

PANAMA
2023

the business | year



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Construction & Real Estate | Agriculture & Industry | Education & Health | Tourism



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THE BUSINESS YEAR: PANAMA 2023

The Business Year's mission is always to shine a spotlight on investment opportunities in the countries we cover. Panama's dollarized economy and enviable geographic position make that a simple task.

In this 2023 edition, The Business Year's research team had the chance to experience Panama at a very interesting moment in its history. Panama had a tough pandemic, its economy exposed to the ebbs and flows of global trade more than most because of the country's eponymous canal.

Having sat down with the country's top business leaders, resilience was the resounding impression they left on our researchers. Despite a challenging period, the economy is now on the rebound and the business community is enthusiastic about what comes next.

And why not? Panama has much to offer, and is unique amongst the 35 markets The Business Year covers globally. Linking the Pacific and Atlantic Oceans via the Panama Ca-

nal, you'd be forgiven for thinking the isthmus nation, centered on Panama City, is a one-trick pony. That couldn't be further from the truth. And while the canal is indeed the economy's main lifeblood, Panama has carved out a place as regional financial hub and is also making waves in sectors as diverse as healthcare and technology. Panama is also committed to the green economy and its power generation sector remains robust as the great energy transition makes headway.

And on the topic of the green economy, issues of sustainability were regularly on the lips of our interviewees. Indeed, it is a thread that runs throughout this publication, unsurprising considering the delicate ecosystem that Panama is steward to and may lose in the event of worst-case-scenario climate change.

In this publication, we also detail the public-private alliance, which has become characteristic off the Panama market. We hope you find it enlightening. ✖

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Image: Rodrigo Cuel

BOUNCING BACK

Panama suffered more than most during the pandemic due to its economy's reliance on the ebbs and flows of global trade. With the pandemic in the rearview mirror, however, things are looking up.

PRIOR TO THE PANDEMIC, Panama's GDP had been growing at an average rate of 4.6%, outpacing other countries in the region. However, the pandemic pushed Panama back to middle-income status, making it the most affected country in Central America. In 2021, economic activity rebounded, and Panama regained its high-income status with GDP growing by 15.3%. However, despite this growth, informality and self-employment rates remain high, and the unemployment rate reached 11.1%. To address these issues, the Chamber of Commerce, Industries and Agriculture of Panama is identifying sectors such as tourism and agro-industrial for development. Other opportunities identified are cybersecurity and sustainability. Private consumption and investment are expected to stabilize GDP growth at around 5% in the medium term.

THE GREENER THE BETTER

Panama is one of three carbon-neutral countries in the world, setting an example for sustainability in the region. The government has launched initiatives such as the National Action Strategy for Climate Empowerment (ENACE) and the Reduce Your Footprint program to

promote a greener private sector. Panama is also undergoing an energy transition, promoting new fuels from the private sector and distributed solar power generation. The country is working to become a hub for green hydrogen produced in Latin America. The pandemic accelerated the transition toward sustainability and ESG, with companies implementing environmental, social, and governance regulations, and consumers changing their purchasing preferences based on social responsibility and environmental impact.

FUTURE NOW

Digitalization played a crucial role in Panama's economic recovery during the COVID-19 pandemic, with telemedicine and remote work being important examples. However, challenges such as affordability and digital literacy must be addressed to ensure equal access to digital opportunities. Investment in cybersecurity has become increasingly important, particularly after the largest cyber-attack in Latin America occurred in a neighboring country, Costa Rica. To address these challenges, institutions such as BID are investing in digital transformation programs, including improving cybersecurity efficiency and

promoting public-private interaction. Panama's strong connectivity infrastructure and potential to become a digital hub for Latin America and the Caribbean are also highlighted. New technologies, such as hydroponics and vertical farming, are allowing the country to increase its agricultural production. In 2021, Panama passed Law 196 to create over 50,000 acres of special economic zones for farmers, providing advantages such as market intelligence, technology and innovation, and credit and tax incentives. This revitalization of the local agricultural sector will lead to other complementary industrial opportunities, such as food processing and manufacturing.

TRANSPORT & LOGISTICS

Another pillar of the country's reactivation is transport and logistics. Panama is ranked number one in Latin America and number 40 worldwide for logistics management, with a highly connected infrastructure that includes ports on both coasts, the Interoceanic Canal, and a major airport. The logistics sector is a key driver of Panama's economy, and the country is committed to ensuring optimal and agile customs processes. The Panama Canal is central to this effort, with the canal's revenues estimated to be B/. 4,652.9 million for fiscal year 2023, the highest to date.

CEMENTING OPPORTUNITIES

Panama stands out in the region for its real estate and construction sector. After experiencing a mild recession due to the pandemic, the sector is now growing, with Panama ranking number one in the region. Factors explaining this growth include regional instability, the implementation of different regulations, as well as Panama's climate and lower cost of living, making it a popular retirement destination. The administration of Rafael Sabonge, the Ministry of Public Works, has focused on implementing PPP programs to foster public-private sector convergence, with an optimistic outlook for the future.

PRIORITIES AFTER THE PANDEMIC

If we speak about challenges, we could speak about the educational sectors. Panama has made significant strides in digitalizing its education sector, with hybrid and semi-presental models becoming increasingly common in schools, thanks to joint efforts between the Ministry of Education and schools. The National Council for the Evaluation and Accreditation of University Education in Panama is also working to improve the quality of universities, with 32 of the country's 40 legally established universities undergoing accreditation. In terms of health financing, an analysis by the Ministry of Health and technical support from the Pan American Health Organization/World Health Organization has highlighted the need for better management of resources and comprehensive management of medicines and services. Private hospitals, such as Pacifica Salud and Punta Paitilla, played a key role in treating COVID-19 cases and vaccinating over 100,000 people.

A PROMISING DESTINATION

On the hand, if there is a sector that offers plenty of opportunities in a undiscovered country like Panama, it is tourism. In 2019, Panama launched PROMTUR, a destination marketing organization aimed at positioning the country as a world-class sustainable destination. With a focus on continuity in tourism plans, the DMO has taken actions such as training travel agents, building relationships with wholesalers, and promoting the destination virtually to meeting planners. As a result, from January to July 2022, Panama has received over a million visitors, showing a fast recovery towards 2019 levels. Hotels have also adapted to the pandemic by diversifying income streams, offering bleisure experiences, and even becoming primary service providers for communities. Copa Airlines has also launched a plan for longer stops to encourage tourism in Panama City. ✖

GDP PER CAPITA (2021)

SOURCE: WORLD BANK

\$14,516.46

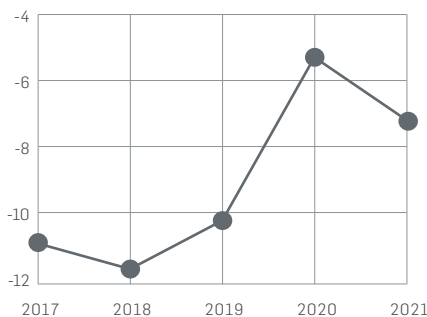
INFLATION (2021)

SOURCE: WORLDDATA.INFO

1.6%

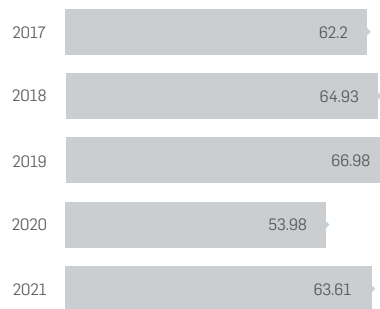
TRADE BALANCE (USD BN)

SOURCE: STATISTA



GDP IN USD BILLIONS

SOURCE: THE WORLD BANK



2022
JULY 1

Teachers' unions begin protests by declaring an indefinite strike and are joined by other organizations and unions.

2022
AUGUST 17

The Minister of Health (MINSa), Luis Francisco Sucre, announces steps to guarantee free supply of medicines in the Panamanian market. Panama has some of the highest drug prices in the region.

2022
AUGUST 26

The Economic Commission for Latin America and the Caribbean (Cepal) forecasts Panama's economy to grow 7% over the year, a slight decrease from an earlier prediction of 7.3%.

2022
OCTOBER 9

Panama announced as the country with the lowest inflation in Central America by INEC. The rate came in at 3.5% in July 2022.

2022
DECEMBER 4

Representatives from the IMF begin a visit to the country to assess the state of the economy post COVID-19.

2022
JUNE 8

The four countries that make up the Tropical Pacific Marine Corridor (CMAR), Costa Rica, Ecuador, Colombia, and Panama, sign MoU with the US to strengthen international cooperation and conservation.

2022
JULY 20

The Single Dialogue Table is created to open discussions between protesters and the government aimed at bringing an end to unrest.

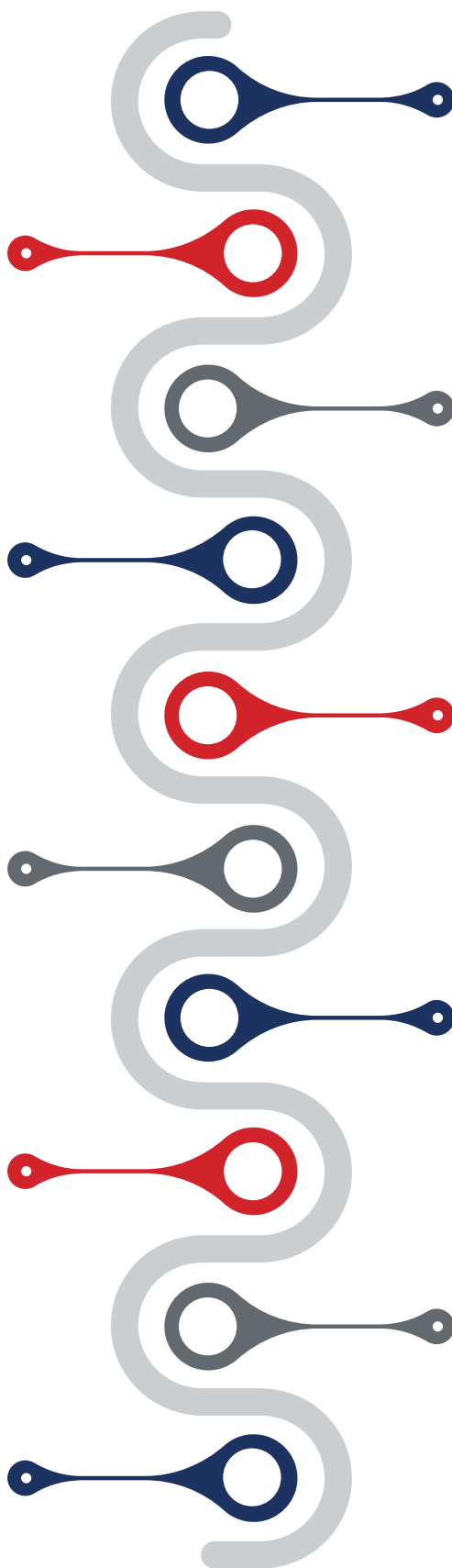


2022
SEPTEMBER 4

The Citizens' Commission Against Corruption is created under the coordination of the National Authority for Transparency and Access to Information.

2022
OCTOBER 18

The National Assembly of Deputies approves the use of innovative technological means and the digital wallet to regulate payments made by the state to suppliers and disbursements in social assistance programs.





SETTING THE STAGE FOR SUCCESS

Institutions in Panama are working diligently to steer the country toward greater success in spite of the current global uncertainties

In the last few decades, Panama has continued to reap the benefits of its natural advantages, establishing itself as a beacon of stability and success in the region. The president is working on implement initiatives and legislation to improve the overall quality of life of citizens while ensuring good governance, rule of law, and a competitive economy. The Ministry of Economy and Finance has also deftly steered the economy, resulting in growth and job creation after the pandemic. Latinex, meanwhile, is focused on becoming the international hub of the region's capital market with a diversification of sectors of issuers. In energy, the National Secretary of Energy is targeting greater energy access, efficiency, and mobility across the country. SENACYT, meanwhile, is set to further expand its successful infoplazas project, especially in remote areas of Panama. The Ministry of Education has concrete plans in place to boost the sector, including the development of a National Reading Plan and the use of technology to support learning. Finally, in tourism, PROMTUR has developed an integrated approach to tourism management that has reaped positive results in a short amount of time.

Laurentino Cortizo
Cohen,
PRESIDENT

Héctor Alexander
MINISTER OF ECONOMY
AND FINANCE

Olga Cantillo
EXECUTIVE VICE
PRESIDENT & GENERAL
MANAGER,
LATIN AMERICA STOCK
EXCHANGE - LATINEX

Jorge Rivera Staff
NATIONAL SECRETARY
OF ENERGY

Eduardo Ortega Barría
Cohen
NATIONAL SECRETARY
FOR SCIENCE,
TECHNOLOGY,
AND INNOVATION
(SENACYT)

Rafael José Sabonge Vilar
MINISTER OF PUBLIC
WORKS

Maruja Gorday de
Villalobos
MINISTER OF
EDUCATION

Fernando Fondevila
CEO,
PROMTUR



Laurentino Cortizo Cohen,
PRESIDENT

WE ARE currently facing a post-pandemic scenario like the rest of the world, coping with ways to accelerate our main economic sectors, and focusing on a more sustainable approach on the road to economic reactivation. The pandemic has certainly made governments reevaluate their strategies and focus on the main economic sectors and develop action plans that will ensure a more sustainable future with the correct use of our resources. The transition to a green economy is imminent and necessary and has been one of the main goals of this office's management. Investment in key sectors such as health, infrastructure, and tourism will grant social economic and political growth. In Panama, since 2019, both the government and civil society have carried out the Action Plan Uniting FORCES (Uniendo Fuerzas) with specific and concrete actions through an efficient and dynamic strategy, aligned with the previous National Plan Panama 20-30 for Sustainable Development Goals (SDGs). We believe that the benefits of economic growth have to be potentiated in order to create opportunities for every citizen, and we are ready and committed to face the multiple challenges that we need to face in order to achieve this.



Héctor Alexander
MINISTER OF ECONOMY AND FINANCE

WHEN A national emergency due to COVID-19 was declared in March 2020, I gave immediate instructions for a budget reorganization of USD2 billion by tapping almost all public institutions to ensure an immediate pool of emergency resources. In our case, negotiations with Pfizer began even before its vaccine was officially approved by the regulatory mechanisms in the US. The president himself stated that the manner in which we dealt with the pandemic would reflect greatly on the state of the country once it was over. Our primary consideration was the health of the population and our solidarity program. So, in 2020 and 2021, a little over 10% of the budget of the non-financial public sector was directed to these purposes, around USD3,500 million. As time went on, vaccination was handled efficiently, achieving high vaccination rates in the population. And so, while in 2020, GDP decreased by 17.9%, a year later in 2021 it showed a V-shaped positive growth rate. In 2021, we had a significant recovery of 15.3%, influenced heavily by our effective handling of the pandemic and our countercyclical policy, and not only did the GDP grow significantly in 2021, but there was also a reactivation of employment.



Olga Cantillo
EXECUTIVE VICE PRESIDENT & GENERAL MANAGER,
LATIN AMERICA STOCK EXCHANGE - LATINEX

IN LATINEX, we have implemented and are working in different initiatives to become the international hub of the region's capital market, being a recognized jurisdiction in investments with best practices and international standards. We have a wide diversification of sectors of issuers listed in Latinex, consequently any impact to our economy has a correlation with the capital market. External factors worldwide have had an impact on our trading volume. Nonetheless, it is important to emphasize that the decrease is on the government's participation in local debt issuance, especially when compared to 2021, when the government issued local debt for USD1.25 billion traded locally and 55% traded away in the international market through the iLink we have with Euroclear Bank. We have an increased participation of corporate issues that have become more relevant than in previous years, but maintaining the trend of 75% corporate and 25% government issues. We have also maintained the trend of listing new local and foreign issuers in the Panamanian market. Additionally, we relaunched the corporate market maker programs, corporate auctions, digital transformation, and the launch of our first Sustainability Report, under GRI and SASB standards, and our Sustainability Strategy, which is key to our strategy.



Jorge Rivera Staff
NATIONAL SECRETARY OF ENERGY

PANAMA was the first country in Latin America to run a model on the economic impact of the energy transition agenda. We can help create around 15,000 new jobs in two to three years and add least USD500 million to the GDP annually with such initiatives. We also validated some of the key investments that we need for the energy transition agenda that will amount to USD4 billion in the next six or seven years. This is key for economic recovery. Around 81% of Panama's energy generation from electricity in 2021 was renewable, the eighth-highest in the world. We are starting to see the first results of this energy transition process. For example, in 2021 we doubled our solar capacity from 200MW to more than 400MW. We added another 66MW to our matrix from wind, an increase of around 24%. We are also growing around 20-23% on rooftop solar installations. There are specific action plans that we have been approving in terms of energy access, efficiency, and mobility, distributed generation, and innovation of the system. The two key strategic proposals for hydrocarbons are to update our regulatory framework in Panama and reinforce our energy hub condition here.



Eduardo Ortega Barría
Cohen
NATIONAL SECRETARY
FOR SCIENCE,
TECHNOLOGY, AND
INNOVATION (SENACYT)

WE HAVE a social innovation project with the Inter-American Bank of Development whereby we work with poor communities to identify problems and challenges and the potential solutions. We provide funding for those social innovation projects if they meet such criteria as being innovative and can be scaled up and reproduced. We have 350 infoplazas located in remote areas of the country, including rural areas and indigenous regions. This platform is sometimes a community's only access point to the internet, and we are able to give people the opportunity to take courses and learn different types of skills. We want to develop more infoplazas, with plans for another 40 in 2023. With the pandemic, we had an opportunity to collaborate with the Ministry of Health and the Ministry of Education on vaccination campaigns at the infoplazas. We also collaborated to provide financial support to impoverished families. We plan to have more such infoplazas, especially in the poorer areas of Panama City. We have two dimensional printers, and people can learn robotics at these infoplazas while children can learn about computers and programming. We are connecting these communities to the outside world; these infoplazas are a window for these communities.



Rafael José Sabonge Vilar
MINISTER OF PUBLIC
WORKS

WE PASSED a bill in 2019 in Congress for public-private partnerships that we worked on with the International Finance Corporation, IDB, the Inter-American Development Bank, CAF, the World Bank, local unions, and private investors and builders in Panama. We passed this bill 89 days after we entered office. During the pandemic, we structured several contracts with different multilaterals for projects that are now coming into market. We are talking about USD2.5 billion in private investment for public infrastructures that we mobilized in 2022. With IFC, we structured the first contract for Carretera Panamericana del Este. Private investors put in the money to reconstruct a 247-km road in the eastern part of the country and maintain it for about 15 years. We are also structuring six more such contracts for streets of a total of 2,000km in Panama. The first of these tenders, Carretera Panamericana del Este, is undergoing a pre-qualification process. The second, Carretera Panamericana del Oeste, was recently approved and will be a USD300-million private investment for 207km of highway from La Chorrera to Santiago de Veraguas. We are working on a third project, a large, USD900-million investment for a product called Autopista Costanera, which goes from Panama Pacifico to Sajalices.



Maruja Gorday de
Villalobos
MINISTER OF
EDUCATION

THE ACADEMIC recovery process has not been easy. We are developing Plan Nacional de Lectura (National Reading Plan) that increased the number of tests in 2018, with funding from the Inter-American Bank. We have updated 68 didactic complexes, which means we have updated the 20 mathematics complexes for each grade, such as natural and social sciences and Spanish. From March to May 2022, we ran a ministerial diagnostic test of practically 90% of all children in primary school, and it showed that we still have to improve in many areas. We need to achieve success and will measure at the end of the year as an indicator of the system. We are working hard to improve the statistics. We have a technological educational platform, ESTER, that supports our efforts, though currently, only 40% of students and 60% of teachers are using it. This is a resource that we did not have before the pandemic. The pandemic spurred this acceleration in digital technology and everything to do with virtual materials, though we still face challenges in schools. We want everything we did during the pandemic—virtual education, hybrid, alternative models, semi-face-to-face, and more—to be officialized by law.



Fernando Fondevila
CEO,
PROMTUR

WE PROMOTE Panama as a tourist destination in an agile, continuous, and consistent manner, based on our brand platform Panama Vive por Más, as well as the data analysis we collect through our Business Intelligence Management. From our marketing area, we work with an “Always on” format that allows us to have a constant international promotion of the destination. These efforts are enhanced through strategic alliances with airlines, online travel agencies and global tour operators. These negotiations allow us to collaborate with international industry leaders to promote and market our destination, communicating a shared value proposition that strengthens us mutually. For us, it is fundamental that the country's promotion management is carried out in an integral manner, covering all segments of tourism. That is why another pillar of our strategy has been our incentive plan and international events attraction program. We have managed to confirm 83 confirmed international events for Panama from 2021 to 2024. The meetings industry generates a dynamic of great value for our industry and the country, as it has a high economic spillover that permeates the entire value chain of services, with an impact three times greater than that generated by the average daily expenditure of vacation tourists.



Image: SENACYT

COVID-19 ECONOMIC STIMULUS PACKAGE AS % OF GDP

SOURCE: STATISTA

PERU

8.98

BRAZIL

8

PARAGUAY

6.5

CHILE

5.5

ARGENTINA

3.5

PANAMA

3.5

GUATEMALA

3.4

HONDURAS

2.1

HAITI

1.6

BARBADOS

1.4

MEXICO

1

ECUADOR

0.5

PANAMA EMBASSY AND DIPLOMATIC MISSIONS SNAPSHOT

SOURCE: EMBASSY-WORLDWIDE.COM

Foreign embassies in Panama	33
Foreign consulates in Panama	30
Panamanian embassies abroad	36
Panamanian consulates abroad	19





Diplomacy

CHOPPY WATERS

Panama has, for much of the recent past, been known for its stability, both economically and politically. Large-scale protests have been rare and infrequently disrupt commercial activity. Yet, COVID-19 adversely affected the Central American nation, leading to an economic contraction of -17.9%. In the aftermath, the country was also not immune to global trends of inflation, and fluctuations in energy prices were cause for further pressure. These conditions created a breeding ground for civil dissent, which came to a head in July 2022, when construction unions, agricultural producers, educational and health unions, truck drivers, fishermen, and other elements organized disruptive marches across the country.

President Laurentino Cortizo Cohen, hoping to bring the protests to a halt, quickly convened what became known as the “single dialogue table,” a series of talks attended by representatives of aggrieved parties aimed at finding compromise. The process was over in days, with the government announcing an immediate freeze on the cost of fuel.

Looking forward, the government is keen to

continue a slow but steady recovery and is busy outlining its vision for a more sustainable economy. A large part of this initiative is the Export and Investment Promotion Authority of Panama (PROPANAMA). In an interview with *The Business Year*, Executive Director Carmen Gisela Vergara outlined PROPANAMA’s plans, stating, “Our strategy aims to make Panama the hub for sustainable investments in Latin America and the Caribbean. We want to move away from investments that use our natural resources and advance into investments based on efficiency.” This plan focuses on three main sectors deemed to have strong potential—logistics, IT, and agriculture—as concepts such as nearshoring, digital transformation, and local agriculture are being implemented by both the private and public sectors.

On the need for a wider national effort to this effect, Cortizo recently spoke passionately about pulling together, telling the public: “Let us move in the right direction. The moment of truth has come. I cannot do it alone; I need all of you, everyone. Panama in your name, united we will.” ✖



Laurentino Cortizo Cohen
PRESIDENT,
PANAMA

MULTIPLE *engines of growth*

Panama's government is moving forward with its plan to implement initiatives that will encourage good governance, rule of law, and a competitive economy that generates employment for all Panamanians while tackling inequality.

What strategies has your administration followed to foster national interests and strengthen Panama's potential?

We are currently facing a post-pandemic scenario like the rest of the world, coping with ways to accelerate our main economic sectors, and focusing on a more sustainable approach on the road to economic reactivation. Panama has always been successful in taking advantage of its privileged geographical and strategic position in the global economy. It has also transitioned from being a mid-income country to becoming a high-income one in a short period of time. The pandemic has certainly made governments reevaluate their strategies and focus on the main economic sectors and develop action plans that will ensure a more sustainable future with the correct use of our resources. The transition to a green economy is imminent and necessary and has been one of the main goals of this office's management. Investment in key sectors such as health, infrastructure, and tourism will grant social economic and political growth. In Panama, since 2019, both the government and civil society have carried out the Action Plan Uniting FORCES (Uniendo Fuerzas) with specific and concrete actions through an efficient and dynamic strategy, aligned with the previous National Plan Panama 20-30 for Sustainable Development Goals (SDGs). We believe that the benefits of economic growth have to be potentiated in order to create opportunities for every citizen, and we are ready and committed to face the multiple challenges that we need to face in order to achieve this. That is why our national investment strategy tries to focus on sustainable investments with a strong social impact, ensuring equal opportunities for everybody and promoting gender equality, which is extremely important for the continuous growth of the nation. We are working on strengthening the cooperation between the public and private sec-

“Revitalizing the traditional engines of economic growth and promoting the emergence of new ones is certainly high on our collective agenda.”

tors in order to generate improvements and create new and effective policies that will benefit the main investment, trade, and financial operations maximizing human capital. The economic muscle of the private sector represents a major asset on the road to economic growth; therefore, the mutual understanding and cooperation between this two sectors is by all means necessary.

How would you assess the years of the pandemic, and what steps has Panama taken to overcome the respective challenges that the country faced?

Panama suffered one of the most serious COVID-19 outbreaks in Latin America and the Caribbean; our GDP contracted by 17.9% in 2020, while unemployment soared to levels never seen before. The government responded to the COVID-19 crisis effectively by adapting and implementing an extremely efficient vaccination strategy. This ensured that the benefits of the vaccine would also reach remote rural areas with difficult access. Panama held one of the most robust and effective vaccination programs in the region. As we are known for promoting an integrated, environmental, socially sustainable, and competitive economy, revitalizing the traditional engines of economic growth and promoting the emergence of new ones is certainly high on our collective agenda. Throughout the pandemic, we

learned about the importance of promoting sciences, technology, and innovation to close the existing social and economic gaps in order to accelerate development and growth. Integrating technology in our daily lives became the “new normal,” and we found ourselves forced to adapt to different work modalities. Reinventing ourselves and relying on tools such as online platforms and applications became a reality. The incorporation of virtual fairs that allowed SMEs to remain updated and connected to buyers from all over the world represent a clear example of this transition. Adaptation is the key word in order to keep moving forward and continue to succeed on this post-pandemic world. There have been major changes in the main economic sectors, and we need to embrace and address this in order to continue to move forward. Undoubtedly, one of the worst consequences of the health crisis was the high unemployment rates, though we see an appropriate scenario to lay the foundations for a change in public policies to build a future that has entrepreneurship and formal employment at its center. To successfully overcome our greatest challenge, it was necessary to address four fundamental areas: competitiveness and productive transformation, education, institutional capacity, and social and territorial cohesion. We developed an FDI promotion strategy that focuses mainly on logistics, digitalization, and food production without leaving aside the pharmaceutical, tourism, energy, and construction sectors. Our government is well known for promoting an integrated, environmental and socially sustainable economy, revitalizing the traditional engines of economic growth, and promoting the emergence of new ones. We enacted several projects and policies like a tax relief bill for micro, small, and medium businesses that establishes a special reduced income tax regime. At the same time, we developed a bill for

micro business to expand from USD1,000 to USD2,000 the program Improving My Business, non-reimbursable seed capital. In addition, an agro parks law was enacted to promote smart agriculture to the integration of new technology into the sector, creating more jobs in the countryside, and promoting the growth of the sector. In terms of exports, we are working to promote the diversification and increase the value of exports, volume, and quality by attracting foreign investment based on efficiency and the transfer of knowledge and technology.

What short-term goals does the government have by 2024?

Our main objective is to implement actions in order to improve the quality of life of Panamanian families. A useful, efficient, capable, and service-oriented management to reach all citizens, especially those that are in most need. We are moving forward with our government plan, implementing the actions that lead to good governance, rule of law, and a competitive economy that generates employment and fights poverty and inequality through a dynamic government executing priority actions and tasks in order to complete our goals. All of this while maintaining a special focus on quality education and values. That is why the main goals of our government plan are focused on meeting the needs of the population, taking advantage of the economic growth of our country, and keep on improving our service culture by the exponentiation of the Panama Canal.

What footprint would you like to leave in the country after the conclusion of your administration?

As President of the Republic of Panama, my mission has been to lead the country in an exceptional time, facing the great challenges of a pandemic and the consequences of the Ukraine war (increased oil

and food prices). I will do whatever is necessary to continue moving forward with the help and support of all Panamanians. Due to the circumstances we have faced, we have had to take difficult and drastic measures; however, we will turn this into opportunities for our country. This crisis has brought out the best in Panamanians, and by working together, there is nothing that the Panamanian people cannot achieve. That is why I am confident that Panama will emerge from this in a stronger and better position to face upcoming challenges. I would like to see a more prosperous, inclusive, digital, and sustainable country, which is why we are working hard to achieve this. That is our commitment. We are well aware of Panama’s huge potential, and I am honored and grateful to be able to contribute every day in order to advance toward those objectives. ✖

BIO

President Laurentino “Nito” Cortizo Cohen obtained his degree in business administration from the University of Norwich in the US and his MBA and doctorate in international trade and marketing from the University of Austin, Texas. He was a member of the legislative assembly from 1994-2004, and between 2004 and 2006 he was appointed Minister of Agricultural Development during the administration of President Martín Torrijos Espino. In 2016, he decided to run as a presidential candidate, winning the primaries of his party. In 2019, he became the President-Elect of the Republic of Panama.



Carmen Gisela Vergara
EXECUTIVE DIRECTOR,
PROPANAMA

FORWARD *looking*

PROPANAMA helps Panama develop an image as a hub for sustainable investments in Latin America and the Caribbean.

What is PROPANAMA's strategy for attracting investment?

Our strategy aims to make Panama the hub for sustainable investments in Latin America and the Caribbean. We want to move away from investments that use our natural resources and advanced into investments based on efficiency. We want to bring B-corporations into Panama, recognized for social and environmental performance across the board in all areas we are promoting for investment. We are keen on such companies precisely because of their sustainable approach to the creation of products and services. We want more Panamanian companies to also have access to becoming a b-corporation. For that reason, we work with the B-corp entity to tap into those companies that are already sustainable. There are currently two in Panama. One is Conservatorio, which is committed to the sustainable urban revitalization, and the second one is Futuro Forestal, sustainable reforestation investment management company

Right now, Panama is one of the three carbon-zero countries in the world. We aim to keep it that way and to move forward and build upon it. We are also the second country in the world to comply with the "30 by 30" strategy of the UN. Accordingly, we already have 30% of our land and 30% of our ocean under protection. We think that can do a lot with the remainder. Over 43% of consumers around the world prefer sustainable products, which has triggered momentum from the CEOs of numerous companies that are now inte-

grating more sustainable procedures and products into their lines. You start seeing small things make a major impact and we want Panama to be part of that change.

What is the role of agriculture within the Panamanian economy?

If we have one major takeaway from the pandemic and the conflict between Russia and Ukraine, it is the significance of food scarcity, a problem likely to grow. Countries such as ours that boasts land, water, and sunshine stand out and have people who know how to exploit these advantages thanks to our tradition of growing food. Locally, a new law for agro-parks has been enacted to develop 20,000ha that we have already located throughout Panama, to create vertical agriculture, precision agriculture, control environments, and biotechnology and genetics applied to food production for greater crop resilient, which can now grow faster, larger, and be enhanced with minerals and vitamins that fight things such as COVID-19 or other viruses that might challenge the immune system. We are betting heavily on the agricultural sector, which accounts for 2.3% of GDP. But behind that, there are many families and people in the countryside that live off the agricultural sector. Panama can now play a huge role in terms of growing the food that will be needed, not only for our internal food security but also for the region. What we are aiming for is to add domestic value to our exports and to diversify them so that we cease to solely export commodities with little or no added value. We

intend to create domestic added value to improve the livelihoods of people in the value chain. We intend to advance both the knowledge and technology transfer to our people in Panama so that companies coming here can ultimately employ the local workforce, rather than exclusively bringing in their staff from abroad. This is what we want to see in the agricultural sector: people who can sustain their communities for future generations. And we have experience with preparing our workforce to meet international standards and challenges, like we did with the transition process of the Panama Canal from US administration to Panamanian, seamlessly and efficiently, with the same quality of service provided by Panamanians.

What other sectors are promising for Panama?

Our investment attraction strategy is based on three hubs and two sectors: the logistics hub, the digital hub, and the food hub, and then the energy and tourism sectors. All of them are representative because each one has a good story to tell. Logistics is now more relevant than ever, with the regionalization of supply chains and more companies looking at near-shoring as an alternative to the high cost of transportation and fuel. In the energy sector, for example, the energy transition strategy has been praised by the UN as one of the most aggressive and complete strategies in the continent. It also considers energy in terms of green energy, where our local matrix is already at over a 75% ratio. In fact, 82% of the energy that we

consumed last year in Panama came from renewable sources. But it's not only about the generation or transmission of green energy, but about energy consumption in all aspects of life, from public to private transportation, hydrogen utilization, waste to energy process, waste management to water management, as it relates to energy. It is clear to see those numerous niches present investment opportunities within the energy sector per se as mapped out in the energy transition strategy. Decarbonization, digitalization, and decentralization are all part of this strategy as well as part of Panama's investment promotion strategy. Meanwhile, tourism presents another interesting proposition; tourism conservation and research, which looks beyond regular tourist attractions that you would see in any country. The idea here is that when visiting the country, you are not only going to have a memorable experience and learn something, but also actively contribute to what you are looking at. So, the conscientious tourist will be assured that the money they spend here will improve the condition of locals, such as Panama's seven indigenous communities. Today, the country is promoting sports tourism, gastronomy, and convention tourism; among other more traditional sectors such as our beautiful beaches or mountains, old cities and colonial forts. Supporting all investments is the digital sector, where eight fiber optic cables run through Panama, with a ninth cable coming down from Florida. As a result, connectivity here is virtually limitless and available for any type of business that

you would wish to build, making Panama the Digital Hub for Latin America and the Caribbean. From a natural perspective, too, Panama, is advantageous for investment in the region, being virtually free of natural disasters such as hurricanes and earthquakes. We offer an ideal address for BPO at warehouses, and all the attendant technologies of IoT, blockchain, AI, and anything that handles massive volumes of information. ✖

BIO

Ambassador Carmen Gisela Vergara holds a bachelor's degree in law and political science from the University of Panama, a master's degree in banking and financial law from the University of Externado in Colombia, and a postgraduate degree in international trade negotiations from the University of Santiago de Chile. Prior to her position as Executive Director of PROPANAMA, Ambassador Vergara served as secretary general of the Secretariat of Central American Economic Integration, executive director of the Federation of Chambers and Industrial Associations of Central America and the Dominican Republic, director to the board of the Central American Bank for Economic Integration, and minister of trade and industries, deputy minister of foreign trade, and national director of investment and export promotion at the Ministry of Trade and Industries of Panama.

FOCUS

Influence of Israel in Panama

MAKING FRIENDS

Thanks to its high-level technology, Israel's cooperation allows Panama to boost the development of important sectors such as agriculture and the digitalization of the country.

ISRAEL AND PANAMA HAVE CULTIVATED in recent years an excellent relationship from which several cooperation initiatives in different sectors have flourished. Thanks to the technology, innovation, and entrepreneurship of its companies, Israel has exported expertise and knowledge to the Central American country, helping Panama to improve its capabilities in the agricultural sector and cybersecurity, among other areas. "The relationship is excellent; we have many initiatives with the government and local communities, such as our courses with MASHAV, Israel's Agency for International Development Cooperation," said Itai Bardov, the Israeli Ambassador in Panama during an interview with TBY.

One of the sectors with the greatest amount of collaboration is the promotion of food security in Panama through the use of technologies in areas such as water management. Israel, a small country with approximately 60% of its territory in the desert, is able to produce up to 20% more water than its population needs thanks to the development of various technologies. For example, the country recycles more than 85% of its domestic wastewater and reuses it for agriculture. It also has the Sorek desalination plant, the largest reverse osmosis desalination facility in the world. "Israel has many different kinds of technologies such as, for example, growing more crops using less water and land and fewer resources," Bardov notes.

This fits well with the needs of local Panamanian communities that have an agriculture-based economy. The Central American country currently cultivates only 7% of its arable land, as among other factors the country has been suffering from years of droughts caused in part by recurring warm periods such as the El Niño weather phenomenon. Panama needs to improve its water management strategies to keep its hydroelectric power plants running, allow the population to have access to drinking water and ensure sufficient water resources to sustain agriculture. "Panama can now play a huge role in terms of growing the food that will be needed, not only for our internal food security but also for the region," says PROPANAMA Executive Director Carmen Gisela Vergara on the importance of developing a sector in which Israel can greatly help the country.

Israel is known as a start-up country, as it has fostered the development of high-tech sectors and excels in other areas such as cybersecurity and pharmaceuticals. "We also see opportunities in Panama in cybersecurity and pharmaceuticals as well. Here, we are working with companies and the authorities on encouraging start-ups and advancing education," Bardov noted. In addition, in January 2020,

the free trade agreement between Israel and Panama came into force, which establishes a series of tax exemptions to encourage the flow of goods and services between the two countries.

"There are some basic things that Panama has to do in order to become a hub, and education is definitely one of them," Bardov pointed out. One of the factors that have enabled Israel's economic development in recent decades has been the large amount of resources that the state invests in education, especially public education. "In order to become a digital hub, you have to maximize the potential of everyone in the country. I know that in Panama, education is extremely important to this government. However, there are still many challenges," the ambassador added.

Panama faces educational challenges at different levels. For example, the Andean Development Corporation (CAF) estimates that by 2024 the country will require 6,700 annual jobs in science, technology, engineering, and mathematics (STEM); however, it only generates 3,200 professionals in these areas annually. This leaves Panama with a gap of 3,500 jobs in the digital sector between supply and demand. Part of the solution lies in the programs that are being implemented to develop the digital skills of Panamanians. Precisely, one of the main initiatives is focused on expanding knowledge through distance education, an initiative that allows reaching the most remote regions of the country so that all citizens have access to quality training programs.

