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BUSINESS OPPORTUNITIES IN PANAMA

PANAMA REGISTER CONTINUES TO GROW, FEWER DETENTIONS

THE Panama Registry now has 8,644 vessels of more than 500 dwt entered with a total gross tonnage of 202.6m up from 8,605 vessels totaling 183.5m gt as of December 2008, according to Lloyd's Register. The Panama Maritime Authority said Panama's merchant fleet represents 21.87% of the world's total fleet. Despite increased vessel numbers, detentions of Panama-flagged vessels fell to 2.5%, down from 12.7%, Japan is the largest customer of Panama's Ship Registry accounting for 45.4% of the total fleet, followed by Korea, 7.1%, China, 6.7%, Greece, 6.4% and Taiwan, 4.3%.

The growth in tonnage of 10.08% in the past six months was made possible by the inscription of new buildings, and by the "friendly procedures we have implemented recently, also for the aggressive discounts and simplified process as per General Law of Merchant Marine No. 57 of August 06 of 2009" said Panama Maritime Authority Director of Merchant Marine Alfonso Castillero.

In August 2008, the Panama Maritime Authority's Marine Merchant Marine Directorate, which administers the Panama Registry, issued a resolution requiring vessels more than 20 years old to submit to a check by a recognized inspection organization (RO) before docking at a port within the Paris MOU. If the vessel failed to go through such an RO inspection, it could "be deleted from the registry or subject to a fine", the authority warned at the time. In addition, any vessels of that age that have been detained twice in six months will be cancelled from the register.

Although the measure was seen as drastic when implemented, the AMP says the results are already been noticed, said Mr. Castellero. During the first six months of 2009, Panama-flagged vessels detentions fell to 2.5%, down from 12.7%, said Mr. Castellero.

If you are interested in receiving details of business opportunities and commercial ventures in the maritime sector and details of Panama's Registry new incentives, please contact Mrs. Maria de Lourdes Marengo, mmarengo@pmaalawyers.com, and Mr. Belisario Porras, bporras@pmaalawyers.com

CANADA, PANAMA SIGN TRADE AGREEMENT

Panama President Ricardo Martinelli and Canada's Prime Minister Stephen Harper signed a free trade agreement that will enhance commerce between the two countries, during the first visit of an international leader since Mr. Martinelli took office July 1. The agreement will remove tariffs on 90 percent of goods imported from Canada, with those remaining to be phased out over the next decade.

Panama shipped up to \$3.4M of bananas, melons, pineapples and seafood to Canada last year, while Canadian exports to Panama totaled \$127.9m, up 48.1% on the previous year.

The new trade agreement will still have to be ratified by Congress in Panama and Canada.

If you are interested in receiving details of commercial ventures, please contact Ms. Ivette Martinez, imartinez@pmaalawyers.com

ST AEROSPACE RENEWS ACCORD WITH COPA AIRLINES

Singapore's based ST Engineering said its aerospace unit has signed a \$18.5M maintenance service agreement (MSA) with Panama's Copa Airlines.

ST Aerospace's three-year deal will cover maintenance, repair and overhaul of the airline's 28 Boeing 737NGs and 15 Embraer E-190s, as well as 11 E-190s from Copa-owned Aero República. The agreement is a renewal and expansion of the scope of an existing deal between both sides.

The new agreement renews the scope of the existing MSA, signed by the companies in August 2006, and follows the certification this April of ST Aerospace's Panama facility--Panama Aerospace Engineering (PAE)--to handle E-190 aircraft. PAE is located at the former air force base of Howard, Panama City, which is close to Copa's hub at Tocumen International Airport. To date, ST Aerospace employs and provides training to 220 people in Panama.

Copa Airlines currently offers 144 daily scheduled flights to 45 destinations in 24 countries in North, Central and South America and the Caribbean. It also provides access to more than 120 other international destinations through codeshare agreements with Continental Airlines and other airlines.

