



Panama

—

Country Overview

Introduction

Acting as the doorway between the Atlantic and the Pacific, it has been estimated that roughly 5% of global maritime trade crosses Panamanian waters on a monthly basis, having been a staple of international commerce ever since its eponymous canal's completion in 1914. However, far from letting their seabound services be their one and only asset, the Panamanian Republic and its people have fostered a rich and prosperous economy, solidly grounded on a dollarized system and liberal policies towards the global market, safeguarded by a robust legal system, political stability and its institutional commitment to progress and international development.

Panama has seen remarkable growth in the past few decades, pitting itself against the top leaders of the continent. On a sure course for recovery after weathering with astounding resilience through the COVID years and a streak of climate crises, the central american state seeks to establish itself as a regional and continental leader in the realms of fair trade, digital economy and international investment, as well as a rising powerhouse in both its primary exports and fostering R&D growth in its national soil.

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Panama and the European Union

Mutual compromise to progress

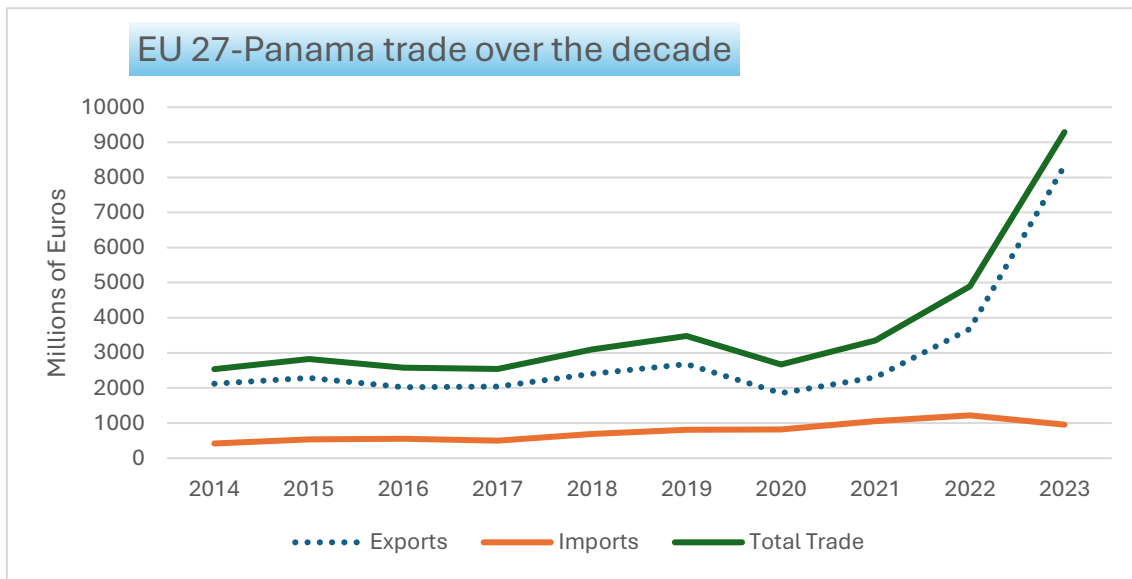
Panama has held strong, long standing diplomatic and economic relations with the European Union for decades, both bilaterally with some of its members and on an institutional level through the trade agreement EU-Central American Group. Notably, Spain stands as one of the biggest importers of Panamanian products, and leads the way into the Union as a liaison of sorts between the central american republic and the rest of the old continent. The years have only strengthened their link, blooming into several initiatives of not only commercial, but also technical and governmental multilevel cooperation.

Key points

- Multilevel cooperation agreement.** Part of the 2003 EU-Central America Political Dialogue and Cooperation Agreement. Ever since 2013, the Trade provisions of a new 2012 region-to-region agreement have been provisionally applied.
- Flow of goods and services.** 2022 data shows a healthy landscape of exports dominated by agrifood and electrical equipment. Imports from the EU have been largely comprised by mechanical appliances and pharmaceutical products. Low tariffs set with the whole region have propitiated the notable interconnection between them.
- Attractive destination for investment abroad.** After a notable dip during 2020, Foreign Direct Investment has pulled through to a commendable recovery, showing the interest shared in the country by European investors.¹
- Growing implication in the country's digitalization process.** Panama's record transformation into a digital hub for the region has seen a rising commitment from EU policymakers. Panama's Digital Hub initiative has seen full support from the EU's Global Gateway Investment Agenda, signing in 2023 a Digital Alliance to boost cooperation and investment in the program.
- Mutual trust and security.** The European Commission has recently removed Panama from its list of high-risk investment destinations, marking the start of a new era of trust in the country's stability and transparent practices.

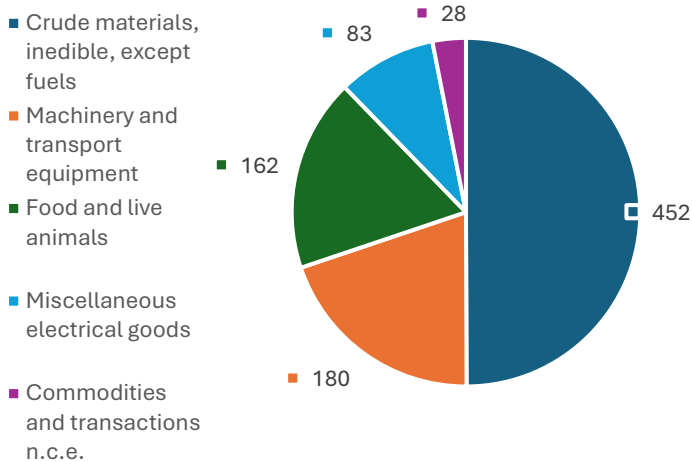
¹https://webgate.ec.europa.eu/isdb_results/factsheets/country/overview_panama_en.pdf