"Here, we are working with companies and the authorities on encouraging start-ups and advancing education. We work in conjunction with the Ministry of Education and are offering technologies and satellites for remote education," Bardov said, highlighting another initiative where Israeli technology has supported Panama, helping locals to improve their professional training.

With this type of strategy, this important international cooperation allows Panama to advance in one of the key areas for attracting foreign investment. "Our investment attraction strategy is based on three hubs and two sectors: the logistics hub, the digital hub and the food hub," Vergara said. The development of these digital capabilities is also essential to advance in nearshoring, since the country also has one of the technological infrastructures of the region due to its geographic location as a strategic place for global communications. "We offer an ideal address for BPO at warehouses, and all the attendant technologies of IoT, blockchain, AI, and anything that handles massive volumes of information." ✖

The Colón Free Zone in Panama



HEAVY *investment*



Israel and Panama have identified many areas where both countries can cooperate and work closely together to capitalize on each other's advantages.

Itai Bardov
AMBASSADOR OF ISRAEL IN PANAMA

As digital hub itself, Israel is a main player in Panama's digitalization process

How would you assess the relationship between Panama and Israel?

The relationship is excellent; we have many initiatives with the government and local communities, such as our courses with MASHAV, Israel's Agency for International Development Cooperation. We hold many courses on entrepreneurship, innovation, economy, and female empowerment where we bring Panamanians to Israel to do courses. During the pandemic, we did these via Zoom, though now we are resuming the courses in Israel. For example, there are Panamanian doctors who come to Israel to do their specialties there. After their studies, they come to Israeli hospitals for one year or two years to become more professional, and then they bring that expertise and knowledge back to Panama. There are many things that we are doing here to strengthen communities.

Which sectors have the greatest potential for investment by Israeli companies?

One of the important sectors is food security, because there are many technologies and sectors in agriculture, of which water is one of them. There are many projects, initiatives, and companies from Israel working here with Panamanians on technologies, water management, as well as food security, which is an important issue today. Israel has many different kinds of technologies such as, for example, growing more crops using less water and land and fewer resources. I was in Israel with the foreign minister of Suriname to present the different fields

in which Israel can help. We also see opportunities in Panama in cybersecurity and pharmaceuticals as well. Here, we are working with companies and the authorities on encouraging start-ups and advancing education. We work in conjunction with the Ministry of Education and are offering technologies and satellites for remote education. Education is an important segment for us.

How can Israel assist Panamanian institutions to foster local talent?

Israel is called the start-up nation in terms of how it became an advanced technological country. Israel started creating technological greenhouses, which encouraged and supported entrepreneurs, even giving them loans. This encouraged and supported these entrepreneurs who did not have much funding. That also helped to develop the high-tech sector. Furthermore, in Israel the military works on different projects and technologies that are not only used by military uses, but can also be used for civilian purposes. Another thing is that Israel invests heavily in education, especially public education. All these different factors help to create a spirit of innovation. There are some basic things that Panama has to do in order to become a hub, and education is definitely one of them. In order to become a digital hub, you have to maximize the potential of everyone in the country. I know that in Panama, education is extremely important to this government. However, there are still many challenges. ✖

BIO

Itai Bardov holds a degree in political science and international relations from the Open University of Israel and an MBA from Ono Academic College. He served as a commander in the IDF forces in the artillery corps and in the Israeli border police. He joined the Ministry of Foreign Affairs of Israel in 2006 and has been the Ambassador of Israel to Panama since 2021.

new ZENITH

Spain plans to use its presidency of the Council of the EU in 2023 to further strengthen ties and improve links between Europe and Latin America.

Guzmán Palacios
AMBASSADOR OF SPAIN
IN PANAMA



How would you evaluate the commercial and economic relationship between Panama and Spain?

At an economic and commercial level, the relationship is good, although obviously it has suffered the impact of the pandemic, and the tension generated worldwide following Russia's invasion of Ukraine. And while I consider the relationship positive, it could be improved, like anything else. There is significant scope for growth, and the recurring message that we give to the Panamanian authorities is that Spain wants to be a strategic ally, a trustful partner of Panama, and our companies want to continue working in this country. Panama offers particularly attractive conditions. There is the geo-strategic location of Panama, between the two growth poles of the US and South America. It is located in the heart of Central America, importantly with great air connections. There is also a matter of legal certainty, with its deficiencies, but in relative terms it is a point of attraction. In addition, there is the encouraging macroeconomic condition of the country, where we observed striking growth rates in 2022, that many European countries would wish to have, of above 5% or 6% of GDP. The forecasts for 2023 are also positive. Panama has another virtue that is highly attractive for Spanish companies, namely high personal security, which is particularly valued by the expatriate community.

In what specific areas could Spain contribute to the development of Panama, and what actions are likely to bring the two countries closer commercially?

The Spanish presence is felt across all sec-

tors. There is a local presence of Spanish airlines with connections to Europe, thus providing a connection point between both shores. There are areas for improvement, but that is for a company itself to discern. Meanwhile, the Panamanian authorities are set to advance a series of public or private initiatives that may be of interest to Spanish companies. Though not a universal issue, we have observed certain challenges in the construction sector that are of periodic concern at the governmental level. We have expressed these concerns to the relevant Panamanian authorities, and I believe that they are areas of improvement that enable Spanish companies to operate calmly here. In any case, the will of the Spanish company is to remain in Panama. We love this country and want to continue betting on it. There is a connection that has links that stretch back to the past and that are reinforced by a common language and almost fraternal ties between countries and the population. What we are trying now is to strengthen the Spanish Chamber of Commerce in Panama as the main platform for operation in the country.

What activities and main focuses does the institution have in 2023?

As both the President and the Minister of Foreign Affairs for Cooperation have reiterated, Spain wants to focus, with a view to its Presidency of the Council of the EU in 2H2023, on strengthening ties between Europe and Latin America. The High Representative of the EU himself mentioned that there are no two more compatible regions in the world than Europe and Latin America, and it is true. Precisely because

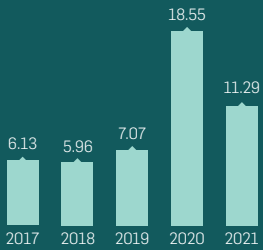
of this close link, and the shared principles and values, the Spanish Presidency is keen to focus on organizing a summit of the Heads of State of the EU and Latin America and the Caribbean, to resume that regional association, which we hope will translate into the beginning of the agreements that are pending with Mercosur, which basically serve to reinforce the existing one with Central America, as well as the one with Mexico and Chile, where there is space for improvement. This is both feasible and desirable. The main mandate is to continue strengthening bilateral relations between the two countries with the perspective of the Presidency of the Council of the EU. ✖

BIO

Guzmán Palacios graduated in law and began his diplomatic career in 2005. He has been assigned to the diplomatic representations of Spain in Venezuela, Mexico, and Nicaragua. Among other positions, he was chief of staff of the secretaries of state for international cooperation, Ibero-America and the Caribbean, and international cooperation in the Ministry of Foreign Affairs, EU, and Cooperation.

UNEMPLOYMENT RATE (%)

SOURCE: STATISTA



MAIN EXPORT PARTNERS, 2019 (SHARE OF TOTAL EXPORTS)

SOURCE: STATISTA

ECUADOR

20%

GUATEMALA

14%

CHINA

8%

US

6%

NETHERLANDS

6%





Economy

BACK IN THE GAME

In the years before the COVID-19 pandemic, Panama's GDP grew at an average rate of 4.65%, standing ahead of its neighbors, as the LAC region grew at an average of only 0.8%.

The pandemic pushed Panama back to middle-income status, though economic activity rebounded in 2021, restoring the country back to high-income status. In Central America, Panama was arguably the most affected by the pandemic due to its ties to international trade. Since 2022, however, with more than 80% of the population having received the vaccine, the engines of the economy are whirring again.

GDP grew by 15.3% in 2021, with a 61% increase in copper production, 11% increase in cargo volume movement through the Panama Canal, and 102% increase in the number of air passengers. However, informality and self-employment rates remain high. In addition, the unemployment rate reached 11.1%. One of the main actors taking action to fight these numbers is the Chamber of Commerce, Industries and Agriculture of Panama (CCIAP), whose president, Marcela Galindo de Obarrio, told *The Business Year*: "In Panama, though the economy started recovering, we were lagging on recovering jobs. In order to develop opportunities for individuals, we identified several sectors that have huge potential in Panama.

Among them, we tourism and agro-industrial offer new opportunities. By developing these sectors, we not only help the economy to grow, but also cover the basics of the jobs we need."

Other areas of opportunity that have been highlighted by companies such as EY, KPMG, and Grant Thornton are cybersecurity and sustainability. Regarding the former, digital transformation and concepts like remote work have forced both the private and public sector to increase their efforts regarding data protection and cybersecurity. Regarding sustainability, companies have realized that establishing the appropriate governance structure and taking care of social and environmental challenges are becoming increasingly important for their public image.

Looking at the future, according to the World Bank, private consumption and investment will drive GDP growth stabilization at around 5% in the medium term. Prices set to be higher in 2022 and 2023 due to higher food and transport prices, though inflation are expected to relax to 2% in the medium term. As Minister of Economy and Finance Héctor Alexander told *The Business Year*: "In short, 2022 was seen as a year of significant growth of at least 5%. And despite the ongoing geopolitical tension and its global repercussions, we believe we will sustain our growth trajectory in the coming years." ✖

INTERVIEW



Héctor Alexander
MINISTER OF ECONOMY
AND FINANCE

STEADY *hand*

The Ministry of Economy and Finance's steadfast handling of the country's funds and monetary policy has helped Panama recover and even grow in the past year.

BIO

Héctor Alexander holds a master's degree and is a PhD candidate in Economy from the University of Chicago in the US. Since 2019, he has held the position of Minister of Economy and Finance in the current administration of President Laurentino Cortizo Cohen. Between 2004 and 2007, he held the position of vice minister of economy and finance and was minister between 2007 and 2009. In 2008, he was chosen by The Banker Magazine of the Financial Times as Minister of Finance of the Americas. He was minister of finance and treasury between 1985 and 1988 and deputy minister and minister of planning and economic policy from 1982-1984.

How have the ministry's priorities evolved during your governance?

When we assumed office, no one would have foreseen the pandemic that was about to happen. When a National Emergency due to COVID-19 was declared in March 2020, I gave immediate instructions for a budget reorganization of USD2 billion by tapping almost all public institutions to ensure an immediate pool of emergency resources. Thanks to his action, there was no lack of resources to address the pressing health issue as well as support the Panama Solidario program. Of course, all of this included the provision to acquire the COVID-19 vaccines. In our case, negotiations with Pfizer began even before its vaccine was officially approved by the regulatory mechanisms in the US. The president himself stated that the manner in which we dealt with the pandemic would reflect greatly on the state of the country once it was over. Our primary consideration was the health of the population and our solidarity program. So, in 2020 and 2021 a little over 10% of the budget of the non-financial public sector was directed to these purposes, around USD3,500 million. As time went on, vaccination was handled efficiently, achieving high vaccination rates in the population. And so, while in 2020, GDP decreased by 17.9%, a year later in 2021 it showed a V-shaped positive growth rate. In 2021, we had a significant recovery of 15.3%, influenced heavily by our effective handling of the pandemic and our countercyclical policy, and not only did the GDP grow significantly in 2021, but there was also a re-activation of employment. Before the war between Ukraine and Russia took place, Panama was already showing growth around three times than all countries in the region in 2022.

How would you assess the performance of the ministry over the past year?

From September 2020 to April 2022, unemployment fell from 18.5% to 9.9%, and formal employment grew strongly by about 22% and here we are talking approx-

imately 10,000 people monthly. Panama has no central bank, and one of our important economic foundations since 1904 has been the US dollar, but unlike other nations we were unable to rely on monetary policy. That is why right now, part of that underlying inflation in Europe and the US is due to the monetary policy originated during the pandemic, and not just due to food and gas availability. In our case, we have to rely on fiscal policy, which meant using a Keynesian-type countercyclical policy to strengthen the demand that had been greatly weakened by the pandemic. In short, 2022 was seen as a year of significant growth of at least 5%. And despite the ongoing geopolitical tension and its global repercussions, we believe we will sustain our growth trajectory in the coming years, and 2022 could be when we recover both the production and employment level of 2019.

What does the countercyclical policy the Ministry has been applying imply?

This policy was applied in 2020 and 2021 and remains a countercyclical one in nature. We had to borrow heavily to strengthen the demand from the government, at a time when aggregate demand had weakened. For us, it was crucial that there be no liquidity problems in the banking system. Our policy was to seek resources from abroad to channel directly through the banking system and the government expenditures. We also deposited liquid resources at the National Bank, in the form of a trust fund geared at strengthening the credit capacity of the banking system. We also obtained resources from abroad to lend directly to micro, small, and medium-sized enterprises and fortunately, we were successful on that front. This anti-cyclical strategy helped us create the conditions that facilitate the strong recovery of production and employment that we are experiencing, while talking care of the safety and health of the population and making important transfers to families in need that were adversely affected by the pandemic. ✖

proactive LEADERSHIP



Marcela Galindo de Obarrio
PRESIDENT,
CHAMBER OF COMMERCE,
INDUSTRIES, AND AGRICULTURE
OF PANAMA (CCIAP)

To further boost the Panamanian economy, CCIAP is also looking at the further education of its members as well as adequate representation at the national and regional level.

What sectors are part of the chamber, and what advantages do you offer those companies?

We prefer to position ourselves as the most representative group or professional association possible. We currently have over 1,500 members and recently added 52 new ones; however, there are two things important to us. The first is having all types of companies including small, medium, and large companies, which is what the entrepreneur and business sector in Panama looks like in real life. There are Panamanian companies as well as multinational ones. There are special laws and incentives to attract multinational companies to establish their regional offices in Panama. Having these massive and consolidated companies in addition to smaller ones allows us to truly understand and represent the actual market. Second, when it comes to diversity in terms of the sectors of our members, our structure is divided into 15 groups that represent 15 different sectors of the economy.

Can you elaborate on the different groups within the chamber of commerce?

The first group is agriculture and livestock, while the second group is food, which covers everything to do with the commercial chain, including raw food items or processed products. The next groups are industries, energy, and water, followed by construction and real estate, automotive and heavy machinery, IT, as well as transport and logistics, an extremely important group. The eighth group is personal items, and then home and office as well as health and chemicals, which is commonly known as the medicine group. The last few sectors include advertising and communications; banking and finance; tourism and entertainment; professional services, which include lawyers, consultants, and so on; and lastly human development. We have almost everything under the sun, and all of those together make up just over 1,500 companies.

What initiatives does the chamber implement to attract new members?

We have a marketing and communications group that constantly goes through different databases to identify companies that are not members of the chamber. The marketing group then reaches out to these different companies and works to attract them. We have several in-house services; for example, having so many members allow us to have a strong administrative team. The chamber has 70 full-time staff working in different sectors and areas. The marketing and communications team, in addition to attracting new companies, are also constantly in touch with members to ensure they are doing well and can connect to the relevant team if required. We have a center for economic studies with one of the most renowned economists in Panama heading the division. It provides business intelligence and keeps an eye on all the different factors of the microeconomy. It also shares its intelligence with our members, helping with their decision-making processes. We also have a legal affairs and lobbying team, a group of lawyers that spends practically 100% of its time in National Assembly identifying different bills or laws that are in the process of becoming law. They go through all the processes, including sub-commission, first to third debate, and so on, and try to identify early on any projects or laws that might impact or affect any of the companies in our 15 different sectors in any way. This allows us to be extremely proactive.

What is the role of education within the Panamanian economy, and how does the chamber foster it?

In 2021, we founded a center for professional formation and entrepreneurial development that works on both continued education as well as professional development. The first part is focused on closing the gap between the private sector and academia, and we have signed several MoUs with different academic institutions to determine the needs of the private sector when it comes to professionals and skills. We have been placing great effort and focus on education, which we have identified as needing a great deal of strengthening in Panama, and a specialized labor force. ✖

Divided into

15

different sectors, with over

1.5K

members

BIO

Prior to becoming President of CCIAP, Marcela Galindo de Obarrio was its vice president and director of group No.10, health and chemicals, of the Chamber. She has represented this business association at the Dialogue of the Bicentennial Pact and in the Commission for the Improvement of Health of the Ministry of Health, among others. She is also part of the founding group of #TodoPanama and was secretary of its board of directors from 2020-2021. Galindo de Obarrio graduated from Texas A & M University in the US and University of Twente in the Netherlands. She has more than 20 years of professional experience in operations and commercial management of various economic activities.

NETWORK *of contacts*



Bringing together 400 member companies from over 20 industries and commercial sectors, AmCham Panama promotes bilateral trade and investment opportunities with the US.

Doriana Hun
PRESIDENT,
AMERICAN CHAMBER OF COMMERCE
PANAMA (AMCHAM PANAMA) &
GENERAL MANAGER,
CHEVRON PANAMA

Launched Innovation Committee for member companies

What new opportunities are you discovering to promote trade between the US and Panama?

In terms of economic reactivation, regardless of prevailing challenges, Panama has shown positive behavior with respect to economic reactivation. I consider it particularly relevant to mention the strength of the mining sector at this time. Mining plays an important role in Panama, and expectations for the sector are high. It is set to generate around 300,000 tons in 2022, corresponding to around 3% of GDP and playing a key part in Panama's economic reactivation. Panama has been characterized as a service economy. Indeed, the reactivation of the services sector has been robust, accounting for 70% of GDP and around 67% of national employment. Clearly, the sector will remain in sharp relief moving forward, giving Panama the international exposure it deserves given its important geographical position. Then, there is the transport sector orbiting the Panama Canal. In 2021, the Canal generated USD2 billion in income for the country, and I expect it to remain relevant for the country in terms of the economic reactivation. AmCham works closely with various government entities, the primary one being the Ministry of Commerce and Industries. It has promoted certain laws that we consider supportive of commerce between Panama and the US, such as the SEM Law, of particular relevance to multinationals, and the EMMA Law, activated in 2021. Currently, there are 181 companies operating under those laws, which form a regime for companies keen to establish themselves in Panama's manufacturing industry. A large part of our member companies are subject to the SEM Law. These special regimes encourage investment and appeal to multinationals to locate their business centers in Panama.

What advantages do companies gain by joining AmCham?

Joining AmCham means being part of the largest business community in the region, since we are affiliated to the Association of American Chambers of Commerce of Latin America and the Caribbean, which represents over 80% of all US investment in the region. AmCham Panama promotes bilat-

eral trade and investment opportunities between Panama and the US and gathers nearly 400 member companies belonging to over 20 industries and commercial sectors. One of our objectives, is to be a platform that brings together the government, private sector, and academia, to facilitate dialogue opportunities in order to benefit economic and sustainable growth. 12 sectoral committees provide up-to-date information on the most relevant national and international topics in the voice of top tier government authorities and key stakeholders from the private sector and institutions. To explore business opportunities, we also offer through our Trade Center a wide variety of services such as: potential contact lists, private business meetings, business agendas, and organization of trade missions between Panama and the US, among others.

What has AmCham learnt from the pandemic?

The pandemic accelerated digital transformation, which has greatly benefited the possibility of maintaining close contact with all our member companies through virtual and now hybrid meetings. Our number-one priority throughout the pandemic was ensuring we kept our members well informed and this was definitely possible with great team work and guidance from Microsoft who ensured we could adopt a new virtual work environment in record time.

What is AmCham's key focus today?

We have concentrated our efforts on the environment, social and governance (ESG) in order to establish these criteria as the sustainable model for business growth. In alliance with Instituto de Gobierno Corporativo de Panama, we launched a governance-oriented educational campaign aiming to promote higher business standards among companies. Having innovation as a powerful strategy for company growth, our most recently launched committee, the Innovation Committee, provides member companies the opportunity to share best practices and know how to strengthen companies of all sizes and industries. ✖

BIO

Doriana Hun received her bachelor's degree in chemical engineering from the Florida Institute of Technology and her MBA from the Universidad Latina de Panamá in 2001. She joined Chevron as a process engineer at the Panama Refinery in 1999 and has held different positions within the organization, including planning and pricing specialist as well as marketing manager for Colombia and Central America.



Andreas Eggenberg
PRESIDENT,
SWISS-PANAMANIAN CHAMBER
OF COMMERCE



Remco de Bruijn
EXECUTIVE DIRECTOR,
HOLLAND HOUSE
(DUTCH-PANAMANIAN CHAMBER
OF COMMERCE)

CHAMBERS

These chambers of commerce in Panama offer their members various benefits in addition to networking opportunities and advocacy services with national and regional institutions.

What benefits does the chamber offer to member companies?

ANDREAS EGGENBERG The Swiss-Panamanian Chamber of Commerce provides three main services to the 65 member companies of the chamber. The first is obviously to advocate for good commercial and political relations between Switzerland, Panama and the whole Central American region. A large multinational company doesn't require a chamber to help establish an office in a new country, as they can achieve this on their own. But they do require the neutrality of the chamber to interact with local authorities, which is precisely where we come in. Often, we are a platform for these multinational companies, and the chamber is here to advocate for them in general and combine forces. We also work with the seven other European chambers of commerce in Panama to strengthen the voice regarding issues that are shared among all European companies based in Panama; and with the local Chamber of Commerce, Industries and Agriculture of Panama (CCIAP), an umbrella organization of the Panamanian chambers. Meanwhile, the smaller medium-sized companies have yet other needs, particularly regarding their initial setup in a new country and region, and in market openings. We assist them in an advisory capacity, participate

in trade fairs concerning Panama and Central America, and advise during the initial steps of entering the Panamanian market, such as registration and Panamanian law. In this context we also cooperate positively with Switzerland Global Enterprise (S-GE), the Swiss go-to-partner for Swiss SMEs abroad. Finally, there is the more sociable but equally important component of what we do: networking, where members and other companies get to know one another at social events. We interact also frequently and positively with the Swiss club in Panama; which is an organization for Swiss nationals.

What strategies are you putting into practice to attract new companies?

REMCO DE BRUIJN We have 40 members today, which includes almost all Dutch companies present in Panama. In that sense, we have been highly successful. We started with nine companies just before COVID-19, and two and a half years later we had reached 40. We have membership packages offering our members networking, introductions, and the opportunity to meet with key figures in Panama, and we also give a boost to their visibility. We are effective in marketing, and particularly keen on social media. Indeed, we have more LinkedIn followers than other the European business associations in Pana-

ma put together. We invest a lot in digital content. We have 40 members, but not all are Dutch companies, as there are also a few Panamanian companies that have a business relation with the Netherlands as well as certain businesses from Curaçao and Aruba, which are part of the Kingdom of the Netherlands. Membership aside, we also provide services to new companies seeking to enter the Panamanian market. That said, membership is a significant part of what we do, and staging networking events, such as our rooftop drinks Copa Naranja, are particularly popular. We will have major maritime and water-related events in cooperation with the Netherlands Embassy. Panama has water problems, and the Netherlands, being below sea level, has considerable water technology that we can help Panama with. In terms of our service offering, we will continue pursuing innovation and new concepts to keep adding value. Ultimately, Dutch companies are interested in ports and maritime because of the potential of the Canal and everything that is related to it. The Canal is set to go CO2 neutral and has an elaborate digital transformation program.

Which are the main sectors that Swiss companies are predominately participating in?

AE In the manufacturing sector, Nestlé, a global leader in consumer goods, has its own production facilities in Panama. The second group is the financial sector in which we have large wealth managers of Swiss origin. The third comprises Swiss companies that choose Panama as a seat for their regional headquarters, such as ABB, Roche, Novartis, MSC, SGS or Sika. Finally, there are many SMEs of Swiss origin or with a traditional link to Switzerland that often choose Panama as an entry point at least to the Central American region or as a hub for their Latin American activities.

How is the chamber fostering digitalization and contributing to making Panama a digital hub?

RdB There are numerous opportunities in the technological field because of the economic crisis, which is evident from the investment figures. We set up the first virtual tech mission to Panama in which eight Dutch digital technology companies participated, from fintech to port management systems, and had meetings with diverse Panamanian counterparts. They want to do business here because of the opportunities of Panama as a digital hub and the country has excellent incentives and features for that. ✖

A BETTER *world*



EY works to build a better world of business and help create long-term value for clients, people, and society.

Luis Eduardo Ocando B.
MANAGING PARTNER &
TAX LEADER PANAMÁ AND
MARKET SEGMENT
LEADER MECAR - LAN, EY

Committed to being
carbon negative by

2023

What main areas of opportunity have you identified in Panama?

During the pandemic, Panama demonstrated over again that it is the main logistic center in the region. Many of the vaccine warehouses were in Panama, and distribution to other countries was carried out from here. Almost every day, cargo planes came to Panama from many countries transporting medicine, vaccines, and different kind of products. All this showed that the talent and work of Panamanians is also a great value. On the other hand, the war of Russia in Ukraine is really complicated now, along with the crisis in China and the inflation around the world. There is speculation that we are at the beginning of an economic crisis, and therefore we need to be prepared. However, Panama is a great country that offers many opportunities, especially in logistics and services and this should be enhanced every day.

What is EY's competitive advantage, and why do people choose your services?

We are one of the biggest accounting, tax, and consulting firms in the world. The difference between EY and its competitors is that we operate as a one single firm in Panama, Central America, and the Dominican Republic; however, we do not necessarily have all the resources here or in other of the countries. The overall difference we have in the market is that if we do not have talent here, then we find a talent that can do the work within our region, thus giving added value to our customers. The market says we are one single premium around the world, though that is not necessarily true when you share the same profit and loss. We have 300 people sitting in Panama, but more than 1,600 sitting across our Central America region. Regarding sustainability, for example, the problem is that the Panama Canal is a water company and not a transportation company. A big part of the

Panama Canal is an artificial lake, and the water comes from rain. It does not have a pipeline going to another place to find water. The Panama Canal is working hard on sustainability to keep the water source system close and find new ones in order for the Panama Canal to continue operating. It offers us many opportunities regarding sustainability. EY exists to build a better world of business, helping to create long-term value for clients, people and society, and building trust in the capital markets. Through data and technology, EY's diverse teams, located in more than 150 countries, deliver confidence through auditing and consulting, helping clients grow, transform, and operate. Our teams are what differentiate us in the market, and these are differentiated by their talent and values, as we promote respect for diversity and inclusion globally. Locally, in Panama, we carry out different activities to promote inclusion and diversity, which allows us to stand out in values, what is essential for us.

Can you elaborate on your Better Working World Data Challenge Project and the business model behind it?

Our purpose at EY of building a better working world has never been clearer—EY is committed to being carbon negative by 2023. We're working on that now. Water, air conditioning, lights, and everything else is set up to meet Panama's sustainability KPIs. Everything we do relates to sustainability. For example, nobody has an office as unique space; we all sit together in open spaces, and we do not have or keep papers—we have migrated almost all of our archiving methodology to digital. We have been certified as a Great Place to Work for the last eight years because people are happy to work with us. We are extremely flexible and are focused on sustainability. We are motivated to keep our people happy, which also keeps our clients happy. ✖

BIO

Luis Eduardo Ocando B. is Country Managing Partner, Tax | Law Leader – Panama & Market Segment Leader Mexico – Central America at EY. He is a member of the expanded executive committee of the Panama, Central America & Dominican Republic firm of EY (EYCA) and member of the EYCA Tax Executive Committee. He is a tax lawyer with more than 35 years of experience in Venezuelan and international taxation and has been recognized by International Tax Review as one of the most renowned tax advisors in Venezuela for seven consecutive years.

continuous IMPROVEMENT

KPMG works as a trusted adviser to companies to provide services related to accounting, auditing, taxation, risk, business consulting, and much more.



Luis Laguerre
SENIOR PARTNER,
KPMG IN PANAMA &
CHAIRMAN,
KPMG CENTRAL AMERICA
BUSINESS UNIT (KCA)

What makes KPMG's services stand out from others in Panama?

KPMG in Panama has an extremely strong presence. We are reaching our 65th anniversary in 2023, and it has gained the recognition of business particularly in the financial sector in Panama in which quality and integrity are the foundation among all the areas of our business. Our purpose unites us to continue being a trusted advisers to the public, private and non-governmental sectors in technical issues related to accounting, auditing, taxation, and risk and business consulting, with ethical professional execution for the benefit of our clients, the community and for the next generations of professionals looking to join our organization. We also help companies cope with the challenges posed by digitalization, helping them to transform their processes to be more competitive and protect themselves with cybersecurity.

What new trends are emerging in the market after the pandemic, and how is KPMG overcoming these trends?

We are working together with our clients to cope with the reactivation of the economy after the effects of the pandemic and the challenges of the current changing environment. As there is an increasing demand for transparency into how organizations use and protect the confidentially and integrity of personal data of everyday individuals, cyber security is rising to the top of the agenda. A well-protected business has the potential to inspire confidence and be agile. In that sense, KPMG helps companies create a resilient and trusted digital world, even in the face of evolving threats. We bring a combination of deep business knowledge, data-driven technology, and global alliances with a team of multidisciplinary professionals who are passionate about protecting and helping business-

es. Together, we want to create a trusted digital world, so companies can push the limits of what is possible.

What collaboration does KPMG has with the World Economic Forum, and what benefits will it bring to its clients in terms of ESG?

On a global scale, KPMG has been working with the World Economic Forum to promote top priorities in terms of the social, governance, and environmental aspects. In that sense, from an introspective point of view, we are working hard to embed a culture where ESG serves as a watermark in everything that we do. Now, more than ever, it is important to establish an appropriate governance structure and integrate initiatives that mitigate companies' environmental and social impacts. In that sense, KPMG can help clients to understand the risks and accompany them through the journey of designing the strategy around ESG to a sustainable transformation and reporting, mainly in the financial sector where there is greater demand for these solutions. There is also an increasing need to develop projects that are harmonized with ESG principles. It will become increasingly common for companies to comply with this in order to access capital in the coming years. However, many need to be aware of the concept of greenwashing. Companies must be truthful in what they are doing in order to increase trust. At the end of the day, the prosperity of our countries and our economies depend on trust—in the private sector, our public sector, and our society as a whole. The private sector has a great responsibility in that field, and KPMG views itself as providers of trust in terms of the financial information issued by corporations by helping companies comply with regulations and promote continuous improvements in all their processes. ✖

New opportunities in the market in cybersecurity

BIO

Luis Laguerre has more than 35 years of experience advising companies in various industries. Prior to his appointment as Senior Partner of KPMG in Panama, he served as leader of the tax services practice. He was chairman of the board of directors of the Association of Certified Public Accountants of Panama and the American Chamber of Commerce and Industries of Panama (AmCham). In addition, he was a member of the board of the Panamanian Association of Business Executives (APEDE) and the Technical Accounting Board. Currently, he is president of the Association of American Chambers of Latin America and the Caribbean (AACCLA). Laguerre holds a bachelor's degree in accounting from Universidad Santa María La Antigua and an MBA from Universidad Latinoamericana de Ciencias y Tecnología.

TBY ANALYTICS PANAMA 2023

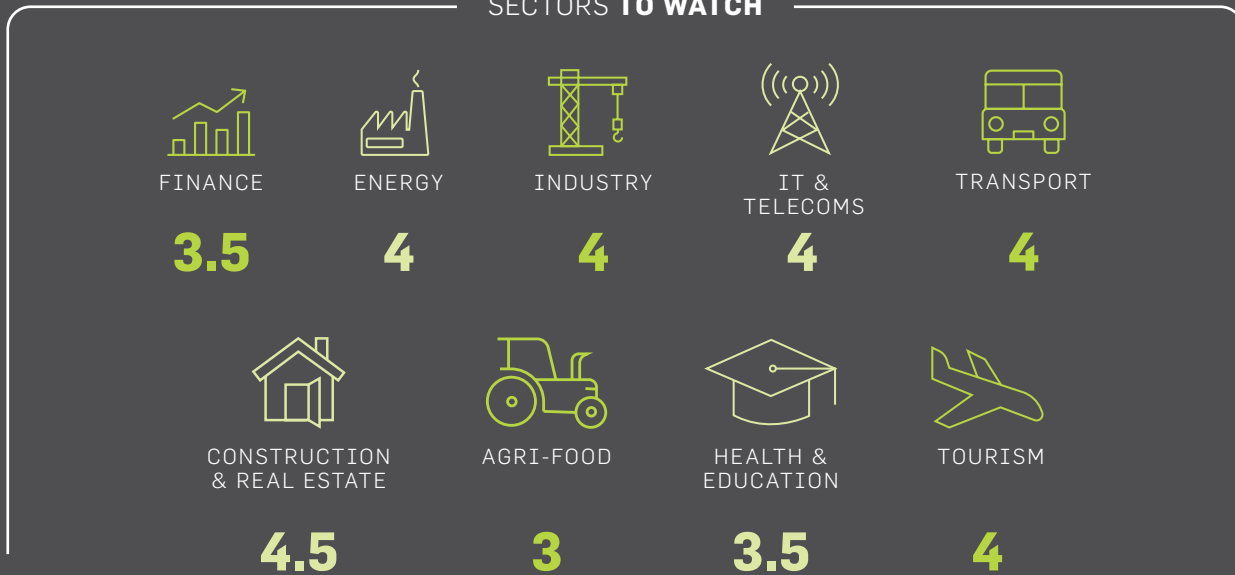
125 interviews were conducted for *The Business Year: Panama 2023* Analytics.

BUSINESS CONFIDENCE INDEX

How confident are you about the outlook for business in Panama this year (1-5)?

3.8
AVERAGE RATING

SECTORS TO WATCH



ADVANTAGES & CHALLENGES

What are the most commonly mentioned advantages and challenges of doing business in Panama?

ADVANTAGES

- Main Latam financial hub
- High rate of digitalization
- Optimum geographic location in center of Americas
- Rising "Made in Panama" brand
- Bold energy transition plan
- Diversified economy
- Dollarized economy
- Main global transshipment hub
- Strong infrastructure investment

CHALLENGES

- Efforts to boost transparency creating red tape for investors
- Ongoing effects of COVID-19
- Lack of modernization in agriculture sector
- Lack of financial and research support for universities

the common GOOD

A family-owned investment firm with investments across a range of industries, Grupo Eleta is currently focused on key sectors such as energy, agribusiness, and real estate, among others.



Guillermo de Saint Malo
CEO,
GRUPO ELETA

What goals does Grupo Eleta have in the coffee business?

Eleta is a fully integrated coffee investor from farm to cup. We are the farmer, the processing facility, the roasting facility, and the retailer. Along the entire supply chain, we work to take beans directly from the farm to people's hand; that is how we create value and protect quality. We also serve as a showroom for other premium coffee growers. The idea is to work with others coffee players to make Panama the most recognized premium coffee producer in the world. We are too small to compete for quantity with the likes of Brazil or Colombia, so our strategy is to win in quality. At Eleta, we aim to be one of the driving forces behind making Panama coffee the best coffee in the world. This is why you can find various types of coffee when you enter UNIDO, our coffee roaster and retail shop. To produce an agricultural product that is so widely accessible and considered one of the greatest in the world is incredibly uncommon. As a result, we spend a lot of time and effort on this endeavor. Right now, it is all about growing the brand, which translates into how we achieve a store count of 100 or more, while still offering a best-in-class experience and product. We are aiming to open five to six stores per city. We are currently deploying our second store in Washington D.C, and we hope to soon set up in Miami, followed by Houston and possibly Madrid. We will continue to open in cities offering the best connection with a reliable local partner. Our end vision is to "wine-ify" coffee. We want to bring to the coffee industry what has happened in wine. Making it about the experience and selection; about the pairings, tasting and varieties; about knowledge, products, and scarcity. It is about expanding the culinary appreciation for coffee similar to how it happened in the wine industry.

What energy-related projects do you have, and what opportunities have you found in this market?

Today, we own and operate generation companies across various technologies both in Panama and abroad. This includes hydro, solar, diesel, LNG, and batteries. In Panama and the region, the opportunity is mostly in solar, battery, and small-scale LNG. Solar energy is our main area of interest for the mid-term. Recently, we have been building capacity and investing both domestically and internationally. The demand for sustainable and reliable energy models will only increase and solar energy, in conjunction with batteries, will become an important driver of future growth. Having said that, I believe we must pursue both traditional and renewable energy sources in order to maintain a balance within energy systems. By traditional, I mean natural gas, which is essential for the energy transition as it plays an instrumental role in shifting away from coal and moving towards net-zero emissions. Hence, our second area of focus. As the transition evolves, natural gas will remain vital in providing reliable, cleaner, and efficient energy to support economies around the world. Natural gas is the cleanest amongst the fuels that can help provide 24-hour energy to high demand areas. Island Power (IPSA), our microgrid company, is an initiative to provide energy to remote locations. For instance, we operate in a remote location called La Miel on the Caribbean side. It is the final settlement in Panama before the border with Colombia; it lacked electricity. The solution: we provide electricity by using a hybrid system of diesel generator, solar panels, and batteries. As a result, education and health has improved as well as tourism, for people from Colombia are crossing to visit, spend resources, enjoy the beautiful scenery, and visit the beach. All of this has contributed to forging a robust local economy. Again, doing good is good business. ✖

*Investing
in natural
resources to
become greener*

BIO
Guillermo de Saint Malo Eleta is a Panamanian entrepreneur and philanthropist who promotes innovation, principled leadership, and sustainability as CEO of Eleta. He also promotes good corporate governance within family businesses and serves on various company boards. Furthermore, de Saint Malo also serves on NGO boards such as Pro-Chiriquí, driving public-private alliances in Panama's agricultural areas, and on the board of ANCON, Panama's foremost nature conservation group.

GROWING *without limitations*



As part of its growth plans, Panapark is now working on its expansion to accommodate the growth of its clients and in anticipation of more investors.

