

# Surprisingly Different Panama

## Country Overview

## The Real Face of Panama

Logistics, tourism and real estate are set to drive Panama forward as the country is confident that its best days are yet to come.

For more than 100 years, Panama has been synonymous with the canal that bears its name. The waterway has helped Panama develop into one of the most prosperous nations in the region, with an economy that has become one of the fastest-growing worldwide. While recently this progress has been overshadowed by the 'Panama Papers' revelations, the country confidently charts its path forward. There is more to Panama than just financial services, and the nation has been busy preparing its economy for the future. The newly expanded Panama Canal is expected to bring substantial revenue in the years ahead, and excitement about emerging opportunities in areas such as logistics and manufacturing can be felt throughout the country. At the same time, sectors such as tourism, agriculture, real estate and construction are regularly competing for investor attention and are growing at a healthy rate. Panama's diversified economy is demonstrating that it is rife with opportunities, and in realising its potential Panama's biggest advantage remains its oldest – location, location, location.



### Between Oceans and Continents

Home to just under four million inhabitants, the Republic of Panama is located between Costa Rica and Colombia, forming the narrowest and lowest portion of the Isthmus that links North and South America. The country has a coastline of 788 kilometres on the Atlantic Ocean and 1,400 kilometres on the Pacific Ocean. Panama City is the country's capital and the principal commercial centre. It lies on the Gulf of Panama in the Pacific Ocean.

Colón, the country's second largest city, is located on the Caribbean Coast. While Spanish is the official language of the country, English is widely spoken and is one of the commercial languages. Panama has a warm tropical climate, and seasons are divided into wet and dry. The dry season lasts from mid-December through to the beginning of April with daytime temperatures between 28-32° Celsius. The wet season lasts from mid-April to late December, and temperatures drop a few degrees. ►

PANAMA FEATURE

### From Spanish Colony to Independent Nation

The home of several native American peoples, such as the Guna and Emberá, Panama became the first Spanish colony on the Pacific in 1538. It remained a part of the Spanish empire for nearly 300 years until 1821 when it was absorbed by Colombia. Panama attempted to split from Colombia three times during the 19th century, but it was not successful until a US-backed attempt in 1903. At that time, the United States also secured a sovereign zone in which to build the Panama Canal – which was completed in 1914 and remained under US control until 1999.

Today, Panama is governed by President Juan Carlos Varela, who won the last election in 2014. Varela has been President of the Panameñista Party, the third largest party in Panama, since 2006. With over 39% of the votes, he won against the Cambio Democrático Party. His government's strategic plan for 2015-19 outlines public sector investment projects of around US\$20 billion. Varela is also keen to improve Panama's perception and enable it to play a greater role in the region. The country already hosted the Summit of Heads of State and Government of the Americas in 2016, an honour that is a reflection of Panama's growing importance as a strategic hub in the Americas.

### A Strong Economy

Blessed with a unique geographical position, Panama has shown strong economic growth over the last decade. According to the World Bank, between 2001 and 2013, its average annual growth rate was 7.2%, more than double the average in Central and South America. In 2014, growth slowed slightly to 6.2%, while its GDP expanded by 5.8% in 2015. Panama's



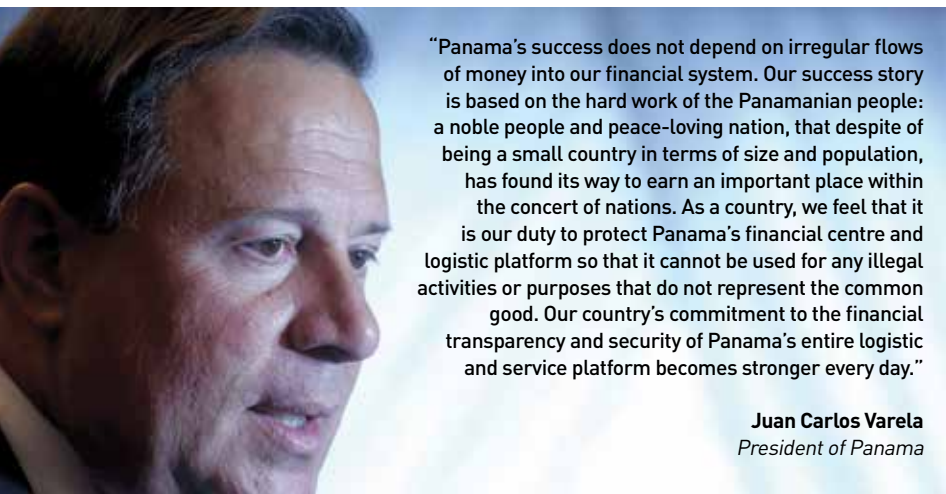
Courtesy of the Panama Canal Authority

economy is based primarily on a well-developed services sector in areas such as financial services, transport, shipping, real estate and tourism. However, the country is keen to widen its economic appeal and is on its way of becoming a manufacturing and logistics hub.

