized photographs
- Copy of the applicant's passport verified by a notary or other appropriate authority
- Certificate of the applicant's criminal record, duly certified
- Health certificate
- Payment of \$250.00 (USD) to SNM (Panama Immigration Service)
- Copy of a medical insurance policy that will cover the applicant during their stay in the Republic of Panama
- The foreign company's Certificate of Good Standing, if applicable
- Bank certification of income
- Bank account statement with an original stamp that shows fund transfers and reported payments
- Employees of private companies must present a certified letter on letterhead paper, signed by the applicant's legal representative, that details the applicant's position, responsibilities, and income (which must be over \$3,000 (USD) per month)
- Freelancers must present their own company's Certificate of Good Standing and an affidavit sworn before a notary that describes their company's activities carried and shows the applicant's name, the origin of payments, and the regularity of payments received





# AGROBUSINESS

**HUB**

FROM PANAMA TO THE WORLD



**With more than 180 sea routes and 87 air routes —both incoming and outgoing— connecting Panama to the world, the country is perfectly situated to become a world-class agrobusiness hub. A new stimulus law establishing agroparks is the backbone of a strategy aimed at making this a reality.**





## UNITY IS THE SECRET TO SUCCESS

The new Law 196 on the Establishment of Agroparks was enacted in February 2021. Although work is still being done on regulatory measures, the agroindustrial sector is already holding lively discussions about the possibilities for expansion and evolution the new legal framework provides. Alan Winstead of Simply Natural, a company at the vanguard of the transformation of the Panamanian agroindustry, participated in discussions on the law. "Among the most important aspects of the law is that it mandates government-backed payment bonds to help finance projects. It also establishes a government office in charge of unifying official procedures, making the export process quick and easy," observed Winstead.

Agroparks are strategically located infrastructure, but beyond that, they form valuable links in the chains that connect agroproducers, entrepreneurs, research centers, the government, and other stakeholders that are transforming agroindustry production and boosting development. "Simply Natural is a producer and an exporter, and we would like to join other producers in forming a conglomerate of stakeholders in the agroindustry. Our business model has been successful so far, and now, with this new legal support, the possibilities will expand," Winstead predicts.







Laurentino Cortizo Cohen, President of the Republic of Panama, is especially interested in the country's agroindustry.



## PANAMA AND ITS AGROINDUSTRY

**"The agroindustry is a vital component of industrial competitiveness. Its impact on the economy is evident in the fact that more than 50% of our national industry is related to food, and more than 35% of the country's exports are agroindustrial."**

***-Laurentino Cortizo Cohen, President of the Republic of Panama***

### TECHNOLOGICAL INNOVATION IS KEY

The Panamanian government's strategy includes positioning its agroindustry as a leader in technological innovation. Simply Natural has adopted and adapted Israeli technology for producing mango, avocado, pitahaya, lemon, and other fruits, in open fields and greenhouses. Urban Farms, another company that is betting on the new agroindustrial environment, is innovating by using vertical farming in controlled environments. CEO David Proenza describes the aspects of his operation that are specifically impacted by the law. "In this case, the low duty on imported equipment (3%) helps us, since our operation requires the latest systems and machinery technology,

which are not produced here; there are also the deductions for income loss, among other tax incentives," says Proenza.

Urban Farms sells greens and aromatic herbs that are cultivated in controlled, sterile environments and packed as ready-to-eat salad mixes. Although Urban Farms plants are located in urban areas, the law's cluster concept applies. "Part of the product for our mixes is purchased from external producers. We are thinking about how to organize a value chain to develop products and benefit all of us," explains the entrepreneur.



Agroindustry producers are a vital part of the agrobusiness hub strategy. They need innovative technologies for their work, while agropark investors need producers for their value chains.



## PANAMA BETS BIG AND HAS A GOOD CHANCE TO WIN

Panama hopes this new Agroparks Law will facilitate the development of 49,421 acres of crops, which would provide annual exports worth a billion dollars. According to Winstead, the country has achieved just 10% of this goal so far, but current circumstances should allow Panama to reach and exceed the goal. "The geographic location and connectivity through sea and air trade routes and the proximity of crops to logistics centers for processing and export take our product from the field to the markets of Europe and North America in 11 to 15 days. For our larger neighbors, the same process takes 18 to 20 days." A stable dollar-based economy with no risk of monetary volatility underpins this young industry that starts from scratch with the highest production standards, making for a winning bet.