Magda Echeverría Linares
GENERAL MANAGER,
PANAPARK FREE ZONE

Consolidated almost 100% of its 1st phase in 3 years, starting on 2nd phase

Aligned with global sustainability standards for international companies

How is Panapark Free Zone implementing the “built to suit” model with its clients?

For us, our established clients are just as important as the clients that we capture from abroad, which are international clients that we approach through different commercial strategies. In terms of our existing clients, we focus on establishing strategies with them in order to attend to their needs and their growth projections. We want to ensure we can guarantee them the space they need to grow in the future, whether it is built to suit or prototype warehouses. The growth of our clients has occurred under both schemes. The locations that we allocate to our clients is based on their operations and how they see their prospects for growth as well as their needs. We talk to them about their growth possibilities and then plan and reserve lots around the area where they are located. They are able to reserve warehouses next to or around them, where their growth can be guaranteed along the way. We tailor the concept of the entire project based on what they require. Not only is the space located with a company’s growth in mind, but it is also built that way, and we give them the keys to grow without limitations.

Do you have plans to expand in the near future?

Our clients are growing, and we design our expansion in anticipation of their growth. We are developing our masterplan in two phases, and we will carry out the second phase that will enable 27ha more to continue new developments in 2023. Our expansion can also take place according to our clients’ growth. For example, that happens with the Diplomatic Rum group, which is well known in Europe and around the world. It exports from Panama to 110 countries today. It began its import and export processes in 2019 with 6,200sqm at the free zone, and today it has 23,000sqm of buildings.

As the largest private free trade zone in Panamá, what role does Panapark Free Zone have within the Panamanian economy?

The free zones have an economic impact in various ways, including increasing the country’s exports, which helps to grow the money supply, as well as boosting employment and the consumption of local services. Panapark impacts on the economy in two ways. The first is on construction, which is an important economic activity worldwide. As developers, we generate direct and indirect employment and consumption of goods and local services that certainly contributes to the economy; however, as free zone operators that attract investment from foreign companies to invest in Panama, we have a double impact. The free trade zone has several financial business models, ranging from selling, where companies can purchase buildings, to leasing. Those companies that lease spaces perhaps make a smaller investment, though they also have to invest in their operations, including the installation of the company, its relocation, and its machinery and equipment as well as direct and indirect employment. They also contribute to the economy in terms of the exchange of technology and knowledge. Additionally, they have an impact on everything that has to do with the productive cycle in terms of their supply chains with local companies and within the free zone (productive chain). These are all the different ways in which free zones directly impact the country’s economy. Panapark is currently the most active and growing free trade zone today, and because it is private, it moves significant capital from investors as well as foreign companies that are established in the free trade zone. This represents a positive impact on the Panamanian economy. ✖

BIO

Magda Echeverría leads operations in Panama at Panapark Free Zone and has 28 years of work experience, occupying senior management positions. She is trained civil engineer with an MBA in management, finance and real estate valuation, with experience in the financial and banking sector.

PANAPARK FREE ZONE

PANAPARK
FREE ZONE



The largest Private Free Zone in Panama.

Connect your operation faster to your target markets.



360sqm to 12,000sqm Warehouses



BTS Built to suit



Air Hub



Sea connectivity



Ground connectivity



Fiscal benefits



Labor benefits



Migratory benefits

Developed by

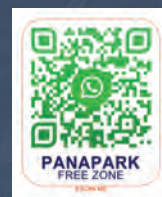


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TRADE ZONES

With Panama's strategic location in the middle of Latin America and the Caribbean and its booming industry, its trade zones offer international companies various advantages.



Eriberto Guerra
GENERAL MANAGER,
BARU FREE TRADE ZONE (BARU
FTZ)

COMPANIES IN THE FTZ are exempt from fiscal taxes. Baru also has a privileged geographical position when it comes to dealing with Asian countries. We are also neighbors with Central American countries that are clients of other FTZs in the area; however, our advantage is that we are closer. Finally, we have an ideal water depth. We do not have to perform dredging, as opposed to other places such as the Panama Canal, where USD30 million is spent on dredging annually. With our port, large vessels can come easily. The FTZ is not just a perimeter fence; it comprises all of Baru district, around 77,000sqm. We also have the border area in Paso Canoas, where there is economic development. In the Baru Free Trade Zone law, there is also an oil FTZ. We already have people arriving in the area wanting to invest in refineries. Baru FTZ is around 21 years old, and none of the previous administrations developed such activities. We have experience and are implementing logistics activities and the movement of vessels to the West coast of the US. The Chiriquí Land Company has national lands that can be of use for the Baru FTZ.



Aida Michelle U. Maduro
GENERAL MANAGER,
PANEXPORT

PANEXPORT is the first free trade zone to open its door in Panama City offering a home for all companies interested in value added production or complete manufacturing cycle. As new trade zones started developing, Panexport turned out to be the perfect place to establish small companies or companies that could grow into separate production line in various warehouses. As rental opportunities, companies are not required to invest capital in building their own facilities. Instead, all the efforts go toward developing their business into facilities ready to use. As an incubator, it provides the opportunity for new enterprises that want to participate of the global market with the same favorable conditions as multinational corporations. The FTZ has 300-1,500sqm warehouses or built to cover the needs of the end user up to 2500 sqm. Given this conditions, Panexport becomes a complementary operation to other special regimes in Panama. Panexport is strategically located in the heart of the city, just 27 minutes from Colón Free Zone and the port in the Atlantic, 15 minutes away from Balboa in the Pacific area, and 20 minutes from the airport. Companies can transport their goods wherever they want easily.



Luis Arrieta
CEO,
ALBROOK FREE TRADE ZONE

ALBROOK FTZ was the second FTZ to be set up after Panexport. Albrook has several differentiators. First, when we went to bid, we had a concession from the government. It was a blank canvas, and we could create and develop whatever we needed. We then started the process of getting clients. At that time, export processing was not that popular in the world, and no one was familiar with it. We had to work hard to find clients. Today, we hold two structures of export processing in the FTZ that are labs. We run all the chemical analyses, fuel tests, and everything else. We have three major business components. The first is chemical analysis, and this business did not stop at all. This was also the case with unloading vessels; those companies had to remain open even during COVID-19. Then, there was the logistics part of it, as we have three or four of the largest import logistics companies in Panama. Together, they bring in several thousand kilograms of air cargo a day. As a result, Albrook was never closed during the pandemic; my team and I were always working.

A view of the Panama Canal, which, alongside its free zones, is one of Panama's main economic lifelines



Image: isiqopote

FOCUS

Post-pandemic recovery

BACK TO NORMALITY

Why did Panama's economy fair better than most during the pandemic and especially during the recovery period?

TO UNDERSTAND PANAMA'S ECONOMIC SITUATION now in 2023 we must rewind to the late 2010s, when the Central American nation's economy was doing quite well—in fact the Panamanian economy was in a better shape than any other in the region. The country had been experiencing something of a boom since 2014, with its economy growing at an average rate of 4.6% a year. By 2019, Panama's economic growth had reached a surprisingly rapid pace—"four times the regional average," according to the World Bank, which also put Panama in the "high income" category.

And then the unpredictable calamity struck the global economy. Panama was not spared, and its GDP was slashed by 18% in 2020. Although the COVID-19 pandemic affected the country and its economy in 2020 and well into 2021, the Panamanian economy showed more resilience than most countries in the region—of which more later. Even with the actual pandemic coming to an end and the complications of a worldwide recovery period beginning, Panama's economy fared better than other developing nations of a comparable size and population: while inflation surged everywhere in response to the post-pandemic recovery of the markets, the inflation rate remained reasonably under control in Panama, at around 3%.

The country's commendable performance in the face of the pandemic may be partly attributed to timely measures taken by the authorities. The government declared a state of emergency on March 13, 2020, and around USD50 million was freed to be spent on pre-

ventive measures. The administrative procedure for a nationwide vacation, too, was quicker than expectations. Pfizer-BioNTech's COVID-19 vaccine was approved by Panama for human use in December 2020, just days after it became available. Thanks to such measures, Panama was successful in curbing the number of new admissions to its healthcare system during the peak periods of the pandemic.

And, of course, the health service shouldered a large portion of the burden. The country was fortunate in that the number of hospital beds in Panama had seen a significant growth during the aforementioned economic boom. Otherwise, flattening the curve would have become even more challenging at the height of the pandemic in January 2021, when over 5,000 new cases were confirmed every day, many of whom were in need of hospitalization. The expansion of Panama's hospital beds took place between 2009 and 2014 with the launch of Ciudad Hospitalaria in Panama City.

The country certainly fared better than many in the economic recovery phase following the lockdowns. With the ebbing of the pandemic in 2022, everyone around the world was expecting a resurgence in economic activities. And such a recovery indeed came to pass, though the large amount of cash injected into various sectors by several developed economies such as the US also created a wave of inflation that troubled the world economy throughout 2022. Panama has been thankfully immune to inflation so far. The nation's

inflation rate was around 1.6% in 2021 and 2.5-3% in 2022, whereas the US and the EU saw all-time-high inflation rates of 7.1% and 10.1%, respectively.

Nevertheless, the Central American nation has seen a rise in the cost of food and fuel, which led to some protests in the summer of 2022. This was a rare economic turbulence in a country which has long been immune to the economic ups-and-downs which are common across Latin America.

While discussing Panama's apparent economic resilience at a difficult period for global economy, the Financial Times noted that "Panama has yet to feel the full economic hit. GDP grew by an impressive 13.6% YoY in 1Q2022, according to the Comptroller General, driven in part by an increase in income from the Panama Canal."

The Panama Canal has indeed been an important contributor to the country's resilience during the post-pandemic recovery period. The fact that more goods are now shipped around the world means that more vessels must pass through the Canal, and the country will earn more in the form of toll revenue. While the revenue generated by the canal was just under USD2.7 billion in 2020 from some 13,400 passing ships, the revenue is estimated at USD4.2 billion for 2022, marking the canal's most profitable year on record.

Many are optimistic that this trend will continue toward the end of 2023, that is Panama's revenue from the canal will remain high thanks to activities across the transportation sector, while the country remains immune to inflation. The country will by no means be free of challenges. "The main challenge is to reduce inequalities that especially affect women, Afro-descendants and Indigenous peoples," as the World Bank puts it. ✘

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Panama City is a thriving regional service sector hub



Image: Thijs Peters

PROFESSIONAL SERVICES

Professional services firms in Panama stand ready to provide the knowledge and expertise to advise multinational corporations looking to maintain a regional operation as well as local ones keen to expand.



Jorge Orillac
GENERAL MANAGER,
ALEMÁN, CORDERO,
GALINDO & LEE
(ALCOGAL)

ALCOGAL is a full-service law firm with a dedicated team of attorneys focused on providing timely and efficient advice across all industries, locally and internationally. Aside from the banking, finance, corporate, capital markets, mergers and acquisitions, and dispute resolution areas where Alcogal has been particularly strong throughout its history, our firm is diversified to provide legal services in other practice areas, including energy and natural resources, public tenders and concession contracts, real estate, infrastructure, mining, anti-trust, immigration, intellectual property, international trade, labor, maritime and port facilities, telecommunications, international corporate services, and trusts and estate planning. We provide services to most of the large banks established in the country and represent several foreign banks in their credit facilities to local or foreign entities. The firm also provides legal advice to many companies from various industries. Our firm is also very experienced in dealing with international clients.



Aquiles Tonelli
CEO,
ARKA CONSULTORES

WE PROVIDE human resources services to companies in Panama, and we offer different positions based on the requests from clients. Our main service is our staffing service; we supply employees to about 200 multinational companies in different areas. We have hired positions from operators to general managers for companies that needed to find employees in Panama. As well, we offer permanent placement services for companies who request direct employees. Usually, the benefit is that many multinational companies have a limit on headcount or quota of contracts for employees. The other benefit is the recruitment process that we handle from start to finish. We have 25 years of experience in Panama, which gives us a competitive advantage. Arka started in 1997 as Adecco Group and later changed to Arka in 2010. We are a partner of Adecco Group in the region including Panama and Venezuela. We have a team with extensive experience here, some of them having worked with us for 10-15 years now.



Siaska Lorenzo
MANAGING PARTNER,
ARIAS PANAMA

ARIAS PANAMA has had many interesting deals and emblematic cases since its opening in 2011, including multi-country and multi-million mergers and acquisitions transactions. In the region, we are the first truly integrated law and the number one in intellectual property (IP) services. Proudly we are a referent for several areas, including taxes and litigation. Having that background and know-how performing cross dealings is part of our ADN that helped us consolidate in the country. Arias did not have many issues during the pandemic because we were ready to go completely remote, and it was extremely easy for us to shift to remote work. We also did not suffer any employees or services losses during the pandemic. Our entire headcount also sacrificed a small percentage of their salaries to support some of the jobs that could not go remote, like cleaning and clerical tasks. We were extremely fortunate to resume our work swiftly and are now back on track to pursue our expansion goals.



Julio Cruz
MANAGING PARTNER,
RSM PANAMA

I HAVE BEEN WITH the company since 2008, and the performance of the company has been extremely positive. With the pandemic, we had a challenge to overcome, and it was indeed unexpected. Fortunately, we were ready and were able to meet our goals. After that, we were able to keep growing. It has been a lesson for us to remain one step ahead. That is what we are focusing on now; we want to maintain that same pace of growth in the coming years. We are developing new strategies in terms of areas where we want to get into and new areas that we want to explore. We are also aligning ourselves with the strategies of the international firm. We are currently focused on the next strategy. Our focus is to align ourselves as a local practice with the strategy of our international practice as well. We expect technology to continue to grow, and we expect many opportunities in the tech area. In addition, as a local firm, there are still many areas where we need to keep developing.

Solar panels are a common sight in sunny Panama

RENEWABLE ENERGY CAPACITY IN LATIN AMERICA AND THE CARIBBEAN, 2021 (MW)

SOURCE: STATISTA

BRAZIL

159,943

MEXICO

29,443

ARGENTINA

15,027

PARAGUAY

8,832

COSTA RICA

3,189

PANAMA

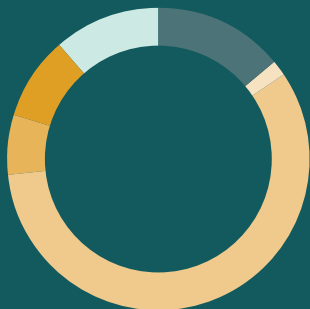
2,554

EL SALVADOR

1,593

ENERGY SUPPLY BY SOURCE, 2019

SOURCE: IEA



- 58% Oil
- 14% Natural gas
- 11% Coal
- 9% Hydro
- 6% Biofuels & waste
- 2% Wind, solar, etc.





Sustainability & ESG

EVER GREENER

As one of only three carbon-neutral countries in the world, Panama, the forests of which absorb more carbon than the country emits, is well placed to set an example regarding sustainability for the whole region.

Both the public and private sectors are working to further boost Panama's green credentials, with initiatives including schemes such as the National Action Strategy for Climate Empowerment (ENACE), a training program launched in 2022 by the Ministry of Environment to raise awareness about the need for corporate action on environmental issues.

Furthermore, and also in the spirit of public-private collaboration, the Ministry has launched the Reduce Your Footprint program, the first state program of a voluntary nature at an organizational level in Panama. This corporate initiative establishes a standardized process to identify, calculate, report, and verify the carbon and water footprints of public, private, and civil society organizations.

Of the business leaders we met for this chapter, many were keen to discuss the wider energy transition. Javier E. Gutiérrez Alzate, General Manager of Celsia in Central America, told *The Business Year*: "Panama is one of the slowest countries in Central America to adopt [the energy transition]; however, I believe this will change soon, because developments such as the current global situation with rising oil prices will drive many people to look more favorably on electric vehicles and

the new law will help with the change."

The aforementioned regulation came into force on January 1, 2023, and its main purpose is to reduce greenhouse gas emissions by increasing the use of renewable energy. It includes new fiscal incentives approved by the Ministry of Economy and Finance, as well as the implementation of non-fiscal measures and incentives in the public, private, and academic sectors.

The government is also keen to boost renewable generation and is fostering new sources via the private sector such as green methanol and liquefied natural gas (LNG), as well as doubling down on solar. National Secretary of Energy Jorge Rivera Staff is in charge of turning Panama into a hub for green hydrogen produced in the region, as it has become a "very important vector for promoting decarbonization," Rivera told *The Business Year* in an interview.

And as ESG replaces CSR as the feel-good buzzphrase at board meetings around the world, Panama is no exception. Indeed, "ESG" was never far from our interviewees' lips this year, having gained prominence during the tougher months of COVID-19, as firms looked to take advantage of the downtime to implement a range of initiatives.

Panama's population is young and savvy, meaning consumption habits are increasingly affected by environmental concerns, hardly surprising in a country that is, by global standards, a touch ahead of the game on all matters green. ✖

NEW *mobility*



Celsia offers customized renewable energy solutions through distributed generation, with a focus on solar panels and green hydrogen.

Javier E. Gutiérrez Alzate
GENERAL MANAGER CENTRAL AMERICA,
CELSIA

Panama's energy demand close to economic rebound

Certified in 2022 by Certifier ICONTEC as a Carbon Neutral Energy company

How do you offer tailored distributed generation services to your clients?

Our model is to find a custom solution for each client so they can have a managed energy service and lower energy costs, but with the benefit that comes from a renewable and hopefully non-conventional source. We are betting on distributed generation, unlike the typical centralized generation, namely distribution transmission systems. The great advantage of distributed generation is that the generation is done in the same place of consumption, which minimizes issues of losses, improving the capacity of the network, or inefficiencies. This is extremely beneficial for those who have distributed generation, and it receives great attention from customers and has a number of other benefits. Panama has a solid regulation on the issue of solar panels, though the regulations depend on the technology absorption curve. In this case, it still has some way to go to absorb the technology, so the regulation has to be broad and favor the implementation. Here, there is a regulation called the 100% DTO, so one's consumption may be at night, but they can generate during the day.

What other solutions does Celsia offer in terms of ESG?

Another issue we are working on is green hydrogen. It could be storage or non-traditional renewable generation. With electrolysis, you have hydrogen, from which you can have fuel or green ammonia, which can be a fertilizer, for maritime fleets, land transport, or 100% renewable generation. In Panama, Celsia will join the committee led by the Secretary of Energy for the transition toward green hydrogen. Panama wants to position itself as a green hydrogen hub between 2030 and 2040, and it is possible that a large part of the global maritime fleet will be working with a blend of green hydrogen. Panama, being a logistics cen-

ter through which a large number of vessels pass and where traditional bunkering with HFOs is conducted today, has the possibility to have excellent green hydrogen capacities. Celsia is working with the generation team of the organization and the innovation team. In addition, Celsia as a company is already certified as carbon neutral.

As the company that contributes 9% to Panama's economy, what is your perspective on the future of the company in Panama?

Three complex years are ahead of us because there is a natural gas plant that could enter in operation in 2H2024 or 1H2025. This project will have 400MW in its first stage, which will become 600MW through natural gas. The coming summers will be slightly complex if demand continues to grow at the current rate, as the supply of energy in that matrix will not increase until that time. We recently entered a park, the Prudencia Solar Park, which was 10MW in Chiriquí, next to our hydroelectric complex where we have three generation points. There are many solar projects that can help us balance the matrix in the next three years, after which I expect sufficient offerings in the market. The market will be more or less calm, and this will be the case until there is another growth in demand. Regarding electric mobility, Panama is one of the slowest countries in Central America to adopt it; however, I believe it will change rather soon, because developments such as the current global situation with rising oil prices will drive many people to look more favorably on electric vehicles. At the end of the day, sometimes we do things out of conviction or because we are pushed to make the decision, and this is a moment in which society will be pushed by international developments to make decisions that in long term are beneficial and sustainable. This is how I see electric mobility developing in the future. ✖

BIO

Javier E. Gutiérrez Alzate is a civil engineer from the School of Engineering of Antioquia, with a specialization in administration from the ICESI University of Cali. He is a graduate of the top management program of the INALDE Business School. He has over 20 years of experience working for different companies in Grupo Argos, including Celsia.

greatest NEED

Terpel is implementing diverse social initiatives in Panama to become a perfect ally of its communities.



Gustavo Adolfo Rodríguez
CEO,
TERPEL PANAMA

How have social projects contributed to the company's success?

When the group arrives in a country, it works to generate added value for all stakeholders, including clients, suppliers, and also the community of the country in general. We have the best stores and infrastructure and also characterize ourselves as a country-allied company. Being a country ally means we always place the most relevant principles and needs of the country before those of the company. We are clear about the concept of sustainability, which ensures the entire operation is carried out in a way that does not harm, affect, or put future generations at risk. The operations should not affect those who come after us. When dealing with the issue of sustainability, it is necessary to deal with social responsibilities, environmental responsibility issues, gender equality, reducing inequality gaps, and so on. Our Travel Centers are large roadside service stations, with convenient access, large parking lots, and a comfortable store. In the city, the Va&Ven stores have almost the same assortment as Travel Centers, with a wide assortment of food including hot dogs, hamburgers, the best pizza in Panama, and amazing desserts and coffee. This is a standard across all Va&Ven stores. Meanwhile, our chicken is known throughout Panama. We add value and ensure a high and consistent quality with our stores and service stations, both on highways where we are much more relevant as well as in the city, where we are also open 24 hours with full facilities.

What social initiatives is Terpel implementing in Panama to become the perfect ally of its communities?

We have diverse initiatives. One is interactive classrooms, which we have just implemented in Puerto Obaldía, on the border with Colombia, in the Darién area. This initiative benefits Guna

Yala, Panamanians, Colombians, and migrants. It is a classroom where students are provided with the best conditions in terms of infrastructure and digital aids. It is a fully autonomous classroom that derives its entire power from solar energy. In addition, we have an AI assistant called Tomi for teachers, and we provide students with the opportunity to access the latest in technology and innovations. With this, we are giving many children living in more remote areas the opportunities they would have if they studied in Panama City or anywhere abroad. I am sure that in the future we will see the efforts of this interactive classroom bear fruit.

What added value do these initiatives give to the country?

In our case, this means we have to ensure in the best way that Panama has the best conditions for sustainability. It is necessary to assess the most complex gaps in Panama. There is the issue of inequality, as Panama is among the most economically unequal countries in Latin America. We have the highest GDP per capita in Latin America, but also one of the highest levels of inequality on the continent. A country cannot be sustainable with such inequality gaps. We have a pressing issue of education, and Panama ranks lowest in reading comprehension. If I remember correctly, statistics say that globally each person reads eight books a year on average, while the figure for Panama is 0.5, which perpetuate a vicious circle. Therefore, we focus the most energy on giving Panamanian children opportunities at all levels, and especially to the most vulnerable, who generally lack opportunities of those living in cities. We go to the places of fewest opportunities with the various programs that Fundación Terpel operates, where depending on the local need we implement one or more programs. ✖

Sustainably powered electric chargers at main travel centers

BIO

Gustavo Adolfo Rodríguez has more than 30 years of experience in the energy and automotive sector, 23 of which he has worked in Terpel. He is an active volunteer in initiatives to protect children (such as Hogar San Mauricio in Colombia) and contributes to different social and environmental initiatives to add value and development to Panama.

FOCUS

Green hydrogen hub of the Americas

A GREEN GIANT

Due to its unique strategic position, Panama seeks to become a Latin American green hydrogen center that will help the continent on its transformation process toward a clean energy system.

PANAMA SEEKS TO BECOME A HUB in Latin America in the green hydrogen sector. With that goal in mind, the country launched a roadmap in January 2022 that seeks to promote investment in infrastructure to develop a sector focused on hydrogen generated by low-emission renewable energies. The document seeks to modernize the regulatory framework in addition to offering different incentives for companies that contribute to the growth of this energy generation system and for Panama to function as a port and logistics hub thanks to the Central American country's unique geostrategic position. Thus, the main goal of the roadmap is to promote investment in storage and production infrastructure for green hydrogen, as well as facilities to enable its transportation. This clean energy source plays a key role by 2050, when the country expects to meet its goal of zero CO₂ emissions, as it can function as an alternative fuel to the existing fossil fuels used by ships. And, in addition, the country must have a logistics infrastructure that allows ships carrying green hydrogen to cross the Panama Canal, since 29% of the total cargo that crosses this waterway currently consists of fossil fuels.

Among other projects, the roadmap includes the development of facilities to enable the loading and unloading of liquid hydrogen in the Bay of Panama. Through a transformation plant, the green hydrogen will be converted into various clean fuels that will be sent to ships. Some of these green fuels are hydrogen-containing organic liquids, e-ammonia, e-methanol, and e-kerosene. In addition, the plan called for Panama to develop a feasibility study for the development of green hydrogen production plants in 2022 and 2023. The objective was to seek strategic partners in the national and international private sector for their construction.

In this line, one of the most important projects is the one announced by the company SGP BionEnergy to build a bio refinery near Colon and Balboa, Panama. This plant, whose phase 1 production is scheduled for 2025, is estimated to produce 180,000 barrels per day of biofuel and 405,000 metric tons of green hydrogen per year. "Panama can be a hub for the trading, storage, and transformation of green hydrogen for the region. Chile, Colombia, and Costa Rica will be producers of green hydrogen, and Panama can add value to this whole chain with our current efforts," said Panamanian National Secretary of Energy Jorge Rivera Staff.

"Panama wants to position itself as a green hydrogen hub between

2030 and 2040, and it is possible that a large part of the global maritime fleet will be working with a blend of green hydrogen. Panama, being a logistics center through which a large number of vessels pass and where traditional bunkering with HFOs is conducted today, has the possibility to have excellent green hydrogen capacities," notes General Manager Central America of Celsia Javier E. Gutiérrez Alzate.

The full name of the large-scale green hydrogen project is H2ub Verde Panama. In addition to the green hydrogen transformation plant in the Bay of Panama, it includes other key infrastructure such as free green hydrogen storage and distribution areas on both the Pacific and Atlantic coasts, a green hydrogen pipeline and a research center for energy transition managed by the Technical University of Munich. Ultimately, this geographic hub would enable the distribution of hydrogen products for international shipping and aviation throughout Latin America.

While these energy transformation projects materialize, the Panamanian government has already launched two pilot projects with the intention of closing a public-private partnership in 1Q2023 for a green hydrogen bunkering station and a hydrogen refueling system for buses. The objective of these initiatives is to demonstrate the use of green hydrogen in buses and trucks as a way to promote the use of clean fuels in the country, according to the roadmap for the development of this industry. Also, the government document sees several opportunities in how different industries can take advantage of green hydrogen generation in Panama. Some of the industries that can find greater benefits in the use of this energy source are the cement industry, the food industry, the construction industry, the mining sector or even the electricity sector. In this last industry, the electricity sector, green hydrogen is a good option to generate green energy when other renewable energies such as wind or sun stop producing because the weather conditions are not suitable. On the other hand, in the mining sector, clean fuels can play a fundamental role in replacing diesel as one of the main fossil fuels used in this extractive industry.

Thanks to this roadmap, the country has a clear path to follow to advance its energy transformation objectives, one of the main goals of the current Panamanian government. "It is an ambitious agenda, and we are working hard to make it happen," said National Secretary of Energy Rivera Staff on the country's efforts to create a green energy system. ✖

taking THE INITIATIVE

EISA is playing a key role in the country's energy transition by operating hydropower and solar plants and diversifying its renewable energy options.

Héctor M. Cotes
GENERAL MANAGER,
EISA & ECOSOLAR



What is the role of the private sector in the energy transition and what opportunities has EISA found in Panama's regulatory framework?

The energy transition for Panama is an important process we need to keep moving forward. From the energy perspective, renewable energy could provide us more independence and security, since in Panama we have plenty of water, solar, and wind as natural resources all year round, and in contrast, we are not producers of fossil fuels such as gas and oil. In times of global uncertainty, the energy transition process enables and prepares our own electric system to be stronger, more self-sufficient, and reliable. We can depend more on ourselves from an energy point of view. As a company and as a country, being green has positive effects, as we need to contribute to the energy transition investing in as many solar plants and renewable energy options as possible. Even though, solar plants at this moment can only provide energy into the system and not capacity yet, we foresee for Panama new projects a mix of solar and gas energy. With the Energy Secretariat as advocate of the energy transition, it is easier for us as private sector to move in that direction. Initiatives as the electric mobility is also a new part of Panama's energy transition. Still in its early stage, we don't have enough electric vehicles in operation right now, but that is a part of transitioning the transport component from fossil fuels to greener energy.

How are EISA's diversification plans progressing so far and what projects are you developing in solar energy?

Since 2014, EISA operates continuously two hydropower plants, Monte Lirio and

Pando, and in recent years we have designed, developed, and currently we are operating also several solar plants under the name of Ecosolar. We already have two solar plants in operation since 2021 with three more to come in the next few months. We are confident this is the way to contribute to the country's energy matrix and many other players are also heading in that direction of investing in solar plants. Utility-scale solar is now a viable option for producing energy in Panama. We expect in the years to come to add batteries to those facilities, which is going to be a game-changer for the energy sector. As a country, these are our next steps to achieve a more complete energy transition. Panama's energy system would take advantage in the dry season of all these solar plant investments, when even though there is less water, there is usually more sun. In Panama, current matrix, 45% of MW installed are from hydro plants, while solar plants accounted for only 11% for now. Thermal plants are 35% and wind the remaining 9%. As mentioned, we foresee that in the coming years, future investments in the energy sector are going to be either in gas or solar, as we, EISA and Ecosolares, are focused solely on renewable green energy as our preferred niche. In our case, being able to design, develop, operate, and maintain our own plants provide us a unique set of skills and expertise as a team. Owner's perspective at the moment of designing, developing and choosing suppliers are critical for the long term and life expected from a plant.

Can you elaborate on your social responsibility initiatives?

For EISA, Ecosolares, and our shareholders, ELETA and InverAvante, it has always

been of an utmost importance to have a positive and long-lasting impact on our surrounding communities. There are many ongoing programs that we consider key to implement and keep in all the communities around our projects, for example, education-related initiatives. As good neighbors, we are always involved with the community and it is our purpose to always leave a positive footprint. ✖

BIO

Héctor M. Cotes is an industrial engineer with two master's degrees: one from INCAE Business School and another from Nova SouthEastern University, Florida. He is the CEO of Electron Investment, S.A (EISA) and Ecosolar. Previously, he served as CFO of Grupo Eleta, and his experience includes the VP of Operations of Profuturo AFPC and several management positions in the Panama Canal. Cotes is currently President of the World Energy Council, Panama Chapter (WEC Panama), and Vice President of the National Committee of INCAE Business School for Panama. He was a past president of the Panamanian Association of Business Executives (APEDE), where he has been active since 2004. In 2018 and 2019, he was recognized as one of the top 75 executive leaders of Panama with the best professional reputation.

VOICES FROM THE SECTOR



Luis E. Paúl Kehrhahn
PARTNER & CEO,
OTEPI

How is Otepi positioned in terms of its approach to alternative energies?

Otepi Renewables provides distributed energy generation and management solutions. These are solutions designed to generate electricity at the consumption location while creating important energy savings and/or ensuring service reliability. We have active projects in three areas: rooftop solar, micro grids, and electrical vehicle charging as a service. In a nutshell, Otepi Renewables provides its industrial and commercial clients an integrated solution to efficiently manage their energy generation and consumption. In Panama, we started launching the solar component, mainly rooftop solar, in 2013 and became a leading project developer in the country.

How is EV evolving in Panama?

Transportation is progressively shifting to electric in what is a rapidly evolving trend. That is the focus of our business in the US. We are co-founders of OBE Power and provide the infrastructure and charging services needed to enable EV adoption in the country. As the sector evolves in Latin America, we expect and are prepared to deploy these capabilities. The numbers, especially in Europe and China, are unbelievably impressive. Panama's transition program talks clearly about the electrification of transportation; it is explicit with specific targets, and I think that Panama, being a small country, should be able to adopt EVs quickly.



Jesse Klinkhamer
CEO,
KLEAN INDUSTRIES, PANAMA

What initiatives is Klean Industries taking to launch its operations in the region?

In Panama, we plan to realize our demonstration project and have presented certain meaningful solutions. Ideally, there is the waste separation project, namely the classification of waste. There is the opportunity to convert waste into electricity and district cooling, whereby a waste energy plant produces air conditioning for a community or steam for another industry, plus electricity and or hydrogen. What is non-recyclable could be converted into energy in specific ways. We could dedicate a plant solely to plastics if required and convert that plastic into energy or diesel fuel that could be used to fuel vehicles that collect this waste type. We presented numerous solutions and asked what they wanted us to target first.

Can you elaborate on the KleanLoop blockchain system and the services it could provide?

KleanLoop is a software-as-a-service (SaaS) solution that is integrated into our facilities. It provides full transparency on the collection and recycling of waste which ensures that the recycling of waste is monetized to the highest possible level, not just financially but also environmentally; so we deliver a truly sustainable solution. It also provides the opportunity to incentivize people through a stewardship system where rewards can be given to people for separating or delivering recyclables, among other considerations.



Eduardo López de Victoria
GENERAL MANAGER,
BYD PANAMA

What added value does BYD offer its clients, and why does it remain a key player in the sector?

For us, it is not just about selling cars or trucks, but about providing the customer with the right after-sales support. Another important aspect is that we don't sell vehicles or trucks, but rather, transportation solutions, which means we come to your company, analyze your operation, and ensure that the vehicles we have will meet your needs and demands based on your operation. We carry out consulting to help you transition to electric mobility. It is not just about buying the vehicle as the process also involves energy infrastructure, operators and their training, charging, and the cost of energy. All these factors are separate processes that take between six to 12 months to develop, which is where we make a difference. We are that vital component that the customer relies on to help, advise, and make the transition easier. A key consideration is helping firms to save money, and this is where I talk to the CEOs and show them how much they spend on gas and how they can reduce that figure to zero. Yet, we don't only focus on helping firms save money, but, also on the environment, which is one of the most important considerations.



César Cañedo-Argüelles
CEO,
INTER-AMERICAN CORPORATION FOR
INFRASTRUCTURE FINANCE (CIFI)

BIO

César Cañedo-Argüelles holds more than 30 years of experience in infrastructure, investment banking, and emerging markets. Currently, he is the president of the Credit Committee at CIFI and a member of the board at CIFI Asset Management. He studied business administration major in finance at St Louis University and holds a master's degree in finance.

What is the importance of Panama in CIFI's strategy, and what sectors are an opportunity to the company?

Panama plays an important role in CIFI's strategy because of its geographic location, connectivity, dollarized economy, development of the capital markets, opportunities for projects and its social stability. Today Panama is the second-largest exposure in our portfolio. Before we established our headquarters in Panama in 2015, it was not that significant. Besides Panama, we have a good exposure to other countries such as Chile, Brazil, the Dominican Republic, and Colombia. Having said that, CIFI means diversification in the region, not only in terms of countries but also sectors. That is something that we seek: having a diversified portfolio of countries and projects, but 80% of the team is based and operates from Panama. As of now, we are exposed in Panama to the energy sector, education, logistics, and tourism. Panama is also an attractive country to invest. When a company wants to export something, logistics are key to being com-

petitive, and Panama has all that. Panama has the potential to increase investments in export related sectors and activities because its competitive advantage over other peers.

What is CIFI's contribution to helping Panama become a green hub for the region?

We are an active voice and pioneers in sustainable projects. CIFI was the first company to issue a green bond in Panama, and that was extremely successful. There was great interest from the market, and we were able to allocate that money to projects. Green bonds are a mechanism to fund projects that have positive environmental and/or climate benefits. The second contribution is a sustainable infrastructure debt fund that we are raising and offering to the market. It is being offered to investors willing to allocate money to projects aligned with the UN's SDGs and the Paris Agreement. That includes sectors such as energy efficiency, waste management, transport electrification, education, and health. We are currently offering the fund to the market. Panama is the regional hub of the capital markets for Central America, and it could play a leading role in offering this type of products to the investors like CIFI's green bond, the sustainable debt fund. Panama has that potential, being a green hub for the region. ✖



Juan Andrés Navarro
CEO,
NSOLAR

How has demand for distributed generation evolved since 2017, when the company first started?

In distributed generation, demand has been strong. When we first started the company in 2017, many thought we were crazy, as solar panels did not make sense at the time; however, since then it has been one of the hottest new markets. We are seeing a great deal of competition, not only locally but also internationally as well. First, government regulations and the law for DG have been extremely generous. Panama has one of the best and most pro-consumer policies for this type of energy. Another pillar that contributes positively to this growth is that banks are also taking the industry seriously. Now every single bank in Panama offers leasing or financial help for not only commercial solar projects but also residential ones as well. The third aspect is that energy in Panama is extremely expensive. Therefore, the return on

investment in solar energy in Panama is significantly faster compared to other countries.

Can you elaborate on the projects you are working on now?

We have a sustainability policy in our company. It is more internal and deals with, for example, paper and plastic recycling. We do focus on ESG. Since we are a company that sells solar panels, we are a sustainable company because of the product that we deliver; however, one of our main focuses—and the reason why we founded the Chamber of Solar Energy—is to provide solar energy for everyone. There is a large income gap here, and for people that do not have many resources, installing solar panels is almost impossible. Therefore, as part of our funds that we have set aside for ESG, we go out to communities such as El Palmar Abajo. It is a small community with no access to electricity. We got our entire team to these communities and install solar panels for free. We install two solar panels per house, and we add five or six light bulbs and an electric socket because they would have no electricity otherwise. We have been doing this for three years now, and the transformation in their lives has been unbelievable. Children can now study even at night. ✖

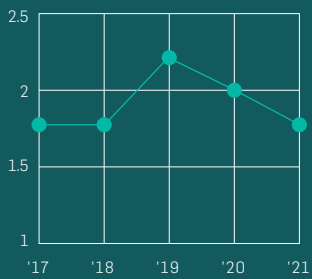
BIO

Juan Andrés Navarro is the CEO of NSolar, a leading energy technology company in Panama and the region. He is also Director of the Chamber of Commerce, Industries and Agriculture of Panama (CCIAP) and the Panamanian Chamber of Solar Energy.