EU-Panama Trade by the numbers²

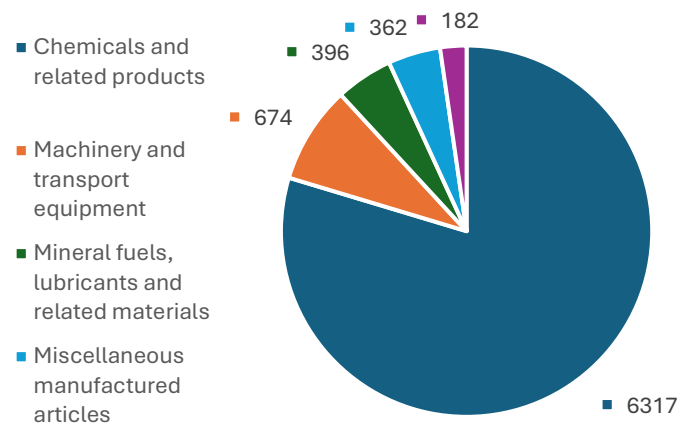


	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Imports	418	537	557	499	692	806	818	1051	1219	957
Exports	2218	2287	2021	2042	2406	2678	1852	2306	3677	8832
Total Trade	2536	2825	2578	2541	3098	3484	2670	3357	4896	9289

Top 5 EU 27 imports from Panama (End of 2023, Millions of Euros)



Top 5 EU 27 exports to Panama (End of 2023, Millions of Euros)



² https://webgate.ec.europa.eu/isdb_results/factsheets/country/details_panama_en.pdf

Panama and the UK

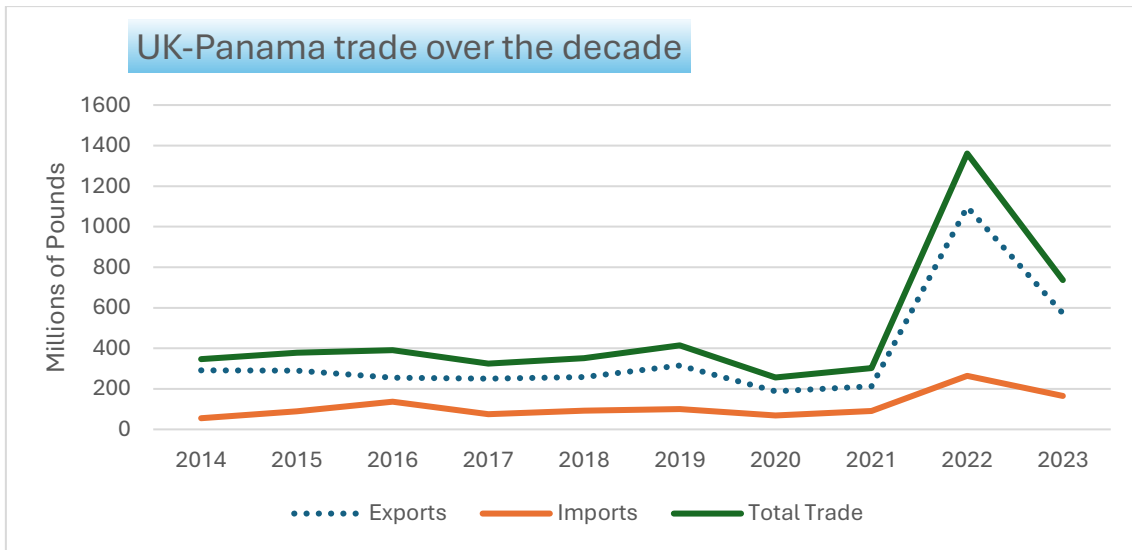
The realm of opportunities

The United Kingdom and Panama have enjoyed healthy bilateral relations ever since the country's birth in 1908. After formally leaving the Union in 2019, both countries have enjoyed the same commercial and financial freedom they've always had in recent years, thanks to the continuation of the Central American trade agreement provisions in 2021. The bond between the two nations continues sailing on favorable winds, pushing ever forward onto a future of mutual benefit and increased commercial integration.

Key points

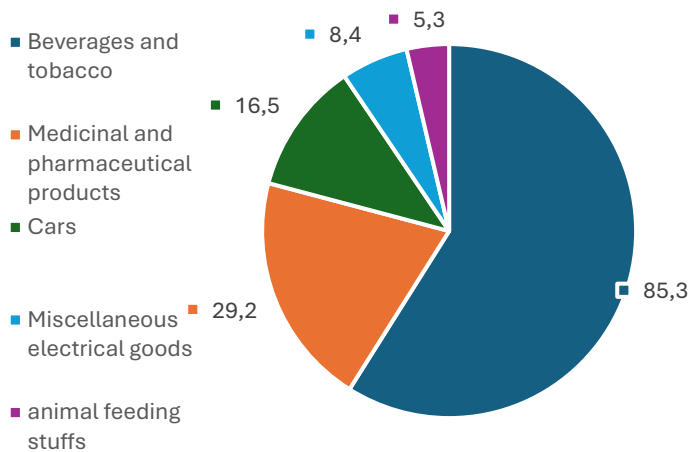
- **Bilateral Treaties.** The UK and Panama have shared a bilateral investment treaty since 1983, a cooperative tendency which has only grown in recent years. Adding to the continued Central American trade agreement, both parts also share a double taxation pact on a bilateral basis, further simplifying operations for their nationals in whichever of the territories.
- **Rising trade between nations.** The recovery of both nations after the pandemic and the ratification of their trade agreement has shown the businesses of both nations the possibilities of their respective economies. With a notable rise well into the billion of pounds in total trade during 2022, the value of their commercial interactions is still higher than it has ever been in recent years.
- **Powerful investment destination.** The many benefits given across the nation's many different Special Economic Zones (SEZs) have already attracted many different businesses and investors from the UK, be it in the logistics sector, R&D or Real Estate.
- **International Trade Hub.** For a nation historically known as the spearhead of maritime trade such as the United Kingdom, Panama presents a powerful opportunity for those interested in sailing their goods across the globe. The eponymous canal stands its ground as the door between the Atlantic and the Pacific, offering transit times and costs way below their closest competitors.
- **Rising industries.** The Panamanian government and policy makers seek to become a staple in the region in a number of key new sectors, including strategic industries such as the digital economy, energy and communications, pharmaceutical products and sustainable agroproduction.