This year, Panama's government expects growth of 6.2%, a forecast that institutions such as the International Monetary Fund (6.1%) and the World Bank (5.9%) share with only slight deviations. Growth will be mainly driven by large projects such as the construction of an additional metro line in the capital Panama City, investments in the energy and mining sectors, as well as a boom in maritime and logistics business as a result of the expansion of the Panama Canal. Foreign investment is also seen as a key contributor to Panama's future prosperity, and the government is expecting FDI inflows in the region of US\$5 billion in the next couple of years.

### The Big Attraction

Panama is one of the best-connected countries in the world, boasting the two leading ports in Latin America on the Pacific and on the Atlantic side, as well as an airport in expansion mode that seeks to establish the country as an important aerial hub. It comes as no surprise that Panama is already the logistics hub of the Americas. The vessels of German container shipping lines such as Hamburg Süd, Hapag-Lloyd and Rickmers regularly pass through the Panama Canal. Expectations are high that the waterway's expansion will bolster its importance as an engine of growth. The US\$5.25 billion expansion, which was inaugurated in June 2016, made it fit for the passage of Neopanamax vessels of up to 13,200 TEU. The Panama Canal Authority (ACP) projects a 50% increase in tonnage by 2025, which will directly boost GDP. However, the expansion could have an even larger impact on related logistics, maritime and commerce activities. Major investments in ports and logistics facilities are already under



"Panama's success does not depend on irregular flows of money into our financial system. Our success story is based on the hard work of the Panamanian people: a noble people and peace-loving nation, that despite of being a small country in terms of size and population, has found its way to earn an important place within the concert of nations. As a country, we feel that it is our duty to protect Panama's financial centre and logistic platform so that it cannot be used for any illegal activities or purposes that do not represent the common good. Our country's commitment to the financial transparency and security of Panama's entire logistic and service platform becomes stronger every day."

**Juan Carlos Varela**  
President of Panama



"Germany has been gaining importance as a trading partner for Panama. In 2015, exports to Germany amounted to US\$91.8 million,

making Germany Panama's second most important trading partner after the US. There are great opportunities for further cooperation in areas such as logistics, agri-food business and particularly energy. Panama is currently looking at new ways to meet its energy needs, and Germany is a country that has the knowledge and the technology to implement alternatives."

**Nestor Gonzalez**  
Vice Minister of Foreign Trade



## PANAMA FEATURE



### Panama at a Glance

**Capital:** Panama City • **Type of Government:** Constitutional Democracy  
**Size:** 75,517 square kilometres • **Population:** 3,968,449 (2015 estimate)  
**Languages:** Spanish (official), English (commercial)  
**Climate:** Tropical, with an average temperature of 27 degrees Celsius  
**Currencies:** Balboa, US Dollar • **Time:** EST (UTC -5) •

way. Panama also hosts the world's largest international shipping register, with more than 8,000 vessels - 18% of the world's total merchant fleet - flying the Panamanian flag.

#### A Country Full of Opportunities

Tourism is another sector growing at a rapid rate. In 2015, the number of foreigners who visited Panama grew by more than 10%, reaching 2.5 million. Real estate and construction are also thriving, and Panama is home to some of the most stunning developments in Latin America. Due to its strategic location and incentives, the country has also succeeded in attracting the regional headquarters of multinational firms, with some 125 headquarters being based in the country. This has spurred demand for both offices and housing.

Today, around 50% of FDI in Panama is reinvestment, which serves as a testament to the country's business-friendly environment. Keen to capitalise further on its geographic position and skilled workforce, Panama pitches itself as a first-class base for advanced manufacturing and a top-notch distribution platform. Mining is another area that is set for growth, with the construction of a new US\$5.48 billion copper mine. While Panama has long been successful in exporting services, investment such as this will see the country grow in the area of materials and goods. There are also interesting opportunities in the energy sector as Panama has just approved its national energy plan, which places a strong emphasis on renewables, an area in which Panama lacks behind.

#### Improving Perceptions

On the back of its dollarised economy - the US dollar is legal tender in Panama since 1904, although there is a national currency, the balboa - and an investment-grade credit rating, Panama has emerged as an international financial centre and Latin America's banking hub. Today, some 90 banks have established operations in Panama, and the World Economic Forum ranks the sector as

the 11th soundest in the world. Panama is also home to an asset management industry, while services such as insurance and re-insurance are growing. Panama's capital markets are highly internationalised, both in terms of capital flows and the organisations involved. Additionally, the country is hosting Latin America's first diamond exchange.

However, and despite of its high level of service sophistication, events such as the 'Panama Papers' revelations show that more needs to be done to future-proof Panama's finance centre, although the country has already made some notable progress. In February 2016, the Financial Action Task Force (FATF) removed Panama from its grey list of countries with strategic deficiencies in the area of Anti-Money Laundering and Combating the Financing of Terrorism. While many in Panama feel the country has been unfairly labelled as a tax haven as a result of the leaked documents relating to offshore corporations, and point to the global dimension of tax evasion and financial crime, greater transparency and accountability are key themes going forward.