If you are interested in receiving details of commercial ventures, and in the aviation sector in particular, please contact Ms. Ivette Martinez, imartinez@pmaalawyers.com

PANAMA STOCK EXCHANGE AND LATIN CLEAR TO MERGE, GO PUBLIC

The creation of a publicly listed holding company for Panama's stock exchange and its central securities depository, Latin Clear, will likely be completed early next year, said Panama's Stock Exchange officials. "The two companies will remain separate because their businesses are complementary. However, in terms of growth strategies, associations with other bourses and depositories, integration and expansion plans there are a lot of synergies," said Roberto Brenes, chief executive of the Stock Exchange.

The Bolsa de Valores de Panama SA, BVP, and securities depository Central Latinoamericana de Valores SA, also known as Latin Clear, said in a joint statement Aug. 14 that their respective boards of directors will seek shareholder approval for the corporate restructuring.

The plan, which is subject to authorization by Panama's securities and banking regulators, would see BVP and Latin Clear stockholders swap their shares for new shares in a holding company. The head of BVP said the two firms are worth more together under the umbrella of a single company than as separate, independent entities.

BVP reported net profit of \$521,557 on revenue of \$1.72M last year, while Latin Clear had net profit of \$159,152 and sales of \$742,792.

If you are interested in receiving details of commercial ventures, please contact Ms. Ivette Martinez, imartinez@pmaalawyers.com

PANAMA IN THE INTERNATIONAL NEWS

PANAMA CANAL IN PACT WITH US PORT

XINHUA, THE BUSINESS TIMES
August 7, 2009

(PANAMA CITY)--- The Panama Canal Authority (ACP) has signed an agreement with Port Everglades of the United States to generate new business, the manager of the Panama Canal Authority (ACP), Alberto Aleman Zubieta, announced on Wednesday.

'The ACP and Port Everglades will work together to promote the commerce to Florida through the Panama Canal,' Mr. Aleman Zubieta said. He added that this agreement would allow the two sides to exchange information on their most recent modernization efforts and market analyses.

The modernization of Panama Canal began on Sept 3, 2007, at a cost of about US\$5.25 billion, according to the ACP.

Philip Allen, director of Port Everglades, said that ports on the East Coast of the United States, mainly in Florida, Georgia, South Carolina and Virginia, would all benefit from the modernization of the Panama Canal.

The commerce of Port Everglades with Asia and South America's West Coast through the Panama Canal registered 909,893 tons in 2008. This represented about 15 per cent of the cargo managed by the port.

Port Everglades, located in Florida, generates approximately US\$18 billion worth of business activity annually and provides about 185,000 jobs in Florida.

A TRANSFORMED PANAMA

SOVEREIGN SOCIETY

August 10, 2009

By Bob Bauman—I always enjoy my Panama travels, and the few days I spent there last week was no different. It's always good to see old friends and make new ones, and to gage the progress and growth this leading tax haven is making.

It is also good to know that the government of Panama is now under control of a new president, Ricardo Martinelli, and his conservative Alliance Party in the National Assembly. One change since my last visit in October 2008 is the massive redevelopment of the Panama City waterfront along Avenida Balboa, the major thoroughfare that crosses Panama City from its busy city center to the Casco Viejo, the oldest quarter that dates back to 1519.

On the Waterfront: In a period of less than a year the entire waterfront, formerly home to the worst traffic jams in the city, has been widened and improved with parks, recreation areas and parking, as well as 12 lanes of traffic where once there were only four. This massive project is called the Cinta Costera (coastal beltway) and stretches for about an impressive mile and a half. This project literally gives Panama City's impressive skyline, dotted with scores of high rises, a highly complementary Pacific Ocean front parkland and promenade that frame the downtown in a dramatic way. Highway, Canal Expansion: Equally impressive is the completion of the new multi-lane transcontinental highway linking Panama City on the Pacific with Colon on the Atlantic. This modern highway, built in parts over the last several years, replaces the old, narrow, winding two-lane road that was marked by treacherous curves and many accidents.

Along with the Panama Railway, travel from sea to sea can now be accomplished in about an hour, depending on traffic and the weather. (Panama's tropical rain storms can be fierce). The other major project underway is the modernization of the Panama Canal, the first major overhaul and expansion since the U.S. built waterway opened in 1912. This \$5.25Bn project, scheduled to open in 2014, will add a wider third lane to the ocean-linking waterway, doubling its vessel capacity and allowing for the first time transits by the world's largest cargo-carrying vessels.