Panama-UK Trade by the numbers³

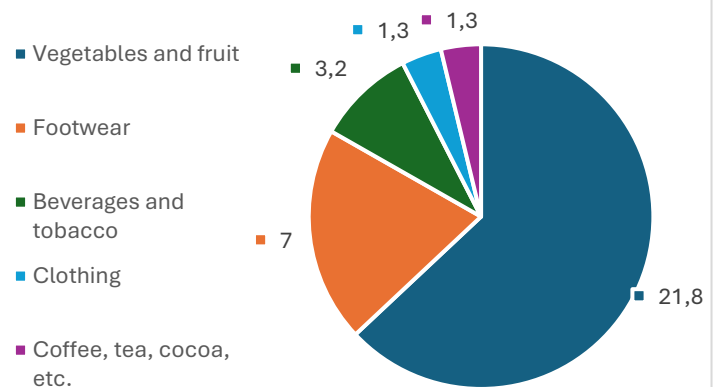


	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Imports	55	89	136	75	93	100	68	90	264	165
Exports	291	289	255	250	258	315	188	212	1097	572
Total Trade	346	378	391	325	351	415	256	302	1361	737

Top 5 UK exports to Panama (End of Q1 2024, Millions of Pounds)



Top 5 UK imports from Panama (End of Q1 2024, Millions of Pounds)



³ <https://assets.publishing.service.gov.uk/media/66c5a10c057d859c0e8fa88b/panama-trade-and-investment-factsheet-2024-08-22.pdf>

Republic of Panama

Economy and key sectors

The small central American country boasts a rich and diverse economy, being a regional leader in a variety of categories and, barring Mexico, leading the way in the entire Central America region when it comes to expected growth in 2024 and 2025. With a dollarized economy far beyond what would be expected for its size, Panama has, throughout the years, established itself as a regional leader in logistics and financial services. Nonetheless, the Panamanian government seeks to further diversify its economy with a series of careful campaigns, fostering growth and investment into several promising key sectors.

Panama has already made its dent as a **regional leader** in

- 1. Logistics.** Widely known for its Canal and Services, Panama has created a healthy ecosystem for the naval industry and its aggregates. Both its attractive tariff and tax policy, as well as the benefits for permanent operations in the country have turned it into the most important port in the region, and 45th in the world⁴.
- 2. Financial and legal services.** Panama is the most trusted country in the region for its banking, economical transparency and operational ease, a rising trend which has continued ever since it joined the WTO in 1997. With its 2 national banks (Banco Nacional de Panamá and Caja de Ahorros de Panamá) as well as its many private entities operating fully on the US\$, it is a prime destination for regional and international investment.
- 3. Real estate.** Owing its popularity to its liberal taxation policies and 12 different SEZs (Both public and privately owned) operating in the country, Panama stands as one of the countries with the easiest access in the whole region for foreign customers and businesses interested in its real estate market.

Panama is fostering **new opportunities** in

- 1. Digital Hub.** Taking great strides in the development of its internet infrastructure, the country is the leader in the region when it comes to internet penetration and availability. With 6 optical cables crossing the country (most important being the Curie Cable) and an all-encompassing plan of investment and development part of its digital agenda 2020, the Panamanian government is seeking to ensure its dominance at the forefront of the region's digital economy.
- 2. Pharmaceutical Hub.** With the success of companies such as the British firm GSK in the country, a new future for Panama as a hub for pharmaceutical production and distribution has been fiercely debated by its policy makers.
- 3. Innovative Agroproduction.** Through Law 196, 8th of February 2021, Panamanian policy makers have enticed investment on their local agricultural production through the creation of agroparks of hybrid public and private investment.

⁴ <https://www.worldshipping.org/top-50-ports>

Sector outlook

Pivotal information and points to keep in mind

Logistics.

- **Main businesses**

- Autoridad del Canal de Panamá
- DHL
- UPS
- Maersk
- KLM
- Colon Import & Export
- PSA Panamá
- API Matamoros Mexico
- SSA International
- APM Terminals
- AES Panamá
- Generadora Fénix
- Katoen Natie/TCP
- Colon Container Terminal
- PTP Group
- Maritime Policy Bureau
- Crowley
- Copiaport-E Chile
- Grupo Coremar
- Puerto Bahía
- Terminal Puerto Arica
- S&GM/Panama Ports Company
- Zona Franca Santafesina
- DEG Bank
- Comisión Interamericana de Puertos OEA
- CK Americas
- GAC Panama Shipping
- Georgia Tech Panama
- Gas Energy Latin America
- McKinsey & Company
- IPL
- ...