#### A Formula for the Future

The prospects are good that Panama's economic boom will continue and even accelerate in the years ahead. While critics say Panama has prioritised infrastructural improvements over social and institutional development, Panama's leaders are convinced that public spending provides the right platform for private investment and sustainable growth. ■



"Panama has made much progress in the field of financial transparency, and our banking centre has grown year after year in tandem with measures and efforts

to combat money laundering and other illicit activities. Our financial sector is healthy and robust, obviously, there is always room for improvement. We are convinced that a more transparent Panama will bring increased benefits to the national economy in the long term."

#### Dulcideo de la Guardia

*Minister of Economy and Finance*



"We are investing heavily in infrastructure, which we consider crucial to develop a competitive economy. We are currently building

a second metro line, while the expanded Panama Canal will affect world trade as it will change some of the routing patterns. For instance, the majority of large LNG ships carrying natural gas from the US to Asia can now pass through the canal. We are expecting that the canal will add an additional US\$400 million to our economy in the first year of operation, and this figure is set to grow in the following years."

#### Roberto Roy

*Minister for Canal Affairs*



"Panama is a relatively small country, but investors need to look at Panama as the entry point to a market of 300 million middle class

consumers in Latin America, as well as an access point to many other markets in the world. This is also one of the reasons why Panama is so attractive for multinationals to set up regional headquarters."

#### Alberto A. Alemán

*Director, PROINVEP Panama*

PUBLISHED BY



**CountryProfiler**

E: [info@countryprofiler.com](mailto:info@countryprofiler.com)  
W: [www.countryprofiler.com](http://www.countryprofiler.com)

Regional Director: **Garvan Keating**

[keating@countryprofiler.com](mailto:keating@countryprofiler.com)

Head of Inflight Media: **Beatrice Collet**

[collet@countryprofiler.com](mailto:collet@countryprofiler.com)

Editor: **Sonja Lindenberg**

[lindenberg@countryprofiler.com](mailto:lindenberg@countryprofiler.com)

Administration: **Melissa Puglisevich**

[puglisevich@countryprofiler.com](mailto:puglisevich@countryprofiler.com)

# Tocumen International Airport Prepared for Take Off

While the expansion of the Panama Canal has been completed, construction works on another important infrastructure asset are still ongoing as Tocumen International Airport seeks to strengthen its position in the premier league of global hub airports.

Dubbing itself the 'Hub of the Americas', Tocumen International Airport (TIA) intends to fully cash in on the region's projected growth in trade and transit passengers. TIA is already Central America's busiest and fastest-growing airport, registering a record of 13.4 million passengers in 2015. The construction of a new terminal is currently under way to allow the airport to handle more than 18 million passengers per year. Once completed at the end of 2017, the modern building aims to rival the iconic terminals of airports in Asia, the US and the Middle East. To boost its status as a top cargo hub, TIA is also investing in new logistics facilities, while the development of an entire airport city is also on the drawing board. "We want to be a big player on the world stage and the most important player in Latin America," says Joseph Fidanque III, CEO of Tocumen International Airport, underscoring the airport's ambitions.

## Gateway Position

TIA is Panama's main airport, located 24 kilometres east of Panama City. Panama's geographic position in the heart of Central America makes it an ideal hub connecting South and Central America with markets in the US, Canada, the Caribbean Islands and beyond. Today, passengers and cargo can benefit from connections to some 92 destinations. For the past six consecutive

years, TIA has topped the rankings in Skytrax's Airport Awards, a global benchmark of airport excellence, in the categories "Best Airport in Central America" and "Best Airport Staff in Central America". Tocumen SA, a private company whose shares are owned by the Panamanian government, took over the airport's operations in 2003. Since then, an extensive programme of expansion and modernisation has been under way, which has supported continuous growth in air traffic.

## A Series of Makeovers

"Passenger numbers have grown on average 10% annually over the past six years," says Fidanque III. The first in TIA's series of makeovers, which finished in 2006, involved expanding the main passenger terminal, as well as the redesign and renovation of the original cargo terminal in addition to the construction of new cargo buildings. The second phase, which started in 2008, saw the construction of a new north passenger terminal and related infrastructure, while the third phase, the construction of Terminal 2, is scheduled for completion at the end of 2017.



"Our new logistics centre offers companies warehousing space right next to the terminal. This is especially interesting for containers that arrive via the Panama Canal," says Joseph Fidanque III, CEO of Tocumen International Airport.

## A Spacious Terminal

The new 116,000 square metres terminal will be located 200 metres south of the existing passenger complex and will provide 20 additional gates. More than 50% of the construction works have already been completed, and the plan is to open the terminal progressively. It will become fully operational during the first six months of 2018. Designed by architects Foster and Partners, the new terminal is set to improve the airport's operational efficiency. Two symmetrical wings of piers extend to the east and west from a central concourse, and the entire building is unified beneath an aerodynamic bronze-coloured roof. "This design has allowed us to minimise walking distances for passengers, while accommodating a large number of aircraft," says Fidanque III.