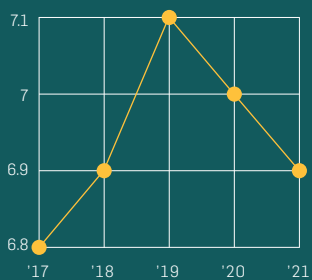
DEPOSIT INTEREST RATE (%)

SOURCE: THE WORLD BANK



LENDING INTEREST RATE (%)

SOURCE: THE WORLD BANK





Finance

SETTING AN EXAMPLE

In addition to its eponymous canal, Panama is likely best known for its financial sector. And while the negative fallout of the notorious Panama Papers, which cast the Central Asian nation as a hub for illicit wealth, lingers, it is partly the country's stable economic and political context that has made it such a hotspot for international investors. The dollarized nature of the local economy also makes it a safe bet, shielding the country from the currency fluctuations that have concerned investors in emerging markets the world over.

Reflecting on the state of the wider economy, Banco General President Raúl Alemán told *The Business Year* in an interview: "GDP fell by close to 19% in 2020. Panama is in the middle of a rebound thanks to the economic reactivation that we are all going through, but it will take a while before we regain the level of 2019. We were coming from good years of economic growth."

Despite the hardships wrought by COVID-19, the local banking sector took the opportunity to increase digitalization with the aim of not only facilitating remote transactions, but also boosting overall financial inclusion. Indeed, Panama has relatively low rates of financial inclusion, with under half of adults reported to have a deposit account. This put the country in 29th place out of

38 upper-middle income countries investigated as part of a study by the University of Panama. Thanks to ventures such as Yappy, the leading digital payment platform in the country, launched in June 2019 by Banco General, "everyone started using digital payment because of the ease of opening an account and using these apps. Concretely, Yappy thus took a different route and created fresh relationships with the bank," Alemán told *TBY*, highlighting the importance of the digitalization process and remarking how it was accelerated by the pandemic.

In early 2022, global intergovernmental watchdog the Financial Action Task Force (FATF) opted to keep Panama on its gray list, meaning the country remains under increased scrutiny as it continues to address problems relating to the combating of "money laundering, terrorist financing, and proliferation financing." Panama has been on the list since June 2019, but has presented significant advances toward removal through new legislation. Among recent efforts, the government is working on a database of the ultimate beneficiaries of Panamanian corporations, especially offshore entities. Officials believe removal from the list is only a matter of time, and warmly anticipate the restoration of trust it could bring to the local investment environment. ✖

TAKING *the lead*



Latinex works to promote sustainable investments in various ways, including listing ESG issuances, producing its first sustainability report, and being a signatory of the Net Zero by 2050 alliance, among others.

Olga Cantillo
EXECUTIVE VICE PRESIDENT &
GENERAL MANAGER,
LATIN AMERICA STOCK EXCHANGE –
LATINEX

Panama's main advantage in being a sound investment destination is its diversification and stability

What are Panama's differentiating factors as an investment destination?

We have multiple differentiators that lead us to be an investment destination, among them we can mention an US dollar economy, among the highest growing economies in the region and having investment grade. In Latinex, we have implemented and are working in different initiatives to become the international hub of the region's capital market, being a recognized jurisdiction in investments with best practices and international standards, which facilitate the attraction of foreign issuers and investors.

How would you assess Latinex's performance in 2022?

We have a wide diversification of sectors of issuers listed in Latinex, consequently any impact to our economy has a correlation with the capital market. External factors that are impacting economies worldwide, such as inflation and the upward trend of interest rates in the United States and globally, threats of a possible recession in the United States and the prolonged conflict between Ukraine and Russia, to name a few, have had an impact on our trading volume. Nonetheless, it is important to emphasize that the decrease is on the government's participation in local debt issuance, especially when compared to 2021, when the government issued local debt for USD1.25 billion traded locally and 55% traded away in the international market through the iLink we have with Euroclear Bank. We have an increased participation of corporate issues that have become more relevant than in previous

years, but maintaining the trend of 75% corporate and 25% government issues. We have also maintained the trend of listing new local and foreign issuers in the Panamanian market. Additionally, we relaunched the corporate market maker programs, corporate auctions, digital transformation, and the launch of our first Sustainability Report, under GRI and SASB standards, and our Sustainability Strategy, which is key to our strategy.

What ESG policies is Latinex adopting to promote sustainable investments?

Sustainable finance development is embedded in Latinex' strategy. We were the first Latin American stock exchange to become a member of the Climate Bonds Initiatives, and it was under its principles that in 2019 we launched the guidance for the issuance of SGS securities. As of today, we have listed five ESG issuances for USD550 million. In 2021, we launched a Guidance for the Voluntary Reporting and Disclosure of ESG Factors with the cooperation of the Inter-American Development Bank (IDB Invest) and, as mentioned earlier, our first Sustainability Report with GRI & SASB standards and our Sustainability Strategy. Furthermore, we are Official Supporters of the Sustainable Stock Exchanges (SSE) Initiative and, which is a fact that we promote. I am honored to be a member of the UN SSE Independent Advisory Committee. Our latest initiative reinforces our commitment to sustainability by becoming signatories of Net Zero by 2050 alliance by the Ministry of the Environment of Panama (MiAMBIENTE). ✖

BIO

Olga Cantillo has over 20 years' experience in the industry, having worked in brokerage houses and banks with responsibilities in Panama and other countries in the region. She was the VP Operations at MMG Bank Corporation prior to assuming the position of Executive Vice President & General Manager at Bolsa de Valores de Panamá in 2015, where she is responsible for the stock exchange as well as Central Latinoamericana de Valores. Cantillo was a member of the board at Latinex Holdings, Inc., Bolsa de Valores de Panamá, and Chair of the Board of Central Latinoamericana de Valores.

steady GROWTH

Banco Nacional de Panamá has become a more efficient and digital bank, which has helped it reap great success in recent years.

Javier Enrique Carrizo Esquivel
CEO,
BANCO NACIONAL DE PANAMÁ



How would you assess the evolution of the bank in recent years?

The numbers speak for themselves; despite the pandemic, regional political developments had an apparently heavier impact on the financial sector. This made Panama only more attractive for depositors, given that it is a stable country politically and economically. We have the advantage of the US dollar and deposits, in spite of everything, have sustained an upward trajectory. In the first semester of 2022, we observed an increase of USD3.5 billion in deposits within the system, making for total deposits of USD98.8 billion, of which roughly a third are foreign deposits and two-thirds are local deposits. While it has not been the best year, the capacity of the country to rebound is amazing and in 2021 GDP grew by over 15%, marking almost a complete recovery. Also, the number of jobs being added to the economy remains steady, which is positive news. Loan activity also started to increase again, although Banco Nacional in fact never stopped extending credit. We are an exception, because being the main state-owned bank, we could not halt our activity. Other banks were probably more cautious given the economic uncertainty and initially in the pandemic we had no clue as to how liquidity would behave. Bank lending in the mortgage sector, for example, was unattended. 2021 was a record period for Banco Nacional in spite of the challenges. We have worked to make our processes more efficient, having digitalized most of the mortgage process and long disbursements, which were formerly extremely slow. Being a state-owned bank, there is inevitably more bureaucracy to contend with private banks. How-

ever, that does not mean you have to be inefficient. The “customer is king” concept was never really part of our culture. The culture of a state-owned bank unfortunately meant we were less preoccupied about attracting clients, because they arrived automatically. Meanwhile, we have reviewed our human resources incentives to attract better executives and retain those already with us. Third, we have adopted a philosophy of constant change in the process.

What role does digitalization play within the evolution of Banco Nacional?

We offer different digitalized services. In the mortgage division, Telematica has connected us with the public registry. Instead of sending a traditional file with a messenger, stand in line, have them review, correct, and return it. Our legal department has started a program with the public registry to conduct the process digitally. That is why we have seen a higher number of disbursements, month after month. We are extremely satisfied with it and plan to replicate the system in our other portfolios, the next one being agriculture, followed by commercial and then corporate. Digitalization makes the financial system more accessible, and we also therefore need to emphasize financial education. Banco Nacional is particularly concerned about this need, especially among the press and other media. We have introduced a new banking journalism initiative, Diplomado Bancario, in which around 20 journalists participate each year. We invite bankers and professors with diverse financial specializations to give classes and teach journalists the fundamentals of banking. This provides

them with the fundamentals for accurate financial reporting. Fake news about a bank can cause huge damage.

What is your chief objective goal before your tenure ends in 2024?

We remain focused on capitalization, and indeed Banco Nacional is extremely well capitalized. When I assumed the position of General Manager in 2019, the bank’s capital was USD650 million, which took 115 years to accumulate. Meanwhile, in just three years, we have increased our paid-in capital by USD200 million, marking a 30% increase in those three years alone over a capital base that took 115 years to accumulate. When my tenure is up in 2024, we hope to leave the bank with USD1 billion in paid-in capital. We have the support of the Minister of Finance, who will likely assist me in reaching that goal before then. ✖

BIO

Javier Enrique Carrizo Esquivel studied business management at Babson College, Wellesley, Massachusetts and holds extensive experience in different banks. He was the general manager of PRIBANCO during its merger with Banistmo until 2003, executive vice president of Banco Uno in Costa Rica until 2005, the first vice president of Multibank until 2019, and is currently the General Manager of Panama National Bank and Director of Petroterminal and Cable & Wireless.

The National Bank of Panama building in Panama City

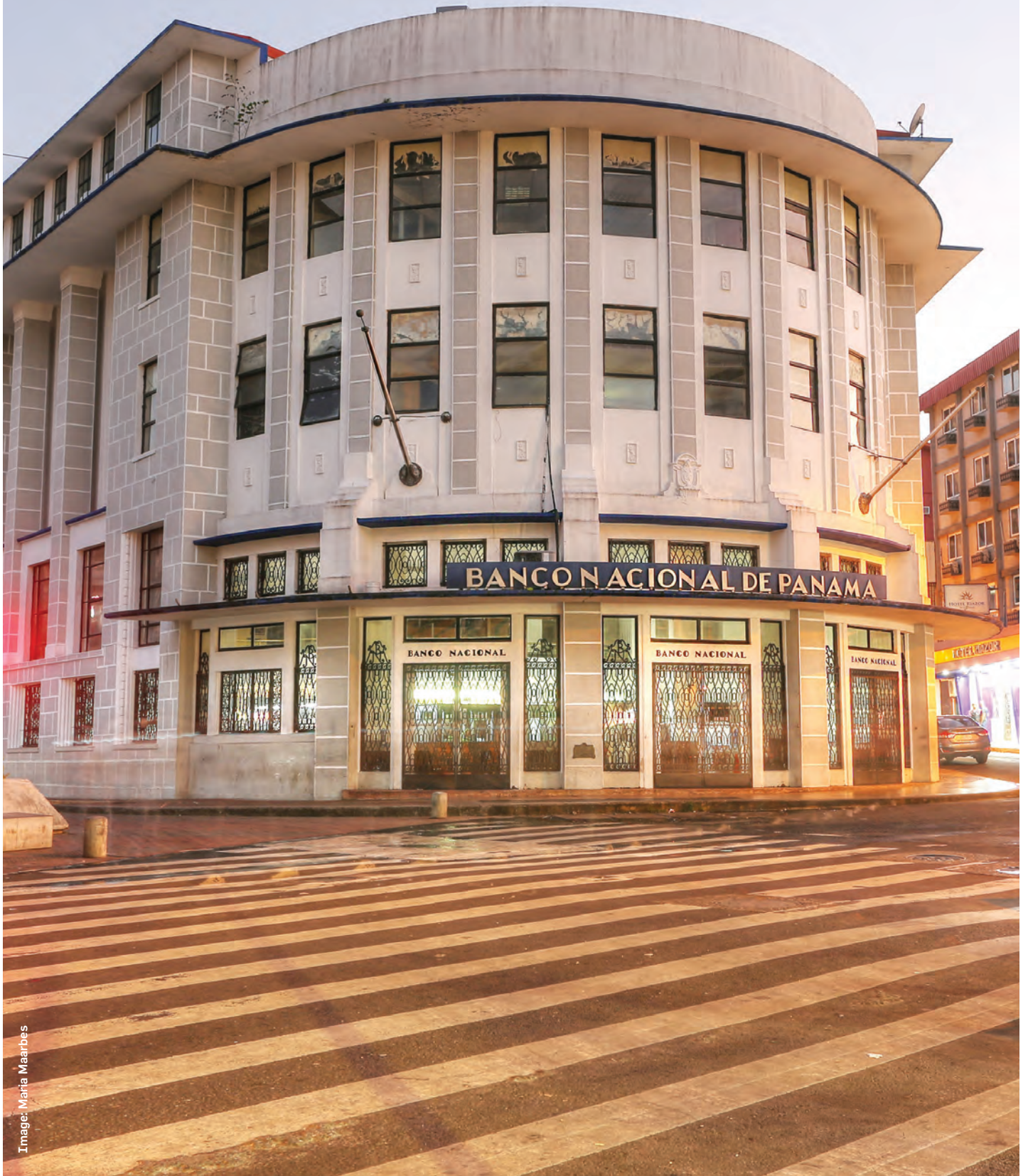


Image: Maria Maarbes

strong VALUES



Raúl Alemán Zubieta
PRESIDENT,
BANCO GENERAL

For decades now Banco General has been guided by the principles of ethics, honesty, transparency, and others that have resulted in a solid reputation in the country.

What is the role of Banco General in the Panamanian economy as country's largest institution, and one with a strong social principle?

We have been the biggest private bank in Panama for many years and hold 18% of the loan market and around 27% on the deposit side. We currently cater to 1.4 million customers. For a small country like Panama, that is a large number. We are basically a 50/50 consumer-corporate bank. We cater to all lines of business. On the consumer side, we are especially strong in residential mortgage, but we also have credit cards, personal, and auto loans. We attend to the corporate, commercial, and small business client groups. Our subsidiaries all operate in businesses related to banking; insurance and brokerage, and investment and trust, which makes for a comprehensive operation. We also have another small-medium sized bank in Costa Rica, which is essentially a corporate bank. We also have representative offices in Guatemala, El Salvador, Peru, and Colombia, that account for about 10% of our portfolio beyond Panama. Our main area of operation, however, is Panama, and we have been an investment grade rated bank since 1997. Beyond that, this is an institution with a strong corporate culture and values, that have allowed us to go through many cycles and come out stronger every time. When I say that we are an institution with strong values, that means that they come top-down; the values that guide our business are: ethics, honesty, transparency, and all the other areas that everybody is talking about such as environment, social, and governance were commitments of ours even in the 1970s. In 1996, we created our foundation, which works in alliance with 150 non-profit organizations, and we have worked with them for 25 years. Our philosophy is that this is a long-term business and one of established relationships. This is not a transactional business, and there is an obligation to take care of the stakeholders, as well as the shareholders. That

has been our view for many years. That means that the bank has to be responsible with our employees, clients, suppliers, and the wider community. Indeed, since the 1970s the general public has recognized us a "the good neighbor". That principle was born in the late 1970s when we started growing the business through the branch network. And "good neighbor" meant that we made investments over and above what other banks did. This philosophy is one of the strongholds of this organization. Even though we have had two or three large mergers with other banks in Panama, the culture of Banco General of 1970 is still alive today. We are not merely reflected in a balance sheet, and what lies behind those numbers, our greatest asset.

Is Yappy a key factor in the inclusion of Panamanian society in the banking system?

On the social side our digital transformation has allowed many people to be included in the financial system and the Yappy payment method has played a key role. In 2017, when we started planning our digital transformation strategy, Yappy was born. Yappy started as a person-to-person payment mechanism, replacing cash and phone banking, and being so much easier. And then we had a greater opportunity when the Banks Superintendency authorized the opening of simplified accounts through our app, with only an ID and subject to fewer regulations, aimed at small clients. Everybody started using Yappy because of the ease of opening an account and using the app. The product thus took a different route and created fresh relationships with the bank and exemplifies the digital transformation that we are talking about. And meanwhile, we brought new talent into the bank, and changed various internal procedures and processes for greater operational agility. We see this as the future of the bank; making it a simple matter for clients to do business with the bank, while reducing the use of cash. ✖

Holds 18% of loan market, 27% of deposit side

1.4M customers

Undergoing digital transformation to make banking more accessible to all Panamanians

BIO
Raúl Alemán Zubieta is Chairman of Banco General. He has a degree in business administration from the University of Notre Dame and an MBA from Tulane University. He began his banking career as operations manager at Banco General in 1977 and since 1986 has served as Executive Vice President & General Manager of Banco General, a position he left in 2018 to become the Chairman of the Board of Directors of Banco General.



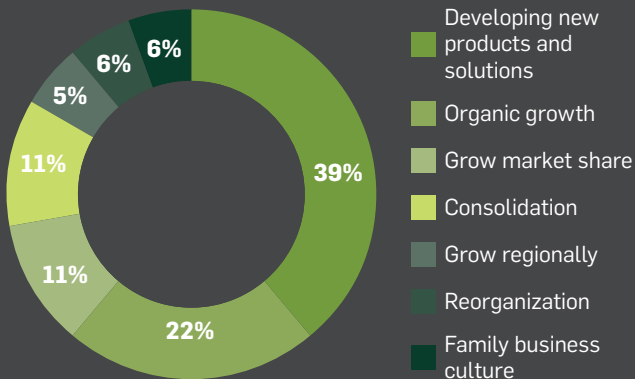
Image: Alfredo Maquez

TBY ANALYTICS: PANAMA 2023

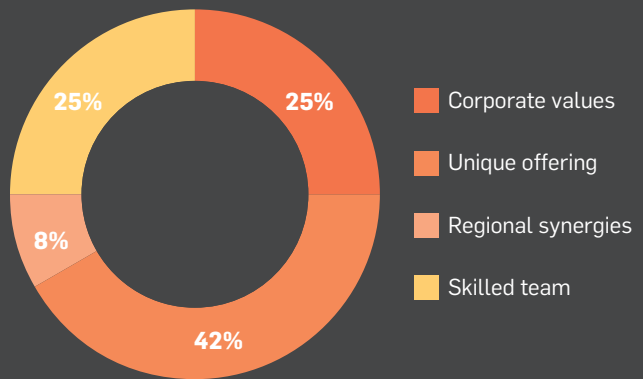
FINANCE

We posed a number of questions to our interviewees in the finance sector. These are their top responses.

What is your number-one objective for the coming year?



What is your main competitive advantage?



better SOLUTIONS

Banistmo's business solutions help small companies in particular gain access to credit to expand and further boost the Panamanian economy.



Aimeé Sentmat de Grimaldo
EXECUTIVE PRESIDENT,
BANISTMO

As the second-biggest bank in a country with more than 60 banks, what role does Banistmo play in the Panamanian economy?

As a universal bank, we seek to promote the sustainable economic development of Panama through our business solutions. Since the pandemic, we have been highly focused on working with SMEs because those companies represent more than 80% of the total portfolio of companies in Panama. They are extremely important to the economy, and we will continue to work closely with them. In terms of the consumer business, we are working to help our customers recover from the effects of the pandemic. Our role as a bank is to work together with our customers to find solutions so they can meet their financial commitments and maintain a solid credit rating in order to ensure ongoing access to credit. One reason why Panama has outperformed other countries is because banks here have been active in providing loans. We therefore need to ensure these customers remain good customers for banks, and our role here is to partner with our customers and help them. In this situation, the country is recovering, though it has not overcome the crisis yet. We need to maintain a close relationship with our customers in order to work together and find solutions to their various problems.

How is Banistmo collaborating with Panamanian public institutions to restore economic stability?

A credit guarantee program is not intended to help banks but rather a specific sector, such as tourism. Without such programs, companies might not qualify for loans from banks if they present a higher risk. Here, Inter-American Development Bank (IDB), the government of Panama, and Banistmo are working together to share the credit risk of customers, making it easier for companies to apply for and receive loans. We are able to fund and qualify more customers because all three institutions now share the risk instead of the bank alone. That is how those

such programs work in all countries. There are two conditions to qualify for the program: being severely impacted by the pandemic and having a significant number of people that could benefit through employment. I expect this credit program for the tourism sector to be the first of many others. Tourism in Panama has been heavily impacted by the pandemic. The sector employs more than 140,000 people in Panama, and such programs can therefore help boost employment. The program is worth USD300 million in total, and Banistmo has been granted with USD80 million. We are the first bank to sign, and if the program works well, it could set a precedent for new sectors. This is something that could be worked on with IDB as well.

What is your outlook for the banking sector after its digitalization as a result of the pandemic?

One of the positive impacts of the pandemic was the speed of the digital transformation of the economy as a whole. Even before the pandemic, banks already started on their digitalization process. Even though there are 42 banks in Panama, 50% of people aged 50 and above do not have access to a bank account in Panama. There is therefore an opportunity now to accelerate and foster greater financial inclusion. We have launched a new account that is 100% digital and can be opened with just USD5. It is targeted at everyone, and customers only need to have the Banistmo app on their phones. Given that mobile phone penetration in the country is high, we will continue to launch new solutions to make it easier for customers to access their accounts on their phones and provide everything they need online. We are working together with our digital bank, Nequi, to increase the number of solutions on that platform, including accounts, payments, recharge, credit cards, and a digital credit card in Nequi. In the near future, we would not only have banking solutions on our platform but also all kinds of non-banking or non-financial solutions as well. ✖

1st bank participating in guarantee program aimed at tourism sector

Holds gold level certification for gender equality

BIO
Aimeé Sentmat de Grimaldo has over 20 years of experience in the financial sector. She holds a degree in finance from Universidad Católica Santa María La Antigua and an MBA from Nova Southeastern University. Before assuming her current position, she worked at HSBC as chief of commercial banking.

MAXIMIZING *opportunities*

BiBank is looking to expand further in the region on the back of its large correspondent banking network, wide array of products, and high-quality customer experience.



Victor Viggiano
EXECUTIVE PRESIDENT,
BIBANK

How does BiBank plan to become a bridge for the whole region?

Our mission is to provide connectivity between primarily Central American corporate customers and Panama and between Panama and Central America. With our synergies due to our footprint in Central America, we have been able to maximize opportunities with customers in the region this year, offering some of the benefits of the Panamanian market. That is the main reason why we grew substantially in fiscal year 2021. Our added value is connectivity to a footprint of banks in Central America. We can offer regional payments, regional treasury, and B2B credit. We can also underwrite big-ticket transactions for regional customers. With our scale and years of experience and the array of products and services that our capital group offers, we can continue to maximize the opportunities in the region. One of the benefits the Panamanian financial sector offers is a dollarized economy. Also, our location provides many financial, legal, and insurance services that complement any investor interested primarily in international commerce. If we include Panama's geographical position and the logistics surrounding the canal and port, and because the country also has an investment rating, for all these reasons this is considered a great place to do business. The bank is, therefore, able to serve a wide array of customers in the region.

What are the benefits of being part of a big corporation like BI?

We are part of a big corporation with an important footprint in the region, and in Panama we are able to provide Central American customers all the benefits the country is able to offer. The most relevant products supported by these macroeconomic benefits are concentrated on the regional treasury of Panama because of the strong currency. We can do that with our system of regional connectivity, where you can transfer directly using a digital platform. Any currency deposited in domestic countries can be converted automatically and deposited in Panama to retain the value of the currency

or wealth for investors or private clients. Also, we have a free zone in Panama that exports heavily to Central America, and we can link Panamanian exporters to final importers in Central America and provide greater value in terms of payments at no cost. We can also provide credit to one point or another. We can provide importers with a standby letter of credit that his credit will be guaranteed. We can also discount from Central American customers buying from Panamanian customers the receivables or payments and offer that same credit period in commercial transactions and reduce time, and assure the payments will come through. We want Panamanian customers to know that most of our entrepreneurs should look beyond Panama to Central America where there are opportunities.

In what ways do you strive to reinforce your presence and improve your services in the short run?

We want to grow and have a bigger participation in the financial sector market, complementing it with an array of other products. We have the products and are tweaking them to become more competitive. Some of the products have leaner processes and are faster and more modern. We will soon launch new products, such as residential mortgages and auto loans. We also want to improve the customer experience with our credit cards and make them available to a wider population. We are going through a digital transformation. We have to improve our digital platforms and will prioritize that, namely the platform used by corporations. We want our corporate customers to have a platform that truly supports a regional treasury. They can assess liquidity and invest overnight if they want, or make a term deposit, do an automated FX exchange, and transfer anywhere in the Central American region. We have a wide range of international correspondent banks related to our main bank in Guatemala. We work with the best American and European banks, such as JP Morgan, Wells Fargo, Bank of New York, Deutsche Bank, and Commerce Bank. ✖

BIO

Victor Viggiano is a member of the senior management team and credit committee and holds vast experience developing effective teams and a strong background in credit risk management, credit analysis, credit products, and client relationship management. He has been part of large banking institutions such as BankBoston, Grupo Banistmo, Towerbank, and Metrobank. He is currently part of the BI Corporation of Guatemala leading Bi Bank in Panama. Viggiano graduated from Clark University in the US with a bachelor of arts in economics and holds a master's degree in economics and finance from INCAE.



bibank.com.pa

Bi

BI BANK



provides corporate clients with a regional banking network between **Panama** and the **Central American Region**.

Bi Bank

INTERVIEW



Moisés D. Cohen
PRESIDENT,
CAPITAL BANK

How did Mercantil Servicios Financieros Internacional's Acquisition of Capital Bank emerge?

Banking is a business that requires significant capital, and when you grow you need more volume to heighten efficiency and pursue profitability. We, therefore, decided we needed a strategic partner for the bank, and received a proposal from Grupo Mercantil. It offered us a partnership because it has a bank in Panama, which is smaller than us. Upon deliberation, we concluded that it fulfilled all of our requirements. First, we wanted to deal with a banking group. And with 97 years in banking, this group has formidable experience. We also wanted a strategic partner well invested in technology. Therefore, possessed of a common approach to business ethics, it fulfilled our requirements, and we proceeded with the merger of the two banks: Capital Bank and Mercantil Banco, both active in Panama. We are sure that this deal will prove to be a good thing for our customers and people. We as an institution have USD1.7 billion in assets. And with the merger, we will be a

BIO

Recently named as member of the Panama Savings Fund (FAP), Moisés D. Cohen is the President of Capital Bank in Panama. It is classified among the five-main banks in the country.

bank of USD3 billion in assets which takes our proposition to another level altogether.

What benefits will the merger bring to your clients?

We are going to have more technological services to facilitate transactions. We are also going to focus on SMEs to foster the growth of that segment of the economy. There will also be other kinds of services for depositors that technology will enhance making for better customer service overall. With this merger, our partner is also keen to expand its operations to Central and South America. Panama is an international hub for many services today, from maritime and financial to legal services, among others. We also have free zones that serve all the countries of Latin America, buying from Asia mainly and selling across the Latam market. Panama has the vision to become an international center for a diversity of businesses, and the merger will be building on this firm base. In fact, we already offer Clicker, an e-commerce platform. People worldwide are buying more online via electronic platforms, and, therefore, this is a service we also provide to our customers and businesses. We provide an engine on which Visa and Mastercard place their products to direct at their online through Clicker. ✖



José Ramón Mena
PRESIDENT,
UNIBANK

What is your strategy to combine personal services with the digital transformation the banking sector is undergoing?

Unibank is a young financial group, and at just 12 years old, we have the opportunity to shape the institution the way we want to. We want to be a close and friendly bank. Even though everything is increasingly digital nowadays, we need old-school banks, knowing the client, being close to them, and making clients feel valued. We want to be an important part of their commercial or corporate system as partners. We have created different business and service units to fulfill the client's needs from a close and humble point of view. Regarding the economic recovery in Panama following the pandemic, growth has been significant whereby there are important opportunities for banks. We are present to support growing sectors and those that require our help, such as the agrobusiness and the sustainable energy sectors.

After a strategic study the bank conducted in 2019, we set an objective of Unibank being an agile, solid, and digital bank. These three short words clearly express how we want to be—solid, agile, and digital. Technology is here to stay but not everything is going to be 100% digital. Long before the pandemic, we had already embarked on our digital journey. Unibank had six branches and since 2018 we have two. We are letting the client decide, whether he wants to go to the bank and receive the best personal treatment or to fully operate digitally 24/7 from anywhere. We hired a European consultant to help us set our path on the digital journey and discovered we wanted to become the first Panamanian neobank. Our goal is to become an example for banks in many aspects. First, is to be an agile bank offering a personalized service. Second, we want to be an exemplar of how to do things the right way. Unibank aims for solvency, high liquidity levels, and a trustworthy reputation for doing things right, regardless of being a Panamanian bank. Finally, this will help us to experience growth together with our clients, not just in Panama, but globally. ✖

BIO

José Ramón Mena's background started 25 years ago in local and international banks. He founded Invertis Securities in 2012 through which he was of the founders of the Banco de Alimentos de Panamá. He is one of the main members of APEDE and is in the board of directors of Unibank.



Andrew P. Russell
CEO,
ATLAS BANK

BIO

Andrew P. Russell, a former financial services executive, was named President & CEO for Mid-Atlantic Federal Credit Union (MAFCU). As CEO, Russell will also serve as Chairman of the Board of Directors for Mid-Atlantic Financial Partners, LLC's Credit Union Service Organization (CUSO).

What are Atlas Bank's main lines of business?

The bank is private and has been focused on an internally developed platform to provide FX trading for clients. It has been growing slowly but surely. Atlas has projected itself as a fintech bank. Now is the opportunity for it to ramp up in this area as we look at supporting and providing access to fintech outside of the banking industry. We have been analyzing what we have had all along as well as the new products that we can bring to the market to provide better service to different segments of the community in Panama and the region. Atlas Bank has a general banking license in Panama and also does international business. We get to know our clients and hear their needs. We develop tailor-made solutions that are linked to traditional banking products and also tie in technology to our offering. We will launch a digital wallet soon that was designed by a team of engineers that were concerned with the digital customer experience. Custom-

ers will be able to do things that they cannot do with other products on the market. It will be revolutionary in the market. We plan to bring it to other parts of South America and are already in conversations with other partners.

Will the digitalization advancements that the pandemic brought about remain permanent?

The banking industry is transforming worldwide. Panama has a great deal of untapped talent, and I want to continually develop my team. I have been interacting with top-notch, well-prepared people. One of the biggest issues worldwide and in Panama for the banking industry is dealing with all of the local, national, and international regulations. You need to look at digitalization opportunities and tie that in with innovation that is transforming the banking landscape. We want to create an ecosystem that takes the customer through the entire lifecycle in banking. There are many things going on at Atlas Bank that are exciting for the region. We are trying to help people throughout Latin America. We will hold business meetings in different countries so that people can hear Atlas Bank's story and meet the team. ✖



Gerardo García Gómez
PRESIDENT,
CANAL BANK

What is your outlook of the financial sector on a global level, and how will that affect Panama's economy?

Panama has always been a crossroads for North and South America because of European investment in the region. The political environment of nearby countries such as Colombia, Venezuela, and Peru have traditionally helped Panama because of the lack of transparency and credibility of leftist governments that have pushed people to search for somewhere safe to save their money, and Panama has traditionally provided that safe environment. Panama still is the fastest growing economy in Latam, and banks like us are key to continue developing our country after the pandemic.

What can Canal Bank offer to a competitive financial market such as Panama's?

At its highest point, the Panamanian banking system had more than 130 banks; however, bigger is not necessarily better. Specialization is the key to success, which is what Canal Bank has. We acquired a rural bank in Panama's country side a number of years ago, and most of our cli-

ents and loans there are focused on production, food, and agriculture. We have specialty lines focused on these sectors and we provide product and services across the country. Our bank has strong roots in the province of Chiriquí and the Azuero peninsula. These regions provide more than 60% of the national production of crops and livestock. Lately, we have been scouting interesting agricultural projects in Darién province too. We have been building relationships with Panamanian cattle ranchers and farmers for decades, and we plan to grow more than 30% in this market in the next three years. We are conscious about the environment, and we are pushing most of our branches to be environmentally sustainable, and they have solar generation for that. We now want to share that concern with producers as well and plan to finance solar facilities. We want to finance and search for solutions so producers can be more efficient and successful. We are a niche bank focused primarily on small and middle-sized companies, but we have modeled our strategy around knowing our customers as persons, being able to identify needs in the right moment and building relationships around trust and good consulting. This is the reason we can say that we really give our customers tailored made solutions—this is our main strength. ✖

BIO

Gerardo García Gómez has over 25 years of experience in the international financial sector. García Gómez has been featured on the Latam Insurance Review "Power 50" list, was named Top CEO in 2015 by CEO Insight, and was 2017's Global Business Awards CEO of the Year. He has also founded several companies in the financial sector such as Barents Re Reinsurance Company Inc., which has become the largest reinsurance company in Latin America. He has founded multiple insurance companies and is founder of Canal Bank S.A and other finance companies. He is also CEO of Arden & Price.



Juan Moreno Real
MANAGING PARTNER,
GRANT THORNTON PANAMA

VALUABLE *advice*

Grant Thornton provides financial and fiscal advisory services to entities in Panama, in particular in the mid-market sector.

BIO

Juan Moreno Real has more than 20 years of professional experience in consulting projects related to M&A transactions for both sides: seller and buyer. He is also an expert in external audit of private and public companies. He has been a national and international speaker on technical topics such as mergers, acquisitions, IFRS, COSO, among others.

Can you elaborate on the evolution of Grant Thornton in Panama having rebounded after entering the Panamanian market in challenging times?

Our history in Panama began in the year 2019 when we were appointed as the new Member Firm representing Grant Thornton in our country, where it already has been for about 40 years. At the beginning it was challenging, as after six months of operations the pandemic broke out. Panama was experiencing the highest contraction in economic activity in the region with a reduction of about 18% of GDP. Fortunately, in 2021 GDP grew about 15%. In our business sector, we were able to capture part of that growth mainly driven by compliance and tax rules. Due to the pandemic and the war in Ukraine, we have also observed many M&A activities in the country in the banking, telecoms, and manufacturing industries, as the most notables. We had the opportunity to advise some companies entering in M&A transactions in financial, fiscal, and labor-related matters. Our firm is positioning as leader in the mid-market sector advising entities that have been unable to recover from the effects of the pandemic and/or the war in Ukraine and are looking for our financial and fiscal advice when trying to sell their entire business or specific units.

What factors rank Grant Thornton first in the mind of Panamanians when they need M&A advisory services?

The first factor is trust. When an entity approaches us to receive our advice in M&A transactions, they know we will deliver high-quality service. We have been participating in such type of transactions from many years in our area of specialization: financial and fiscal advisory. The second factor is our experience. We have participated in due diligence services for both sides: buyer and seller. If someone is acquiring a business it is important to be aware of the financial or fiscal contingencies the target company may be exposed

“When an entity approaches us to receive our advice in M&A transactions, they know we will deliver high-quality service.”

to. In our region, it is more common to see due-diligence engagements from the buy-side. That is why we are committed to raise awareness in business owners that both, sale or buy due-diligences in M&A transactions, is something they must take into consideration in order to enhance the investment value.

How is a company with a long trajectory such as Grant Thornton giving relevance to ESG policy in its activity?

Environmental, social, and governance (ESG) factors are in an initial stage in Panama. We have been encouraging business leaders to pay attention to these factors in advance and not until they become fully mandatory in our country. An important step has been taken by the International Sustainability Standard Board (ISSB) by the IFRS Foundation aiming to provide good quality and globally comparable sustainability information. Although ESG factors are considered to be a high priority, according to a Grant Thornton Survey the middle market industry is not ready for this move as just 20% of leaders in this segment were aware of what they have to report based on the ESG agenda. We understand the fact that business leaders have the focus on their core business after difficult times due to the pandemic and the geopolitical situation as a result of the war in Ukraine. Notwithstanding ESG factors are now more business-critical than ever before and they will be highly relevant for those wanting to do business with entities in Panama. ✖



Grant Thornton



Including expectations for diverse workforces and an inclusive working culture – organizations need to ensure the ‘G’ in ESG includes diversity and inclusion measurement. Measuring gender parity is important internally and externally. Working environments that keep balance between D&I, easily identify their gaps, risks and senior leaders would come with better solutions.

www.grantthornton.com.pa

FORUM

WEALTH MANAGEMENT

The growth of investment opportunities in the asset and wealth management business in recent years has increased the profile of firms that can provide alternative investment products in line with the specific needs of clients in the region.



Jean-Pierre Wegener
LOCAL MANAGING
DIRECTOR,
LOMBARD ODIER,
PANAMA



Alberto Fadul Fleckner
HEAD, ADVISORY
OFFICE PANAMA UBS &
PRESIDENT OF THE
BOARD OF UBS
ASESORES SA



Michael Zollinger
PARTNER & CEO,
INVESTMENT
SOLUTIONS PARTNERS
(ISP) PANAMA



Adrian Zadeh
CEO,
J. SAFRA SARASIN
ASSET MANAGEMENT

SUSTAINABILITY is at the heart of Lombard Odier, both in our operations as a company and in our investment convictions. We believe that the sustainability revolution is already affecting every sector and industry, and we must evolve and transition to a more sustainable, regenerative alternative—a future based on a circular, lean, inclusive, and clean model. This puts us on a pathway to a zero-waste, zero-emissions economy, where significant opportunities for green growth, disruptive business models, and innovative solutions lie. Our team of in-house researchers perform science-based analyses to identify such opportunities and how clients can most effectively invest in the environmental transition. In 2019, we became the first global wealth and asset manager to receive B Corp certification, one of the world's most advanced ratings for corporate sustainability, which involves a rigorous assessment of a company's environmental and social performance and governance.

PANAMA has been considered a relevant financial hub of the Americas for the past 50 years. The country has all that is required to maintain its leading position. Financial literacy is an important topic in today's education. UBS Asesores each year welcomes recent graduates in its internship program to promote education and source talent for future positions within the bank. Our internship program is composed of 12-months training on the job that provides the employee with a basic generic knowledge of wealth management with a focus on client support services. In addition, from our standpoint, among our client base there are those that are extremely sophisticated and others that require slightly more assistance. We have next generation programs where we help the children of our clients understand the future of the investment universe. Education is a key element of what we do, and we always try to be supportive in that aspect of the investment process.