For further information about Law No. 196 on the establishment of agroparks, visit:

<https://propanama.gob.pa/es/Agroparques>





## **STRATEGIC SECTOR**



# **TOURISM**

**Panama is the region's most attractive destination for tourism investment: it boasts a unique location, a modern, cosmopolitan capital city surrounded by incomparable natural beauty and cultural diversity, and beaches everywhere. It also offers significant financial incentives to attract new investors.**





# WORLD-CLASS SUSTAINABLE TOURISM PANAMA BETS BIG

**Panama is no longer satisfied with being the jewel of Central American tourism. Now, the country seeks recognition as a world-class sustainable tourism destination, thanks to the extraordinary wealth and diversity of its natural and cultural heritage, as well as the quality of its services.**

For more than a decade, Panama has been one of the most attractive tourism destinations in the world because it brings together so many diverse attractions in one country.

There are incredible idyllic beaches on both the Caribbean and Pacific coasts, as well as beautiful nature preserves known for offering the greatest diversity of flora and fauna on the planet. Then there is also modern Panama City, an important financial and business center that attracts visitors with its historical and architectural icons, such as the Panama Canal, the Historic Quarter in the San Felipe neighborhood, the ruins of Old Panama City, and the Biomuseum, the

first building in Latin America designed by internationally acclaimed architect Frank Gehry.

Now, the country is reaching higher, and moving toward more sustainable, mindful tourism with the help of a master plan created to provide visitors with unparalleled experiences: the Sustainable Tourism Master Plan 2020-2025. In pursuit of these goals, the Panama Tourism Authority has created the Tourism Cabinet and the Tourism Promotion Fund, two innovations that represent a major step toward ensuring that Panama makes a name for itself in sustainable tourism.

**This strategic plan encapsulates a vision of Panama as a world-class sustainable tourism destination, thanks to the extraordinary wealth and diversity of its natural and cultural heritage, as well as the quality of its services.**





## A NEW PARTNERSHIP EMERGES TO DEVELOP SUSTAINABLE HERITAGE TOURISM

**This model seeks to encourage curiosity, learning, discovery, and research to attract a new type of environmentally aware visitor and show that the country has an infinite number of experiences to offer.**



More and more tourists are interested in conserving natural and cultural resources at the destinations they visit, as well as promoting the wellbeing of local communities. In keeping with this trend, Panama is creating offerings that draw this target audience to the country. The Tourism, Conservation, and Research Alliance was created to promote and support the development of sustainable heritage tourism in Panama, guided by the new Sustainable Tourism Master Plan.

Stakeholders in tourism and conservation have joined with researchers who focus on the natural and cultural heritage of our communities to study and preserve what makes the country special. This allows Panama to develop and promote fresh new tourism activities that draw on its rich heritage.

The plan seeks to increase Panama's competitiveness as a tourism destination by focusing on the country's uniqueness, promoting innovative tourism experiences aimed at mindful travelers.

**The Sustainable Tourism Master Plan 2020-2025 strengthens the country's strategy for attracting investment by creating more enriching experiences related to Panama's natural and cultural heritage.**





## DEVELOPMENT OF TOURISM ACTIVITIES



### INCENTIVES TO ENCOURAGE TOURISM ACTIVITIES ATTRACT NEW INVESTORS



To further improve its strategy, the government of Panama enacted Law 122 to help finance and encourage investment in new tourism projects. This has already attracted five hospitality megaprojects that will be built in beautiful Panamanian destinations such as Bocas del Toro, Chiriquí, the Las Perlas Archipelago, and Punta Chame, with a total value of more than 371 million dollars.

The legislation includes a tax credit for the first investors to acquire stocks and bonds issued by the tourism companies. This incentive, which is restricted to investors not connected with the tourism company issuing the financial instruments, will be valid until December 31, 2025.