## Maximising Cargo Potential

The US\$1.3 billion project also includes the construction of new cargo facilities. "Our new logistics centre offers companies warehousing space right next to the terminal. This is especially interesting for containers that arrive via the Panama Canal. We have frequent connections to many Latin American and US cities, and we are an excellent airport for so-called



## PANAMA FEATURE



**THE NEW 116,000m<sup>2</sup>** terminal will be located 200 metres south of the existing passenger complex will provide **20 ADDITIONAL GATES**

belly cargo, freight that is stored under the main deck of a passenger plane." Global logistics and express delivery provider DHL is one company that has long recognised TIA's potential as a Central American cargo hub and established extensive operations in the country. Fidanque III hopes that TIA will be able to grow its importance in the cargo market, in particular when it comes to the transport of pharmaceuticals and other high-value, time-sensitive goods.

#### Expanding Further

Fidanque III is aware that the current expansion will not be enough to keep up

with demand. "We are predicting annual growth in the region of 6 to 7% for the next 20 years, and we need to future-proof the airport." There are already plans for a new runway by 2022 to complement Tocumen's two runways and to ensure that its airfield is able to cater for the projected growth. "To remain competitive, we need to bring planes in and out as quickly as possible. This means we need a new runway to avoid congestion." Special attention is also being paid towards developing an airport city, complete with hotels and conference facilities, as well as a monorail link that would connect the airport to the closest metro station.

#### A Global Hub Airport

Plans such as these are proof of the confidence that is being placed in the future of TIA. While, thus far, the airport is mainly acting as regional transit hub, the arrival of new airlines and better connectivity with Europe and Asia are quickly turning it into a centre for intercontinental traffic. "We are very happy about Lufthansa's decision to commence direct flights between Germany and Panama," Fidanque III says. Looking to the future, he adds: "By 2022, I hope that our airport will be moving 40% more passengers than today and that at least a dozen more companies will be based in our logistics centre." ■



## Bienvenidos

The International Airport of Tocumen  
Welcomes you to Panama; The Country  
that bridges continents and cultures.

From the International Airport of Panamá, we connect to 92 destinations in 34 countries of the Americas and Europe, making the HUB of the Americas a true leading platform of commercial aviation.

The International Airport of Tocumen is at the heart of air connectivity for the Americas and Europe.



Lufthansa



@tocumen\_aero



Aeropuerto Internacional de Tocumen Panamá

tocumenpanama.aero

## Tourism & Travel

# The Colours of Panama

From beautiful beaches and colonial quarters to tropical rainforests and amazing skyscrapers, Panama offers visitors a unique mix of modern marvels and traditional cultures, as well as exciting wildlife and big city environments.

Welcoming a record 2.5 million visitors in 2015, Panama is rising up the ranks as a must-visit destination in Central America. Its exotic tropical rainforests, stunning mountain villages and unspoiled beaches have long been appealing to adventure-seekers and backpackers, while, more recently, the country saw a surge in interest from those seeking a more luxurious travel experience. A more diversified tourism product is seen as the main reason for Panama's growing popularity. In addition to attracting thousands of business travellers and conference delegates, Panama is quickly becoming a centre for cultural, medical and ecotourism. "Our promising tourism sector is still one of the best kept secrets, but we want to change that. There is so much to do and explore in Panama. Visitors will never get bored," says Gustavo Him, Minister of Tourism and Administrator of the Panama Tourism Authority (ATP).

### Developing an Industry

Tourism today accounts for some 11% of Panama's GDP, although the sector had not played a major role in Panama's economic mix for much of the 20<sup>th</sup> century. However, as soon as the American involvement in Panama began to wane, the country started to invest in tourism infrastructure and attractions in a bid to develop new revenue sources that would help ensure the nation's economic wellbeing. Today, Panama offers a wide variety of world-class attractions, including the Panama Canal, a Caribbean and Pacific Coast with 1,500 islands, seven indigenous cultures, as well as a cosmopolitan capital city with a vibrant nightlife and colonial quarters. For those seeking active holidays, there is no shortage of offers in areas such as golfing, diving, sport fishing and surfing.

### Attracting International Travellers

Stepping out of the shadow of its tourism neighbours Costa Rica and Nicaragua, Panama is today a travel hotspot for tourists from the Latin American region, but the small country is increasingly attracting visitors from as far away as Europe and Asia. Last year, Panama recorded a 10.7% increase in tourist arrivals when compared to 2014, which saw 2.3 million people visit the country. Nearly 50% of tourists are coming from South American countries, with most arrivals from Colombia, Venezuela and Brazil. The North American market accounts

for some 25% of tourist arrivals, while Panama is also fast becoming a favourite destination of European travellers, with 14% of total visitors coming from this part of the world in 2015. "In terms of European travellers, the Spanish market is very important for us," Minister Him explains. "We are also seeing more visitors from Germany due to the new direct link of Lufthansa."

Going forward, the Minister says, Panama is keen to lure more tourists from Europe, as well as from the burgeoning Asian travel market.