ISP a Swiss privately-owned specialized investment boutique headquartered in Zurich with its founding roots dating back to 1993. We serve corporates, banks and other financial institutions, investors and traders through a unique blend of the latest technology, high-touch service and the extensive expertise of our interdisciplinary teams. We specialize in securitization, structured credit, fixed income, and structured products and AMCs and offer paying agent, placement agent, wealth and asset management services and private market solutions. We operate as a licensed securities firm under the FINMA in Switzerland and are in the process of becoming a bank. In Israel, we have been present for many years also with a banking license. Recently, we have started in international expansion with new offices in Hong Kong, Panama, and Dubai. In Panama we have opened an office with an asset manager license in order to promote ISP and its services in Latin America and Caribbean.

THROUGHOUT THE WORLD, the J. Safra Group has approximately USD325 billion in assets under management, and we continue to see ourselves as a consolidator in global private banking with our strong capital base, efficient platform, and high-quality services in wealth and asset management. I see growth in the wealth and asset management business throughout the region and Panama is one of the countries that has benefited from its long-term political, economic and social stability. There are traditional investments such as stocks, bonds, mutual funds, and other liquid investments but one of our differentiating factors is alternative investments with a focus on private equity and real estate. The J. Safra Group has more than 200 premier commercial, residential, retail and farmland properties worldwide, such as New York City's 660 Madison Avenue office complex and London's iconic Gherkin Building.

THE COVID FACTOR

The pandemic has brought about a number of changes in Panama's insurance industry, which is now more focused on offering digital services more tailored to the needs of consumers.

THE PANDEMIC HAS BEEN A GAME CHANGER for the insurance industry worldwide, and also in Panama. According to a study by consulting firm BDO, the spread of COVID-19 throughout 2020 led to an increase in life insurance applications in the US. The fear of being affected by the disease triggered the contracting of this type of products, which have been updated to offer coverage that did not exist before and have also been adapted to be contracted digitally.

"Everybody in Panama is now considering buying insurance," said Juan Carlos Martinelli, general manager at Sagicor, Panama. Sagicor, one of the country's leading insurers, has been working to compete with better products related mainly to life and health. This is due to the fact that during the last few years there has been a large number of claims in the market due to the impact of the pandemic. "The Panamanian market experienced an impact from the pandemic with more than USD90 million in life claims. Life insurance has been the most negatively impacted by deaths caused by the pandemic," Martinelli said during an interview with TBY.

Faced with this emergency situation, local insurance companies have made an effort to cover the claims despite not yet having the support of the reinsurers, so the companies have made an effort to cover with their own funds the extraordinary expenses caused by the pandemic and thus meet the needs of the citizens. "The average COVID claim in Panama in the ICU is between USD30,000-90,000 per person. Many people don't have that kind of money saved. They either need to have insurance, sell an asset, or deplete their savings. The pandemic has definitely changed the need for insurance, now making it a priority," Martinelli said.

"It was an excellent opportunity to transform ourselves and accelerate the developments that we knew that had to happen in the mid-term," said Carolina Cuenca President at Seguros SURA, Panama. In the case of this insurer, the pandemic produced a number of advances across different areas in processes ranging from policy issuance to the invoice collection process. These changes, which were expected to occur in the medium term, were accelerated and have served, according to Cuenca, to improve the services offered by the company.

"Many services were improved or streamlined, frictions were removed, and our value proposition was also transformed to respond to the context during and afterwards the pandemic," she said during

an interview with this publication. One of the changes consisted of financial support to offer a home healthcare service providing an oxygen therapy model. According to Cuenca, this model, which has been replicated in the UK, has helped to minimize the overcrowding of public hospitals and clinics, as well as reducing the shortage of medical providers. Following the end of the pandemic, this type of home healthcare approach has been adapted to transform the company's product portfolio.

"With the pandemic behind us and with the introduction of new technology, methodologies, and applications, the outlook remains positive," said Ian Van Hoorde, VPE & General Manager at ASSA Panama. In the case of this company, during the pandemic, they decided to continue providing benefits and coverage for expenses and hospitalization for the treatment of COVID-19 for all their health insured. This benefited more than 60,000 people. While on the health side ASSA made the decision to increase its claims payment, the pandemic allowed it to obtain a positive result in the non-commercial automobile portfolio, due to the significant decrease in the circulation of vehicles nationwide.

"We also launched a simplified process for the reinstatement of policies for the individual auto, life, and health segments," Van Hoorde said. The company, which, according to Van Hoorde, stands out above all with its financial strength as its main competitive advantage, was also negatively impacted by COVID-19 medical expenses. "The decision to cover medical expenses related to COVID-19 was an expensive one. But it was also, without a doubt, one of the best decisions ASSA took," he said during an interview with TBY.

Following the end of the pandemic, ASSA is focused on a program to strengthen its digital presence. The experience of the COVID-19 lockdowns has reinforced the ability of insurers to adapt to launch digital products, which in the case of ASSA allows them to reduce costs while making conversions more efficient. A similar situation occurs with Sagicor and Sura, where the companies are technologically stronger after the changes they had to implement during the spread of the virus. At the same time, this type of digital strategies are helping to increase the penetration of insurance in Panama, since it is now time to make procedures much simpler so that many more citizens can hire them. ✖

INTERVIEW



NEW *avenues*

ASSA is keen to further digitalize its services and increase its competitiveness in Panama, which currently represents 60% of its revenues.

BIO

Ian Van Hoorde was born in 1971. He is an Industrial Engineer and has a Master's degree in Business Administration with an expertise in Finance. He began his professional career at ASSA Compañía de Seguros, S.A. in 1996 where he held various positions until April 2018, when he became the General Manager of ASSA PANAMA after his active participation in the acquisitions of AIG and Generali.

Ian Van Hoorde
VPE & GENERAL MANAGER,
ASSA COMPAÑÍA DE SEGUROS, PANAMA

Given your background of over 25 years in the company, what is your perspective on the insurance sector in Panama?

Before COVID-19, the insurance sector had always been constantly growing as competitive business; however, by the end of September 2022, insurance companies had provided payouts over USD140 million to approximately 15,000 families. The decision to cover medical expenses related to COVID-19 was an expensive one. But it was also, without a doubt, one of the best decisions ASSA took. Not only were we able to deliver these benefits to our customers, but we offered peace of mind to all Panamanians during the process. This decision protected our entire personal line insurance portfolio against the natural erosion that an economic downturn would have produced. With the pandemic behind us and with the introduction of new technology, methodologies, and applications, the outlook remains positive. Nonetheless, with the capitalization requirements associated with the implementation of new financial reporting standards (IFRS 17), we will likely experience some consolidation in a market that is already small for 23 insurance companies.

What is ASSA's competitive advantage?

Many would think ASSA's main competitive advantage is its financial strength, but it is much more than that. We use of corporate values in every business decision we make, and we use each experience with stakeholders to improve our products and services. This allow us to build a trusting relationship with stakeholders to make the company sustainable in the long run (ASSA PARA TODA LA VIDA). ASSA Panama is the main operation of ASSA Tenedora. The operations in Costa Rica, Nicaragua, El Salvador, Guatemala, and Honduras are born from the need to provide regional service and to diversify our source of income. The group's reinsurance operations were born to replace its reinsurance operations with third parties, though with diversification it makes sense that they be managed within the group. ASSA Panama represents more than 60% of revenues, 68% of total assets,

and it is where the strategies, policies, and governance of ASSA Tenedora are defined.

ASSA has acquired Triple-S in Costa Rica. What are the implications of this acquisition, and how will this help ASSA to expand?

Triple-S Costa Rica had been operating in Costa Rica for about 10 years and had a portfolio of 8,000 customers with their dependents. Its portfolio corresponds to personal lines insurance, namely health, life, cancer, and accidents. The company, with assets of USD17 million and written premiums of USD17 million, perfectly complements the operations of ASSA Costa Rica, which to date had only provided general insurance. Therefore, by acquiring Triple-S, we become a company that provides services in all lines of business. Our expansion plan in the region will continue to be strategic and selective, always measuring the basic cost of performing due diligence and synergies before engaging in the technical aspects and contingencies of acquiring any new business.

What are ASSA's main objectives in the near future?

The focus is on our digital strategy—called T23—started in 2018 with clear goals and objectives that we need to achieve by the end of 2023. It includes the development of simplified processes with the use of technology so that brokers can place our products and services digitally and the insured can digitally use the products that were placed by the brokers. At the same time, we are working to reduce costs in the auto and health lines. Vehicle parts and repairs for the automobile industry have increased, and the tendency of agencies and auto-part houses has been to reduce inventory, which makes it difficult to provide a good service. On the medical services side, hospitals have the challenge of recovering their investment quickly, and doctors who do not participate in the network offer unreasonable costs. We cannot limit ourselves to transferring the cost increases to the insured in the premiums, which would be easy and comfortable. It is important to add value. ✖

One of many bank headquarters in Panama City



Image: Matyas Rehak

PLAYING *an important role*

The local market has seen a slow and steady growth in personal insurance, and Sagicor is keen to help customers gain better understanding of the importance of being secure through insurance.



Juan Carlos Martinelli
GENERAL MANAGER,
SAGICOR, PANAMA

Sagicor offers services and welfare for SME companies

New requirements of travel insurance bring opportunities to the insurance industry

BIO

Juan Carlos Martinelli studied engineering and business administration at Tulane University and has years of experience in the insurance sector, having previously worked in Aseguradora Mundial, Internacional de Seguros, Mutua Católica, and Worldwide Medical Assurance. Since 2014, he has been the General Manager of Sagicor Panama. From 2015-2016, he was president of the Kiwanis Club of Panama.

Has demand for your services accelerated in recent months?

The Panamanian market experienced an impact from the pandemic with more than USD90 million in life claims. Life insurance has been the most negatively impacted by deaths caused by the pandemic. As a market, we experienced twice as many claims in life than health. One third of all claims paid in the Panamanian market has been health-related and two thirds life from the initiation of the pandemic up until last month. Insurance companies have shown that even though their insurance contracts do not cover pandemics, local insurance companies made the effort to serve the Panamanian market and keep paying out on claims even though we did not have the contractual support of reinsurers back then. Initially, it was a demonstration of the sensibility and responsibility that the Panamanian insurance companies feel they have with their clients to cover their losses in health and life. The market here is concentrating on offering products related to life and health, and more people are buying. People know they need it now. Many people didn't have life or health insurance before other than the one that the banks require to qualify for a loan. The pandemic has definitely changed the need for insurance, now making it a priority. Many insurance companies have taken decisions to either stop selling certain products or develop new ones. Regarding our portfolio, we have corporate insurance for life, health, accidental death, and dismemberment. We also have private and public schools, group personal accident with medical benefits, individual life, and health products. We work with both local and international companies offering other services such as travel insurance.

What impact does Sagicor's corporate social responsibility have in Panama?

Sagicor prioritizes four main pillars: education, health, community, and sports. We have provided economic support to help the national nutrition patronage and offer our personal services by visiting

different farming communities and help them with the farming labor, working with them. Sagicor has sponsored its third year of blood donation with the Dona Vida Foundation that has saved 45 lives. We also sponsored the Dragon Ball to support breast cancer patients. Sagicor sponsors several different sports and health practices including a kid's soccer team in El Chorrillo and the Kiwanis Run for the past five years. We motivate our staff and families to participate in this event. We want to encourage people to move their body and promote health and the Sagicor brand.

How is Sagicor contributing to educating society in the insurance market?

Sagicor has been participating in a joint venture with other entities that provide training and help schools to improve their classrooms and common areas. We always do things with the Panama Kiwanis Club because they help by managing the logistics. We participate and contribute the economic support. We went to different schools before the pandemic and provided supplies. We donated plants to schools to make them more attractive for the kids to attend and be in a beautiful environment. We explained to people the importance of having life, health, and accident insurance policies. We also have an internal school for the training of our staff. We have different positions in rotation and make sure that everybody here learns the different types of insurance that are offered in the market. We start by training our people with our products first, then provide the training for the wider insurance universe. Our main focus is personal insurance, which is life, health and personal accidents. The second aspect of training is property and casualty. We aim to promote the knowledge and importance of being secure through insurance and the types of coverages that protect people and things. Many people do not know what they require. Basically, people never wake up and say they need USD75,000 in life insurance. Things happen, and if one is not prepared, then they cannot help themselves. ✖



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LOCAL *growth*



Seguros SURA Panama is focused on being a local company that takes advantage of its global expertise knowledge while understanding the needs of Panamanians.

Carolina Cuenca
PRESIDENT,
SEGUROS SURA, PANAMA

Making healthcare more accessible through Salud a Tu Alcance program

The pandemic fostered the importance of stability and insurance

BIO
Carolina Cuenca has been with Suramericana for 20 years. She is an industrial engineer from Andes University and has a master's degree in actuarial sciences from Georgia State University and mathematical engineering from Complutense University of Madrid. She was vice president of insurance at SURA Panama since 2018 until she became President of the subsidiary in 2020.

What is the strategy of SURA to become a referent in the sector not only in Colombia but in Panama too?

Our strategy aims to generate sustainable wellbeing and competitiveness for people and companies in the region. Our main transformation is that we are expanding the boundaries of a traditional insurance industry by embracing the management of trends and risks as inputs to develop and transform our portfolio to leverage how people and companies can improve their wellbeing and competitiveness. This is achieved by envisioning SURA as a service platform from which the fundamentals of insurance coverage are received by our clients and a portfolio of complimentary services around the fundamental needs associated with their lives and businesses. SURA has been in Colombia for more than 75 years adding value to families and companies, and in 2022 SURA celebrated its 25th anniversary in Panama. We believe in the improvement of our local industry from responding to insurance claims to also providing services and solutions present on a daily basis and covered by the principles of mutuality. SURA has learned from experiences in Colombia and other countries in Latin America from which Panama's insurance industry and Panamanians will benefit. Our principles and values aim for the development of society, country, and industry, and thus we have been working closely with the regulatory actors, motivating collaboration within insurers, and being relevant social actors. SURA views Panama as a strategic platform to continue growing and leveraging the knowledge of a 75-year-old company where we have many successful initiatives that we are bringing to Panama that are the result of what has been built throughout Latin America. Empresas SURA, as one example, is a regional proposal that responds to the needs of SMEs across the region, and we decided to be one of the firsts branches to implement it addressing the local context of Panamanian SMEs.

How can companies from various sectors benefit from Empresas SURA?

We launched this regional platform in 2019, and we continue to look for ways to develop Empresas SURA further. Throughout Latin America, SMEs are the engine of the economy, generally comprising 50% of jobs and 96% of companies; however, many SMEs fail in the first years, while those who manage to get through the first years need more support. There are others that have passed the three-year mark but do not know how to grow in other markets or expand in its current market. Empresas SURA looks to understand the principal needs of SMEs according to their growth stage, their industry or sector, and works alongside them to give them knowledge, tools, and even enterprise coaching to address those issues and situation in which they are not experts through their development as businesses.

How did the pandemic boost the importance of health, and how is SURA adapting its service accordingly?

It was an excellent opportunity to transform ourselves and accelerate the developments that we knew that had to happen in the midterm. From basic processes of issuing policies to billing collection processes, and we now have many digital services that help our clients to have better interactions with our company. Many services were improved or streamlined, frictions were removed, and our value proposition was also transformed to respond to the context during and following the pandemic. Specifically, during the pandemic we developed a free Home Care Plan in partnership with several institutions and companies from public and private sectors designed to assist people with COVID-19 at early stages and with a reach in certain populated districts of Panama. After the pandemic, with all the lessons learned, we launched the program Salud a Tu Alcance, which integrates our experience from Colombia and from the pandemic and is one of various proposals related to the transformation of our portfolio. The main objective is to empower customers to look after their health from a positive and preventive perspective rather from an illness and reactive traditional way. ✖



Federico Pronzati
REGIONAL DIRECTOR,
SOLUTION



Emanuel Abadía
COUNTRY MANAGER,
MARSH PANAMA

INSURANCE

These companies are working on initiatives to better advise clients on the myriad benefits of insurance and increase the overall sophistication of insurance in the market.

What is your vision on the credit insurance services in Panama?

FEDERICO PRONZATI Today, we are the unique carrier working in credit insurance in Panama. We have a huge market to develop, and we need to work on it. Solunion works together with companies in Panama to support their growth, explain products and their credit risks bringing alternatives that they might have in terms of coverage, and show them the advantages of working protected by credit insurance. Panama is an important country for many reasons, having two main drivers: its location and exports capacity. Our first goal is to support local companies' growth. We need to understand how market work, which is why we created a specific team based in Panama City. Our second objective, which is no less important, is to help companies' credit risk decisions Based on our 40 million-plus database of companies worldwide, Solunion is able to advise our policyholders about their clients' financial capabilities. Our risk expertise on the ground help us to support our risk decisions with local knowledge.

What factors differentiate Marsh from its competitors?

EMANUEL ABADÍA Among its main advantages, Marsh has extensive know-how. We have many years of experience and knowledge of different industries. The new types of businesses coming to Panama are all positive for Marsh. For example, a few years ago there was no wind energy in Panama, no solar energy, or cyber attacks. There are many new risks and opportunities coming to the country, and Marsh's know-how in other countries makes it easy for us to help our clients. Marsh also has a large amount of data on claims that have happened in different types of industries, and that helps us better advise clients on the coverages they have to contract and the areas they have to be careful about not only on the subject of insurance, but also on the subject of our own risks. These are our main competitive advantages: our know-how and the data we have from all the businesses we manage around the world.

How are you working to expand your portfolio?

FP Solunion Panama works for the entire Central America and Dominican Republic. Here, we issue our policies through MAPFRE, which is one of our shareholders in the joint venture, together with Allianz Trade. We can issue policies in seven countries, and we cover the entire Central American region plus the Dominican Republic. Half of the portfolio of the region belongs to Panama, but we also have Costa Rica, Dominican Republic, and Guatemala as the second layer of markets. We have plenty of sectors, supporting multinationals, and SMEs. We work from agribusiness to IT and business solutions related to whatever you can consider: paper, food, household appliance, and so on and so forth. Over the years, there have been new business trends and needs, and we work to support these developments. We believe we can grow together with our customers, by providing solutions to industries and sectors, from a credit risk point of view.

What strategy are you following to position Marsh as the main player in the country?

EA Our strategy has always been to share knowledge; we recently held a webinar in conjunction with the Chamber of Commerce on public-private partnerships (PPPs). Although that law was passed in Panama for some years now, the country has not yet developed PPP projects, although they are common in other countries. Marsh has extensive know-how of such insurance and the risks involved, and our initiative with the chamber of commerce was a complete success. That is how we want to position ourselves. We do many activities with clients and through the media. That is how we can share our know-how. We like to help and advise people and look for companies that require our assistance for a solution that they require at that time. Even the communications we have internally at Marsh are wide-ranging; we receive news every day, prepared by Marsh from all over the world, and they provide important updates on developments in the insurance sector. We manage a large amount of internal information, and that is important for our collaborators as well, so that they can also share it with their clients and prospects. ✖



Image: SL-Photography



Antonino Ciulla
MANAGING PARTNER
AV SECURITIES INC.

Why does AV Securities Inc. consider Panama to be the main investment destination?

For AV Financial Group, Panama represented the perfect location to apply for a broker dealer's license and do business regionally. AV Securities Inc was incorporated in 2012 and is now one of the largest independent broker dealers in Panama in total assets. Panama is definitely a fertile ground to service multiple offshore markets in the region for both institutional clients and ultra-high net worth individuals/families.

What factors enabled AV Securities to be recognized by Latin Clear as the number-one broker company in terms of volume in 2021?

We are extremely proud of this accomplishment. The fact that AV Securities won a prize for its 2021 trading volume in the international market as an independent broker dealer is an important achievement. There are three main components to this prize: the creation and success of our institutional trading desk, focused mainly on fixed income trading; AV Securities Inc has grown in assets under management and in variable income trading (equities), and our end clients have increased their exposure and trading volume in equities; and the creation of our AV Total Return Bond Fund that seeks to general fixed returns with low volatility for clients wanting to have exposure in Latam.



Alexander Acosta
CEO,
TELERED

Can you elaborate on Telered's success in Panama?

When you take a look at the total amount of cards in Panama, I could say that the first card any person has is a Clave Card. We are the cheapest debit product for a bank and the first banking access point for locals. We have remained leaders thanks to three important factors. First is our consistent investment in technology, especially in cybersecurity and the capacity of our processing equipment to handle new transaction volumes. Second, given our investment and constant search for optimal technologies, we connect over 47 banks in the country, making us the point of connection between banks and major corporations to the Panamanian population, with the highest security standards allowing all parts involved to rest assure that their operations are safe with us. Third, a large part of our operation focuses on Panama. Ours is a company of 100% Panamanian capital. The Clave Card is a local brand, and most of the businesses we work with, and intend to work with, are local entities or else have a presence in Panama. We want to grow together with Panamanian society, and this more than anything has propelled us to market leadership.



Juan Martans
COUNTRY MANAGER,
MOODY'S LOCAL PANAMA

What trends has Moody identified that differentiate the Panamanian market in the region?

What Moody's Investor Services did in its last report was downgrade the country, maintaining the rating, but with a stable to negative outlook. Panama has a Baa2 rating. This scale means a BBB rating. What declined was the outlook, which went from stable to negative. There are always three perspectives: positive, stable, and negative. In the case of the Panama report, which came out in October 2022, the country analysts claim that Panama has to improve on the fiscal front, where there is much pressure leading to a negative outlook. There are other factors, for example, in governance, where Panama has to be more robust in its institutionalization and governance as a country. Another issue is that of Caja del Seguro Social. It is a live issue that could have complicated consequences for Panama, including an important social component. In terms of positive factors, there are always the issues of macroeconomic stability, foreign investment, and Panama's per capita income, which is quite high compared to the region; however, analysts mention the issue of inequality in the distribution of the GDP per capita index. Greater caution is urged in the taxation system.



Guillermo Henne
CEO,
M&A CAPITAL
INCORPORATED

How have investments made by M&A Capital helped the financial development of Panama?

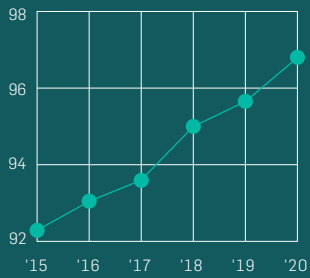
M&A Capital is a continuation of Roberto Motta S.A., a family office that started over 75 years ago. I consider my grandfather, Roberto Motta, a great entrepreneurs in Panama and Central America; he established most of the businesses many years ago and we still have them in the portfolio. My grandfather was a true visionary in Panama and bet on the future of the country with most of his investments; today, the family is still betting and investing in Panama. For a long time, most of these investments have been pushing and improving the economy in Panama by creating new jobs.

How is M&A Capital planning to leave Motta's values footprint to the coming generations?

Our family is already in the fifth generation. With more than 40 members today, it is a challenge to maintain all the values, but we are working and looking for the best ways to keep the most important ones in the next generations. For example, the family has published a book about the five brothers, my grandfather Roberto and his four brothers, as well as a book about Roberto Motta.

ELECTRICITY ACCESS

SOURCE: OURWORLDINDATA.ORG



PER CAPITA ELECTRICITY GENERATION (KWH)

SOURCE: OURWORLDINDATA.ORG

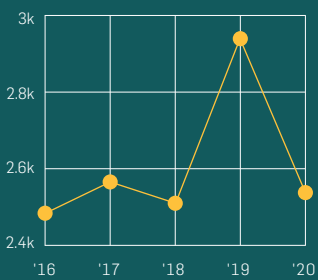


Image: Gualberto Becerra



Energy

ENERGY CONDUIT

The increasing penetration rate of renewable energy in the energy supply mix, higher rates of electrification, and improvements in energy storage are defining Panama's ongoing energy journey. As the first country in Latin America to run a model on the economic impact of the energy transition agenda, Panama has understood the significance of the energy transition to growth and sustainability.

Private firms also have their head in the game, and are already betting on greener alternatives. Natural gas, a more environmentally friendly fuel, has, for instance, become the main choice for energy firm AES. "We piloted a program with two gas-powered buses. Natural gas has an enormous presence in a country like Panama, where around 12,000 vessels pass through the Canal every year," said Miguel Bolinaga, Country Manager at AES Panama, in a recent interview with TBY. The firm also plans to export LNG to other countries in the region, making Panama a hub for natural gas in the Americas.

On the public side, The Panama Canal recent-

ly witnessed the transit of the Energy Observer, the first electric-powered ship to run on a combination of renewable energy and a hydrogen production system from seawater. The transition agenda, compiled by the National Secretariat of Energy, has etched out the path toward greener fuels aligned with the UN's SDG 7 2030 Agenda. And the energy secretary is already boasting of accomplishments, despite the plan not being set to come to complete fruition until 2030. "In 2021, we doubled our solar capacity from 200MW to more than 400MW. We added another 66MW to our matrix from wind; therefore, it has increased by around 24%. We are also growing around 20-23% on rooftop solar installations," said the National Secretary of Energy, Jorge Rivera Staff. On the potential for Panama to become a hydrogen hub, Rivera Staff told The Business Year that, "Panama can be a hub for the trading, storage, and transformation of green hydrogen for the region. Chile, Colombia, and Costa Rica will be producers of green hydrogen, and Panama can add value to this whole chain with our current efforts." ✖

INTERVIEW

MAJOR *player*



Panama is progressing in its energy transition by prioritizing key tasks including doubling its solar and wind capacity, updating its hydrocarbon regulatory framework, and establishing a regional green hydrogen hub.

Jorge Rivera Staff
NATIONAL SECRETARY OF ENERGY,
PANAMA

81%
of Panama's energy
generation in
2021
was from renewable
sources; ranking it
8th
in the world

How is the energy transition in Panama progressing thus far?

The main policy proposal for this administration is the energy transition agenda. We started developing this agenda in September 2019 some two months after the government was formed. We started a dialogue with key stakeholders and decision makers in the energy sector, including the hydrocarbons and electricity sector, and set a process of prioritizing the key tasks for the coming years. We used two main elements. The first was the previous national energy plan approved by the previous administration, a long-term vision from 2016 to 2050, that we wanted to turn into more of an action plan. The second element was the campaign promises President Cortizo had made relating to energy that we wanted to fulfill. We started this prioritizing process and produced this energy transition and proposal. It is aligned with the UN's SDG 7 2030 Agenda and is the reason why the target for the energy transition in Panama is 2030, along with Panama's commitments to the Paris Agreement for 2030, 2040, and 2050. We have a proposal ready for the energy transition agenda of this process. We have five specific strategies for the electricity sector and two strategic proposals for the hydrocarbon sectors in order to impose the energy transition agenda. The day we presented the proposal to the president, the first case of COVID-19 was confirmed in Panama. We had to instead focus on guaranteeing the security and continuity of business in the energy sector in those first few months. The world had changed, and we had to adapt the previous one to the new reality. We realized we did not have to change anything because this proposal would be a key enabler of economic recovery post pandemic. We worked hard to validate this and studied its feasibility with the support of the UN Environmental

Program. Panama was the first country in Latin America to run a model on the economic impact of the energy transition agenda. We can help create around 15,000 new jobs in two to three years and add least USD500 million to the GDP on an annual basis with such initiatives. We also validated some of the key investments that we need for the energy transition agenda that will amount to USD4 billion in the next six or seven years. This is key for economic recovery.

What specific action plans is the country taking to become a main player in the energy transition?

We are working on a base of our previous work. For example, we have a mature wholesale market for electricity that dates back to 1998 with a solid track record in investments and transactions there. It is a key enabler of the baseline that we have on the renewable use of electricity in Panama. We are also starting to see the first results of this energy transition process. For example, in 2021 we doubled our solar capacity from 200MW to more than 400MW. We added another 66MW to our matrix from wind; therefore, it has increased by around 24%. We are also growing around 20-23% on rooftop solar installations. There are specific action plans that we have been approving in terms of energy access, efficiency, and mobility, distributed generation, and innovation of the system. These are all our plans for the electricity sector. The two key strategic proposals for hydrocarbons are to update our regulatory framework in Panama and reinforce our energy hub condition here. We are already an energy hub related to the ships that use the Canal and have a great opportunity to launch an energy transition initiative there with a regional green hydrogen hub in Panama. Panama can be a hub for the trading, storage, and transformation of green hydrogen for the region. ✖

BIO

Jorge Rivera Staff is the current National Secretary of Energy. He has a degree in law and political science, with a doctorate in administrative law from Complutense University of Madrid. He also has a master's degree in energy law from the Higher Institute of Energy (ISE) of Spain. Rivera Staff has more than 10 years of experience advising governments and private companies on legal, regulatory, and public policy issues in the energy sector. His academic base includes a specialization in globalization and public services of general interest, as well as in integration processes in Europe and the US at Carlos III University of Madrid.

laying THE GROUNDWORK

ETESA is working on various projects in relation to expanding transmission systems nationally as well as the further development of renewable energies.



Carlos Manuel Mosquera Castillo
GENERAL MANAGER,
ETESA

Why is ETESA fostering energy transition in the country?

We have installed STATCOM technology via two static compensators. One has been up and running in Llano Sánchez since August, and the second one will begin in Panama in late 2022. STATCOM technology is a new UNCTAD technology that compensates the system with the necessary requirements and regulation of the voltage. Traditionally, compensations were done individually, and one would be a fast compensator, and another would be of slower pace. This technology compensates both together, and when there is a high level of voltage, this technology can react quickly to what is needed. We are the first country in Central America to have this technology and the fourth in the world. There are only a handful of countries working with this technology. We just received this ISO certification and had to work for two years to adjust our process and quality. Once we had modified the processes, we had to be audited by ISO. Moving forward, we will now work to retain this certification and maintain a high level of quality so that we will be prepared for any future inspections. It is important to reach this level of quality in all parts of the system as a whole, including all aspects such as human resources and security. We are the first company with state merit and one of the first to receive the title within the electrical sector. There are others in Colombia and Costa Rica, though only a few.

What are the main implications of the fourth transmission line, and what is its role in your 2023 expansion plan?

The fourth transmission line is a renowned and popular project. First, it will meet the planned electrical transmission program in the country. This program cannot happen without the necessary infrastructures being prepared. The most important factor is the development of renewable energies. We have permanent and temporary licenses for over 800MW that are already authorized to construct renewable energy plants. In the

short to medium term, we need to reach 2,000MW, which is approximately the national demand. We need the infrastructure in order to provide this. This will also improve the security and boost confidence. It will also improve the regional interconnection. The most important factor is that this will help us reach the development of renewable energies. In October 2021, we reached a definitive agreement with the region on where the fourth line will pass, and we are now at the final stage of the entire process. The project is of great importance. In each stage of the project, we look at it from an internal and external point of view, which will ensure we adhere to the deadlines. We have also established CEFOSAT, a high voltage training center. Before this, there was only a small school; now, we have established a high-level educational center to certify all electricians and technicians in working with high voltage levels. There are no schools in the world that specify this, and we have formed agreements with universities to teach this specific knowledge.

What are your current focuses, and how will you put them into practice until the end of your administration in 2024?

We have various projects in relation to the expansion plan of the system on a national level. This includes various transmission projects that will continue until 2024. Excluding the fourth line, we are talking about approximately USD250 million. One of the key projects is the Sabanitas projects, which will help us maintain more balance throughout the system and is an important project. Another project involves the construction of three new substations and three new lines to expand the dimension of the transmission system. For us, these are extremely important, and we are heavily focused on the development of renewable energies. We are working together with our collaborators and the country as a team to reach these important goals. ✕

Panama is the first country in CA with STATCOM technology thanks to ETESA

Long-term project of constructing 3 new substations and 3 new lines

BIO

Carlos Manuel Mosquera Castillo is an electromechanical engineer graduated from the University of Panama and holds a master's degree in negotiation, mediation, and arbitration and a diploma in electricity market from the Technological University of Panama as well as a senior management postgraduate in international public administration from the National Administration Institute of Portugal. He has an extensive background in the energy sector. Until 2019, he was an advisor to the national electricity market.

INTERVIEW

DECISIVE *actions*



AES Panama is getting involved in Panama's energy transition via the use of natural gas and providing a reliable LNG supply to the region.

Miguel Bolinaga
COUNTRY MANAGER,
AES PANAMA

Potential for natural gas hub in Panama, with around

12K

ships passing through the Canal every year

BIO

Miguel Bolinaga is the president of the AES Panama, formed by AES Panama, AES Changuinola, Gas Natural Atlántico, and Costa Norte LNG Terminal. Bolinaga started his work in Panama in July 2013, previously holding the position of VP of External Relations and Electric Market of AES El Salvador. Before arriving in El Salvador in 2006, he was Manager of Marketing and Distribution of C.A. La Electricidad de Caracas. He had 16 years of experience in the Armed Forces of Venezuela prior to his entry into the world of the electric industry. He is a graduate of the Naval School of Venezuela with a degree in administration and logistics. He also holds the degree of systems engineer awarded by the University of the Venezuelan National Armed Forces and a master's degree in information system development from the Simon Bolivar University in Venezuela.

What steps is AES Panama taking to be part of the energy transition?

We view the energy transition not only in terms of energy but at the level of everything that has to do with a fuel that is cleaner and more sustainable. That is why, at the energy level, we have made great progress with the issue of natural gas. In fact, we have a publication where we talked more about the subject of natural gas. We had begun to anticipate how it could be included within the energy field. Previously, the energy field in this country was limited, with just hydroelectric and bunker or diesel. Today, it has a significantly more mature energy matrix, with solar, wind, and even around 13-14% natural gas. We are precisely displacing bunker and diesel and giving the country a much more friendly fuel. Beyond producing electricity, natural gas is also a fuel for a long transition that is being seen in Europe. We will pilot a program with two gas-powered buses. Finally, natural gas has an enormous presence in a country like Panama, where around 12,000 vessels pass through the Canal every year. These vessels are under increasing pressure to switch to a more environmentally friendly fuel. Natural gas is significantly less polluting and is part of what is called the Green Route, which the Panama Canal has talked about extensively. Natural gas-based ships can also use our plant to refill, which would also allow Panama to be a transitional part of everything that has to do with natural gas. We are heavily involved in the energy transition, not only in terms of energy but also in terms of fuels for industry. For example, we have a growing industry that manufactures items using biomass. We have signed with other clients that will do something similar soon, and we eventually want to help change the industry. We are busy with the energy transition in the country. We have made strong decisions and are extremely clear in moving from more polluting fuels to cleaner fuels.

What is the importance of providing LNG to Colombia through Colón LNG Marketing, and what role does LNG play within the development of the energy sector in the region?

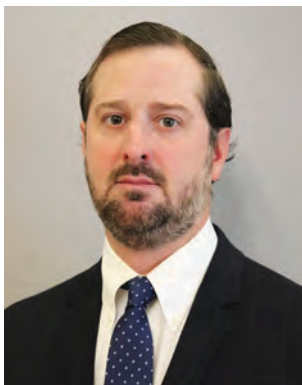
We are not only thinking about the issue of natural gas or the issue of energy for Panama. Rather, we want to also bring this to Ecuador, Costa Rica, and the Caribbean, because natural gas will be relevant as a cleaner and sustainable transition fuel. In Puerto Buenaventura in Colombia, we bring natural gas to Ecopetrol as part of a pilot program based on multimodal logistics using cryogenic ISOContainers. This has significant consequences, especially on reliable gas supply due to Buenaventura geographical condition for supply energy. It was a successful LNG supply and we would like to extend this LNG supply for up to three years at least. We want Panama to be an energy hub through AES with natural gas, and that will help develop the different businesses in various industries and be more competitive throughout the Americas.

What added value brings AES to the Panamanian society, and what social projects is AES currently working on?

We are undoubtedly one of the largest companies in the country, and we provide support to Panama in many areas, and we will continue to do so; however, we do want to set up a foundation that would allow us to fulfill our vision of improving the quality of life in the areas we serve. We want to do it together with others. For example, we have 11 plants in Panama, and we want to improve the quality of life in the areas in which we serve. We want to make a real impact. One of the things we work on is rural electrification, for example, for those parts of the country without electricity. We are not required to do so, but we want to do it so that everyone has the same opportunities. ✖

step BY STEP

Tropigas Natural's green energy solutions help clients transition to greener fields, starting with the industry sector.



Guillermo de Roux García
GENERAL MANAGER,
TROPIGAS NATURAL

How did Tropigas Natural evolve to become a main player in the energy transition?

Tropigas Natural is a young company; it is part of a 70-year-old group, Grupo Trenco. Our focus on looking for solutions for our clients to transition to greener fields started less than four years ago. When we started our business, everyone was shut down because of the pandemic, and it was challenging to start going into a new industry for us. The positive thing in the last four years has been the trend of renewables and transition fuels, going into cleaner, lower emissions. We imported, distributed, and retailed LPG for seven years, so we know what it takes to sell gas fuels. We saw the opportunity to add another product to our line, a product that would fit this new world, going greener and lowering emissions. We were well received by potential clients, and we hit the market at the right time in terms of their needs and requirements. This opportunity came about because AES had built a huge LNG tank in its generating plant in Colón, and it was looking for a distributor to start opening industrial and commercial markets locally. It was a great partnership. We had the experience of the market, and it brought in this new fuel. Everyone's goal is to go all green, solar, or electric; however, green mobility is not that easy. It is a transition, and many things have to happen for that to be a possibility. LPG as well as LNG are great fuels to transition from heavy fuel oils to a greener future. They are cleaner, have lower emissions, and are more efficient to burn than other fuel oils, so we will play an important part in that transition because the biggest emissions come from industry and transportation. That is a niche where we can be effective in choosing our products.

What sectors are you targeting to implement your solutions?