The Panama Canal⁵

- **518.8 million tons of cargo** a year (2022)
- **14.239 transits** during 2022
- Connects to **180 different sea routes**
- **11 shipping lines** offer services from Panama
- Recovery from last year's drought allowed for an **increase in maximum draft** (46 to 48) and daily transits (32 to 34) in the last few months⁶

Panamax Ships and its characteristics

- **Panamax**
 - Tonnage 52,500/ Length 289.56m/ Beam 32.31m/ Height 57.91m/ Draft 12.04m/ Capacity 5,000 TEU
 - Original Panama standard since 1914, prepared to be allowed transit even in the event of drought and adverse climate
 - Accounts for 25.73% of total transits
- **Neopanamax**
 - Tonnage 120,000/ Length 366m/ Beam 51.25m / Height 57.91m/ Draft 15.2m/ Capacity 14,000 TEU
 - New class of ships allowed since the 2016 expansion and construction of the third set of locks.
 - Accounts for 74.27% of total transits
- **Cost Comparison** (Sailing from Port Felixtowe, 100 TEU, US\$100.000/TEU (Rough Estimate)⁷

Destination	Panama	Closest Competitor
Yokohama, JPN	19.333.333	23.333.333 (Guayaquil, ECU)
Busan, SKR	18.666.667	19.000.000 (Freeport, BHM)
Singapore	23.666.667	(No other connection)
Hong Kong	20.666.667	25.333.333 (Guayaquil)



Panamax Ship crossing Lake Galtún

Source: https://commons.wikimedia.org/wiki/File:Panamax_container_ship.JPG



NeoPanamax Ship in transit

Source: <https://www.mundomaritimo.cl/noticias/canal-de-panama-logro-cinco-mil-transitos-de-buques-neopanamax>

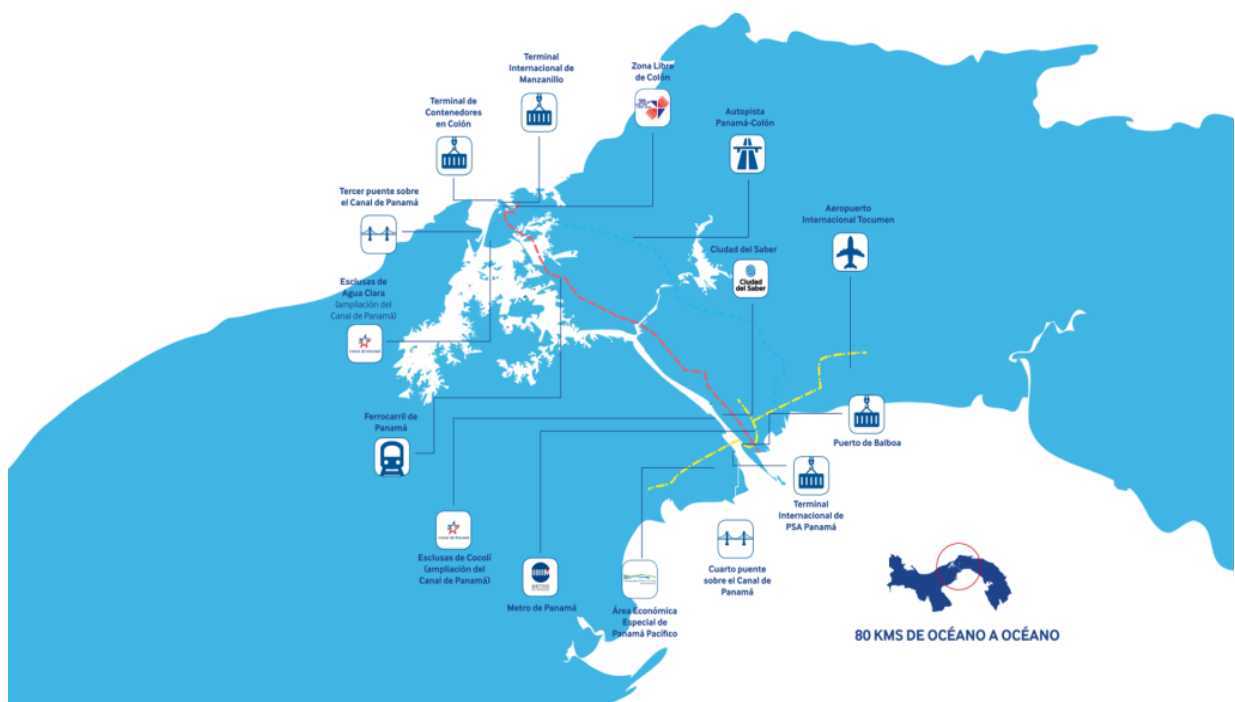
⁵ <https://pancanal.com/wp-content/uploads/2023/02/Informe-2022-Eng.pdf>

⁶ <https://pancanal.com/en/celebrates-eighth-expansion-anniversary/>

⁷ <https://hubtool.gatech.pa/>

Panama Canal: Innovation and new projects

- **Fourth set of locks:** Ever since the completion of the third set of locks for the Canal in 2016, the possibility of a new set of locks allowing for the transit of a bigger class of ships has been on the horizon, which would push the maximum TEU up to 20,000.
- **New Water Quality Laboratory:** The irregular climatic conditions of recent years have pushed the Panama Canal Authority to strategically invest on sustainability for its operations vis-à-vis the safety of the neighboring populations in the Gatún lake region. The new Water Quality Laboratory and a new sustainability office are but a part of that compromise⁸.
- **Innovative solutions to ease transit across the Canal:** The Panamanian government and the Canal Authority have started developing several key initiatives to ease transit of goods and clients through the Canal. A joint project with Hitachi to expand the Panama City metro line across the Canal is expected to go green by 2025⁹.