### MICE and Medical Tourism

In positioning itself in the global travel industry, Panama has long been focusing on special interest and niche tourism markets. As the increasing cost of healthcare in first-world countries has made medical tourism a thriving industry, Panama is one of the countries that has been benefitting most from this trend due to its excellent healthcare infrastructure, US-trained medical professionals and lower costs of medical procedures. Investment is also being channelled into convention centres, helping the island to become a key destination for Meetings, Incentives, Conferences and Events (MICE). "Last year, we hosted some 200 conventions, and we are currently building three new convention centres," says Minister Him. One of them

is the striking new Amador Convention Centre in Panama City, which is expected to be completed in 2018. Hopes are high that it will boost Panama's position as a prime destination for large conventions in Central America. According to Minister Him, conference delegates usually stay for three to four days in Panama and spend around US\$ 1,000 per person. "The MICE business is one of the most important segments of our tourism industry as it creates important revenue." The luxury travel segment has also seen recent growth, with high-end shopping malls and five-star resorts complete with golf courses and other amenities being developed in different parts of the country.



"Our promising tourism sector is still one of the best kept secrets, but we want to change that. There is so much to do and explore in Panama. Visitors will never get bored," says Gustavo Him, Minister of Tourism and Administrator of the Panama Tourism Authority (ATP).





Panama's Old Town

Nature . Explore. Enjoy



Chiriquí

VISIT Panama.com



Guna Yala



Comarca Emberá

#VISIT Panama



PANAMA FEATURE



**Travel Tips**

The small size of the country allows visitors to see multiple attractions and locations. While tourism in Panama is a year-around activity, travel to Panama is most popular during the

dry season between December and April. "Visitors from most European and American countries do not require a visa to enter Panama, just a valid passport," the Minister highlights. Tourists visiting Panama can also benefit from great deals as hotels, in particular in Panama City, are cutting rates in response to an oversupply of hotel rooms. Despite the phenomenal growth of the country's tourism industry, the number of hotels in the capital city increased faster than the number of tourists. "But there is a lot of confidence in the sector, and we have a long-term vision. Without infrastructure, you cannot grow an industry," he says.

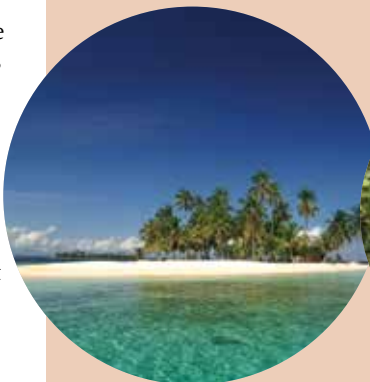
**Moving Forward**

To grow the tourism sector further, Panama is keen to improve flight connections to all parts of the world. The expansion of Panama's main airport, Tocumen International Airport, is also a key element in its tourism strategy and will surely support the country's efforts to grab a larger share of the global travel market.



**1 Panama City and Canal**

Home to a population of almost 1.5 million, Panama City is a vibrant metropolis, with a buzzing nightlife, excellent shopping opportunities and a range of cultural attractions. No trip to Panama City would be complete without a visit to Casco Viejo, the historic quarter, which was founded in the 17<sup>th</sup> century. Jutting into the Gulf of Panama on the Pacific side, one can easily spend a couple of days exploring this UNESCO World Heritage Site with its churches, palaces, streets, shops and markets. The Biomuseo, designed by renowned architect Frank Gehry, who created the Guggenheim Museum in Bilbao (Spain), is also worth a stop, offering visitors a glimpse into the country's flora and fauna. The best way to see the Panama Canal is to head to Miraflores Visitor Centre, located some 20 minutes outside Panama City.



**2 San Blas Islands**

San Blas Islands are a set of 378 islands within the archipelago of San Blas facing the Caribbean Sea. Mostly known for the tribal life of the Guna people, these islands are great for coming face to face with a whole different culture while relaxing on one of the islands' shores. The Guna tribe works hard to protect their islands against massive tourism and only a limited number of people are allowed daily on the islands. Diving, swimming and relaxing amidst the beautiful surroundings are some of the visitors' favourite activities. Accommodation is available in the form of eco-friendly lodges, including overwater cabins, built by the locals.

**TOP 5 PLACES TO VISIT**

**3 Bocas Del Toro**

Discovered by Christopher Columbus in 1502, Bocas del Toro has today become a paradise for surfers, as well as a top location for scuba diving. This archipelago off the northwest coast of Panama is made up of a total of seven islands. Apart from watersports, visitors can hike through the rain forest or take a tour to the Nevada bat caves. Moreover, visiting Bocas Town offers plenty of shopping, dining and nightlife opportunities.



**4 Sendero Los Quetzales**

Los Quetzales is a beautiful, protected nature reserve located high up on the mountains of Chiriquí. It offers a 10km route for hiking next to a beautiful trail. Winding the forest of Parque Nacional Volcán Barú and following Río Caldera, the route leads to the mountains above Boquete. The trail can also be hiked in reverse, but it is entirely uphill from Boquete.