"Under leaden skies, mammoth yellow vehicles prowl an enormous gash in the earth. Excavators, bulldozers and loaders relentlessly carve the rippled black and brown ground, reshaping nature's handiwork." That's how an excellent and informative article in USA Today began last week, describing the Canal project.

When it opened in 1914, the canal revolutionized sea transport. For ships steaming between California and the East Coast of the U.S.A., the canal, linking the Caribbean Sea to the north with the Pacific Ocean to the south, turned a 15,000-mile journey around the tip southern tip of South America at Cape Horn into a relatively swift, 6,000-mile transcontinental jaunt. Well before that, during the California Gold Rush of 1849, thousands of Americans trekked across Panama jungle on their way to the hunt for gold. "The creation of the Panama Canal was far more than a vast, unprecedented feat of engineering...Apart from wars, it represented the largest, most costly single effort ever before mounted anywhere on earth," historian David McCullough wrote in his magisterial account of the canal, *The Path Between the Seas*.

The U.S. exclusively operated the canal and the surrounding Canal Zone as its own colonial fiefdom until 1977, when it agreed to return the area to Panamanian sovereignty. On New Year's Day 2000, Panama finally assumed full responsibility for canal operations, amid widespread American doubts about the abilities of local officials. A recent Business Week headline reads: "Retirement: Why Panama is the new Florida" and continues, "Panama's quality health care, low costs, and proximity to the states are attracting American professionals as a retirement haven."

According to a report by the Migration Policy Institute, the number of Panama visas issued to U.S. citizens began to rise dramatically after 2003, and an estimated 25,000 U.S. expatriates live here today.

During my visit to Panama I witnessed a new wave of immigrants arriving in Panama -- exiles from Hugo Chavez' socialized Venezuelan police state, and North Americans seeking an escape from the recession. Panama City's condo and apartment supply is in major surplus and real bargains are available.

TOURISM IN PANAMA IS BOOMING

ETURBONEWS.COM

August 7, 2009

In the short span of the past six years, Panama's tourism arrivals have more than doubled, while tourism-based revenue has more than tripled, according to the Panama Tourism Authority. This growth, along with farsighted, tourism-friendly laws and tax incentives, has opened the floodgates for investment in the country.

These funds are being channeled back into the tourism sector by way of improving infrastructure facilities, including power plants, telecom projects, overpasses, roads, highways, and bridges. In fact, the governments of Panama and Costa Rica have announced plans to build a temporary bridge over the Sixaola River, which will eventually be converted to a permanent bridge, costing US\$13.4 million and increasing the connectivity between the countries. One of the most notable improvements is the US\$5.25Bn Panama Canal expansion project, which will double the canal's capacity and allow more traffic.

Recently, focus has also turned to the Enrique Malek Airport in David, the capital of the Chiriquí Province and gateway to the islands in the Gulf of Chiriquí. In early 2007, Gregorio Montecer, engineer and advisor to the director of the Civil Aeronautical Authority, unveiled a US\$10M expansion plan for the David airport to be completed by 2015. Upon the conclusion of the first phase of the project - a US\$2M investment to be completed this year - the upgrades to the runway will allow the David airport to accommodate commercial jets as large as a Boeing 737. Local developers have begun discussions among each other and with Panama's tourism authority about how to leverage these upgrades into regular international flights.

"This area has seen a vast improvement of physical, economic, and social infrastructures in recent years," said Ben Loomis, president of Amble Resorts, which is currently planning the development of a new eco resort in the Gulf of Chiriquí, the Resort at Isla Palenque. "In addition to the airport expansion, roads are being improved and new, high-quality health care facilities are being built. This expansive growth plus its incredible natural beauty makes the Gulf of Chiriquí an ideal location for our new island resort."

"After 30 years in Costa Rica's Guanacaste Province, my choice in Panama to invest would be the coastal region of the Province of Chiriquí," said Jim Procter of Panama Guru. "It already has an international airport, the sport fishing is as good as it gets on the

Central American coast, and it offers westerly views with sunsets over the islands speckled around the Gulf of Chiriquí.

Boutique hotels are slowly sprouting up so that's where my chunk of cash would go."

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