**For further information:**  
[www.atp.gob.pa](http://www.atp.gob.pa)  
[inversiones@atp.gob.pa](mailto:inversiones@atp.gob.pa)  
Telephone: (507) 526-7000





# ENERGY

## DEVELOPMENT

**The country is transforming its energy matrix by generating renewable energy and diversifying energy sources to improve energy quality, pricing, and distribution. This strategy also helps combat climate change and global warming.**

Through the National Secretariat of Energy (SNE), Panama is promoting a new national energy plan that aims to decarbonize, decentralize, democratize, and digitize the country's energy matrix. The focus is on promoting renewable energy sources to reduce dependence on fossil-fuels and invest in clean energy.

Panama has the best wind park in Central America and the Caribbean. It is located in the city of Penonomé (Coclé province), about 93 miles west of the Panamanian capital. Given its size and importance, the wind park currently represents the country's largest investment in renewable energy, creating an industry benchmark at the regional level.

The Penonomé Windpark includes some 106 wind turbines that can generate up to 215 megawatts, or around 5.40% of the electricity required by the Panamanian market.

The country is also championing the National Strategy for Electric Mobility, an initiative to promote low emission transportation and help Panama meet its climate commitments. The strategy proposes detailed measures in four basic areas: governance, regulation, strategic and educational sectors, and the creation of a legal framework that discourages fossil-fuel vehicles and encourages bringing electric vehicles for public and private transportation (mass or individual) onto the market.



Thanks to this national roadmap, Panama will be in a position to reach the following goals in 2030:

- 10-20% of private vehicles will be electric.
- 25-40% of private vehicles sold that year will be electric.
- 15-35% of buses will be electric.
- 25-50% of vehicles in public fleets will be electric.



## LIQUEFIED NATURAL GAS PLANT

### URNS PANAMA INTO AN ENERGY HUB

In late 2019, Panama opened the first liquefied natural gas plant in Central America. Built by the AES Panamá company with an investment of 1.15 billion dollars, the new plant makes it possible to export and distribute this type of hydrocarbon to other Central American countries, and as far as northern Colombia. It has also helped other energy plants, which use bunker or diesel fuel, gradually transition to natural gas, which is more economical and environmentally friendly.

This means Panama is entering a new age. Though it is one of the smallest of the 36 countries in the world with liquified natural gas plants, it is emerging as a hub for the region's energy development and helping other nations in the region to diversify their energy matrices and eventually reduce their dependence on petroleum derivatives.

To secure Panama's position as an energy hub, the country has developed a plan to integrate the electricity sector with plans for hydrocarbons and renewable energy.





# PANAMA CONSOLIDATES ITS PHARMACEUTICAL INDUSTRY

The country's authorities have identified specific strategies and areas of focus to help international pharmaceutical companies establish themselves in Panama.







Creating a pharmaceutical hub in Panama will make the pharmaceutical industry more productive, while strengthening the country's position as an ideal location for more transnational investment, development, and growth.

The Panamanian government is working to turn the country into a regional center for producing and distributing medicine. The project goes hand-in-hand with the action plan outlined by President Laurentino Cortizo and his team, which intends to triple investment in innovation with the help of private industry.

The new EMMA regime, which further facilitates the establishment of manufacturing companies, helps pave the way for a pharmaceutical hub in Panama.

There has been progress, as evidenced by the number of prestigious pharmaceutical companies already in the country whose success serves as an example of how to create a program of incentives with clear goals. We can highlight the significant achievements of the pharmaceutical transnational GlaxoSmithKline (GSK), a company considered a world leader in the pharmaceutical and health industry, and the first to establish a pharmaceutical plant in Panama, thanks to the advantages of the Panamanian logistics system and the wonderful resources provided by the country.

In addition to its manufacturing plant, which produces 650 million tablets of Panadol (acetaminophen or paracetamol) per year, in

2017 GSK established the Pharmaceutical Division for Central America and the Caribbean in Panama, which includes a research and vaccine-study center. The British company recently expanded its last-generation plant in the Panamanian capital, acquired new equipment with the industry's best technology, and modernized various work areas. This has significantly increased its production capacity. The company consolidated its commitment to the country's economy and development by making Panama the epicenter of its pharmaceutical business.

Building on this success, authorities from the Ministry of Trade and Industry, the Ministry of Health, and the Panamanian Ministry of Foreign Affairs have carried out significant studies with the United Nations. This led to closer cooperative links with leading countries in the pharmaceutical industry, such as India, which is the world's largest supplier of generic medicines. By establishing a pharmaceutical hub in Panama, the country hopes to expand existing distribution and integrate pharmaceutical manufacturing, in addition to researching and developing new and innovative products. This dovetails with Panama's role as a logistics center and humanitarian hub for Latin America and the Caribbean.

