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LATEST NEWS FROM PANAMA

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BUSINESS OPPORTUNITIES IN PANAMA

SPAIN FCC TO BUILD HOSPITAL CITY

A \$587m contract was awarded to a consortium led by Spain-based FCC Construction for the design, construction and financing of Panama new Hospital City. The contract was awarded by Panama Social Security (Caja de Seguro Social) in an international bid in which four other international consortia participated.

FCC Construction is already involved in the construction of the subway Line One, the construction of the new hospital Luis Chicho Fabrega and two more contracts in public works. With the future Hospital City, FCC Construction has been awarded a total of \$3bn contracts.

The future installations will have a total space of 209,000 square meters and will include 49 operating rooms with 1,700 beds.

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

MORE SPACE FOR GROWTH IN COLON FREE ZONE

The Colon Free Zone (ZLC, Zona Libre de Colon) will be expanded to include a further 280 hectares in the area of Coco Solo.

Panama's Cabinet Council has authorized the Ministry of Economy and Finance (MEF) to sign over the deeds of 12 plots of land to CFZ which together have a total surface area of 280.4 hectares. The land will now be incorporated in the expansion plans for the industrial and commercial activities of the free trade area. Land concessions for 20 years will be awarded to companies seeking to set up operations in the area.

If you are interested in receiving details of commercial ventures and opportunities, please contact Ms. Khatiya Asvat, kasvat@pmalawyers.com

CONTAINER MOVEMENTS UP 20%: JANUARY-AUGUST 2011

Panama ports moved 4.2m 20-ft containers during the first eight months of 2011, an increase of 20.5% compared to the same period in 2010.

Using these figures, port operators estimate a total of 6m teus would be moved by the end of the year, which represents about 500,000 more than in 2010. But many port operators are cautious to forecast the activity in 2012 due to the possible impact of the world trade crisis and its effects on the economies of Europe and the United States.

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

PANAMA TO NEGOTIATE TAX AGREEMENT WITH THE UK

Panama and the United Kingdom have agreed to start meetings in Panama, in order to sign a Double Taxation Treaty.

Following a visit by the Minister of Economy and Finance, Frank De Lima, to Britain, and also his meeting with David Hartnett of HM Revenue and Customs, both officials have agreed to start meetings in Panama, with the view to signing a Double Taxation Treaty.

The Minister of Economy and Finance Frank De Lima said that in the last two years, the Republic of Panama has developed a strategy to protect international competitiveness of services, making a commitment to adhering to international conventions and agreements on double taxation. As part of this strategy, he has reorganized the High Commission for the Protection of International Financial Services, which is led by Minister De Lima on behalf of the Ministry of Economy and Finance. The head of the MEF has also added new concepts to tax law that did not previously exist, such as transfer pricing and tax residence, and has also given authority to the Department of Revenue (DGI, Direccion General de Ingresos), to exchange information with countries with which Panama has a tax treaty. In addition, said De Lima, the 'Know Your Client' policy was enacted for resident agents in tax matters.

If you are interested in receiving details of financial ventures and additional information on financial opportunities, please contact Ms. Ivette Martinez, imartinez@pmalawyers.com

IMF: PANAMA GROWTH TO EXCEED 8.5% IN 2011

The Panama Canal's expansion is driving growth and demand in Panama, where economic growth is set to exceed 8.5% this year, making it one of the fastest-growing countries in the Western Hemisphere, said the IMF.

"Near-term prospects are favorable, although global risks associated with economic activity and financial stability are on the rise," the IMF said in a statement at the end of regular economic consultations with Panama's authorities, last November.

It said inflation would likely remain relatively high in Panama, but should gradually decline as global commodity prices ease.

\$153M INVESTED IN NEW TOURISM PROJECTS

Between January and October, Panama Tourism Authority (ATP, Autoridad de Turismo de Panama) recorded a total of 33 new tourist developments.

New projects submitted during this period exceeded both in number and amount of investment to those recorded in 2010. Of the new developments, 66% will be built in the Province of Panama, and the rest in the provinces of Chiriqui and Colon. The most representative projects are the Ramada, the Farallon Beach Resort and the Hyatt Place Panama, according to the records of the management of tourism enterprises in the ATP. In total, 33 projects will add 812 new rooms to the market.

If you are interested in receiving details of commercial ventures and opportunities in particular in the tourism sector, please contact Ms. Khatiya Asvat, kasvat@pmlawyers.com

PANAMA IN THE INTERNATIONAL NEWS

GROWING INVESTMENTS IN PANAMA'S PACIFIC REGION

CENTRAL AMERICA DATA NOVEMBER 15, 2011

In recent years, more than \$300m have been invested in the hotel sector along the coastline of Punta Chame and Rio Hato. Employers in the hospitality industry are betting on the growth of the area, in which several hotels are already operational and several others are expected to open in the coming months.

The growth experienced by this area is not new. Since 2001, five resorts have been built, which along with the existing hotels, now means there are a total of 3,500 rooms for tourists. While industry representatives are satisfied with the performance shown by the area in terms of tourism, many believe that there is room for further growth. The

projects that have begun to develop are proof of this, such as the Casamar Marriott hotel, which will be on a five-acre property in the area of San Carlos. This hotel, which represents an investment of \$40m and will be ready in 2014, will offer a hotel tower as well as apartments and villas. It is hoped that the opening of the airport in Rio Hato, which requires an investment of \$52m, will increase the development of the area and attract even more tourists.

Maruquel Galvez, manager of RG Real Estate, which owns the Playa Blanca and Royalton Hotels, formerly Nikki Beach, said that the Pacific beach area is still on the rise, and needs new products to capture the attention of tourists looking for more than a beautiful beach.

Although there are no further details, two new beach hotels are planned, and should begin operations in 2013. The airport will be built by Costa Rican company Meco, for a total of \$52 million, and is due to open in late 2013."

PANAMA CHAMBER OF SHIPPING OPENS MEMBERSHIP TO INTERNATIONAL SHIPOWNERS

MARINE LINK, HELLENIC SHIPPING NEWS NOVEMBER 17, 2011

For the first time in its history, PANAMA CHAMBER OF SHIPPING (Camara Maritima de Panama, CMP) has opened its membership to international shipowners with vessels registered in Panama – making it the equivalent of a Panamanian Shipowners' Association.

Jose Digeronimo, chairman of the Panama Chamber of Shipping said: "There are over 9,000 vessels registered under the Panama flag, and our aim is to involve and help shipowners with representation, information, education, networking, trade missions and most important, lobbying on their behalf".

Digeronimo added: "I am sure that by joining, shipowners will realize added value, as we are the shipowners' representatives in all the tri-partite meetings being held in Panama in respect of the Maritime Labour Convention." He continued: "With the latest ratification, 20 ILO member states, representing over 54% of the world gross tonnage of ships, are now parties to the Convention. Of the 20 ratifications, nine have been received in 2011. It is expected that the additional 10 ratifications will occur in the next two months making it possible for the MLC, 2006 to enter into force in 2012."

Other reason to join Panama Chamber of Shipping is that it can afford its members representation before the Panama Canal, the Panama Maritime Authority, the Colon Free Zone, and the whole of the local maritime cluster.

Earlier in the year, during a visit to Panama, the Panama Chamber of Shipping presented to Navios Holdings Chairman and Chief Executive Officer Angeliki Frangou, the PCS International Member Certificate number 0001, as recognition of the many years in which her company has been a supporter of Panama.

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