Panama Canal Map

Source: <https://www.propanama.gob.pa/hub-logistico/>

⁸ <https://panamaadvisoryinternationalgroup.com/blog/panama-canal-guarantees-water-quality-with-the-opening-of-a-new-laboratory/>

⁹ <https://www.mynewsdesk.com/uk/hitachi-rail-global/pressreleases/nuevo-monorriel-de-panama-de-843-dollars-millones-de-hitachi-cruza-el-canal-de-panama-3047105>

Panama Canal: Demand and opportunities

○ **Cold Chain:**

A new project started by the Panamanian authorities looking to incentivize the region's popularity as a hub for the commercialization of produce difficult to preserve. A total of 24 different varieties of crops have been highlighted as the main beneficiaries of this initiative (from sweet pepper and paprika to lettuce and cabbages), which would mark a huge step towards food security and preservation in the context of both the national and international supply chains. A total of 4 different special harvest zones have been established as of today (Dolega, Volcan, Cerro Punta and El Ejido), supported by a wide web of markets and supply units helping all the way through their transportation and distribution.

- **Opportunities for UK Businesses:** With a total market size of US\$14 billion as of 2024 and projected to grow up to 17 billion by 2029¹⁰, the UK is a global leader in the cold storage business; capitalizing on the general market savviness and technical expertise of UK businesses could prove to be a winning strategy in expanding successfully into this new Panamanian sector.

○ **Logistic Parks:**

Specialized areas within the many SEZs in Panamanian soil, allowing for the close interaction between warehousing and logistics (be it by land, sea or air) so as to facilitate any cargo movements through Panama and beyond.

Designed to offer services ranging from warehousing and shipping to assembly and packing/repacking, these areas and the companies operating within it enjoy many special benefits, such as a similar fiscal regime to the rest of the Colon Free Zone.

- **Opportunities for UK Businesses:** The advantages provided by the fiscal regimes in these areas present a prime opportunity for any companies interested in offering logistical services in the country.

¹⁰ <https://www.mordorintelligence.com/industry-reports/united-kingdom-cold-chain-logistics-market#:~:text=How%20big%20is%20the%20United,USD%2017.06%20billion%20by%202029.>

- **Liner Services:**

The Canal stands as one if not the focal point for trans-oceanic logistics in the American continent. A total of 56 liner services operate within both Panamanian coasts, organized in 2 different port clusters: the Atlantic cluster (made up of the Manzanillo International Terminal, the Colon Container Terminal and the Cristobal Terminal) and the Pacific cluster (Balboa Terminal and PSA Panama International Terminal). Their wide array of services and technical capacity have made them both into regional leaders when it comes to swift and efficient transportation of goods.

- **Opportunities for UK Businesses:** The Panama Canal is, from a geographical and geopolitical standpoint, one of the most advantageous waterways for UK based international logistics. It stands as the main connection between the Atlantic and the Pacific, providing fast, reliable and cheap access to the markets in the American West Coast, the Pacific and even into East Asia.

- **Academia and Research:** Through their intimate relation with the City of Knowledge initiative, the Canal Authority and its ecosystem have fostered a long relationship with both national educational institutions and foreign research institutes, financing and collaborating in a myriad of R&D projects in the matters of maritime safety, sustainable logistics and technical training, with the Panama Canal Authority's Center for Simulation, Research and Maritime Development (SIDMAR) being one of the best examples.

- **Opportunities for UK Businesses:** the UK is a world leader in naval technology and practices, being able to provide for the much-wanted R&D and Human Resources training Panama is hoping to incentivize through their educational policies; much like the EU has already been doing through their different links with some of Panama's governmental plans over the past few years.

- **Ship Safety and automation:** The Canal Authority's full compromise to the International Maritime Organization's convention for the prevention of pollution of ships (MARPOL) have led them to seek new and innovative ways to prevent emissions of nitrogen and sulphur oxides (NOx/SOx), opening the door to a new revolutionary sector in the use of automated systems, such as ATEX certified drones, in the detection of such emissions.

- **Opportunities for UK Businesses:** Panama presents a brand-new market and an incredible opportunity for expansion to any business in the UK drone industry, a sector primarily built upon small to medium sized businesses (84%)¹¹. Operational and environmental safety remains a top priority among Panamanian policy makers; a point to be capitalized by any UK business with the expertise to provide those answers.

¹¹ <https://www.commercialuavnews.com/europe/the-united-kingdom-and-commercial-drones#:~:text=The%20drone%20industry%20in%20the,and%20components%20and%20systems%20manufacturers.>

Financial and legal services

- **Main businesses**

- Banco General de Panamá
- Banco Nacional de Panamá
- Banesco
- Global Bank
- Morgan & Morgan
- ...

Characteristics and Benefits

- **Biggest destination of Foreign Direct Investment** in the region (US\$61.68 billion in 2022, 85,7% of the country's total GDP)¹²
- **Leading the way in GDP growth** (US\$76 billion in 2022/ US\$83 billion in 2023) and recovery from inflation (1.16% may 2024/ 0.89% June 2024)
- **Private-Public-Partnerships (PPP)** allow for private firms to participate in public enterprises, via Self-financing of the project or Co-financing with the State

Panama: Financial System and opportunities for investors abroad

- Panama's healthy economy has in no small part relied on its dynamic and recognized position as an international center for banking, leading the entire central American region in this regard. The Panamanian economic system, historically renowned for its characteristic dynamism, offers a **plethora of benefits** for internationals interested in operating within the country:
 - The national currency, the Balboa, has been at parity with the US dollar ever since 1904. **The US\$ enjoys free circulation** within the country, allowing for an agile and international economy.
 - Panama has **no central bank**, with only 2 national banks without any of the jurisdictional powers a traditional central bank would hold.
 - There are **no restrictions on the movement of capital** or currency exchanges.
 - There's **no taxes on capital returns** or fiscal control over any offshore operations.
 - **Bank secrecy is recognized by law**, allowing banks to uphold the utmost discretion and confidentiality with their clients.

¹² <https://www.lloydsbanktrade.com/en/market-potential/panama/investment#:~:text=FDI%20in%20Figures&text=According%20to%20UNCTAD's%20World%20Investment,85.7%25%20of%20the%20country's%20GDP.>

- The Panamanian government has made great efforts into increasing the international confidence in their banking system and transparency; a long-standing policy which has borne fruit in the past couple of years. The Financial Action Task Force (FATF) lifted Panama from their grey list in 2023, and in March 2024 the EU followed suit as well; standing proof of Panama's strong commitment to international law and standards.