**The main goal of this initiative is to attract companies with the capacity to produce generic medicines that can be manufactured in Panama and distributed throughout the Caribbean and South America.**



# PUBLIC-PRIVATE

## PARTNERSHIPS



In 2019, the system of Public-Private Partnerships was created, allowing the country to generate a portfolio of large social and economic investment projects in collaboration with the private sector.





## WHAT ARE THEY AND HOW DO THEY WORK?

Public-Private Partnerships (PPP) connect capital across the public and private sectors, integrating experiences, knowledge, equipment, technologies, and technical and financial capacities. The goal is to promote the creation, development, improvement, and maintenance of public infrastructure or supply public services.

PPPs are governed by long-term contracts signed by the government institution interested in developing the project and the private sector company committed to undertaking it. The investor is totally or partially responsible for the construction, use, operation, and maintenance of the resulting public asset, always seeking to avoid risk.



Panama aims to promote social and economic projects through PPPs in sectors such as:



- Highways

- Energy



- Telecommunications

- Public Buildings



- Ports

## GREAT ACHIEVEMENTS



To implement the Public-Private Partnership plan, the Panamanian government sought advice from prominent international finance entities to learn best practices and lessons from other countries that already have PPP systems. These entities included the World Bank, the Central American Bank for Economic Integration, the Development Bank of Latin America, and the International Development Bank.



**There are two kinds of PPPs, each with different financing models:**

- **Self-financing:** all costs are recovered from the income earned by the PPP contractor responsible for providing the infrastructure project or public service.
- **Co-financing:** financial resources from the State help ensure the financial sustainability of the project during all or part of the life of the PPP contract.





# PUBLIC-PRIVATE PARTNERSHIP CONTRACTS

## WHAT ARE THEY LIKE AND WHO CAN APPLY?

**"I feel optimistic, because laws like this will make our economy flourish again, and bring back national and foreign investment and create jobs."**

*Laurentino Cortizo Cohen,  
President of the Republic of Panama.*

Things to consider when applying for a PPP contract, according to Law 93 (September 19, 2019):

- The contracts last up to 30 years and can be extended for another 10 years.
- The agreements cannot be worth less than 15 million dollars, except for those undertaken by municipalities.
- This contracting model does not transfer possession or ownership of the work to the grantee.
- State banks such as Banco Nacional de Panamá, Caja de Ahorros, Banco de Desarrollo Agropecuario, and Banco Hipotecario Nacional can only finance up to 25% of the investment in projects of this type.
- People and companies involved in corrupt acts cannot participate.
- Companies in default of payment of fines for non-compliance with contracts must wait 10 years to participate again.
- Should it be necessary, any mediation will be carried out in Panama, in Spanish and under Panamanian law.







# SPECIAL INVESTMENT REGIMES

Panama is an ideal location for the regional headquarters of prestigious multinational companies, which are attracted to our country by tax, immigration, and labor advantages. National laws have created economic zones and special investment regimes that continuously increase the injection of foreign capital.





## PANAMA PACIFICO A SPECIAL ECONOMIC ZONE

**This commercial and residential community, located very near Panama City, is one of the largest mixed-use developments in the Americas. Its strategic location offers many economic advantages.**

This unique logistics center, which sits in an evergreen tropical forest just minutes from the Pacific Ocean, was developed by the renowned company London & Regional, one of the largest property developers in Europe, with significant investment, development, and commercial interests in more than 10 countries.

Covering 3,459 acres, the Panama Pacifico special economic area has zones specifically for different business activities, such as manufacturing, product warehousing and distribution, airport operations, and commercial offices. It also has an international airport, as well as a high-quality residential complex built according to ecological and sustainable principles.

It is an undeniable success: Panama Pacifico is now home to more than 300 companies, 8 of which appear on the prestigious Fortune 500 list and 16 of which are listed in the Forbes Global 2000 ranking. Among them are Dell, 3M, FedEx, VF Corp, Pepisco, and Cemex. The National Institute of Professional Training for Human Development (INADEH) has a human resources training center here to better meet the needs of the companies.

