



BUSINESS LETTER

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BUSINESS OPPORTUNITIES IN PANAMA

Colombian investments top \$ 1.7Bn

Colombian investments in Panama have reached \$1.7Bn for the past five years of which \$900M belong to real estate investments. In the Colon Free Zone, Colombia is the second best customer of the Free Zone following Venezuela which had been traditionally on the top of the list. Colombia represented 18% of the total Free Zone transactions in 2007 and 2008. In the tourism sector, Colombia ranks second after the US. Last year, 18.41% of the 1.13M tourists who visited Panama were Colombians and for the first two months of 2009, they represent 29% of the visitors, including 5,697 Colombians who came to Colon for a cruise in the Caribbean on the Royal Caribbean Lines (RCL) 'Enchantment of the Seas', departing from Colon-home port.

If you are interested in receiving details of commercial ventures, please contact Ms. Ivette Martinez, imartinez@pmalawyers.com and if you are interested in receiving details of the new Immigration Law and of the process to obtain an investor's visa, please contact Ms. Jazmina Sanchez, jsanchez@pmalawyers.com

PORT ACTIVITY UP IN JANUARY-FEBRUARY

PANAMANIAN ports reported a box throughput growth of 1.5% during the first two months of 2009, to 690,000 teu. PANAMANIAN ports reported a

box throughput growth of 1.5% during the first two months of 2009, to 690,000 teu. Manzanillo International Terminal and Hutchinson's Cristobal posted growth of 12% and 50.5%, respectively, while Evergreen's Colon Container Terminal and Hutchinson's Balboa registered falls of 26.9% and 1%, respectively. Panama box throughput grew 14% in 2008 to 4.65M teu.

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

PANAMANIAN WILL GO TO THE POLLS, MAY 3

On May 3, Panamanians will go to the polls to choose the President and the Vice President for a 5-year term. The current President, Martin Torrijos is not eligible for a second consecutive term. Some 1, 594 positions will be subject to the decision of 2.2M people. In addition to the presidency, Panamanians will elect 71 deputies to the National Assembly, 75 mayors, 623 representatives, seven councilmen and 20 legislators to the Central American Parliament.

Up to now, it is scheduled that for the vote, 5,613 tables will be enabled in 2,382 voting centers, together to 1,706 Panamanians that will exercise the vote abroad for the first time.

PANAMA, BELGIUM SIGNED INVESTMENT PROTECTION ACCORD

During an official visit of Belgium Prince Philippe, Panama and Belgium signed an agreement on the protection of investments. The accord was signed by Panama's Foreign Minister a.i. Ricardo Duran and Belgian Business Minister Vincent Van Quickenborne.

Mr. Van Quickenborne noted the importance of such an accord at a time when trade is increasing between the two countries and in view of the growing interest from Belgium investors and companies, many of which are participating in the bidding process for the Panama Canal locks construction. The agreement would guarantee the juridical security of investments made in both countries, said Panama's Deputy Minister of Foreign Trade.

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

PANAEXPO 2009 TO PROMOTE PANAMA'S REAL ESTATE IN CANADA

PANAEXPO 2009, the real estate fair will take place at the International Mississauga Center, in Toronto, Canada, from April 24 to April 26. The fair aims at showing Canadians, that Panama is the ideal place to retire or have a second home under the sun.

Representatives from real estate agents, property developers and lawyers will be at the fair ready to give advice to prospective buyers. Panaexpo executive director Vladimir Reznik said that Canadians are very interested to invest and live in Panama because of its stability and that a fair is the best way to promote the country and will prove an excellent platform to do so.

Five years ago only 17,000 Canadians came to Panama. In 2008, more than 47,000 visited the isthmus for their holidays or looking to buy property.

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PANAMA IN THE INTERNATIONAL NEWS

PANAMA SEES GROWTH AT LEAST 3% IN 2009

**REUTERS,
March 29, 2009**

MEDELLIN, Colombia, March 29 (Reuters) - Panama's economy will grow at least 3 percent this year and in the worst case scenario, the country could register a fiscal deficit of 1 percent of its gross domestic product in 2009, Economy Minister Hector Alexander said on Sunday.

Panama's economy depends heavily on international trade, which has been slowed by the global economic crisis. Around 5 percent of global trade passes through the Panama Canal.

"Exports have slowed down and the same for construction, which had been very dynamic," Alexander told reporters at the Inter-American Development Bank meeting in Medellin.