Panama's Banking system characteristics:

- **Over 65 different entities** operating in the country with many different origins, as well as the country's 2 central banks.
- **3 types of licenses** for operating within the country:
 - General License: Granting the jurisdiction to operate both within the country and abroad.
 - International License: Authorizing for executing operations exclusively in an international context.
 - Representative License: allowing for the creation and operation of offices without any banking operations.
- **The Panamanian Bank Superintendency (SBP)** is the government liaison with the banking system, as well as its main body of supervision. Its jurisdiction encompasses many of the areas a traditional central bank would be in charge of, and it's bound by the Basel Accord in terms of its operations and standards.

Real estate

- **Main businesses**

- UDG
- World Panama Real Estate
- Panama Equity
- Arco Properties
- ...

Characteristics and benefits

- Real estate sales in 2023 reached **a total value of US\$231 billion**.
- **12 active Free Trade Zones** offering multiple benefits, from exoneration on imports and income tax to property tax exemption (Law 32, 25th of April 2011).
- **Qualified Investor Visa**. For investments in real estate amounting to a total over US\$300.000 staying in the country for at least 5 years, investors can opt for a permanent residential permit. No tax on capital gains or assets.

Panamanian Real estate: Opportunities from abroad

- **A stronger market than ever:** The value of residential construction in Panama rose to US\$756 billion during 2023, accompanied by an astounding demand with a total value over private real estate transactions of up to 750 billion.¹³ Real estate remains a staple in the Panamanian economy, as well as one of its most productive sectors.
- **Prime Destination for International Tourism:** Placing 64th in the ranking of biggest tourist destinations in 2021, the tourism sector in Panama generated a very notable US\$3.61 billion in revenue that same year¹⁴. Investment in Panama's tourism is a safe bet into the future.
- **Special Economic Regimes:** Panama's push for international interest in its many industries and sectors has given rise to many different regimes of SEZ's across the country, with the main purpose of incentivizing active investment in the country

¹³ <https://www.globalpropertyguide.com/latin-america/panama/price-history>

¹⁴ <https://www.worlddata.info/america/panama/tourism.php>

Special Economic Regimes¹⁵

Colón Free Zone

- Geared towards businesses in the logistics and warehousing sectors
- Main benefits: Corporate Income Tax Exemption on Imports to be re-exported through the CFZ; Annual Operation Tax of 0.5%; Visa benefits for investors, executives and workers.

Panamá Pacífico

- From manufacturing and commercial services to luxury residential and commercial areas
- Main benefits: Import tax exemption; Exemption on Corporate Income Tax; Dividend Tax exemption; Real estate Tax/Transfer Tax exemption.

Ciudad del Saber (City of Knowledge)

- University town with a prime focus on education, R+D and innovation.
- Main benefits: Immigration incentives; Tax exemption on Imports and VAT related to development projects; Income and Capital Tax exemption on High technology projects.

¹⁵ <https://www.propanama.gob.pa/regimenes-de-inversion/>

New Opportunities and Innovative Sectors

Digital Hub

- **Main businesses**
 - Dell
 - CrimsonLogic
 - North VPN
 - Google
 - Samsung
 - ...

Panama Digital Agenda 2020 and beyond

- **Record development of their internet infrastructure** (From 32% rate of national access to the internet in 2020 to 67.51% in 2021)
- **National Network Coverage:** 96% of the territory has access to mobile internet
- **Panama Digital Hub Plan**, part of the National Strategy for the Development of the ICT Sector 2025, promoting hybrid public-private projects and programs in the areas of:
 - **Education** (e.g. Industry 4.0 training with EU human resources)
 - **Infrastructure** (e.g. Google Curie submarine cable project)
 - **Legal Framework** (Strategic Plan for Broadband – 2022)
- **Panama Digital:** US\$60 Million plan for the development and digital transformation of the country's public management and services
 - **Financing of IT talent** training and access to internet services across the country
 - Renewal and expansion of **over 400 public procedures** online

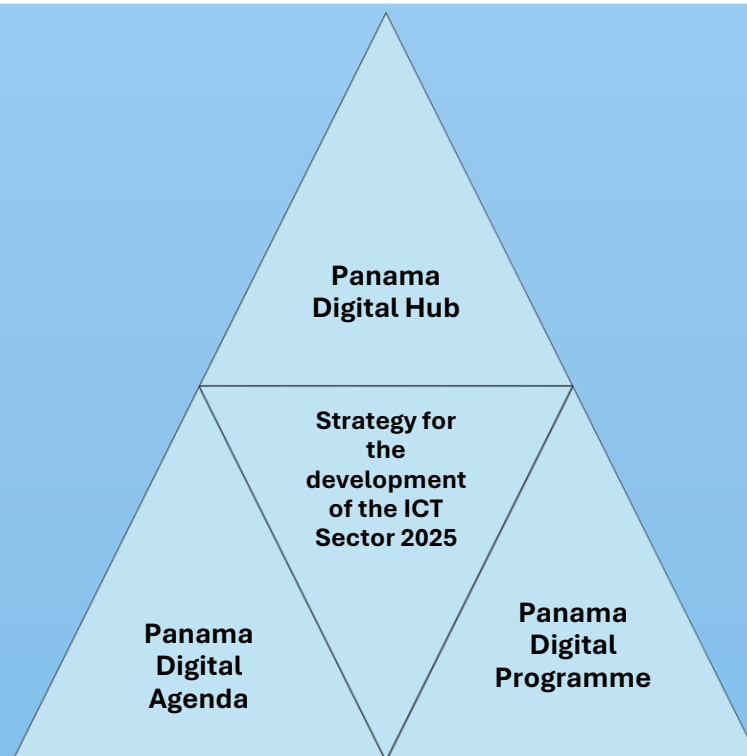
Panama's Digital Strategy and what it could mean for UK Businesses

- **Demand for technical expertise:** Around 95% of national businesses registered in the country (a total of 269.000)¹⁶ are small to medium sized businesses, looking to expand on the digitalization front after the 2020 shock, be it through revolutionizing their infrastructure, practices or integration of new technologies into their operations.