**5 Coiba National Park**

Known for the high level of marine diversity, Coiba National Marine Park is the largest island in Central America. Located in the Gulf of Chiriquí, and with more than 800 species of marine life present in the area, it is a paradise for nature lovers and seen as the ideal place for scuba diving and snorkeling on the Pacific Coast. This UNESCO World Heritage Site was previously used as a prison by the country's former military dictatorship.





## PANAMA FEATURE

Arval Developers

## A Piece of Paradise

With its affordable prices, sunny lifestyle and emerging business opportunities, Panama is attracting expats from around the world and has become a hotspot for real estate investment.

When Panama took control of the canal from the United States in 2000, many were sceptical as to the country's economic potential. Could tiny Panama survive without the US military presence? Panama proved sceptics wrong, and while American soldiers and canal workers left, American retirees and international expats looking for better quality of life discovered the benefits of living and investing in the Central American country. This has made Panama's real estate sector a key economic contributor and spurred the construction of high-rise office and condominium towers, as well as non-urban communities complete with golf courses and other amenities. "Opportunities for investment are now greater than ever," says Manuel Arias, CEO of Arval Developers. "After a number of miracle years, market activity has returned to normal levels. It is a buyer's market, with a very promising outlook."

**A Solid Reputation**

Arias is convinced that Panama is rightly taking its place at the top of emerging markets and investment opportunities, although there is an oversupply of apartments, hotels and office space as a result of a building boom in the mid-2000s. While for

many developers, the term 'buyers market' is a scary term, this is not the case for Arias. "There is still demand for housing. We only use top quality products, and quite literally, pay attention to detail. This is what differentiates us from the competition." His buyers, says Arias, have actually become his company's biggest sellers.

**Green Living**

While Panama City is a bustling metropolis with a fast-paced environment and skyscrapers, it is much more than that, he says. Arval Developers focuses on housing that appeals to home-seekers looking for the great outdoors. *Albatross*, *Azalea* and *Greenview* in the district of Santa Maria and *Panorama* in Coco del Mar are currently under construction, while apartments in Santa Maria's *Greengarden* and *Terrazas* can be purchased at pre-construction stage. They all boast modern amenities and facilities, and are located in 'green neighbourhoods', offering breath-taking sea and country views.



"Foreigners relocating to Panama can also benefit from a wide network of banks, insurance and relocation specialists," says Manuel Arias, CEO of Arval Developers.

**Ecosystem of Support**

Panama offers a flexible and competitive framework for local and foreign real estate investors alike. Foreigners can purchase and own land in Panama, the only restriction being on land within 10 kilometres of national borders. In addition, the purchase of property entitles foreigners to permanent residency visas, which can be converted to citizenship after five years. "Foreigners relocating to Panama can also benefit from a wide network of banks, insurance and relocation specialists," says Arias. Other pull factors include the English-speaking friendly environment and an infrastructure that can compete with the developed world, with high-quality services and technology. Panama City is also one of the safest cities in the region and the healthcare system is full of US-trained professionals.

**A Global Community**

While American retirees were among the first foreign buyers in Panama, throughout the years individuals and families from Latin American countries, such as Brazil and Columbia, relocated, too. European expats, mainly British and Spanish, were also drawn to Panama for its comparatively affordable lifestyle. "Better flight connections mean increasing numbers of Europeans are currently discovering Panama," says Arias. As they join the many international expats that have long been calling Panama home, prices are rising at a sustainable pace. "This makes the prospect of real estate investing that much more attractive." ■

**ARVAL**

**DREAM IT. LIVE IT.**  
**LUXURY RESIDENCES**

San Francisco 72E Street, Arval Plaza, 2nd floor, Panama | Phone: +507 399-4525 / 29 | [WWW.ARVALDEVELOPERS.COM](http://WWW.ARVALDEVELOPERS.COM) |

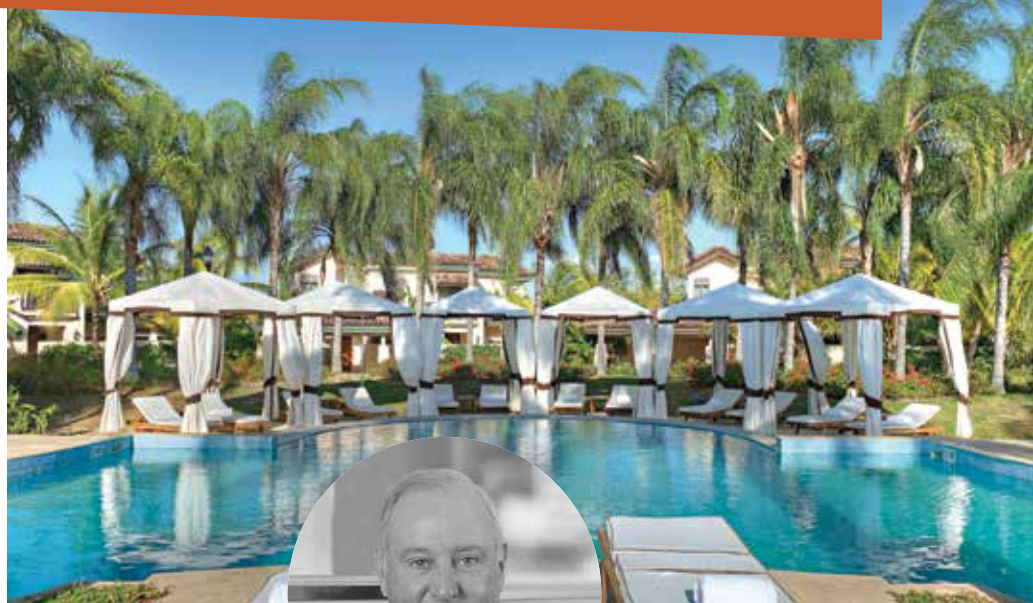
# Grupo VerdeAzul Panama's Growth Quotient