The World Bank had said it sees Panama's economy expanding 4.5 percent in 2009, down from the 9.5 percent growth outlook that the Panamanian government had expected for this year

PANAMA ECONOMY

GATHER.COM

April 3, 2009

Contrary to the majority of its neighbors of Central America, Panama, thanks to its bankings and commercial international, is a country economically strong.

It has an impressive banking environment which owes its prosperity with its strict laws in terms of bank secrecy and commercial. Panama Canal is also an important source of revenue (ships which cross it are subjected to a toll) and tourism plays a determining role in the nation's economy. The free zone of Colón is the second zone of free trade in the world after HongKong. Approximately 30% of the commercial exchanges pass by this zone located close to Panama Canal.

The agricultural activities, which include fishing, the breeding and the forestry development, employ nearly 30% of the population. The principal cultures of Panama are the banana, rice, the corn, the beans, the cane with sugar and the banana plantain. One raises cattle there, pigs and poultries and one fishes there lobster, fish and shrimps.

The United States is the first business partner of Panama, with 34% from its imports and 65% of its exports. Costa Rica and Germany are also of

important business partners of the country. Principal exports of Panama are the bananas (25%), the shrimps (19%), clothing, sugar and the coffee (5% each one).

TRANSFORMING A COUNTRY'S PROSPECTS DREDGING AND PORT CONSTRUCTIONS April 2, 2009

By Tony Slinn, Editor--Britain's Prime Minister Gordon Brown and America's President Barack Obama have spent thousands of billions bailing out assorted floundering banks and major firms – while Panama is spending just \$5.25Bn to ensure it remains a maritime world player.

The Panama Canal Expansion Project will give a new definition to the word 'Panamax' – vessels up to 49m wide, 366m long and with a 15m draught. And they'll include 12,600teu box ships and 170,000dwt cargo vessels.

As I write, having just returned from the joint CEDA-WEDA-ACP congress in Panama City, the project was on time and under budget – although the toughest challenges still lie ahead. Confidence in the Panama Canal Authority's (ACP) ability to make it all work is evidenced not only by Moody's A2 investment rating for the project (higher than the country's overall A3 rating!), but in the \$2.3Bn advanced by a consortium of global multilateral finance agencies on what can only be called terms favourable to the ACP. And they pledged the cash last December at the height of credit crunch fears.

While I was there, the all-important bids for the new sets of locks were announced with three multinational joint ventures spending upwards of \$20M each on the tenders alone. Best guess is that we'll probably have to wait until July to find out who's won. At the same time, the Panamanian government is seriously upgrading infrastructure around the country, not least by building new highways to support the 'dry' transshipment of cargoes.

The ACP also announced specifications for the Atlantic entrance dredging contract that now has every major dredging contractor burning candles late into the night to ensure they get it right. A further contract to deepen the Atlantic outer harbour area is likely to follow soon.

Alongside dry excavation of new sections of the canal, 'proper' dredging is well under way. Dredging International won the Pacific entrance deepening contract, worth \$177.5M, and Jan De Nul is chartering the backhoe Il Principe for around \$10M a year to help ACP's CSD Mindi and dipper Rialto M. Christensen to dredge both Gatún Lake and the Culebra Cut. It's not just the money though.

"When our CSD Vlandereen XIX sailed under the Bridge of the Americas and into the Panama Canal – well, it was a very special feeling," DI's Central American area manager, Hugo De Vlieger, told me. I can understand that: it's not often that you get a chance to make history.

CHINESE PANAMANIANIANS CELEBRATE THEIR DAY XINHUA AGENCY March 31, 2009

PANAMA CITY, March 30 (Xinhua) - Panama's Chinese community has made tremendous contributions to the development of the country for more

than 150 years, local Chinese community leader said on Monday, the Chinese Ethnic Group Day.

"In recognition of these contributions, the Panamanian government in 2004 set every year's March 30 as the Chinese Ethnic Group Day," Sergio Lay, vice president of the Chinese Association of Panama, told Xinhua. Chinese in Panama are outstanding in politics, culture, and sports, among many other fields, Lay said.

Former Panama's comptroller and immigration director Jose Chen Barria; painter Manuel Chong Net; poet and literary critic Cesar Young; singer Brenda Lao are outstanding representatives of Chinese Panamanians. "We hope young Chinese Panamanians will carry on the fine traditions of hard working, and honesty that we have taught them," Lay said.

Panama's Chinese community, with a population of roughly 200,000, is the largest in Central America.

According to historical records, the first group of Chinese laborers arrived in the country on March 30, 1854 by way of Canada and Jamaica to work on the Panama Railroad, which links the Atlantic Ocean to the Pacific Ocean across Panama.

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