The industry sector is the first one we targeted because it burns the highest amount of fuel oils. There are also other sectors that do this, but industry should be the first one to target because with one or two customers you can make a big difference. We are starting with the bigger consumers and then moving on to the smaller ones. Obviously, we want to convert everyone that we can. Technology also guides us because installations for natural gas are big and expensive. That is why we start with the big ones, making the economics work and then moving down to large commercial or possibly big hotels and resorts. There is a great deal of ground to cover but we started by focusing on industry. We have our eyes on the transportation sector as well. It is a big emissions source. In the future, we will target vessels, as many ships come through Panama. Every year, there are more ships that burn LNG instead of bunker and diesel, so there is also a niche there that we have been monitoring.

How do you see the future of energy in Panama considering all the opportunities that the landscape offers?

Because of its access to the rest of the world, Panama is able to change quickly. We have seen many changes. It is the first Central Latin American country to have LNG and an LNG power plant. Being the first Central American country to have natural gas as a product and a fuel source for industries, commerce, and power generation shows that Panama's future is bright and is possible because of all of the access to banks and shipping routes. Government officials here are extremely bullish on trying to make change with electric cars and lowering emissions. The private sector is also getting onboard with the idea. Our goal is to continue getting those industrial players excited to switch to greener fuels and lower their emissions. ✕

***Contract with
Cervecería
Nacional***

***LNG presents
opportunities
in logistics,
especially with
vessels***

BIO

Guillermo de Roux has been General Manager of Tropigas Natural since 2019. He also functions as general manager & co-founder of Energía Natural, S.A. since 2007, also part of Grupo TRENCO. Previously, he held executive positions on various within the TRENCO organization. He studied business in Southern Methodist University and holds an executive masters from IPADE. He also holds board seats on business and industry organizations such as CCIYAP, ANPAG, and CAPAGEH.

FOCUS

Electric vehicles

FROM OIL TO E-MOBILITY

The sudden increase in fuel prices in recent years has increased demand in Panama for electric and hybrid vehicles, a trend that will continue to rise over the next decade.

THE GLOBAL MOBILITY INDUSTRY is undergoing a profound transformation, which is being accelerated by the sudden increase in oil prices in recent years. Between April 2020 and January 2023, the price of a barrel of oil has risen from around USD24 to around USD82, peaking in March 2021 at around USD111. In order to encourage the transition to clean mobility, Panama passed a law in April 2022 with the intention of reducing gas emissions and increasing the use of renewable energies in the transportation industry.

This law, the first of its kind to be passed in the country, establishes a series of targets for the government to gradually replace its vehicle fleet with electric cars, reaching 10% by 2025, 25% by 2027, and 40% by 2030. These targets also pursue a certain percentage level of electric cars for private individuals and public transport. Under this law, 40% and 50% of vehicle sales and the public sector bus fleet, respectively, in Panama will be electric by 2030. To achieve this transformation, the law eliminates the import tax for electric vehicles, while it will be 5% for hybrids and 10% for other vehicles. These tax benefits, which came into force in 2023, will be in force until January 2031.

These types of benefits help the world's leading vehicle brands to launch their new electric cars in Panama. This is the case of Porsche, which expects the new 100% electric Macan SUV to arrive in this market during 2023. "The Taycan is our first 100% electrical car, launched in the middle of the pandemic in 2020. It was a giant success in Panama. We have now eight models of Taycan electric cars, and by the end of 2023, we will also add the Macan", said Raul Civiello, General Manager at Alemautos. "People in Panama are willing to adopt electric cars," Civiello said of a market for which the German firm expects to have an important footprint within this segment.

Transforming mobility from the current combustion system to a

clean one is not just a matter of buying electric vehicles. There must also be charging stations, training by the companies that service this industry and the possibility of finding spare parts for these vehicles. "We carry out consulting to help you transition to electric mobility. It is not just about buying the vehicle as the process also involves energy infrastructure, operators and their training, charging, and the cost of energy. All these factors are separate processes that take between six to 12 months to develop, which is where we make a difference," said Eduardo Lopez de Victoria, general manager at BYD Panama, an electric vehicles manufacturer.

With respect to the Panamanian market, BYD is strongly focused on providing public transportation systems, in addition to establishing contacts with large companies to implement fleets of clean vehicles for their operations. One of the keys to achieve this change is also to have a clean generation infrastructure that can subsequently feed the vehicle. To achieve this, it is necessary to establish generation and storage systems, something that is of particular interest to large companies that have set themselves the goal of being 100% clean in their operations.

One of the companies that offers the possibility of establishing clean distributed generation systems is Celsia. "The great advantage of distributed generation is that the generation is done in the same place of consumption, which minimizes issues of losses, improving the capacity of the network, or inefficiencies," said Javier E. Gutierrez Alzate, general manager Central America at Celsia. This type of system represents an opportunity for companies that want to advance in electric mobility, as they can generate renewable energy that can then be used to power their vehicles.

For Gutierrez Alzate, Panama is one of the countries that is mak-

ing the slowest progress in terms of electric mobility. “However, I believe it will change rather soon, because developments such as the current global situation with rising oil prices will drive many people to look more favorably on electric vehicles,” he added. Precisely, the sudden increase in fuel prices has pushed not only Panama, but the entire planet to accelerate the transformation toward more sustainable solutions such as electric mobility. And companies have set ambitious goals to advance that transition within this decade.

“According to Volvo's forecast, all of its products will be electri-

fied by the year 2030,” said Carlos Davila, general manager at Volvo Cars in Panama. The company plans to gradually reduce the number of internal combustion engine vehicles it manufactures until it reaches that target by the end of the decade. With respect to Panama, Dávila notes that the market is also starting to grow due to rising fuel prices. In that sense, Volvo has seen that hybrid and plug-in hybrid options have been the most demanded in the country in recent years. “The country will require a large number of charging stations, and this must not be delayed whereby it becomes an obstacle to electric vehicle adoption,” he concluded. ✖



#Somos
ETESA #Somos
Calidad

INTERVIEW



BIO

Esteban Barrientos has been Executive President of ENSA Grupo EPM since 2015. He has proven experience in the energy and natural gas sector at the regional level, having worked with companies such as Invercolsa, Cellstar, Prograsur, Metrogas, Metrex, Electrificadora de Caldas, Electrificadora del Quindío, and Aguas de Urabá, among others. In Panama, Barrientos has been part of unions such as AMCHAM and the Chamber of Commerce, Industries and Agriculture of Panama as Advisor to its Board of Directors for 2021-2022.

Esteban Barrientos
EXECUTIVE PRESIDENT,
ENSA PANAMA

How is ENSA Servicios collaborating to drive Panama in the transition toward a more sustainable landscape?

We are positioning ourselves there in various ways. First, we established a service company that is today a leader in many sectors. We are also working with partners in the country to heavily promote electric mobility. We are speaking to car brands to bring them in as well as buying electric cars for our own fleet, so that people see that we believe in the process and are doing our part. We are also in the process of setting up stations to charge electric vehicles, not only in our area but throughout the country. We will also have value-added services. For example, we will mount the largest roof solar panels in the country. We will initiate a megaproject in Colegio San Agustín, a renowned school in the country that will have the highest number of solar panels in the country. In this situation, we provide the financing so that they can carry out this project. We are also encouraging the entire ecosystem by forming alliances with banks so they will view this as a business opportunity and

lend to users and our clients when they plan to buy an electric car.

How have ENSA improved since its software adaptation in 2019?

We acquired software, which is where the heart of our operation lies. From there, we can remotely manage practically the entire electrical system. We have 13,000km of networks and many substations, and from there we can turn control a substation, part of the city, part of the country, electrical faults, and so on; however, we want to continue to improve because that would give us the opportunity to transfer loads between some circuits and others. Before we had the software, it took us a much longer time to determine where the faults were. Without waiting for the customer to call us and complain about a power outage, we automatically detect potential issues through our systems. We can automatically make a transfer so that another circuit feeds the one that is damaged so that customers experience less system failures. That will involve a significant investment of about USD7-8 million, though we continue to think about a future in which people expect fewer issues and, when one occurs, it is solved quickly. ✖



BIO

Jose Luis Lloret is a telecommunications engineer from the Polytechnic University of Madrid. He has served as director of strategy and midstream development and commercialization and director of energy solutions at Gas Natural Fenosa. Currently, he is responsible for the management of the electricity infrastructure business, including the planning, programming and execution of all actions related to the electricity network and non-regulated services.

José Luis Lloret
COUNTRY MANAGER,
NATURGY PANAMA

What emblematic projects is Naturgy working on in the country?

We are currently completing an important project that will join the Isla Colón electric network of Panama. Isla Colón is not integrated in the network. There are diesel power plants, and it has been difficult to grow the tourist sector there, as there wasn't enough capacity. Now, this will change. In mid-2022, we deployed a 24-km cable from Almirante to Isla Colón to integrate it into the national grid. This is an important project and involves around USD35 million in investment. It is perhaps one of the most important projects in the last two to three years. Naturgy holds just 51% of the shares of the company, the government holds 48% and minor companies 1%, so we are a key player not only for our projects, but also for our representation.

What are Naturgy's main goals for the near future?

2023 is extremely important for Naturgy, because we are closing one tariff period and opening another, and it is important for this to be successful. With this, we will have our business plan for the next four years. We are considering investing more than USD500 million in the coming four years, so we need a competitive tariff in order to support this. In addition, we are internally in the midst of a transformation process that we initiated many years ago, and it was pushed forward during the pandemic. We seek to become a simple and a digital company, which is happening in banking and many other sectors. We have a new app that we are launching in a few months. With this new release, 100% of the activity that a customer does with us can be done digitally online. This is something that no one in the sector was worried about before, though it is now extremely important for us—everything needs to be simple, clear, and digital. This is one of the most important processes for us. That is why we have many internal initiatives for this transformation and external activity in terms of the investments we need to launch for the next four years. ✖



Patrick Vloemans
MANAGING DIRECTOR,
ABB PANAMA, CENTRAL AMERICA,
CARIBBEAN, ECUADOR & COLOMBIA

What inspired ABB to set up its operations in Panama?

In 2010, there was a crisis in Europe. When we emerged from this real estate crisis, business was severely affected and so ABB decided to look for new country business opportunities. We started to look for business opportunities in the private sector and we saw some opportunities in the port business. ABB is traditionally oriented toward utilities, central electricity generation, distribution, and transformation, however, we looked at how we could make the processes more efficient and reduce the environmental impact in ports. Those are the two key issues: how to make ports safe, green, and more productive. We successfully completed some projects in the Netherlands and later completed projects in Mexico, Panama, and Costa Rica. We saw the various benefits of Panama as an ideal location for a project organization. Its geographical location and its connection with the world called our attention, and with its solid economy based in a strong currency makes us comfortable to stabilize our commercial operations to Central America and Caribbean Region.

What initiatives is ABB implementing to instill sustainability through digitalization?

We have participated in CO2 emission programs as part of sustainability programs, as well as initiatives involving planting trees, cleaning, and recycling, and so on. Our main vision is for the shipping industry to become carbon neutral, reducing the impact of emissions. When working on ports, traditionally using diesel-driven equipment, ABB electrifies everything; for example, container handling operations. Automating operations also helps us become more efficient. With ever increasing urbanization and the world forging ahead to create a low-carbon future, ABB is supporting with unified, cross-industry digital platform and its deep industry expertise, helping companies to increase productivity, enhance operational efficiency, and improve safety and security. To give an example, our Electric mobility paired with renewable (especially wind) energy generation solutions and reduced energy consumption through the use of drives and high efficient motors, can significantly lower global CO2 emission and not only helps us to achieve CO2 emission targets but will have a positive effect on our health and comfort due to reduced pollution and noise, so we believe with ABB stronger presence locally the economic stimulus for such solutions will be higher. ✖

BIO

Patrick Vloemans lives in Panama since 2016. He obtained his master's degree in electrical engineering from Delft University of Technology in 2007. Since then, he has worked in the design and built project segment, focusing on risk mitigation, interface management and customer satisfaction levels.



ALL *the right experience*



Summum is eyeing more business in Panama as part of its expansion plans, hoping to bring its vast infrastructure experience to the Central American nation.

Daniel Lucio
CEO,
SUMMUM CORP.

Panama is key to its expansion strategy in Central and South America

Well positioned in the energy sectors of Mexico, Colombia, and Peru

BIO

Daniel Lucio is a lawyer, having graduated from the Universidad de la Sabana de Colombia. He specialized in contracts law from Universidad del Rosario and has an MBA from Tulane University in New Orleans. He has more than 20 years of experience in professional practice, of which 15 were dedicated to positions of senior responsibility. He has been a member of the board of directors at companies and consortiums in Colombia, Mexico, and Peru. He has been the CEO of Summum Corp for the last eight years.

What major projects has the company been working on in the last year, and what are its focuses for the wider region for 2023?

The largest project Summum Corp. is currently developing is the refurbishment of a refinery in Peru. It is one of the top-three-five biggest refining projects on the continent and is owned by Petroperú. We are the manager and supervisor of the project and have been involved since the beginning in 2010. We are currently in the closing stages and expect it to be completed by the end of 2023. This is an important project not just for Peru, but the entire Latin America region. We are also working with major energy operators in Colombia, such as Ecopetrol. We provide services for the companies that are 90% responsible for the production of oil and gas. Summum also renders power services in the energy sector. We have completed many projects in Mexico as well, mainly for four plants of the largest companies in the world that operate there. We have an office and staff located in Mexico and have been operating there since 2010. We also provide services in other countries such as Argentina, Ecuador, Spain, and Bangladesh. Summum is well positioned in the energy sectors of Mexico, Colombia, and Peru, working with the main players of the industry. We are currently focused on these three regions where we have physical offices and local staff.

What are your expectations for the market in Panama, and how can Summum differentiate itself from other players in the energy industry there?

Panama is one of the countries we are extremely interested in as part of our expansion strategy in Central and South America. Panama is not new to us, because Summum used to provide project

management and engineering services for major infrastructure projects there. Panama is definitely a strategic place to work in, especially given its many ports. Summum has extensive experience in port infrastructure as well, having worked on the main ports in Colombia, such as Cartagena, Buenaventura, and Barranquilla. We are watching Panama with great interest because of the players and development taking place there. We see tremendous activity in infrastructure in Central and South America and are confident we will succeed there given our extensive local experience.

What is your perspective on the current energy matrix in Latin America and the role of different biofuels?

Summum has already started working on renewable energy projects in Colombia, as well as hydrogen projects in Mexico. Many of our senior managers have experience working on renewable energy projects around the world. We are therefore following the transition with a positive yet measured approach. It will take time, and conventional energy will still be required to support the transition. In Colombia, the most important contribution must come from the government. The transition is necessary and needs to be done responsibly, with a plan developed by both the government and private entities. If we do this, we can expect a gradual transition in the next 15-20 years, though conventional energy resources will still continue for the next 20-30 years. Both energies will co-exist and support each other for many years.

What is Summum's approach to investing in research and technology, and how can that assist with the energy transition?

We set up an innovation division three years ago to work on new technologies. This not only works on renewable energy, but also conventional energy and infrastructure services as well. We are currently closing three or four projects with local universities with the goal of launching pilot programs with clients in the next year. These projects aim to add value to our clients, be more environmentally friendly, and introduce more technology to our sector. The sector needs to improve its technologies and processes and find better ways to complete projects.

Can you elaborate on the company's commitment to helping local communities develop? Summum has operated this way for many years

in all the countries it works in, and this is not new for us. This is also how the energy and infrastructure sector have operated for many years. We are always focused on the development of education in communities and bringing together new, young professionals and staff from the communities and universities. We recently launched our SEMILLERO program. We seek special talents in local and national universities and provide them with an opportunity to work us. We have also supported our employees and local community members with their university studies in the past. When we arrive at a project location, we also commit to hiring local talent for all the services we need for the project. We also have a social sustainability division that works hard in this area. ✖

summum⁺
projects

**SUMMUM PROJECTS
ENGINEERING COMPANY
BACK IN**

PANAMÁ

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ABOUT US : CONTACT US

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VOICES FROM THE SECTOR



Rafael Galue
EXECUTIVE DIRECTOR,
SOLAR CHAMBER OF PANAMA

How is the country implementing the national strategy of distributed generation?

The national strategy of distributed generation is an excellent roadmap that was authorized in January 2022. It features all the adjustments that must be made in order to implement what the nation requires over the coming eight years. As members of the business sector, we collaborated on the development of that document with the National Secretary of Energy. We are pushing for the installation of 1.7GW of distributed generation over the course of the next eight years as an optimum level.

Can you elaborate on the chamber's management program and the impact it will have on the nation?

From the start, we made an effort to create a course that would educate individuals about renewable energy sources, the energy industry, what we do, and our business strategy. This course's goals are to enlighten participants about energy, how our model business operates, and the economics of our industry. The industry needs more people because it is geared toward producing more installations every day. It is extremely encouraging to see that this school has a profession-driven course that aids professionals in the field in both finding employment and starting their own businesses.



Eduardo Hevia
GENERAL MANAGER,
PETROTERMINAL PANAMA (PTP)

What opportunities does Panama's geographical position offer, and how does PTP take advantage of it?

Panama's position is unique and privileged. PTP has maintained its line of business throughout these 45 years, though it is always open and aware of opportunities. In fact, we have had conversations with potential partners to evaluate different proposals to build a port in our pacific terminal. The deep waters of Charco Azul Bay make the area extremely attractive for a multimodal port, and that possibility is always open. PTP does not rest on its laurels; although we are currently the shortest route, we are not alone in the market. Our terminals are in different areas, with different characteristics. Charco Azul has deep waters at a short distance from the coast, so we have two docks with the capacity to serve vessels up to 320,000DWT (VLCC). In Chiriquí Grande, in the Atlantic, we have two buoys with hoses to move the crude, also with the capacity to serve VLCC vessels, though usually the crude arrives in the Atlantic in smaller vessels. After consolidating, their shipments are sent to the final destination on larger ships. Our VLCC flow is the highest in the Pacific.



News from Panama to the world



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betting ON RESEARCH

Offering LED lighting, IoT software, and other innovative solutions for various industries and sectors in Panama, Signify is committed to sustainability through innovation and R&D.

Jorge Jusdado
GENERAL MANAGER,
SYSTEMS AND SERVICES LATAM, SIGNIFY



What is the Panamanian market characterized by?

In Panama, we have worked effectively with the utilities to reduce energy consumption nationwide, replacing most of the road lighting at the Corredor Norte and Corredor Sur with LED systems; and with ENA, installing solar lighting for their road network. Additionally, we have worked notably in architectural lighting to enhance the tourism sector. We have realized projects like the lighting of Panama Viejo and the third bridge over the Panama Canal. Apart from the tourist hook, the authorities can better monetize a historic site with events, weddings, or other corporate events. All is controlled by a downloadable app, and the city of Panama Viejo gets a new life because lighting can be modified to include, say, the national colors of the visitors. This also has had a significant impact on social media, which contributes to the overall promotion of our history. Public spaces are definitely one of our main strengths, but we are also increasing our capabilities in the indoor space. We illuminated most of the new Terminal 2 in Tocumen Airport with LED lighting; being a challenging project both from the technical side, with extreme high ceilings and strategically, as of its high importance for the country in terms of having a state-of-the-art airport. In the industrial arena, where the demand for energy reduction is also high, and in retail and hospitality, we can help customers to reduce the energy bill while improving the productivity of the employees, or the customers' experience.

How is Signify bringing Panama closer to its sustainability goals?

Signify invests almost 5% of its revenues

into R&D, and we are committed to innovate into more efficient products every year. We therefore bet a lot on sustainability, being a carbon neutral company since 2020. About 25% of our products are sold through the circular economy concept, recycling products into new ones. LED lighting combined with the lighting controls can help you to reduce between 70 and 80% of the energy bill of a current installation, and this impact is tremendous when you decide to change your conventional lighting to a digital lighting combined with lighting controls. Our focus now is on 3D-printed luminaires that we can manufacture with a printer using recycled materials like plastic from the sea, plastics from bags, bottles, CDs, or any other polymers that you can recycle. They have no screws, they weigh less, and we can produce them locally; by doing so, we also reduce dramatically the carbon footprint of shipping them from our printers in Latin America to Panama. We have other innovations like agricultural lighting for food growers, enabling better and more predictable vegetable yields. We also have lighting oriented to animal wellbeing. Finally, we also see notable interest in UV-C lighting that helps to disinfect the air of the buildings and the spaces where we are living or working. That kind of lighting helps purify the air every time the air flows next to the UV-C lighting making our environment healthier and a better place to live.

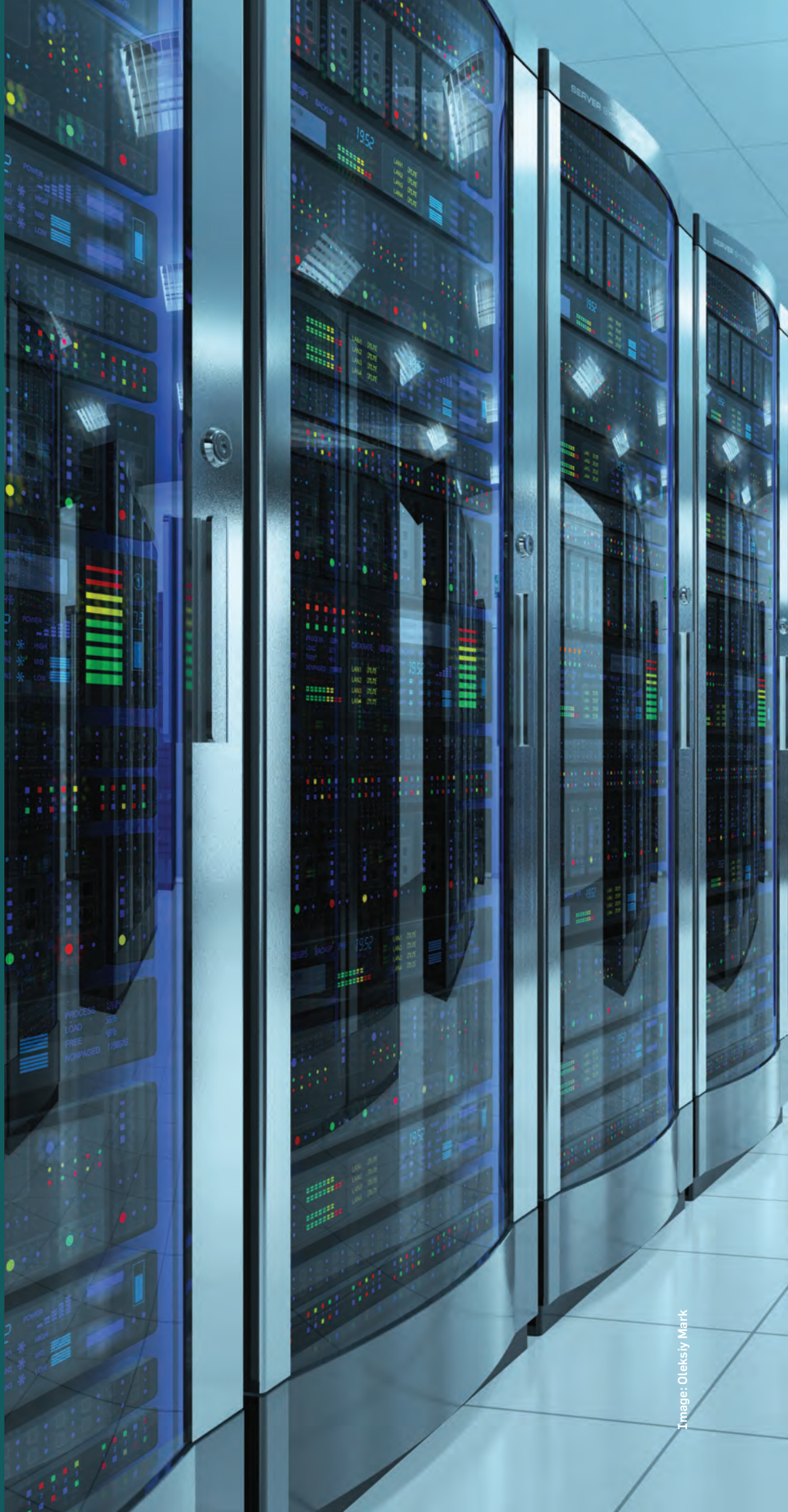
How can Interact be of help for different kind of companies?

Interact is the brand for our IoT software, with an interactive platform where you can control any kind of lighting asset you may have. You can control from your

dashboard an industry, an office, a stadium, or a city. You will know the energy consumption of all your lighting and also get information about any potential failures, enabling you to be proactive or reactive. You have a dashboard where you can see, for example, the performance of your various retailers simultaneously, enabling you analyze patterns. These services are much in demand by large tenants that have or rent offices. And in industry, we are working with major corporations in Latam that are keen to monitor their various factories in the region from one single point of control. ✖

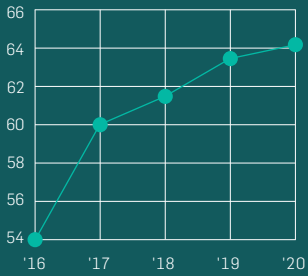
BIO

Jorge Jusdado is Head of Systems and Services in Signify for Latin America with more than 15 years of experience in management and marketing in the lighting and energy sector. Together with his team, he has collaborated in big iconic projects like the lighting ESCO project for the City of Madrid with more than 200,000 light points, the new lighting for the Azteca Stadium in Mexico, and the Master Lighting Plan for Panama Viejo, a World Heritage Site. He is a telecommunications engineer from Universidad Politécnica de Madrid and a Certified Energy Manager (CEM).



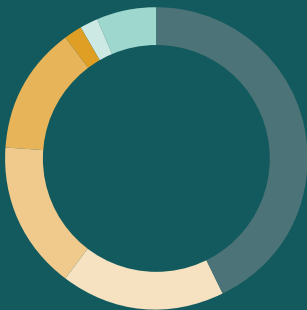
INTERNET USERS (% OF TOTAL POPULATION)

SOURCE: THE WORLD BANK



MOBILE VENDOR MARKET SHARE IN PANAMA (OCTOBER 2022)

SOURCE: STATCOUNTER



- 42.8% Samsung
- 17.75% Apple
- 15.61% Xiaomi
- 13.69% Huawei
- 2.07% Realme
- 1.72% LG
- 6.36% Other



Telecoms & IT

TURNING POINT

In the wake of COVID-19, digitalization proved crucial to Panama's economy, facilitating everything from remote work to telemedicine. Without it, recovery could have been a much slower process.

Eli Faskha, CEO of Soluciones Seguras, succinctly summarized just how important certain elements of digitalization have become in a recent interview, telling *The Business Year*; "When the whole world went into lockdown, cybersecurity was probably one of the few areas that enabled companies to work remotely, because we couldn't do it without that. The other large movement that has happened in the past few years, including the pandemic, is the movement to the cloud. The cloud has a whole set of challenges related to security and I think we have a lot to do in those two areas, and a lot more." Indeed, the need to invest in cybersecurity specifically has been highlighted by a spate of high-profile cyber-attacks across Latin America in recent years, including a substantial ransomware attack on numerous Costa Rican government institutions in 2022.

Yet getting the right digital infrastructure in place can often be easier said than done, with a number of constraints present, according to Raúl Katz, President of Telecom Advisory Services, who recently said; "The first is affordability, as access to broadband is still very high in relation to the income level of a certain portion of the population. The second is digital literacy, meaning the extent that a household has a sufficient level of training or education

on how to use technology, for example how to send an email, access a social network to communicate with family members, or access information and entertainment. The country will advance, but it must be recognized that the most disadvantaged do not have the level of digital education necessary to be able to use it." Various institutions are tackling this problem head on, incentivizing technology adoption through different programs. One such example is the USD60 million credit launched by Banco Interamericano de Desarrollo (BID) with the aim of incentivizing the digital transformation of management and public services.

It will also finance a program to increase the efficiency of cybersecurity to meet the demand of digital bureaucracy. Through this, the institution will finance the headquarters of the Digital Governmental Innovation Hub, which, it is hoped, will lead to a cost reduction in public-private interaction, especially between government and vulnerable communities.

Panama is well on its way when it comes to the wider digitalization of its economy. "Eight fiber optic cables run through Panama, with a ninth cable coming down from Florida. As a result, connectivity here is virtually limitless and available for any type of business that you would wish to build, making Panama the digital hub for Latin America and the Caribbean," enthused Carmen Gisela Vergara, General Administrator of PROPANAMA. So, if issues surrounding inequality of access can be resolved, the sky could become the proverbial limit. ✖

MAKING *connections*



Eduardo Ortega Barría
NATIONAL SECRETARY FOR
SCIENCE, TECHNOLOGY, AND
INNOVATION (SENACYT)

SENACYT is working to boost investment in research, development, and innovation while ensuring no one in the country is left behind in the technological revolution.

How has the use of technology changed in recent years across Panama, and what role does SENACYT play to ensure nobody is left behind? We have a social innovation project with the Inter American Bank of Development whereby we work with poor communities to identify problems and challenges and the potential solutions. We provide funding for those social innovation projects if they meet such criteria as being innovative and can be scaled up and reproduced. We have 350 infoplazas located in remote areas of the country, including rural areas and indigenous regions. This platform is sometimes a community's only access point to the internet, and we are able to give people the opportunity to take courses and learn different types of skills. We want to develop an additional 20 infoplazas in 2022, with plans for another 40 in 2023. With the pandemic, we had an opportunity to collaborate with the Ministry of Health and the Ministry of Education. Together with the government's innovation agency, we collaborated on vaccinations at the infoplazas. We also collaborated to provide financial support to impoverished families. We would like to have more of these infoplazas, especially in the poorer areas of Panama City. We have two dimensional printers, and people can learn robotics at these infoplazas while children can learn about computers and programming. We are connecting these communities to reality and the outside world; these infoplazas are a window for these communities.

How did the COVID-19 pandemic impact Panama's relationship with technology?

During the pandemic, Panama closed its schools for longer than most countries, though we managed well with virtual learning. IT was critical for that period. It was extremely important for the public and private sectors to adapt to the situation that we were in. It is necessary for us to transform the country and make new innovations. For example, we have scientists developing ventilator prototypes as we didn't know if we would have enough ventilators for severe cases in hospitals. We also had to build new hospitals. We needed to innovate, and the country is

now in a different place.

How would you rate Panama's current R&D credentials?

Panama invests 0.18% of its GDP in research, development, and innovation, and the goal is to increase this to 1%; however, with the pandemic and the conflict in Ukraine, as well as the economic situation of the country, it might be a challenge to increase our R&D over the coming years. We have presented a plan to the Ministry of the Economy to increase that investment in; we have to be agile, focus on the right priorities, and increase investment in R&D for the country to become more competitive. We also have to transform universities. Panama has a traditional university system that has been successful in training professionals for the workforce; however, they are not trained in the area of R&D and innovation. We want our universities to be centers of knowledge generation and transfer. We also have to foster greater collaboration between the private sector and universities in Panama. We have invested in human capital and have a competitive scholarship program. We have 700 Panamanians studying abroad at the best 200 universities in the world. We pay for their studies, and they later return to Panama. Scientific infrastructure is a major gap for us. At the moment, we are investing in developing R&D for vaccinations in Panama City. Together with the Technological University of Panama, we created the R&D Center for Communication and Technology Information. We also plan to have a meteorological tower where we will research developments in that area. We are also working on a center for agriculture in a controlled environment with robotics and AI to have better control over temperature and fertilizers. We plan to have three centers: on the border with Costa Rica, in the middle of the country, and in Panama City. We plan to focus on crops that are important to Panama and can be grown under controlled conditions. Over the next two to three years, we will upgrade this infrastructure and continue to increase our capacity to attract scientists. We also need to attract IT engineers, who will play an important role in Panama. ✖

BIO

Eduardo Ortega Barría served as vice president and director of medical affairs and research and clinical development for Latin America and the Caribbean of GlaxoSmithKline Vaccines from 2006-2020. He was a researcher of the National Research System of Panama. He currently serves as National Secretary of the National Secretariat of Science, Technology and Innovation.

the next STEPS

CoK Foundation is working to promote social change through a humanist, scientific, and business approach, having introduced initiatives such as electric car chargers as well as creating a business incubator and coworking spaces for entrepreneurs.

Jorge Ramón Arosemena Román
EXECUTIVE PRESIDENT,
CITY OF KNOWLEDGE (COK) PANAMA



How did the pandemic foster innovation, and what opportunities did it bring to the foundation?

The pandemic brought many challenges, and also produced opportunities to improve several services. CoK was able to support some of the measures adopted by the government of Panama; for example, we had networks and system media where people could do a follow-up with patients and facilitate access to medication. In addition, the Scientific Research Institute was on the frontlines and produced equipment to transport COVID-19 test samples. The training of medical doctors for intensive care units was also done at the CoK in the regional center for training in health via simulations. In Panama, the National Innovation Authority did an efficient job by integrating applications and networks that facilitated the way in which the country handled the pandemic. Innovation brought about new ideas and created new opportunities. Before the pandemic a small percentage of people used online payment methods before, though now a much larger segment of society is using e-commerce to take care of day-to-day situations. The pandemic brought different people together to identify the main problems and come up with some solutions. That led to a valuable national consultation exercise that pinpointed the key pending issues and led to over 200,000 people electronically presenting their views about regional and national problems and proposing ways to overcome those situations. Panama has to reconsider the way in which its system operates because we have one of the most unequal income distributions in the region. There is growing awareness that we

need to find new ways to modernize our system. We have to go green. At the CoK we have introduced electric chargers for cars on campus, as well as solar panels to generate energy, among other measures. The green economy and the creative industries that we have promoted strongly will not provide all the answers to modernizing the capitalist system in Panama, but we consider they will contribute to explore new ways. For the first time in many years, there seems to be a consensus that we need to rethink our country and where we are going. Our mission is to be a center of innovation and promote social change from a humanist, scientific and business approach. If we keep doing the same things, we will not have any other results. We have to keep looking for new answers.

Through what initiatives are you currently fostering innovation?

Our innovation center has increased its presence in the country. We created the first business incubator in Panama and have acquired experience in the field. We have been extremely successful in promoting female entrepreneurs, which has been our most successful program. We have opened the entrepreneurial movement to all women in the country, even in remote regions. The program has been set as an example to be replicated in other countries, and the foundation has even invested in some of those initiatives. We are not here for profit but to expand our programs and reach out to more people. We have been increasing our coworking spaces. They have been growing rapidly and have been replicated in other institutions in the country. Today, Panama has a more solid entrepreneurial ecosystem

the involves universities, business associations as well as government offices.

What steps is the country taking to innovate in green economy?

In general, the green economy and Panama have many assets to work from. For example, we have plenty of water, though there is still a large percentage of the population that does not have access to drinkable water. We have to learn how to better administer water. At CoK, we promote cyber tech every year with the support of the Israeli embassy. The green economy and the creative industries have potential in our countries, as do clean industries. Any answer has to be sustainable and get us to a higher level of production and distribution of wealth, because if not, social pressure will continue to increase. ✖

BIO

Jorge Ramón Arosemena Román has headed the management team of the City of Knowledge Foundation since its creation in 1997. He studied civil engineering at the University of Panama and obtained a bachelor's degree in philosophy and a master's degree in sociology from the University of San Luis, US. Between 1987 and 1993, he was project coordinator of the Action Committee for the Economic and Social Development of Central America (CADESCA) of the Latin American and Caribbean Economic System. In the public sector, he has held positions of Executive Director of the Panamanian Institute of Tourism, Vice Minister of the Presidency, and Deputy Minister and Minister of Education.

INTERVIEW



Andrea Corrales
VICE PRESIDENT CENTRAL
AMERICA AND CARIBBEAN,
HUAWEI CBG

THE MAGIC *touch*

Huawei remains focused on innovation and delivering a high-tech, user-centric experience in Panama to a wide audience.

BIO

Andrea Corrales has more than two decades of experience in sales, marketing and management positions, most recently acting as a speaker and columnist on technology and gender issues. She is Vice President of Huawei Consumer Business Group in Central America and the Caribbean, where she started in 2013 initially as sales and marketing manager for Costa Rica. In 2015, also in Costa Rica, she became the second (and shortly after the only) woman worldwide to be named Country Director of Huawei. She has a master's degree in marketing, a degree in marketing and another in communication, as well as studies in strategic planning. She has been awarded multiple international and national scholarships/recognitions, both for her professional achievements and for her contribution in the search for true gender equality.

How would you assess Huawei's performance in the last few years, and how has the company evolved to date?

Huawei is an example of resilience; any expert in the industry can corroborate. Three years ago, Huawei was enroute to becoming number one in our industry, but external issues out of our control created enormous challenges for us. Most companies would have sunk; however, we survived, and now we are once again on the path to success. There was a lack of supply in terms of our smartphones, especially in 2021 and the first half of 2022, and, as a consequence, our market share dropped. So yes, we had a setback, but we have walked this road before, and now we are not starting from zero like we once did; now, we have the know-how and an experienced team hungry to reclaim the success that was meant to be ours. Our smartphone supply has gone back to normal. And the time that we were short on phones we instead focused on growing other categories such as wearables, PCs, monitors, speakers, and more. We enhanced the concept of ecosystem and became the ecosystem benchmark in the industry thanks to a series of devices that communicate seamlessly.

What are the competitive advantages of the brand that allowed Huawei to maintain steady growth in the Panamanian market in these 15 years?

We are a consumer-centric brand; we do not do technology for the sake of technology. Our focus is always to impact the end users' life, be it their work, studies, health, or the entertainment. Our technology can and will improve different aspects of their lives. For example, our devices provide high-tech but easy to use tools for entrepreneurs to create content or for the public to monitor and take care of their health, from the quality of their sleep to their workout routines. We have always been leaders in innovation. At the end of 2022, we launched Mate 50 Pro, in many experts' eyes one of the best phones—if not the best—of the year. The evolution of the Huawei Mate series over the past decade is the story of smartphone innovation. In

“Our focus is always to impact the end users' life, be it their work, studies, health, or the entertainment.”