Tourism and real estate development are established pillars of Panama's economy, while a growing logistics sector holds the key to the country's future prosperity, explains Alberto Vallarino, President of Grupo VerdeAzul.

Panama's economy has long been the envy of its Latin American neighbours. The country has had the highest average growth rates in the region over the past decade and is expected to maintain that performance. Its GDP is predicted to expand by some 6% in the coming two years. As with many emerging markets, investment companies and diversified groups are behind much of this growth. Grupo VerdeAzul is one such company that has supported Panama's journey towards becoming a major destination for leisure and logistics.

## A Leader in Hospitality

VerdeAzul is known primarily as a luxury real estate developer, given the strong association that exists to its flagship project: Buenaventura, an exclusive beach community located on the Pacific coast of Panama. "The success of Buenaventura has helped us develop a brand associated with world-class quality, which we have been able to apply in the hospitality sector with our hotel properties," says VerdeAzul's President Alberto Vallarino, pointing to the country's recent



success in attracting tourists. In 2015, 2.55 million visitors came to Panama, an increase of more than 10% when compared to 2014. As one of the booming economies in Latin America, Panama is increasingly attracting tourists seeking five-star treatment. "All our assets are unique," says Vallarino. "The Bristol caters to the most demanding business travellers and the Wyndham Panama at Albrook Mall can host large conferences. The Villa Marina Lodge is located in Playa Venao, which is the most popular surf destination, while the JW Marriott Panama Beach & Golf Resort is a beach hotel located within Buenaventura."

"We believe there will be many more attractive opportunities for foreign investors as our market matures, but these opportunities will require a local partner in order to be identified, structured and executed", says Alberto Vallarino, President of VerdeAzul.

appeal to high-end travellers and real estate investors alike. They have transformed Panama from a tropical backwater into one of the fastest-growing economies in the region. "But more than bridges, highways and airports, the positive impact must be measured in the ability to create and maintain a stable, peaceful and dynamic environment in which private sector investment can flourish," says Vallarino.

## Casamar & Santa Maria

The country's stable political and economic environment has given VerdeAzul the confidence to invest further and to replicate Buenaventura's success with its other developments: Casamar and Santa Maria. Casamar is a gated residential master-planned community located

on the beachfront in San Carlos, a 60 minute drive from Panama City. Casamar is a particularly family-friendly community. "In addition to building a waterpark for children, we are creating the first family-oriented 'pitch & putt' golf course in Panama, a 9-hole par-3 course which will allow parents and children to play together," says Vallarino. More than 100 families have already moved into Casamar. "We can't wait to have our main amenities ready by the end of this year."

Grupo VerdeAzul has also been actively involved in the development of Santa Maria, the premier residential real estate development in Panama City, which also includes an 18-hole 'Nicklaus Design' golf course. "It will eventually feature *The Santa Maria*, a 5-star Starwood Luxury Collection hotel and a country club, which is set to open in 2017."

## Buenaventura – Transforming Panama

Today, Buenaventura combines the best of all things Panama. Set in a tropical environment with extensive landscaped areas, lakes and lush trees, Buenaventura boasts luxurious beachfront townhouses, lake front villas and condominiums. "Our approach to real estate development is with a long-term frame of mind. In Buenaventura, we decided early on to hire one of the best master plan developers in the world in order to focus on how to preserve and enhance the natural beauty of the site. We established rigorous design parameters to ensure that our vision was attained," explains Vallarino.