¹⁶ https://www.icex.es/content/dam/es/icex/oficinas/092/documentos/2022/12/em-digitalizaci%C3%B3n-en-panam%C3%A1/RE_Digitalizacion_Panama_2022.pdf

- **Public Panamanian HHRR:** The Panamanian government is looking into expanding their public IT talent through collaboration with international experts, such as the aforementioned Industry 4.0 plan with the EU. Being that Panama enjoys the same privileges with the UK in virtue of their cooperation agreement, this is a prime opportunity for UK businesses to pitch in through the Private Public Partnership initiative (PPP).

Panama Digital Development Plans



Key points and purpose:

- **Panama Digital Hub:** Innovation, Investment and Legal framework
- **Panama Digital Agenda:** Digital modernization of Public entities
- **Panama Digital Programme:** Development and National Infrastructure

Pharmaceutical Hub

- **Main businesses**

- Pfizer (redistribution services)
- AstraZeneca (redistribution services)
- Bayer (redistribution services)
- Glaxo Smith Kline (GSK)
- Medipan
- Pharmaceutical Laboratories, S.A. (LAFSA)
- ...

Panama's future in the pharmaceutical sector

- Panama's government has put a strong importance on **developing its pharmaceutical sector** through an initial 2020 feasibility assessment, and a different Strategy and Action Plan published in 2023.
- Panama's key role during the COVID19 vaccination campaigns in the region helped showcase its capability as a redistributor of pharmaceutical products:
 - Established the **Regional Logistics Center for Humanitarian Assistance (CLRAH)**.
 - Set Logistics infrastructure with **private and public collaboration**.
 - **Close proximity to key maritime routes** and both South and North America.
- **The Strategy and Action Plan** remarks the administration's effectiveness in the management, transparency and safety legislation of clinical trials (Approval process for clinical trials protocols: 3 months' time).
- Its several SEZs offer many benefits for both production, research and distribution of pharmaceutical products.
- **EMMA regime** (Multinational Companies for the Provision of Services Related to Manufacturing) for the establishment of logistics and manufacturing centers
 - Total **exemption from Income Tax** during the first 5 years (flat rate of 5% thereafter).
 - **Special Visa plans** for personnel in all stages of production.

2021 Pharmaceutical Hub Action Plan

- Built upon the previous viability study carried out in 2020, specifically tackling both the **3 areas of major possibility** for Panama to stand out as a regional leader in Pharmaceutical products and logistics (Added Value Chain, Drug test legislation and National pharmaceutical production) as well as the inherent structural problems which could hinder its development (A notable lack of professionals in the pharmaceutical sector, delays in the relevant bureaucracy and weakness of the public system of medical products acquisition).
- The Strategy and Action Plan divides the general approach to the development of the sector into **3 main vectors**, coinciding with the 3 main advantages indicated by the viability study:

Action Plan for the development of the Added Value Chain:

- **Reinforcing the link between the public and private sectors** through collaboration with the main businesses in the logistics and distribution sector as its focal point. The plan proposes a layered roadmap divided by general timeframes.
 - Immediate Action: Creation of a government work group on the matter, setting up channels for dialogue and communication with the main actors in the sector, etc.
 - Short Term Objectives: Setting up a new package of incentives for foreign investors and enterprises, a new collaborative dynamic with the private sector, reinforcing Joint Venture opportunities, etc.
 - Long Term Objectives: streamlining of relevant regulations, framing the new proposals under the Hybrid Public Private Partnerships (PPP) legislation, etc.

Action Plan for the development and stimulation of Clinical Testing

- Formulated with the purpose of **streamlining and fortifying Pharmaceutical R&D** in the country. The plan itself contemplates initiatives such as:
 - **Reinforcing the national legislation** on clinical tests.
 - Establishment of **a national dialogue forum** between policy makers and the professionals in the sector.
 - **5-to-7-year marketing plan** to boost interest in the sector.
 - **Public investment** in clinical infrastructure.
 - **Training programs** for technicians and clinical researchers.
 - **Standardizing clinical protocols** and creating a national database of potential participants.
 - **Bolstering international interest** in the national sector through ProPanamá.

Action Plan for the Development of the National Pharmaceutical Production

- Aims to **revitalize national and international interest** in Panama as a possible manufacturer and distributor of pharmaceutical goods. It focuses **on 3 main strategic pillars** through which to bolster the sectors growth (The British multinational GSK, the other 6 already existing local Panamanian production plants and other foreign businesses with interest in setting up a production line in Panamanian soil). Among its many proposals stand out:
 - **Bolster the availability and presence of professionals** in the pharmaceutical sector.
 - **Incentivize private manufacturing** through preferential contracts for the supply of the national health system.
 - Creation of a **national fund for the development of the pharmaceutical industry**.
 - Devise a **projection of pharmaceutical demand** at least 10 years into the future.
 - Reinforce **educational and university programs** related to the industrial production of pharmaceuticals.