2013, the first Huawei Mate (Ascend Mate) Series phone debuted with a compact body and the largest display yet seen on a smartphone. In 2015, the Huawei Mate 8 Series was released, introducing the first-ever 16-nm chip on a commercially available phone. In 2017, the Huawei Mate 10 Series came equipped with an unprecedented AI Kirin 970 processor, ushering in a new Kirin-centric era. In 2022, the Huawei Mate 50 Series introduced a wave of new technologies, including the first-ever 10-size adjustable physical aperture, and EMUI 13, which facilitated smart and seamless interactions. This innovation in the Mate Series is later exported to our other series like P and Nova. We pride ourselves on how quickly we take the latest breakthroughs from our flagships to more massive models, giving access to the best technology to a wider audience. Panamanians in particular are extremely demanding; Panama is a highly multicultural and globalized country, and people here all stay in touch with the latest launches and trends. Furthermore, in Panama it is easier and cheaper to buy anything from anywhere in the world faster and more efficiently than in other countries. Here, people want the latest technology at the best prices and at the same time as the top markets in the world.

What are Huawei's main goals set for the rest of the year and 2023?

Our main goal is to climb our way back to the top by doing what we know best—bringing innovative products to the world and creating a secure, seamless connected AI experience for our consumers. We have already proven Huawei is here to stay, and we are ready to reclaim our leadership. ✖

doing THINGS DIFFERENTLY

Tigo plays a crucial role in the development of Panamanian communities, building digital highways and providing solutions that connect people and significantly improve lives.



Marcelo Benítez
GENERAL MANAGER,
TIGO PANAMÁ

Could you give us an insight on the evolution of the company before and after the acquisition of Cable Onda?

We came to Panama in 2018 with Cable Onda, which was our first investment. Then, we acquired Telefónica Movistar, a USD2-billion investment in Panama. We are extremely proud and pleased to be in Panama, and the first thing we did was to learn about the history of these two successful companies. We took the best of these two companies and of Tigo, and we worked closely with the team. Mainly, we focus on customers, and we give 1,000% to our customers. Second, we work as a team. Third, we are innovators, and we do things different. Then, we do things the right way, and we maintain a high standard of ethics and compliance. That is the culture we are building, which is how we are merging the three cultures into Sangre Tigo, and customers are now also starting to see this. We ensure customers' satisfaction, and it is at an all-time high. This is all in response to all our efforts. We know there will always be problems, but it is the way you fix the problems that makes the difference.

How is Tigo planning to become the one-stop shop for every company?

Companies are different according to their sizes and sectors. The first thing we realized is that there is no one size fits all. We not only provide infrastructure that is necessary for businesses—such as internet, mobile internet, fixed internet—but we also bring solutions that are available all over the world, and we make it easy for customers to adopt and purchase those solutions. One example is our alliance with AWS. We can approach customers and offer them not only connectivity, but also cloud computing, backup services, and storage, and so on. Tigo will, therefore, support all these services, which is extremely appealing to small, medium, and large companies. The other thing we are doing is investing heavily in data centers. The security and capacity of

the data need to be in-country. We have 12 Tier 3 data centers, which are extremely high quality in terms of reliability and security. We have two of them in Panama. There has definitely been a transformation since the pandemic, and some initiatives have accelerated. For example, the way people do business today is much more digital. It is definitely easier to talk to someone without meeting them face to face, talk about business, and even close business.

How is Tigo shaping its model toward this future?

The customer is definitely at the center. We have to stay close to the customer, understand their needs, and be extremely flexible. To adapt to this new model, we need to keep building digital highways and go beyond our existing coverage. In 2022, we will build another 100 sites, and then another 50 sites—that is another 200,000 customers connected in 4G. We will also build fiber for new homes. Second, we need to come up with new solutions. There, we are heavily focused on being a positive actor on increasing financial inclusion in Panama. Today in Panama, only 50% of people own and use a bank account, and we can help here with a digital wallet that can replace cash. That is something we are focusing on, and we expect to launch Tigo Money in 2023. We have Tigo Money in five countries today with more or less 5.5 million customers in those five countries. We are heavily supporting the formalization of the economy and making it easier for the unbanked population to start making transactions with one another, small merchants, and groups of people. Now that people are less resistant to adopting digital solutions, we believe Tigo Money has a place. We have also implemented Tigo Sports. Local soccer teams are an emerging sport, so we decided to take it to another level. We have acquired the rights to all national futbol, and for the first time, the eight games played in Panama are shown on TV. ✖

Aiding in formalizing the economy with Tigo Money

Goal to strengthen digital highways to connect every corner of the country

BIO

During his professional career, Marcelo Benítez has served as General Manager of the Tigo El Salvador operation before becoming B2B Vice President, a position he held for three years and from where he launched the Tigo Business brand in Latin America. Before his appointment at Tigo Panamá, he held a leadership role with an outstanding eight-year career in Millicom's corporate offices, with a solid focus for growth in the region as Head of Management in Central America.

INTERVIEW



Jorge Tzortzatos
CEO,
MEDCOM

QUALITY *above all else*

Medcom is the biggest multimedia company in Panama, with open signal TV stations, cable channels, radio stations, and a digital media platform with the widest reach in the country.

BIO

Jorge Tzortzatos is the CEO of Medcom and a board member of various affiliated companies related to sports productions and rights acquisition, advertising for Google in Panama, Costa Rica, and Guatemala, among others.

What role did Medcom play during the pandemic amid the subsequent need of information?

During the pandemic and lockdown, obviously, there was a lot of information appearing on social media. But what we found out was that people turned to real networks and official media to find the truth. And that was a big plus for media businesses such as Medcom. It effectively solidified us as a media company, with more eyeballs watching our news and our programs. We have the best professionals in the media industry working for us. Right now, we are more efficient, and ready for any adverse circumstance that might arise. We know that we can face that challenge head on and keep doing our jobs. If anything, the pandemic raised our level of professionalism. We did not miss a day of news, a single hour or program. We were there for the Panamanian people during the pandemic. Meanwhile, we also played an important role in prevention and education with several campaigns against COVID-19 and the production and broadcast of school classes in radio and TV. Panama is different from other countries in Central and Latin America. TV is still a growing medium, and an important one. The average daily consumption per person is 6.26 hours. And with our flagship—the most important TV channel in Panama, in Telemetro—we have been able to sustain our growth post pandemic. We have been the sector leaders for the past 12 years. And that growth has been maintained for the two years since the pandemic struck.

What is Medcom's view of the sector's evolution over the years?

When Telemetro was born, it was a different content producer than all of the other TV channels at that time. We started as a small local channel in the city. And our growth was fueled by a tight group of local talent that was bringing something different to entertainment and news for Panamanians. We started doing local productions and programs that were able to make Panamanians part of the programs them-

“We have to produce content that is relevant for Panamanians.”

selves. There was a real connection made. In addition, we had a small portion of content acquired from other countries, which is why local production became the most important for us. We were making the content here, and that underpinned the connection that Telemetro established with the viewer. It changed the nature of television during that time. And we have continued to evolve and improve over time. We are raising the bar every year. The production quality is comparable to the world's largest TV broadcasters. We invest in technology and in the best equipment. Despite being a small country, we have invested in high-definition television, and were the first in Panama to do so. We also have robotic cameras and the range of technology that may be found in the world's TV giants. All this, when compared to other countries, from a small operation. Companies that sell us the TV rights to certain game shows and other programming assure us that we have the best quality service that they have encountered in Latin America, and even in some parts of Europe. That is something that we are extremely proud of.

What is your outlook for the future of media production in Panama?

We will continue to grow in terms of local content. We are trying to invest in production companies, and partner people with good stories to tell, movies to make, and documentaries that they want to produce. When someone needs a partner such as us, we are available. Other than that, we will continue producing local content that connects with Panamanians. That is our job. We have to produce content that is relevant for Panamanians. That is something that we have been doing—on TV—for over 60 years and, in radio, for over 70. ✕

Telecoms masts pictured on Baru Volcano



UNLIMITED *potential*



Maxia focuses on digital transformation and analytics to improve the health system, offering its partners unique, data-science-based solutions and services.

Peter Díaz
CEO,
MAXIA LATAM

Collaborates with partners to offer them tailor-made solutions

Perfect Health System is a full digital transformation of public health ecosystem

BIO

Peter Díaz is the founding partner of Vitae-In Home Health, a 100% Panamanian company that offers home medical services, and CEO of Maxia Latam, a seven-year-old company that develops activities to improve the quality of life of citizens and companies through IATS. He holds a degree in marketing and an MBA in quantitative science.

How is Maxia fostering “the perfect health system,” and how does the Panamanian society stand to benefit?

Over the past few years, we have notably advanced in terms of digital transformation, analytics and data science. We have been working on a pilot project called The Perfect Health System with the Public Social Security System toward its full digital transformation from the ground up, from processes all the ways to analytics and always focused on the patient. There has been no staff reduction, and a strong team of great individuals has been built. Good service delivery depends on a close understanding of the ecosystem, namely the interactions that a patient has at the pharmacy, getting scans or lab work done. It is also about leveraging all the information available across several systems. It has been a fascinating process, and the data science and analytics models that we have been working on to make this happen are simply remarkable. The perfection model is something that applies to all of us as citizens; we receive different services, so you need to leverage innovation; that is the key word. I see Panama and the talent that we have. Sure, we can become a hub, but I see the potential of our country in terms of innovation similar as ecosystems such as Silicon Valley; however, we still need to be more innovative in terms of R&D.

How will the recent worldwide paradigm shift affect Panama in the long run?

The main lesson is that mankind prevailed during

this crisis. The lockdowns proved to be necessary, however, undesirable. We are working on other initiatives, focusing on people, transformation, innovation and cross-functioning mindsets. I have hope in our country’s future generations. Yet, we, as a country, need to leverage more. This is an important change, a paradigm shift, because we do not see ourselves as something more than a hub—we have great logistics, the geographical position of Panama which is being leveraged well. Our biggest change since 2019 has been what everybody is talking about today: digital transformation and analytics. We have been working with that for many years now. The value of information, not just storing it but its interrelation, offers many possibilities. We have it, but we do not leverage it; we don’t think too much about it, and we work mostly as a silo model.

What differentiating factor does Maxia offer to its partners, and why is the company a main player in the sector?

The biggest thing for us is to become partners to our clients. These are the relationships or interactions that we nurture with our partners. We have a common objective that we need to work toward—our modus operandi is particularly sui generis in nature. If you have data science, we think like data scientists in terms of acquiring information, software development, processes, and so on. And we have all that available here in Maxia. We do consulting, we offer a service, a solution, or an evolution process along with our clients—our partners. ✖

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VOICES FROM THE SECTOR



Mónica J. Neira
MANAGER OF PANAMÁ
AND COSTA RICA,
ALDEAMO

What industry has the largest influx of customers in Aldeamo?

Aldeamo has presence almost in every industry: government, health, banking, retail, insurance, and others. Particularly in Panama we work with banking, retail, mobile operators, automotive sector, media, public services and BPOs. In Panama, we have a great advantage, as it does not only stand out as a logistic hub, but also as a hub in different aspects. The presence of important maritime port industry, headquarters of different logistics companies and different sectors based in Panama, allow Aldeamo to generate relationships, not only locally but regionally in different countries, creating personalized digital solutions.

Can you elaborate on Aldeamo's partnerships with Google, Apple, and Meta and the services you offer through these partners?

These partnerships automatically allow us to offer our services intertwined with the technology services these companies offer as well. For example, we are a business solution provider (BSP) chosen by Meta to commercialize certified Business WhatsApp. This is a huge upper hand for us because there is a demand for this product right now. Being partners with companies such as Google, Apple, and Meta allow us to help the different industries achieve their goals when it comes to communications.



Victor Betancourt
GENERAL MANAGER,
SONDA PANAMA

What benefits do your services bring to companies in Panama?

SONDA characterizes itself by being a company with multiple technological solutions that can help both SMBs and big enterprises to reach their objectives and also becoming more sustainable. Companies not only want to become profitable and have access to information that generates value to their customers, but also want to simplify their processes, be more efficient, and comply with sustainability goals. We can provide a wide range of solutions that have a positive impact on society and businesses. In addition, we have key partnerships with worldwide companies in order to provide our clients with services that guarantee their data is located in safe spaces (the cloud), facilitate payments in the transportation industry or advances with their digital transformation processes.

What opportunities has SONDA observed in these current times?

Understanding the new and accelerated reality in which organizations, clients and people seek to be more and better connected, at SONDA we have adapted our capabilities and resources to become the strategic partner that our clients need. We are responding to their specific business needs and accompanying them in their digital transformation challenges with agility and efficiency, taking advantage of all the possibilities that technology offers.



Rene Moutran
CEO,
CROEM INC. PANAMA

What new lines of products and relevant factor led Sigma Processing Group to become CROEM?

Our holding company has always been CROEM. Then, for marketing reasons, we decided to name this part of the holding Sigma Processing Group because we were mainly focusing on processing transactions. After 20 years, and due to several changes in the core business of the company, we finally adopted the name CROEM for the rest of the group. CROEM is a short name and is catchy and identified by the public. We have incorporated more and more services that we offer to banks and final customers, such as credit card transaction processing, like QR codes, wallets, and even cash payments. The incorporation of those new product lines has been well accepted by customers. After the pandemic, everyone is looking for more virtual types of payments and not only with credit cards. This is especially the case in Panama, where even though there are many banks, many people remain unbanked. We are focusing on financial inclusion, which is why new instruments are necessary if we want to incorporate more people into the financial system. The main objective is to get these people to open a bank account, and we are working up toward this.



David Moyson
INTERNATIONAL
SALES DIRECTOR,
WEM AMERICAS

What sector offers opportunities for Wem in the region?

In Panama, we notice a great deal of interest from the government. The National Authority for Government Innovation (AIG) had to focus all things related to COVID-19, and almost its entire budget went to managing that; now, it is seeking something disruptive to help it reach its goals as quickly as possible taking into consideration the limited budget after the pandemic. We see excellent opportunities there and are working on some projects currently. Other sectors are also interested, such as telco companies, food and beverage, logistics, and food production, where we have a huge ongoing project in Costa Rica now.

What is Wem working on in the region in short term?

For the last 18 months, our focus was on finding partners and conducting training in sales and development. Moving forward, the ecosystem that we have been building will be more independent. We aim to only look after the platform and give people the best tools to do what they need to do, whether they are our clients or our partners. We will work with many other partners and will soon be able to show a robust portfolio of local use cases to inspire new clients.



Carlos Fernández
CEO,
GRUPO PRIDES

What steps is Grupo Prides taking to get consolidated in the country?

We arrived in Panama about 10 years ago and since then we developed an Electronic Appointment System for the Ministry of Health in joint venture with Cable and Wireless and using a software called MediSys developed by our company and beside deploy more than 20 virtual assistants. Those virtual assistants were deploy using GP Bot, which is also a technology developed by our company. Our virtual assistants had helped public and private enterprises to improve non-face-to-face services to their clients. From Panama, we can network with companies in other countries and with technology partners such as Microsoft, Oracle, and more.

How are you implementing your diversification strategy through vending machines?

Right now, companies are working on all aspects of compensation packages, and cafeteria's experience are something that they want to improve. Our solution allows employees to take whatever they want in the cafeteria without the need for a cashier or waiter and in turn interchange consumption data with control, accounting and monitor systems. This allows the company to control supplier's invoices, inventory levels, employee consumption's limits and the availability and functioning of self-service devices.



Rocío Vega
COUNTRY MANAGER,
ESRI PANAMA

How is ESRI defining new areas of opportunity in the country?

We have defined in which sector we are. Naturally, we work with the public sector in different ways. In Panama, particularly, the primary use of our technology is for real-time operations to track people, equipment, vehicles. Now, we are working with different types of markets and are exploring the concept of digital twins. In terms of the latter technology, one of the most demanding applications is in infrastructure, architecture, and construction; however, that sector does not work in isolation, but with real estate, for example, and needs to know about the latest developments in infrastructure. So, we created a strategy for the private sector, and in particular for real estate. That is because we have found through research that this sector is growing, and will keep doing so over the coming few years. Right now, we are working with one of the most important real estate operators, and trying to better understand their issues and problems. They told us that they lacked significant information about the business, such as the context and risk. So, to sum it all up, the sector is growing, but needs to improve its tools.



Adolfo Fabrega
CEO,
PENSANOMICA

What factors make Pensanomica competitive, and what added value can you offer to Panamanian companies?

Our main competitive advantage is adaptability and delivery of leading-edge technologies. Most of all, everyday companies are relying less on the big names in our sector, which spans ERP and CRM, and looking to smaller and more adaptive software that can offer them a competitive advantage with their customers. Such software can be a lot more personal and flexible when applied to a company's strategies and objectives. In the past, the options that many industries had relied on these best practice out-of-the-box bundled systems that you can't do much tinkering with. However, every business, industry, and country is different; therefore, having that option to adapt our software to the specific needs of our clients is by far the most important competitive advantage that we have right now. Our main focus is referenced from the success of previous projects. And our primary focus is letting people know what can be accomplished. As such our marketing strategy is mainly focused on letting people know that there is software available that can be highly adaptive to what they already have and that can work with them hand in hand. Our strategy is based on successful case studies.



Gaby Aued
CEO,
TECNASA

What new solutions are you offering to your portfolio of clients?

In Panama, we are offering new payroll solutions, as well money movement and a software clock; now that companies are working a hybrid model the physical clock is obsolete, and you need to be able to track your personnel wherever they are. So, we incorporated a software clock and also solutions to manage people once they are inside your company, to recruit them, for example. We are innovating that service in Panama and have also configured our software so that we can now offer it in other countries and configure it according to local labor laws. In 2023, our clients are going to see more innovation through our service delivery.

Which markets offer expansion potential?

Panama is our headquarters and where we implement our portfolio for the largest number of clients. Panama is where we test our new ideas to assess what works and what doesn't. When exporting to other countries, we always need to take into account the culture of those countries and customize solutions to the particularities of those clients. Panama is challenging for TECNASA because we already have considerable market penetration. In other countries, for example, Ecuador, our most popular solution is a financial one. There we can grow with the other portfolio.

FOCUS

Remote work and the need for cybersecurity in Panama

BRING UP THE WALL

Panama must increase its cybersecurity to protect its status as the most strategic shipping hub in the world.

IN 2016, the former Panamanian law firm, Mossack Fonseca, sustained a cyberattack. Over 11 million documents, mainly of an incriminating nature, were taken from the company's email servers, some of them dating back to as early as the 1970s. The ensuing scandal is known as the Panama Papers, which has resulted in many implications, resignations, and even legal proceedings. There is no point in defending Mossack Fonseca's shady practices or those involved in the Panama Papers scandal, many of whom are justly held accountable, but the incident is indicative of the importance of cybersecurity. Data experts have pointed out that Mossack Fonseca had neglected cybersecurity precautions, namely by using out-of-date encryption methods.

The Panama Papers is not the only case. Other instances of high-profile cybersecurity failures have been reported since 2016 in the region, some of them involving government-grade malware. Many cyber security experts believe that 2023 will see a rise in global attacks. While the global economy is challenged by strong headwinds, cyber criminals will continue their nefarious activities to get their hands on some cash or—worse—to wreak havoc. Many such criminals are based in rogue states where they are unlikely to be held responsible by the local authorities. Most notably, since Russia's invasion of Ukraine and the country's ousting from the international community, attacks from inside the country have spiked. Since the beginning of the war, Russian security forces have been less willing to stop cyber-criminal groups operating from within its borders.

Cyber criminals, wherever they may be located, are after various objectives: while many are small groups involved in petty theft of digital wallets or corporate assets, others are more well-coordinated groups focusing on cyber-sabotage who are, at times, even backed by hostile governments. The most strategic target in Panama, in this regard, will undoubtedly be the Panama Canal. The canal's vulnerability to attacks has increased in recent years with the introduction of IoT solutions, which are used in the automated management of the canal. While IoT solutions have made the Panama Canal's operations more reliable than ever, they are at the same time presenting a threat.

Since 2017, newer computer systems have been employed in the Panama Canal "to keep it operating efficiently 24 hours a day, and those systems are undergoing a major overhaul that aims not only to keep them up to date, but also to help the Canal handle more traffic,"

according to ZD Net. Using the IoT systems that are partly developed by the Dutch IT company, Quintiq, the decision-making computers now have a high degree of situational awareness thanks to a plethora of sensors placed along the canal. The computers now also enjoy a high degree of freedom in terms of operations, such as activating switches, turning on hydraulic pumps, and opening or closing the locks. All in all, this has led to the better handling of traffic throughout the canal with less headache; however, potential attackers can now also—at least in theory—gain access to these IoT-powered systems, bringing the canal's operations to a standstill.

There is no question about the strategic role of the Panama Canal in the global economy. The canal has been referred to as the centerpiece infrastructure in international maritime transportation. It has even been dubbed as "the world's most important trade asset" by the World Bank Group. And, with around USD1 billion worth of cargo passing through the canal every day, it is hard to argue against this. With this in mind, cybersecurity in Panama is more than an issue of national security; it is a matter of global importance.

To protect its status as a global shipping hub—and increasingly a financial hub as well—Panama is now more mindful of cybersecurity. More attention has been drawn to cybersecurity after the COVID-19 pandemic which forced many companies to embrace the remote work culture. Many private-sector companies upgraded their cybersecurity during the period, as they did not wish outsiders to let outsiders masquerading as their personnel gain access to their servers or portals. This further highlighted the issue of cybersecurity in the public consciousness: if small private companies are at risk, then the country's billion-dollar shipping and financial sectors have a lot at stake.

Since 2011, Panama has had a Computer Security Incident Response Team (CSIRT Panama), which acts as a response force to information security incidents threatening the state or the nation. CSIRT Panama has been expanding its operations since 2022. At the same time, the National Strategy for Cybernetic Security has created a framework for the nationwide coordination of efforts for the betterment of cybersecurity. This strategy document is relatively up-to-date and sets the stage for the participation of private companies in cybersecurity. Of this we are likely to hear more in 2023, as the risks go up while Panama's position in global shipping becomes more eminent. ✖

service FIRST

Smartbytes is Panama's leading IT solutions company and is on a mission to help corporations achieve their full technological potential through innovative business solutions.



Raphael Evans
GENERAL MANAGER,
SMARTBYTES

In a context where digitalization and digital services stand out, how was 2022 for Smartbytes?

This is the best time in history for IT companies to provide digital solutions to their customers. But it is also one of our greatest challenges because the digital landscape is constantly changing at a fast pace. At Smartbytes, we have adjusted our strategy to deliver more competitive digital services while reshaping our traditional portfolio. In that sense, we stand out by offering our clients digital solutions that can increase operational effectiveness, provide long-term stability and security.

How do you see companies adjusting to the digital transformation?

If you want your company to exist for the next 100 years, you must embrace digital transformation. But what exactly does that mean? I think digital transformation is less about technology, and more about people. People must be skill enough to use cutting edge technology. I see a lot of company buying technology that nobody knows how to use. They spend money on technology but not on people. Leaders who want to transform their businesses should think first about investing in the people as they are the ones who can make technology useful, not the other way around.

In which sectors do you find more opportunities?

Every single sector is an abundant fountain of opportunities for the simple fact that all industries need technology. Having said that, some sectors are more appealing than others depending on seasonality and economic circumstances. We are currently working with sectors such as banking, aviation, construction, healthcare, retail, and of course, public sector, which we have been closely related with for the last 15 years. In addition, we recently became the first and only company in Central America to obtain an operational technology certification from Fortinet. This has allowed us to provide OT services to mining, hydropower, maritime and many other industrial process-based companies.

What is your main focus for the short run?

Our focus remains the same: to make sure that the customer is always at the center of our universe. Customers are to companies what oxygen is to human beings and that is why we are so passionate about it. Every single move we make at Smartbytes is calculated based on how it will impact our customers. We want our customers to say "wow, I was not expecting that. Incredible. Let's do it again." We want our customers to become evangelists of our brand. It would be a mistake to go focus on something else. Providing the best IT solutions means nothing if your customer is not happy with the way you treat them. ✖

Best customer service in IT industry

Digital services to boost customer productivity

Operational Technology Certification

BIO

Raphael Evans is the General Manager of Smartbytes. He has also been a successful franchisee for one the largest franchise chains in the world and an investor in several start-up ventures. He graduated in 2010 from Florida International University with a master's in business administration.



Carolina Velasco
COUNTRY MANAGER,
FORTINET, PANAMA



Eli Faskha
CEO,
SOLUCIONES SEGURAS

CYBERSECURITY

With the rapidly evolving nature of cybercrime in recent years, companies need the best advisors providing not only more security, but also greater education about preventative methods and constant vigilance.

How does Fortinet's global perspective contribute to the quality of your services?

CAROLINA VELASCO Approximately 61% of all security teams in Latin America do everything related to cybersecurity today. And we also have laboratories located worldwide that update our equipment. If at any given time a virus comes emerges, once we detect it, the antidote is sent to all our devices worldwide within a matter of minutes. Panama is one of the countries with the highest growth in cybersecurity in Central America. In 2021, 3.2 million cyberattacks occurred in Panama. Such information is published on our portal, and sent, for example, to the IG; it is also sent to our clients. Because we identify all cyberattacks in the country, it helps prepare the company. Part of the agreement we made with the hub is to transmit comprehensive information. They manage a security center in the country and we collaborate with them. We also have collaborations with the FBI in the US, and other international government entities. We are part of a group within which we share information.

How does Soluciones Seguras differentiate itself from other IT companies?

ELI FASKHA Nevertheless, cybersecurity is still a niche technology sector. And so, who a company works with on the local level is even more important than the product or vendor that they are using. At Soluciones Seguras, we select the best vendors in the market, but the important part is taking care of our customers' systems as if they were our own and taking all precautions so that no interruption of service occurs. It is also critical to have an excellent company culture where people are happy, where people feel valued and where they see themselves for the long-run. Cybersecurity is a trust business. Importantly, too, we also educate our customers so that their staff can effectively manage and configure their systems. They should not be fully dependent on us but need to be at least in some part self-reliant. The only way for them to know how to run their systems is to be trained. Training on the tools that they use is vital in helping the customer understand the best practices.

What particularities differentiate the Panamanian market from its peers?

CV We have our strategic allies, which are the channels that resell our products,

and we are in the market catering to large enterprises and small business alike. Our difference is that our operating system is the same for both client profiles. The operating system and the intelligence of the equipment are the same. We have a network of channels here that resell our products throughout Panama. I would dare to say that we are the most important cybersecurity company today, although we now combine cybersecurity with networking as well. We have incorporated other types of products into the line to be able to control what occurs on the network, which is our added value. The computers in the data center are all connected, and at any given moment, if an event arrives on this machine, I notify all the others on the network and block it. One important goal of ours for the country is to raise awareness, which is currently inadequate. Whenever I interview someone, I am reminded that not much is known about the subject, and that sometimes simple things happen because of ignorance. The more we disclose and the more we do such reporting, the better we can assist and support the country.

The pandemic has showcased the importance of cybersecurity. What is your perspective on this turning point?

EF The cybersecurity sector has become a must for all companies. It was on the verge of becoming a board-level, CEO level responsibility, and now it definitely is. People know what inadequate cybersecurity can cost company, and how a well-designed system becomes an enabler for highly innovative companies. In fact, it will probably become more of a focus over the coming years. When the whole world went into lockdown, cybersecurity was one of the few areas that enabled companies to work remotely. Another notable development of the past few years is the migration to the cloud. The cloud has a whole new set of challenges related to security and we have a lot more to do in those areas. Now, with the reactivation of the economy, people want to grow and new companies want to establish themselves in the market. Many companies went away during the pandemic, and so those areas need to be filled with either new companies or new expansions of companies. And the digital enterprise is also becoming a part of the equation. ✖

complete SUITE OF OPTIONS

Focused on the technology events niche, Gauss Systems has adapted in the last few years by offering virtual events, audiovisual services and equipment for hotels, and a professional audiovisual store with both in-person and online options.



Jorge Him
GENERAL MANAGER,
GAUSS SYSTEMS

As Gauss Systems generally works in events, how would you assess its performance during and after the pandemic?

Panama has a great deal of stability, and there are many foreign companies that have their bases here, because it is easier for them to do business. All those corporations make up the market niche of our company, namely corporate events, incentive meetings, and so on. Those meetings have needs that we can supply. The niche that we are in is technology events. It is a niche that was hit hard by the pandemic. It is not like other industries like food or pharmaceuticals, which did well for themselves. Our industry was hit hard, and even more after the pandemic since more remote technologies began to be used. Before, we used to hold one virtual event a month, and now we do 10-15 virtual events a month, and more often; however, now the sector is reactivating, and face-to-face events have begun to be held again. There are also many hybrid events taking place. Even though some prefer to attend conferences and meetings in person, there are many others who prefer to stay at home and watch the proceedings. We help organizers of events to run physical events and also broadcast it on social networks. In the end, we earn more because we are offering a complete product.

How has Gauss Systems reshaped its services in such a rapidly evolving industry?

Technology has changed significantly. Before, equipment used to be large, hot, expensive, and sometimes complicated. It required a highly trained technician to use it. Now, the technology required is not that big, and they are much smarter. Furthermore, in order to be an audiovisual technician at this time, you must have expertise in networks, IPS, the internet, and so on because everything is now connected. Before, there was the audiovisual world that had nothing to do with the world of computer science or the world of people who made sound. All those areas where such as separate departments,

and communications were something else. Now, everything is all connected. Then, if someone does not know about that, they are already at a slight disadvantage.

What solutions does Gauss Systems offer to hotels?

For the world of events, we do everything: the visualization part including screens and projection; sound for events; simultaneous translations in several languages; videoconferencing capabilities; and logistics, including the organization, decoration, lighting, registration, and everything else used in events. Lately, we have started to handle virtual congresses as well, including virtual registration and so on. In the area of audiovisual integration, we also have an engineering department that does installation design. There are some hotels or even corporate customers that prefer to buy their equipment, and we sell and install it for them as well. Now, with the new Zoom and Teams capabilities, we are focused on that area as well. We are selling a great deal of new videoconferencing equipment as well. The technology is fully integrated, with a screen, sound, and everything else that is required. It is an accessory that is becoming the standard in conference and meeting rooms.

How is Gauss Systems adapting to the new consumption patterns?

We recently opened a professional audiovisual store to focus on this new end-user market. Now, almost all stores are setting up virtual stores; however, we are doing it the other way around. We are setting up a face-to-face store because of the equipment that we sell. Want to see the equipment, touch it, and be assured that the person who sells it to them will be there even after the sales and advise them accordingly. We are also operating it as part of parallel e-commerce. For those who do not want to buy it through e-commerce, we will use a face-to-face approach because when something is of a certain value, not everyone wants to buy it online. ✕

***Professional
audiovisual
store to focus on
new end-user
market***

BIO

Jorge Him graduated from the Technological University of Panama with a bachelor of science degree in electrical and mechanical engineering. Along with his team, he undertakes constant training in new sound and lighting methods and cutting-edge technology.



TOGETHER WE WILL BECOME
**THE LOGISTICS
HUB OF THE AMERICAS**

Hutchison Ports PPC manages and operates the ports of Balboa and Cristobal, located on the Pacific and Atlantic side of the Panama Canal, respectively. These truly world-class facilities are connected by a railroad and serve as a one-stop shop for trans-shipment and logistic services in Latin America and the Caribbean, both for inbound and outbound trade.

Our ports play an important role in Panama's commercial logistics and give us a great competitive advantage that brings us closer to this goal, every day.

WE MAKE PANAMA A BETTER PORT.



Logistics & Maritime

SUSTAINABLE ENDEAVOURS

In logistics management, Panama was recently ranked first in Latin America and 40th worldwide, according to data from the Logistic Performance Index, in addition to being the country with the best connectivity in Latin America. Panama has ports both on the Caribbean and Pacific coasts, the largest free zone on the continent, the eponymous canal, and the airport boasting the most connections in the region, Tocumen International Airport, also known as the "Hub of the Americas."

The Panamanian authorities are acutely aware how significant it is to maintain the country's leading position as a logistics and transshipment hub, and while plans for a rival canal in Nicaragua appear dead, Mexico is also busy developing its trans-isthmus corridor, a "dry canal" that would facilitate the movement of goods from ocean to ocean.

As a consequence, the plenary session of the National Assembly approved, in September 2022, a healthy draft budget for the Panama Canal for 2023 that estimates revenues of PAB4,652.9 million and contributions to the national treasury of

PAB2,544.6 million, the highest to date. The Panama Canal administration recently released estimates that between October 1, 2022 and September 30, 2023, income from tolls will total PAB3,384.1 million, in addition to other income from maritime services at PAB1,175.1 million.

Panama Canal bosses have also underlined their commitment to achieving carbon neutrality by 2030. Projects include the generation of electricity through renewable sources and adoption of electric vehicles and hybrid tugs.

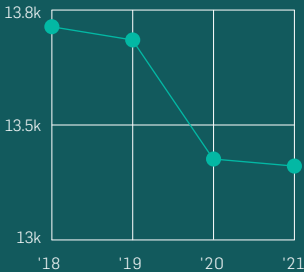
Private companies are also getting on board, including cargo ship operator Maersk, which in 2018 announced plans not to buy new vessels until it was able to "answer the question about non fossil sources of energy to propel container ships," said Area Managing Director Antonio Dominguez in an interview with The Business Year. "After our research, we concluded that technology is available to make the transition to clean energy through green methanol, and we do not want methanol coming from sugar cane or corn; we want those produced from waste. We also want production of methanol to be end-to-end sustainable," he concluded. ✖

A ship navigating the second lock of the Panama Canal while passing through the isthmus



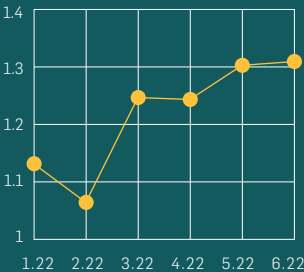
PANAMA CANAL TRANSITS

SOURCE: UKP&I, STATISTA



TOCUMEN INTERNATIONAL AIRPORT PASSENGERS (IN MN)

SOURCE: TOCUMEN INTERNATIONAL AIRPORT



a new DIRECTION

Hutchison Ports PPC is seeking to reshape the business model of the sector by implementing a partnership approach and digitalization, while also focusing on more ESG initiatives.



Jared H. Zerbe
CEO,
HUTCHISON PORTS PPC

How is Hutchison Ports PPC working toward sustainability?

For the past 25 years, environmental, social, and governance (ESG) has not been as much of a focus as it is now. Today, however, there is a driving force for us to focus on ESG from a business perspective. We have been focused heavily on trying to minimize our impact and, as far as I know, we are the only port in Panama to have identified the sources of generation and emission of greenhouse gases and declared them before the Ministry of Environment as our baseline to gradually reduce the carbon footprint of our two ports. We have had a policy in place for a long time for the reduction of our emissions, the usage of solar energy, and increase the level of equipment electrification for our operations that have let us to set stronger targets for the next two or three years than we had previously done in the past. We are making commitments with our customers to move forward in the coming years and have a certain percentage of our energy consumption from renewable sources. In terms of overall energy reduction, we are also working on a project in the next three years to switch all our lighting to LED.

Balboa and Cristobal ports are very different entities. Can you elaborate on their advantages and particularities?

When we got the Port of Balboa, it was just a small berth, and we completely upgraded and modernized it, increasing its capacity to more than 5 million TEUs. In Cristobal, the situation is different. We have not completely modernized or rebuilt the entire port, and it is not yet as modern as Balboa. What we can offer at Cristobal, though, especially for our main customer MSC, is a tailored approach. Its vessels can stay for two to three days, and we provide extreme flexibility; in Balboa, we are not quite as flexible with our customers because we have so much activity there.

In Cristobal, there is a more service-oriented, tailored approach. Modernizing Cristobal would cost up to USD600 million, and we are currently evaluating a business case for making such an investment. We are also looking at other smaller investments for the equipment, berths, and so on. Another factor is that the government has signed an MoU with MSC & TIL to have a new terminal built in Isla Margarita. If this project materializes, it will change the dynamics and add significantly more capacity. That terminal will be operated by our major customer in Cristobal, MSC, and if our biggest customer is given a new terminal, that would also be a major factor in our investment decisions.

How is Hutchison Ports PPC seeking to reshape the business model of the sector?

In 2023, we are implementing an entirely new approach with one of our main customers. We will take a partnership approach to do many joint operations and work toward digitalization. The new business model will focus on how we can better help our customers. We have implemented some pilot programs with this customer now but will be implementing it for all its services in 2023. Some lines are forming new business models becoming less of shipping line and more like a Fedex or DHL. We want to support and help our customers with the planning, and that is a level of innovation that will eventually come to the rest of the industry. We are one of the leading ports in this respect, working with our customers to do joint planning, and there are only one or two other ports globally looking at this business model. The first part would be manual, though the goal over the next five or six years is to be fully automatic and digitalized. There will also be a continuation of many of the ESG initiatives that we have done in the past, and we will significantly ramp them up in the coming years. ✖

Commitments to have a certain percentage of energy consumption come from renewable sources

Developing an entirely new business model for 2023 that will set an example for every counterpart in the field

BIO

Before coming to Panama as the CEO of Hutchison Ports PPC, Jared H. Zerbe was the CEO for Tanzania International Container Terminal Services Limited. He has worked in a number of senior commercial roles and legal roles, and he is licensed as a solicitor in England and Wales. With a JD from Boston University, he is a licensed attorney in the US. Zerbe also has a master's in international corporate management from the University of Pittsburgh and studied law in the UK, obtaining his qualified foreign lawyer certificates at BPPE in London.

DEMONSTRATING *resilience*

MIT continues to stand out as a market leader in local cargo by investing in technology and people to improve services while also giving back to the community.



Juan Carlos Croston
VP MARKETING,
MANZANILLO INTERNATIONAL
TERMINAL (MIT) PANAMA

USD21 million investment in cranes

Market leaders in overall local cargo

BIO

Juan Carlos Croston is Vice President Marketing & Corporate Affairs at MIT-Panama. He is a member of the Maritime Chamber of Panama, the Caribbean Shipping Association, and other local and international organizations. In 2014, he received the Distinguished Alumni Award from the International Maritime University of Panama and in 2015 was named by Lloyd's List on its Next Generation 2015 list of worldwide maritime leaders. He has a degree in nautical engineering from the former Nautical School of Panama and an MSc degree in maritime affairs from the World Maritime University in Malmö, Sweden.