This special zone is particularly important to Panama because it fosters new industries in the country by offering favorable regulations and advantages, including tax and labor incentives.







## CITY OF KNOWLEDGE INNOVATION AND CREATIVE INDUSTRY HUB

The City of Knowledge is an innovative project that is a point of great pride for the country, since it embodies the wonderful ideal that it is indeed possible to build a new world. This is a community where entrepreneurs, scientists, thinkers, artists, community leaders, NGOs, and international bodies work together as peers toward the common goal of developing initiatives that generate social change.

The nearly 300-acre central campus is in Clayton, just minutes from the Panamanian capital, right across from the Panama Canal's Miraflores Locks. Its more than 200 buildings (originally constructed for a different purpose more than 80 years ago), and its fabulous green areas make an excellent setting for this modern technology, science, and business park. The

City of Knowledge seeks to create an ecosystem that makes it possible to imagine, research, learn, teach, experiment, invent, create, and inspire. Investors have everything they need for their business activities, ventures, and creative industries in surroundings that allow them to share knowledge, infrastructure, and even projects.

The City of Knowledge offers a unique work environment, with expansive green spaces surrounded by nature, as well as outdoor recreation zones ideal for walking, running, and biking. The companies established there also enjoy many other advantages. For example, their activities, operations, transactions, procedures, and transfers of real and personal property are 100% tax-free.





## FILM COMMISSION OF PANAMA

### YOUR CONNECTION FOR MAKING FILMS IN IDYLIC PANAMANIAN LOCATIONS

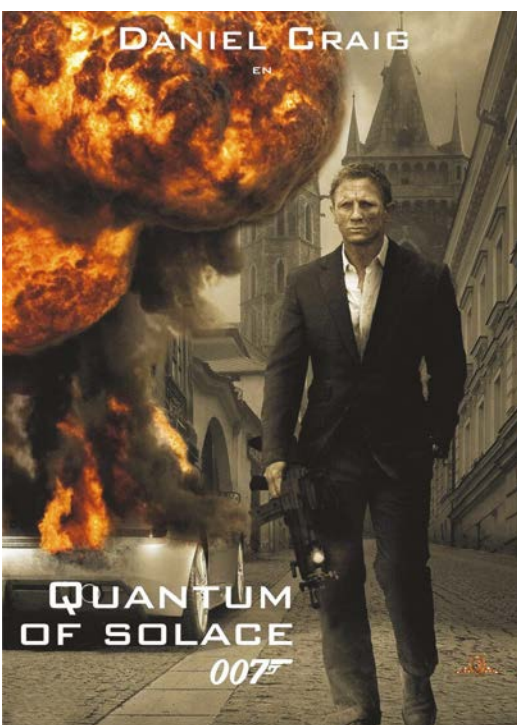
Filming in Panama is a safe, profitable investment. International producers and directors of films, TV series, reality shows, and other audiovisual products enjoy support and advantages that make Panama the ideal location for their projects.

The Film Commission of Panama, a division of the Ministry of Trade and Industry, is responsible for providing producers around the world with services that meet their production needs. The Commission has also created the Panama Film Incentive, which offers production companies a cash refund of 25% of production costs for filming in the country. The full refund can even be deposited in advance through the bond company to ensure that the project suffers no interruptions.

This is why many filmmakers consider Panama—complete with historic colonial cities and exuberant natural landscapes—the best setting

for their projects. The country brings to life both celebrated international films and Hollywood megaproductions including the sequel to *The Suicide Squad*, the cast of which includes film greats such as Australian actress Margot Robbie and English star Idris Elba; and another chapter in one of the world's most successful film franchises, the James Bond film *Quantum of Solace*, starring British actor Daniel Craig.

These are just two examples of the numerous productions filmed here. And there will be many more to come!





## COLON FREE ZONE

### THE WORLD'S SHOWCASE

For more than 70 years, this mercantile emporium has been the principal shopping plaza of Latin America and the Caribbean, as well as a point of national pride and an important pillar of the Panamanian economy.

Just 45 minutes from Panama City, the Colón Free Zone (CFZ) is the main free trade zone in the Western hemisphere and one of the leading logistics centers for multimodal redistribution on a global level. It is considered the “world’s showcase,” since the companies that operate there can trade with more than 165 countries. When operations began in 1948, there were only 10 companies concentrated in an area of just 86 acres. Now, this free trade zone is divided into nine different sectors, covering some 2,629 acres where more than 3,000 companies operate.

