

Welcome from Marco Forgione – Director General of the Institute of Export & International Trade



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This 'Doing Business in Panama' guide looks at a market with genuine strategic importance, situated, as it is, between the North and South American continents, neighbouring Costa Rica and Colombia by land, as well as Ecuador by sea. The country is perhaps most famous for the Panama Canal – an impressive feat of engineering, connecting the Atlantic and Pacific Oceans. 15,000 vessels traverse it each year and it plays a vital role in both Panama's economy and, more broadly, global trade. Panama continues to invest heavily in its infrastructure, including an ongoing expansion of the canal.

There is more to Panama than the canal though. It has a diversified economy, with banking, tourism and commerce all prominent, and it experienced unprecedented growth of almost 7.2% annually between 2001 and 2013 according to the World Bank, making it the second-fastest growing economy in Latin America. According to the OEC's Economic Complexity Index in 2017, it is the 56th most complex economy in the world and the 119th largest export economy. It is also host to the world's second-largest Special Economic Zone – the Colon Free Trade Zone – and a party to

20 free trade and association agreements, including the European Union-Central American Association Agreement.

In 2017, its top exports (by HS code) were refined petroleum, coal tar oil, bananas and passenger and cargo ships, while it is a large importer of refined and crude petroleum, packaged medicaments and oxygen amino compounds. Its top export destinations are nearby Ecuador, the Netherlands as a route into Europe and the United States. Its top import origins are China, the USA and Colombia.

The value of UK exports to Panama in 2017 was \$175 million with hard liquor, packaged medicaments, glands and other organs, and cars the main products exported. However, with its stable government, pro-trade outlook and English widely spoken, there is no reason why more UK businesses shouldn't be looking to Panama as a future export destination. As with any market, you need to make an effort to embrace the country's culture and do some proper market research before committing to it.

Panama's population of over four million tends to be influenced by both North and South American cultures, weaving together a complex and diverse society. 85% of the population is Roman Catholic, owing much to its Spanish colonial history, and family relationships are extremely important, often trumping individual and business commitments.

Panamanians are pro-business and keen to work with international partners. English is spoken by most people, particularly in business, though translating documents and business cards into Spanish will earn their respect. As with many Latin business cultures, Panamanians are flexible in regard to time, so don't expect meetings to start exactly when scheduled.

Panamanians also value systems of hierarchy and social structure, so ensure you use appropriate titles when meeting prospective partners and dress in a business-like way. The line between professional and personal relationships can also be unclear at first. However, this is something to embrace – global trade is fundamentally about people after all.

The guide will tell you more about this vibrant market and the Institute is, of course, on hand to support businesses looking to export there through our training, qualifications, technical helpline and other membership benefits.

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