Panama and Medicinal Cannabis as a business opportunity

- From a geographical and geostrategic standpoint, Panama possesses many notable advantages in the production of medicinal cannabis and its related derivatives; a chance that the Panamanian government hasn't let slip by. Through **Law 242, 1st of October 2021**, not only was the production and consumption of medicinal cannabis legalized in Panamanian soil, but also its importation, exportation and commercial use. As of September 2024, 7 companies have received licenses to produce and distribute medicinal cannabis in the country, jump-starting the exciting new sector:
 - Consorcio Panamericano de Cannabis
 - Consorcio Green Med
 - Consorcio Tilray Panama
 - Farma Verde Corp
 - Canna Med Panama
 - Consorcio Aweida Panama
 - Consorcio Ecovida

- Law 242 establishes **2 different types of licenses** to be granted by the Panamanian government regarding commercial activities related to medicinal cannabis: a license for the production of Cannabis-based products and a license for research and investigation into medicinal cannabis. Through these policies Panama aims to not only establish itself as a regional hotspot for medical logistics and production, but also spearhead the R&D and innovation competition.
- **Law 242 1st of October 2021 and what it entails:** Law 242, as well as the decisions of the Technical Body established by the ministry of public health, are the main sources of regulations on cannabis for research and commercial purposes in the country. Some of the key points regarding the legislation at the moment are:
 - During the initial trial period of 5 years, only 7 licenses are to be awarded by the Ministry of health (until 2026). After the trial period, this number cannot be decreased; only increased, and by the decision of the technical body and ministry.
 - Production must in all cases be intended for therapeutic and/or medical usage. A prevision of exports and certificate of the origin and purpose of the cannabis related products imported or exported is one of the requirements to opt for a license, be it research or production.
 - The standards and quality controls of the product will be held by the Ministry of Public Health, while the operation itself will answer to the relevant body set up by the Ministry of Agriculture.
 - Applying for any of the 2 licenses would require a single payment of 150.000 Balboas (US\$150.000).
 - Companies setting up operations will be able to import cannabis related products for the purpose of growing their own during the first 2 years.

Agroproduction Hub

- **Main Businesses**

- Agro & Food Integrity
- Urban Farm, Inc.
- Simply Natural
- Several Agritech Startups (Sprout AI, SL Goviya)
- ...

Agropark legislation and support

- Through **Law 196, 8th of February 2021**, the Panamanian government established its special regime for Agropark creation and financing in the country.
- **Hybrid Financing** of Agroparks through Banco Nacional de Panamá funds.
- **Collaboration with National and International technical institutes** for R&D in agrifood production.
- **Powerful and sustainable solutions** to the farming of the country's staple exports (Banana and other fruits, Panamanian Shrimp, etc.).
- Investors in Agropark enterprises will enjoy a **50% reduction on Income Tax** pertaining to the operation for 5 years.

Demand and Opportunities

- **Agropark fruits and vegetables:**

The Agropark model has helped bring private firms and investors into the agricultural fray, jumpstarting a sector that had always been in the hearts and minds of the Panamanian people into the XXI century. Banana, Avocado and Cocoa/Coffee are some of the country's most notable exports.

- **Opportunities for UK Exports:** While Panama is a prime destination for various types of produce, their distinct climate also means they're a net importer in many others, most notable of which being non distillate alcohol imports. In 2022, malt Beer imports rose to more than US\$126 billion, while wine imports amounted to a very respectable US\$28 billion.

- **Fisheries and sustainable farming:**

The republic's government has long upheld their support and interest in the development of the country's aquaculture in national soil and its adjacent waters. Panama has, in recent years, reinforced and reformed their fishery legislation in accordance with international standards, paving the way for a new era in their fishing production and exports. White leg Shrimp, Tuna and Salmon/trout are at the forefront of yearly yields in the country.¹⁷

- **Opportunities for UK Exports:** While Panama's fisheries are seeing a notable surge at the moment, even revising its possibilities for exploitation as of now, they're still a considerable importer of certain products, such as canned and tinned tuna, making up for more than US\$33 billion on imports during 2022.

- **Innovative technologies:**

Being a historically known net importer of foodstuffs, the recent push for food autonomy and agricultural modernization has boosted the demand for more technical solutions to the country's rising farming sector. The Agropark model of hybrid private/public financing poses an amazing opportunity for companies in the agrarian technological industry.

- **Opportunities for UK Exports:** local Panamanian cattle operations have been looking to make a resurgence in production during recent years. Renovating the traditional sector with the introduction of new technologies and practices has been a key objective in developing Panama's most rural areas, marking an opportunity for foreign agritech businesses to supply these local producers with technical assistance and training.

¹⁷ <https://openknowledge.fao.org/server/api/core/bitstreams/3830eea9-a5f7-4fb1-8b83-ff11cb926b4e/content>

- **Local sustainable produce:**

Panama's compromise to a national sustainable food ecosystem extends well beyond a commercial interest in the matter, pushing for agricultural modernization as a way to boost the development of its traditional rural areas. In this matter, companies like Tetra Pak¹⁸ have spearheaded the initiative, bringing technical support and training to Dairy producers all across the nation.

- **Opportunities for UK exports:** Panama's dairy demand exceeds its local productive capabilities by a wide margin, which also means it's a prime market for farmers and exporters around the world. The dairy and egg market in Panama is expected to grow annually by 5.97% over the rest of the decade¹⁹. In addition to this, Cheese imports rose to more than US\$60 billion during 2022, becoming one of the most competitive agricultural imports in the country.

For more information, please visit:

<https://www.propanama.gob.pa/>

<https://www.great.gov.uk/markets/panama/>

<https://logistics.gatech.pa/en/>

<https://www.panamaembassy.co.uk/>

**For tailored research or specific consulting services contact us at
info@harringtonblue.co.uk**

¹⁸ <https://www.tetrapak.com/insights/cases-articles/supporting-dairy-sector-panama>

¹⁹ <https://www.statista.com/outlook/cmo/food/dairy-products-eggs/panama>