This enormous display of world commerce is home to prestigious international companies such as Sony Corporation, LG Electronics Panama, Samsung Electronics Panama, Bristol Laboratories, May's Zona Libre, Pioneer Int'l Latin America, and many more.

**The principal goal of the CFZ is to promote international commerce within a framework of tax advantages, with most activities aimed at wholesale trade.**

#### SOME OF THE ADVANTAGES AND INCENTIVES OFFERED TO COMPANIES THAT SET UP IN THE CFZ:

- 0% tax on profits on foreign operations.
- 0% tariff on imports and reexports of merchandise.
- Facilitated immigration for foreign investors and executives, as well as their dependents.
- Low rent costs on land, buildings, and other spaces.







# PANAMA HAS 22 FREE TRADE ZONES AROUND THE COUNTRY

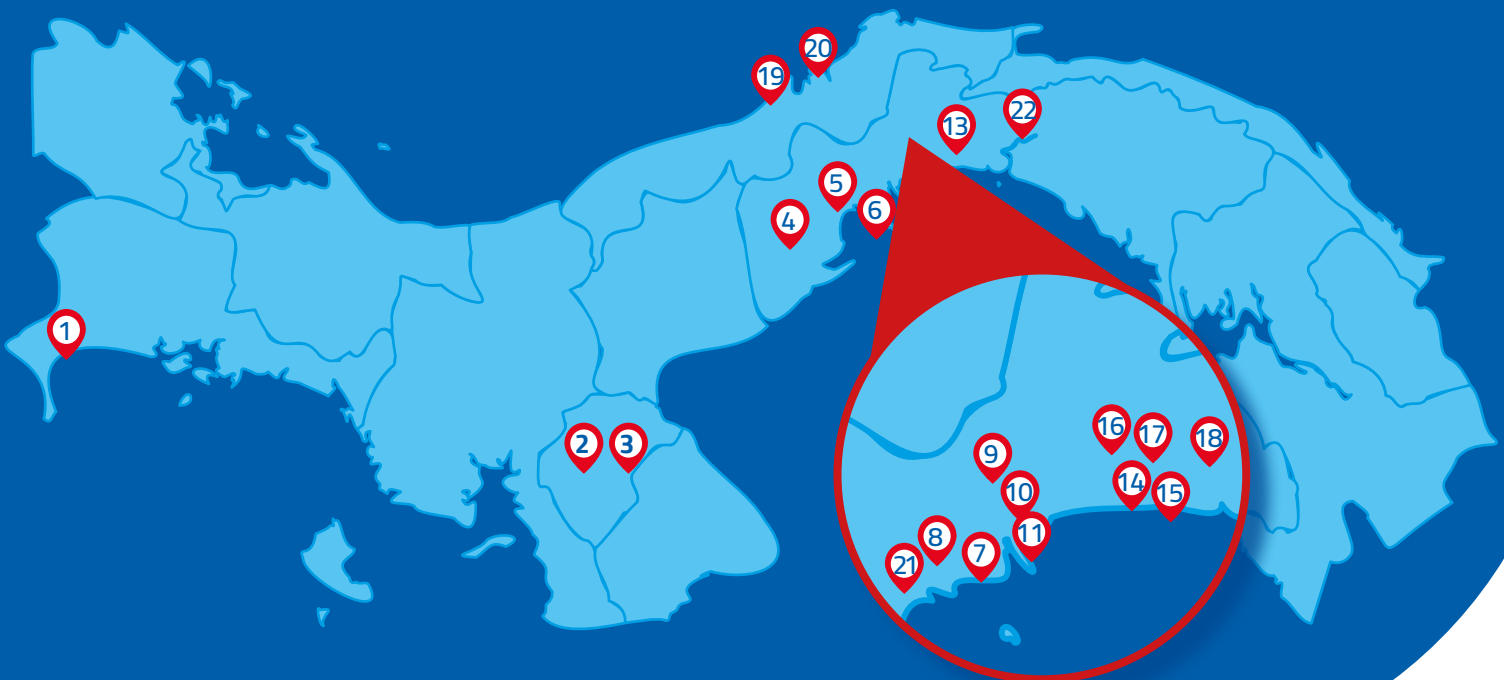
**Free trade zones are areas inside the country designated for various industrial and commercial activities. They are regulated by special tax, customs, and foreign trade laws.**