The large infrastructure investments of recent years by the Panamanian government have equally helped boost the country's





## PANAMA FEATURE

**A Future in Logistics**

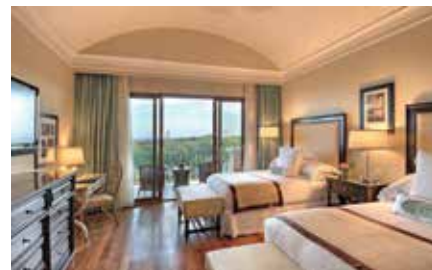
Going forward, VerdeAzul seeks to exploit Panama's growing niche as a shipping and logistics centre. The US\$5.25 billion Panama Canal expansion project, which has been opened in June 2016, is predicted to double the amount of traffic passing through this Central American isthmus. "We feel that logistics and agriculture present tremendous growth opportunities for Panama. These business units are still relatively small within the group, but growing quickly." PTL, VerdeAzul's own logistics company, was set up in 2012. The Group currently owns and operates two land transportation companies and has invested in a 65-hectare plot of land located in Panama Canal's West Bank, adjacent to Panama Pacifico, which is said to be the largest mixed-use



development in the world. "Due to its privileged location and proximity to major logistics assets, such as the PSA & Balboa Ports and the Howard Airport, we plan on developing the site as a logistic centre."

**A Partner for FDI**

Foreign Direct Investment (FDI) income in Central America totalled US\$11.808 billion last year, a 6% increase compared to 2014. With 43% of the total, Panama was the main recipient in the region. "We believe there will be many more attractive opportunities for foreign investors as our market matures, but these opportunities will require a local partner in order to be identified, structured and executed. Through our 30 years as investors in Panama, and our proven track record, we believe we can be an attractive, long-term partner for foreign investors." The increased presence of European investors has been very important for VerdeAzul, Vallarino emphasises. "We are currently in different stages of joint venture negotiations with European groups in the hospitality, logistics, agriculture and energy sectors. Those are the sectors that underpin Panama's phenomenal growth." ■



**In the heart of Latin America,  
Panama's most exclusive  
beach community is  
waiting to be enjoyed.**

2 Beach Clubs - Spa - 8 restaurants  
Zoo - Five Star Hotel - Sports Club  
Nicklaus Design Par 72 Golf Course  
Sports Club - Kids Club & Playground  
Luxury Real Estate

  
**Buenaventura**  
BEACH AND GOLF RESORT

+507.396.7777 [buenaventura.com.pa](http://buenaventura.com.pa)

PANAMA FEATURE

# Meyer's Group The Panama Evolution

While growth predictions for Panama's economy rightly centre on the canal, the country also offers other exciting opportunities.

When the Meyer's Group moved into Panama in 2006, there was no question that its maritime division would remain at the heart of its operations. Originally a Venezuelan company, its maritime heritage can be traced back more than 100 years. "Despite our experience, moving into Panama was tough at first as there were many new companies setting up and competing for business," Michel Mittelmeyer, CEO of the Meyer's Group, admits. However, Panama's growing economy provided fertile ground for expansion. The numbers tell the story: "When we started, we had just 20 employees; now we have more than 600, and we record on average 6% growth per year."



Expectations are that the expansion of the Panama Canal will boost Meyer's maritime business, such as its towing and piloting services in Panama's ports. However, says Mittelmeyer, other economic activities also have the potential to shape the country's economy in the years ahead, and he is confident that the Group's investments in Panama's construction and agricultural sectors will pay off.

## Canal Expansion

The opening of the Panama Canal expansion in June is widely seen as a game changer. It has tripled the size of ships that can now travel the canal, fuelling hopes that Panama can gain market share from rival Suez and US land routes. By 2021, the Panama Canal Authority is hoping the project will bring in US\$2.1 billion per year in added revenue, representing 2.8%

of Panama's GDP. The Meyer's Group expects about 7-10% growth in its operations as a result of the expansion and has rolled out new tugs and technologies ahead of the opening of the widened Panama Canal. "I firmly believe that the new canal will not only be positive for Panama, but for the world," says Mittelmeyer.

## Growth Potential

The Meyer's Group has also become a key player in infrastructure construction in Panama. The firm was involved in the construction of a new metro line and a new highway, amongst other projects. "We invest a lot in machinery," explains Mittelmeyer. This makes

Meyer's one of the go-to-firms for civil construction. Panama City, he says, is already well developed, but there are other areas of the country that offer tremendous potential.

Revitalising the agricultural sector has also become a top priority for Panama, and the Meyer's Group has turned its attention to the production of dairy and pork. Thus far, Panama's agri-food businesses are facing a number of challenges, including fragmented land ownership and limited access to financing. "Most food products in Panama are imported and hence expensive," says Mittelmeyer. However, efforts to address the sector's structural issues are under way and are driven by the country's desire to move

beyond its purely service-based economy. "I would like us to become one of Panama's leading agro-food businesses. I believe that the production and the distribution of organic and more natural food also offer excellent export opportunities. We are open for business with Europe and the rest of the world." ■



"I firmly believe that the new canal will not only be positive for Panama, but for the world," says Michel Mittelmeyer, CEO of Meyer's Group.



# The BEST Operations Support

Tugboat - Supply Boat - Marine Transport - Distribution of Castrol lubricants and innospec additives and more.



[www.meyersgrp.com](http://www.meyersgrp.com)

Punta Pacifica, PH. Oceanía Bussines Plaza,  
Tower 1000, Floor 41, Panamá.  
[info@meyersgrp.com](mailto:info@meyersgrp.com) +507 282 3800