Panama currently has 15 active free zones, with 7 more in development. They form part of a special system of comprehensive investment meant to attract transnational companies that contribute to the country's development by generating jobs and bringing in foreign currency. The strategy allows the country to participate in the global economy of goods and services by developing the infrastructure, support services, and administrative procedures necessary for Panama to become the base for companies that work in specific industries such as light manufacturing, assembly, processing of finished or semi-finished products, high tech services, logistics, technology innovation, and health, research, education, and environmental services, among others.

The Panamanian free trade zones are regulated by Law 32 (April 5, 2011), which establishes a set of tax, immigration, and labor advantages including tax exemptions on income from leasing and sub-leasing premises and installations and permanent residence status as an investor.

## FREE TRADE ZONES

1. Global Logistics, Quebrada grande, Bugaba, Chiriquí.
2. Las Cabras, Pesé, Herrera.
3. Cobol Due, La Arena, Herrera
4. Eurofusión, Capira, Panamá Oeste.
5. Export Pacific, Arraiján, Panamá Oeste.
6. Espanam, Veracruz, Panamá Oeste.
7. Albrook, Panamá Metro, Panamá
8. Marpesca, Panamá Metro, Panamá.
9. Panexport, San Miguelito, Panamá.
10. Z1T1, Panamá Metro, Panamá.
11. BPOS, Panamá Metro, Panamá.
12. La Innovación, Pedregal, Panamá.
13. Aeropuerto Internacional de Tocumen, Panamá Metro, Panamá.
14. Del Istmo, 24 de Diciembre, Panamá.
15. Panapark, 24 de Diciembre, Panamá.
16. De las Américas, Pacora, Panamá.
17. Framorco, Pacora, Panamá.
18. Chilibre, Chilibre, Panamá.
19. Davis, Colón, Colón.
20. Maritime Investor, Colón, Colón.
21. Astibal Free Trade Zone.
22. Aristos Free Trade Zone.





# MHQ

## MULTINATIONAL HEADQUARTERS

The system was created in 2007 via a robust regulatory framework that offers advantages to transnational companies that wish to establish their headquarters in Panama.

The special MHQ regime allows transnationals operating inside Panama to set up as a foreign company registered in Panama or as a Panamanian company owned by a transnational company, with the goal of providing services to the parent company or subsidiaries in other countries.

It is designed for companies in the following sectors or industries:

- Logistics.
- R+D+I Product Development.
- Electronic Processing.
- Construction and Design Planning.
- Financial Management of Business Groups.
- Consulting, Marketing, and Guidance for Business Groups.
- Administrative Management of Regional Operations.

The Department of Multinational Headquarters is part of the Ministry of Trade and Industry. The Department provides a "one-stop shop" for handling MHQ requests for permits, visas, and customs declarations, among other services, making these processes easier and more efficient. Multinationals receive incentives, of course, including a reduced tax rate of only 5% on income in the Republic of Panama from services rendered.

## MORE THAN 180 MULTINATIONALS REGISTERED UNDER THE MHQ LAW







## EMMA REGIME

### MULTINATIONAL COMPANIES PROVIDING MANUFACTURING-RELATED SERVICES

**The Panamanian government recently set up a new regime for multinational companies. The model was constructed along the same lines as the MHQ system, but focused on another type of company: manufacturers.**

This special regime was created by law in August 2020 to encourage the establishment of logistics centers for light manufacturing and repackaging in Panama. Companies that engage in the following can apply to the program:



- Manufacturing, assembly, maintenance, remanufacturing, and reconditioning of products and equipment.



- Developing new products, researching or innovating around existing products or processes, and analysis or laboratory testing associated with manufacturing services.



- Logistics activities such as warehousing and distribution of components needed to render manufacturing-related services.

Companies already operating in Panama under an MHQ permit may request a manufacturing services permit through an expedited process at the Ministry of Trade and Industry, in addition to enjoying other immigration, labor, and tax advantages that are part of the program.

**The new regime formalizes the creation of technical education centers to train the Panamanian labor force, offering not only a viable place to invest, but also a skilled workforce.**