What has been the evolution of MIT over the past two years?

There was a major adjustment at the start of the pandemic to first ensure that our company provided, and all the employees felt it was, a safe environment for them to come in and do their jobs. We had to work with the health authorities and other authorities in Panama to make sure we were complying with the ongoing and ever-changing regulations. The challenge provided us with tremendous resilience in our mindset and how we operate. We also had to contend with the supply chain issues brought on by the pandemic, the restart of economies, and the artificial capacity constraint. We are now contending with higher-than-average utilization because cargo stays longer than usual. Historically, 75% of ships that came to port arrived under a range window; however, we have seen a deterioration, and now the on-time arrival is below 50%. This translates into challenges to make sure we have the appropriate resources to serve them. We are also contending with higher volumes in 2020 and 2021. We saw a fall in volumes in 2022, although it is starting to pick up. The election years in Latin America coincide with an economic slowdown. The inflation in private sector investment because of higher interest rates also hampers economic growth.

How do MIT's competitive advantages converge with Panama's great features within the maritime sector?

We are currently market leaders in overall local cargo. We are definitely the market leader in import cargo and are close to first in export cargo. We started that about six or seven years ago to understand the needs of beneficial cargo owners, where they are heading, and what we could do to expedite their operations. We believe we have a solid relationship and open communication channels with them. There is major competition in terms of the regional market. Leading up to the pandemic, shipping lines

were going through difficult financial situations, and it wasn't optimal at the time for service providers to invest in new capacity; however, the upgrade of the Panama Canal pushed a great deal of investment in the existing infrastructure because we all needed to cater to bigger vessels. The Caribbean and eastern part of Latin America is more dynamic, so it makes sense to have larger port operations on the Atlantic part of the continent. We have been able to invest in technology and our people to be able to improve services. All vessels want to leave by their allotted time, and if we can fulfill that consistently, they will feel satisfied and want to do more business with us.

What social impact does Manzanillo have with its corporate volunteering program?

MIT strives to be a good corporate citizen. It participates in many trade organizations here because we want to provide input and donate our time to organizations to benefit the country. We participate in events to highlight what we do here and showcase Panama. We also invest a great deal in the community because we have a social contract with our people here. The volunteer program started because we saw a gap between our efforts in the community and what our people understood these efforts to be. We took them with us to go out into the community and see the benefits and impact of the work we are doing there. We painted schools, repaired community centers, and even installed solar panels in communities that do not have electricity. In addition, we have 270 employees that have been with the company 15 years or more. We have long tenure and low attrition. We discovered a program for adults who have not finished high school and started a program for our own employees. We are giving them an opportunity to improve their careers. We plan to have the first graduation from 12th grade for these employees next year. ✖



Stephen Shaffer
PRESIDENT,
COLON CONTAINER TERMINAL (CCT)

BIO

Stephen Shaffer is President of CCT Panama. Prior to coming to Panama, he worked as the investment and strategy advisor to Evergreen International, the parent company of Evergreen Marine and the Group's affiliated terminal and logistics assets. Before joining the Evergreen Group, Shaffer worked at Goldman Sachs and at marine terminal specialist consulting firm Moffatt & Nichol working on terminal projects globally.

What benefits can CCT's clients find in your services and particularities?

Location is one thing. We are in the same vicinity with two other terminals: PPC Cristobal and MIT. We are adjacent to the entrance of the Panama Canal and the Colón Free Zone as well. In terms of geographic location, from a transshipment perspective cargo does not require a free trade zone; it is just transiting. Carriers entering or exiting the Canal can make a decision to reroute or optimize their fleet right there; they do not need to sail all the way into the Caribbean to then make those changes. For carriers, it is a strategic location. For those who use it for distribution, they are close to the main markets, and every carrier in the region calls on one of these three terminals in Colón. Whether a carrier is going to Cristobal, MIT, or CCT, the logistics network for these distribution activities is all in the same place. There is good inbound and outbound connectivity. They are not limited to just one carrier that uses it as a

hub. Multiple carriers have their own feeder networks, which means exporters have multiple outbound options to get to their market.

You incorporated a logistics park within CCT. How are the advantages offered similar to those offered by FTZs?

The park was supposed to start in mid-2020, but we were unable to restart construction activities until October that year. Nevertheless, we stuck to the strategy and received the customs permit. The government modified one of the rules related to ports and logistics so that we could operate properly. In the end, we have many of the same tax advantages as other free zones, and our customers can do anything within our park, whether it is light manufacturing, assembly, or others. The beauty of it is that it is all within the same boundary of the terminal. It technically has its own customs officials, and goods are able to move between the warehouse and the terminal without having to go outside the terminal and a different gate. Our strategy was to connect the yard with the park and move it from the stack to the warehouse and back. We have our first tenant signed with more in the pipeline. ✖



ALL THE WAY

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MAERSK



ARMANEXCHANGE

FUTURE *forward*



Maersk is committed to promoting sustainability in the future of logistics via a focus on clean energy, while also supporting efforts to rid the oceans of plastic.

Antonio Domínguez
MANAGING DIRECTOR CENTRAL
AMERICA, ANDINA, AND THE
CARIBBEAN SEA,
MAERSK

Vessels with methanol are the future of logistics

Maersk's diversification from expanding its collaborators

BIO

Antonio Domínguez has over 25 years of experience in the logistics industry with positions across North America, Asia, Europe, and extensively across Latin America. He holds a BA in business administration and economics from the University of Kansas as Fulbright scholar and a MBA in business and marketing from ULACIT in addition to executive courses in logistics and leadership at the Institute for Management Development (IMD) Business School – Lausanne Switzerland. Domínguez is a frequent speaker at regional forums on maritime business, supply chain logistics, leadership, education, and environmental initiatives and is an analyst for multiple global media outlets in logistics, sustainability, and economics.

What value does Maersk bring to Panama with its global presence?

Panama has been positioned for several years among our top global transshipment hubs, and it continues to gain importance to our global logistics strategy. We decided to establish in Panama our Ocean Customer Logistics operations center overseeing our entire network and the reliability of our services from Alaska down to Tierra del Fuego. In terms of air freight, Panama offers the Hub of the Americas, which solidifies the importance of the country not only for the movement of passengers, but also as a critical link to the movement of cargo facilitating even opportunities for sea-air or air-sea operations and our customers keep asking us for solutions. Furthermore, with the growing importance of near sourcing created by companies trying to diversify origins of production and de-risk their supply, Panama has also gained importance as it is perceived as the ideal location, not only for normal logistics operation such as repackaging or relabeling, but also as a place for light manufacturing which we confirm to all our global customers looking for further information and ideas to increase resilience of their end-to-end operations.

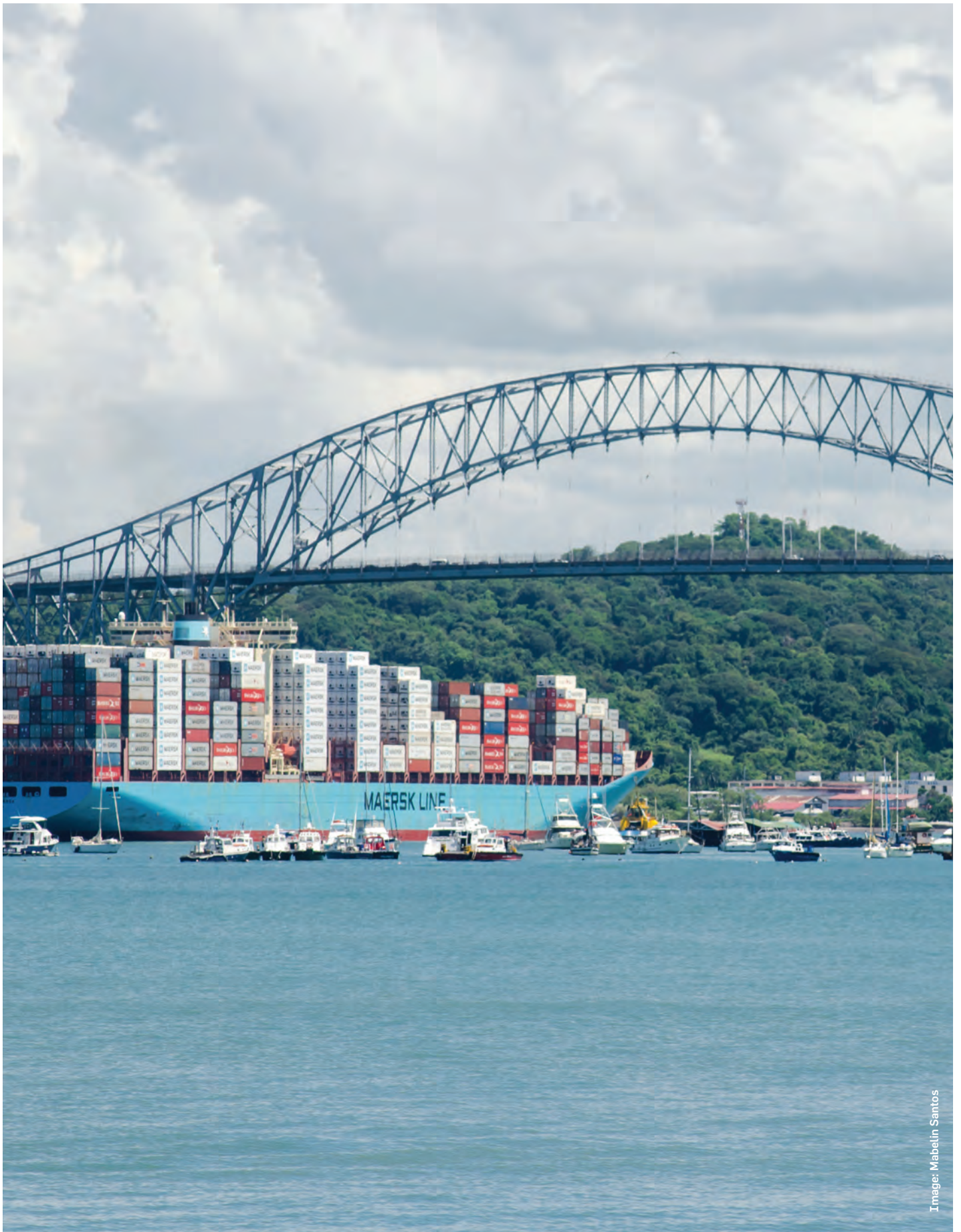
What strategy did Maersk follow to become diversified and maintain the quality of its services?

First and above all, we listened to and acted upon the feedback of our customers. We want to understand customers' needs and challenges, develop tailored solutions based on those evolving needs and become obsessed with ensuring that each of our brands in the market, Hamburg Sud, Sealand, Twill, Maersk, build long lasting relationship with our customers. Our decision to offer long-term contracts instead of pricing shipments every week according to market rates was a tangible proof point of what is most important to us. As a result, we created jobs during the pandemic. Globally, we went from 60,000 collaborators to 100,000 in two years through organic growth but also by acquiring companies in Europe, Asia, and in North America,

answering the need for additional e-commerce capabilities, warehousing distribution, customs clearance, intermodal, and air services. We acquired recently LF Logistics, a large Chinese logistics operator, which provided us with great insight on how to do business across Asia and the ability to apply those experiences, processes, and systems all over the world. In Europe, we acquired Senator International which complemented the operations of Maersk Air Freight Cargo including the operations of Senator across Latin America and at the same time expanded our own fleet of 17 air freighters by ordering six more planes. We have been also expanding our business in e-commerce and have acquired Visible, B2C, and Pilot. These companies are in North America and Europe and are experts in both small and large e-commerce couriers. Whatever a customer asks us for, we have a company with the expertise.

What is the role of methanol in the future of logistics, and what sustainable initiatives is Maersk fostering?

Our motto is "All the way," and that way of thinking and acting extends to taking care of our planet. In 2018, we announced our decision not to buy new vessels until we were able to answer the question about non fossil sources of energy to propel container ships. We created the Maersk Mc-Kinney Moller Center for Zero Carbon Shipping and invested millions of dollars and several years of tests. We concluded that technology is available to make the transition to clean energy now and that the solution is found within methanol, ethanol, alcohol, and ammonia. We ordered initially 12 vessels propelled by methanol in 2021 and six more in 2022. The vessels will be available in 2024 and have a nominal capacity above 16,000 TEUs. As part of our efforts to protect the planet and the environment and live our purpose of "Improving Life for All by integrating the World" we are supporting the efforts of the European nonprofit organization, the Ocean Cleanup who is developing and scaling technologies to rid the oceans of plastic. ✘



VOICES FROM THE SECTOR



Lillian Morhaim
GENERAL MANAGER,
SAVINO DEL BENE PANAMA

What advantages does Savino del Bene offer to its clients through the company's diversification?

Savino del Bene is a multinational with more than 290 offices around the world and more than 5,000 employees. This strength allows us to negotiate certain group rates and thus offer competitive rates to customers. We carry out all kinds of services: air, sea, land, FCL, and consolidated. We have specialized departments for each type of cargo, we call them verticals markets, for example, in pharmaceuticals and healthcare, marble, stone and ceramic tiles, project cargo, fashion, food and beverage, and so on. Each one complies with all international standards and requirements to be able to work with them.

How is Savino del Bene adapting to new trends emerging in the logistics sector?

The logistics sector has to continue growing and adapting to global changes and offering customers the best solutions based on the conditions that exist at that time. You always have to keep an open mind and overcome difficulties and challenges. We must be attentive and open to adapt to a new condition each time. We work almost everything digitally, and it allows us to be faster, minimize errors, and take care of the environment, among many other things.



Mattia de Luigi
COUNTRY MANAGER,
SAAM TOWAGE PANAMA

In what ways is SAAM Towage planning to expand its business?

In Panama, we are renewing our fleet. We have a strong position in the market, which is fairly stable. Competition is tough, and almost every tugboat player or maritime company that wants to grow or do business in Latin America will look at Panama. In terms of growth opportunities, SAAM is interested in continuing to grow in the Caribbean. We operate on both sides of the Panama Canal on the Pacific and the Atlantic. There are many synergies between our operations in Colón with the islands in the Caribbean. We are extremely interested in the opportunities that can help us grow sustainably there. SAAM wants to become the biggest tugboat operator, and the way to do so is by looking at the right opportunities and making a sustainable investment to build something that lasts. We expect to remain in line with our customers and continue to design tailor-made solution for ports and shipping lines that we attend to. We are in conversations with Panamanian customers and are exploring together new technologies for tugboats. This is also related to green technologies. We are exploring new technologies.



Marta Castro
COUNTRY MANAGER,
VECTIO PANAMA

What factors led Vectio to open its office in Panama?

Opening an office in Panama has been both challenging and exciting. Even though we have been working in this continent for over 10 years, being here physically gives us a great opportunity to get closer to our clients and operate more swiftly. We also have a highly specialized team of professionals in all our offices as well as local engineers that know the country well. It has in fact been an excellent year for us because together we have managed to establish the company in an agile way.

What have been your main areas of focus since you opened two years ago?

Our main purpose is to improve people's quality of life through mobility. We are an expert team of transport engineers, modelers, economists, urban planners, data analysts, etc. who provide effective solutions in the different stages of planning, design and operation of transport infrastructures. Over the last 15 years, we have successfully completed over 1,000 projects in more than 25 countries around the world and, having worked in more mature markets, we are applying all of that knowledge and expertise to help the country develop new strategies and improve in terms of transport, traffic, and mobility.



Rodrigo Ferreira Modernel
REGIONAL MANAGER PANAMA,
COSTA RICA, AND COLOMBIA,
BOSKALIS

What emblematic projects has Boskalis done in the country?

For more than 31 years, our company is well established in Panama. In this period, we have executed over 54 projects for both private and public clients, with a total dredging volume exceeding 40 million cbm. We have been working on some emblematic projects in Panama such as Panama Ports Company (PPC) in Balboa, Manzanillo International Terminal (MIT) in Coco Solo, Colon Container Terminal (CCT) in Coco Solo, Colon 2000 Cruise Terminal, the artificial Ocean Reef islands, Punta Pacifica I & II in Punta Pacifica, and Panama Colon Container Port (PCCP) in Coco Solo, among others. Our continuous presence allowed us to build on a long-standing experience and knowledge of the local coastline, Panamanian working conditions, permit requirements, and specific local circumstances. We have grown from a dredging contractor to an all-round maritime contractor, focused on early contractor involvement partnerships for developing projects from feasibility phases onward, open to partner with owners, developers and investors, taking care of the design and engineering scope, covering the complete construction scope being able to provide access to financing or participate with equity. By engaging in a project from an early stage, we ensure every single aspect is optimized.



Thijmen Braem
SALES MANAGER AMERICAS, DAMEN SHIPYARDS
GROUP

Why did Damen select Panama as its service hub for the region?

Damen Shipyards Group offers direct employment to more than 12,000 people and operates 35 shipyards and 20 other companies in 20 countries. Panama is becoming increasingly important to our company. The hub here not only services Panama but the entire region from Colombia and Suriname to the Caribbean and entire Central America. Logistically, it is a great place to be, and many of our customers have regional offices here as well. The Caribbean has high demand for vessels and spare parts from Damen ranging from private customers to Navies and from workboats to ferries. In Panama, we have delivered to lots of clients such as the Ministry of Defense and the Panama Canal Authority.

How is Damen positioning itself as a reference in sustainability for the maritime sector?

Damen has the ambition to become the most sustainable maritime solution provider in the world. Digitalization, standardization, and serial production of platforms are important preconditions for this. We will deliver products and services that leave a positive impact on the environment and society, ensuring our long-term resilience. In 2021, we won the Ship of the Year award for our electrically powered water buses for Copenhagen in Denmark.



Pablo Steer
CEO,
INMAQUIP

How did a national company such as Inmaquip evolve to become a global company?

We started in 2005 with the first expansion of the airport, and after three years we became an international company. Our first project was in Armenia in the Middle East. From there, we accepted other projects and found that we have the technical capabilities to do so. We earned our customers' trust and currently have more than 70 projects in more than 50 countries on five continents. We have worked with all manufacturers of passenger boarding bridges. This pushed us to create companies and subsidiaries in Colombia, the US, Ecuador, Brazil, Spain, and the Middle East to enable us to do jobs globally. The biggest hurdle we have had is gaining the trust of airport operators globally. We have established such a diverse company and have worked with different manufacturers from various fields. The first job is always the most difficult one every time we enter a new country. The actual manufacturer is the one that entrusts their product to us for installation and maintenance. Once we do that, it is easier to break the initial barrier. It was difficult, though fortunately we have a great group of professionals.

A LONG-TERM *endeavor*

Meyers Group is focusing on diversifying into the agricultural sector using technology-based operations while also investing in education for its employees and future generations.



Michel Mittelmeyer
CEO,
MEYER'S GROUP

Digitalization of the maritime sector and sustainability in this line of business

BIO
Michel Mittelmeyer has studied mechanical engineering and nautical science, in addition to completing studies at PH International Marine Business Development and Lloyd's Register. His work experience includes six years at the Bernard Shutter Group and as Manager of the Hanseatic Shipping Company. He has been with Meyer's Group since 2005.

What plans does Meyers have in the maritime sector regarding sustainability?

We are working continuously on the pursue of alternative sources of energy and planning on the long term to include green energy as an option for the acquisition of new fleet coming into our operations. We are continuously working on the inclusion of sustainable ways of operations into our corporate culture and service delivery.

What is Meyer's current focus, and how is the company diversifying?

Since the pandemic our has given strong focus on one of our most recent business developments in the agricultural sector. We are committed to introduce technology-based operations into the agribusiness and market in Panama and become pioneers in this area using technology Agri-IT applied to agriculture. Right now, we are working tirelessly into a long-term project on the dairy business and fattening cattle business. Technology is yielding better results today than 20 years ago. For us the next five years will be focused on agriculture, as we are trying to capture the as-yet untapped market. Maritime will still be our core business, but we have decided to assigned equal weight of impor-

tance to this project in the agriculture business. The maritime sector, it highly stable, and a long-term business for our group, as well as the agricultural sector is also a long-term endeavor.

Could you elaborate on your commitment to education and the related projects that Meyers is carrying out?

We are investing in our team, but also in education to prepare our people for the future. I still remember how, 10 years ago, when we first implemented our ERP SAP, and we could not find local resources with the knowledge nor the experience in this technology. Since then, we have trained hundreds of people on this technology and others to close that gap. We are now doing the same for our agricultural business, and all the new technology we are introducing to this business that requires the time and the training to form better teams and shape the future of this line of business for Meyers Group. I am sure that we will have the best technology in agriculture in place within six to 10 months. As a group, we area also investing in the education of the little ones, by being direct stakeholders and investors of a German College in Panama that includes elementary, middle, and high school. ✖

leading THE PACK

A leading player in the Panamanian logistics market, DHL offers companies of all sizes complete logistics solutions that include collection, packaging, last mile, digitalization, reverse logistics, storing and supplying, and distribution.



Sandra Miró Navarro
COUNTRY MANAGER,
DHL EXPRESS PANAMA

What is the position of DHL within the Panamanian logistics market?

I consider DHL's role to be key, not just because of the delivery service given to the community and the government during an emergency that no one expected, but also because of our purpose. If there was ever a moment when I felt that we were able to deliver to the fullest DHL's purpose of connecting people and improving lives, it was during the pandemic. We were able to deliver this promise 100%, and our people were particularly proud of wearing the uniform and being part of this logistics company. As a company here in Panama, we had a leading role in term of vaccine distribution; however, we were also still receiving daily goods since we are a hub, which posed a challenge for us because our clients were closed due to the lockdown. When the economy was reactivated, we started accelerating right away. We updated our infrastructure and capacities for this new growing demand, including aviation. Clients started diversifying and changing markets and products. E-commerce, which had been rather slow in uptake in Panama, now grew exponentially by 300%. People saw how it was the only way of doing business. Luckily, we were ready and invested all of our capacities to meet this demand. DHL's only aviation hub in Latin America is in Panama, and we are the second-largest airline after Copa in terms of daily frequency. But we are the number one airline in Panama in terms of kilos charged and moved. Indeed, with our global network we not only cater to Panama but the whole of Latin America. That's where our magic and strength lies.

How are DHL's regional expansion plans advancing, and what are some of your future projects in Panama?

One of the strategies we are betting on for 2025 is retail and shops. We want to get closer to the markets. We have a corporate client, but it is maintained differently. The retail client base comprises small and medium companies. Entrepreneurs

require punctuality, and we want to be close to them. One year ago, we decided to open green and self-sustainable shops with renewable energy and solar panels that don't require a regular electricity supply. In 2021, we opened one in Clayton, which was successful. In 2022, we inaugurated one in Villa Lucre and will open another in David Chiriquí. On day one, clients came to make their first shipments and ask questions. Furthermore, we have special tariffs for entrepreneurs with new web pages and e-commerce. They often don't know how to bring their market from place to place. The e-commerce that all Panamanian entrepreneurs want to do, we perform for certain companies. They have their inventory here but in transit to other markets. We have the know-how and the identified markets. We can approach these new clients with logistics expertise required to penetrate new markets.

What factors make DHL the main option for new e-commerce clients?

We have made great investments given that e-commerce is growing exponentially and is outpacing economic growth itself. We conducted a study on big data, robotics and market understanding. It is all about collection, packaging, last mile, digitalization, and making it easy and secure when delivering from A to B. Clients value the reverse logistics of returning something that the client didn't need or like. Then, there is the storing and supplying aspect. We have all these strengths, and the major advantage is having both the aviation hub and all business divisions located in Panama. If a client doing business by sea requires the transporting of containers, storing them in Panama to deliver to other markets, we make it possible. We offer distribution, keeping their key operation at any of our free zones, enabling pick and pack and the entire process of cross-border commerce. We handle everything from huge boxes up to 1,000kg to smaller items purchased through e-commerce. These are complete solutions that clients value hugely. ✖

DHL's only aviation hub in Latin America is in Panama

Number one cargo airline in Panama

BIO

Sandra Miró Navarro has more than 25 years of experience in the Deutsche Post DHL group. She has held various positions for the group's courier division, DHL Express. She works as a facilitator for the internal certified international manager leadership program, in which she teaches several times a year in different places in the region, directly sharing our strategy to new leaders joining the DHL family. She is an ESG Ambassador, a role in which she promotes DHL's path toward sustainability and solutions.

MULTIMODAL *operations*

TLA has expanded its services and operations by offering new routes for technology cargo by air, hiring more people, opening new markets, and utilizing Panama as a hub for its multimodal operations.



Luis Carlos Gutiérrez Slon
REGIONAL DIRECTOR CARIBBEAN,
MIAMI, AND PANAMA CITY,
TLA LOGISTICS

Logistics sector had to reinvent itself to stand out after COVID-19

TLA's new multimodal operation shortens the routes

What effects did the pandemic have on the logistics sector and specifically on TLA's performance?

It has been a crazy three years. The company has been growing at a spectacular rate of 35% every year. This is mostly due to the pandemic, as our industry never stops. We have grown in terms of international, Central American, and local freight, because we defined new ways to reach the market, especially in 2020. In 2021, we saw a new trend: increasing the average inventory that companies have to stock. Our customers doubled or tripled stock, so we had to grow our warehousing footprint. Our footprint grew in all our countries, and we also grew in terms of revenue because we paid more for international ocean freight. We also offer air freight for those who can afford to pay higher costs.

What new services and routes do you offer your customers?

We found a new route for customers in technology to bring in cargo by air instead of ocean, so we opened new operations closer to airports in most of our countries. Subsequently, our revenues grew. We also hired more people when people in industries such as tourism and food and beverage were losing jobs due to the pandemic. We increased our headcount by around 10-12%. This was positive, though it was also a challenge because more people mean more infrastructure and support in management. As we looked at the trends, we decided to open new markets because we had accrued enough profits. We were operating in nine countries in 2021, and we decided to open in two new countries. The first was Mexico, and in 2022 we started operations with special customers from our foothold in Central America. The other country was the Dominican Republic. Mexico is a larger market and is aligned with our strategy because it supplies many of the materials and consumer goods consumed in Central America. Because we are strong there, it also made sense to open in Mexico, which is a bridge to the US. We plan to open in the Dominican Republic in 2023.

How would you assess the role of Panama within TLA's success?

As freight was constrained space wise between Asia and America, we found new sources for our Latin American customers. Those sources were probably more expensive in the past, though due to the freight increase they started to be attractive to Central American consumers and customers. We started new lanes of commerce, especially between Peru, Chile, and Ecuador, to Central America. We started a new operation called multimodal operation, which includes short ocean freight from those countries to Panama. In Panama, we operate in a special economic area where we dedicated an entire warehouse of 1,000sqm for cross docking between containers from ocean freight to trucks for Central America distribution. We move the cargo from containers and unload them onto trucks. That lane of business is growing quickly, and it is the fastest growth we have seen in any of our services. Since Panama is a hub, and the regulations, authorities, and laws allow us to do such re-exports, this will be a key role for our company in the market. We are handling more than 100 containers in this way.

How do your end-to-end services bring TLA closer to the future of logistics?

The e-commerce trend will continue. We have built a highway that can be used to bring large or small amounts of cargo. Our aim is to ensure that highway can handle e-commerce as well. We are focused on end-to-end commerce, which is the new emerging trend, though potentially we will get into e-commerce and business to the final customer. That would use the strengths we already have. The future is commerce, and most of our customers are focused on providing solutions within Panama. For example, we have requests from customers to do house-to-house deliveries. That is the future—not only supplying products to supermarkets, but also delivering them to homes. ✖

BIO

Luis Carlos Gutiérrez Slon is an executive with experience in warehousing and distribution, logistics, business development, project management, and operations across different countries within Central America.



SERVICES END 2 END

TLA SUPPLY CHAIN SERVICES

We connect all the elements of the logistic chain, from the supplier at origin to the customers at destination

- Integral Logistics Service: From purchases to reverse logistics, ensuring.
- End to End connections with suppliers and customers.
- Single point of contact: Simplicity of communication in each service required.
- Integration with the different logistic services and our customers.
- Specialization by area: TLA's dedicated and structured End to End service team.
- Continuous improvement: Processes, management model and KPIs for our E2E customers.
- Technology and infrastructure for E2E service: Our Forwarding System “Cargo System” is integrated with invoicing and our Customs Brokerage system.
- Culture and leadership: We have incorporated professionals highly skilled in international trade; we have implemented the E2E model for the integration of the logistics chain.

GRUPO
TLA LOGISTICS *¡Su éxito es nuestro negocio!*



FOCUS

Alternative fuels

THERE IS ANOTHER

Breakthroughs in the mass-production of green ethanol are making the international shipping industry more eco-friendly, while LNG remains a viable option.

THE GLOBAL MARITIME TRANSPORTATION SECTOR consumes over 300 million tons of hydrocarbon fuels every year. Almost all cargo ships and tankers run on diesel. Large amounts of diesel is burnt to turn the propellers of gigantic oceangoing cargo ships which carry up to 10,000 containers across oceans on voyages taking up to 60 days. The combustion of diesel leaves behind particles such as black carbon (BC), which are harmful to the marine ecosystem. As we rarely spot freighters enroute, we do not think much about them and the pollution they cause, but at any given time over 50,000 merchant ships are making their way between ports across the globe.

The industry, however, has been cautious about its carbon footprint, with several maritime companies coming up with alternative fuels which may power their fleet in the future. The Denmark-based international shipping company, Maersk Line, has announced that it will launch a feeder ship in 2023 which will fully run on green methanol—an alternative fuel which is generated through biomass fermentation. This launch will set an example for others, proving that the shift to alternative fuels is possible in merchant ships.

Over the years, there has been some pessimism across the sector regarding the use of alternative fuels such as liquified natural gas (LNG) in cargo ships; however, unlike LNG, methanol requires little addition infrastructure such as pressurized storage containers. Being liquid at ambient temperature, methanol can be stored in the existing fuel bunkers which are available in over 80% of the international cargo ports and dockyards.

TBY recently met with Antonio Dominguez, Maersk's managing director in Panama—a country that functions as the hub of Americas for Maersk and many other shipping lines. "Our motto is "All the Way," and that way of thinking and acting extends to taking care of our planet. To take care of our planet we believe that the time to act is now. This is the only home we have, and we need to take care of it," said Dominguez. The company is so determined to shift to alternative fuels that in 2018 it stopped adding new vessels to its fleet until it had found an alternative to fossil fuels.

The company has invested millions of dollars in R&D, launching the Maersk Mc-Kinney Moller Center for Zero Carbon Shipping. And after several years of sizing up every available option, they have come to the conclusion that ethanol, methanol, and ammonia are their best bets. "We ordered initially 12 vessels propelled by methanol in 2021 and six more in 2022. The vessels will be available in 2024 and have a

nominal capacity [of] above 16,000 TEUs. Every single vessel requires 45,000 tons of methanol," added Dominguez.

The problem is that no supplier of methanol was able to provide the sector with the substance in such large quantities at the time, let alone methanol of the green variety. Unlike ordinary methanol which is produced by the fermentation of sugarcane or corn, green methanol comes from biomass gasification. As such, the green methanol supply chain not only does not put pressure on the planet, but also turns something which would be labeled as harmful waste into a truly clean-burning fuel.

The global production of green methanol has fortunately gone up since 2018, enabling Maersk to pursue its ambitious alternative fuel initiative. A new technology drawing on quantum-chemical catalysis has unlocked the possibility of obtaining green methanol en masse. This new technology, developed by a German startup called C1 Green Chemicals, has paved the way for the mass-production of high-purity methanol at an industrial scale without any reliance on hydrocarbons. "With their innovative technology, it is a positive step toward decarbonizing the shipping industry and our overall mission of decarbonizing supply chains," reads a 2023 press release by Maersk.

Green methanol is not the only alternative to diesel, because some energy companies still believe in LNG. The energy firm AES Panama, and its US-based parent company AES Corporation, for instance, see natural gas "significantly less polluting" and "part of what is called the Green Route," according to the company's country manager, Miguel Bolinaga. The Green Route is a proposed eco-friendly shipping route linking the Pacific and the Atlantic. Companies such as AES, therefore, naturally see Panama as a hub in sustainable maritime transportation. AES is working on an LNG plant in Panama "which would also allow Panama to be a transitional part of everything that has to do with natural gas," notes Bolinaga.

Whether it is green methanol or LNG, which will ultimately replace diesel as the standard fuel for oceangoing vessels, it is certain that the transition is imminent. And Panama as the world's leading maritime hub will be an important part of this transition. Major infrastructure projects for the storage of both green methanol and LNG will be built near the Panama Port. Though the Panama Canal Authority aims to become carbon neutral by 2030, that objective may be achievable even earlier thanks to the current pace of greenification across the sector. ✘

ALTERNATIVE FUELS

The maritime sector is a major contributor to carbon emissions; however, companies such as Maersk are leading the way in the greenification of the sector by switching new ships to alternative fuels.

Maritime's annual hydrocarbon consumption

300M TONS

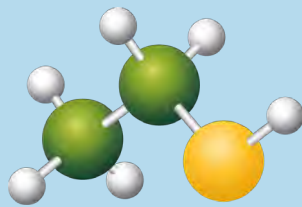
Typical voyage time

60 DAYS

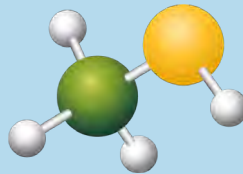
Average amount of merchant ships at sea at any time

50,000

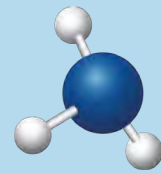
LEADING ALTERNATIVE FUELS FOR THE MARITIME INDUSTRY



ETHANOL



METHANOL



AMMONIA

METHANOL IS LIQUID AT AMBIENT TEMPERATURES AND CAN BE STORED IN FUEL BUNKERS AVAILABLE AT 80% OF INTERNATIONAL CARGO PORTS

Maersk has ordered

16

methanol powered ships set to be delivered in 2024

Each vessel will have a capacity of

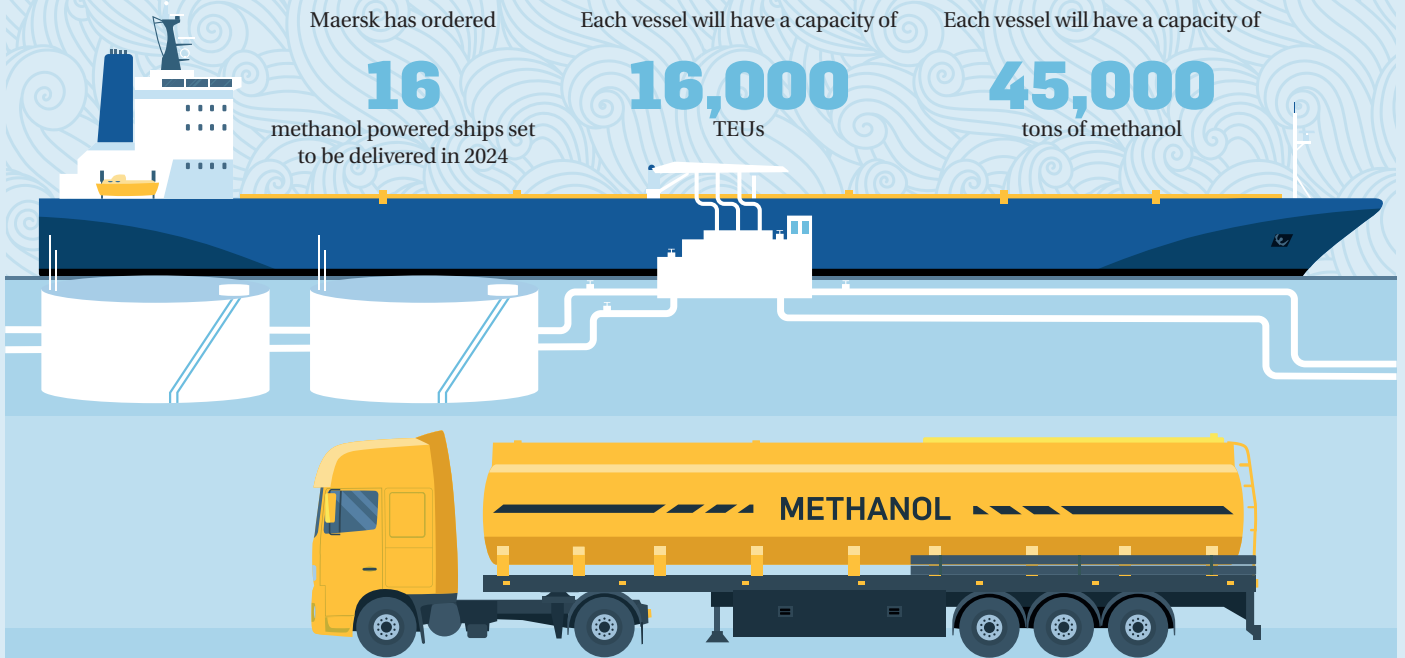
16,000

TEUs

Each vessel will have a capacity of

45,000

tons of methanol



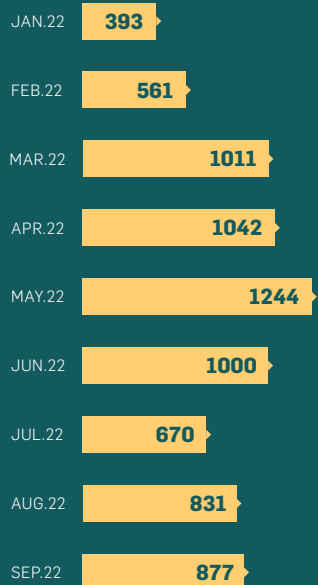
PANAMA GDP FROM CONSTRUCTION (USD BN)

SOURCE: FXEMPIRE



MONTHLY ISSUED BUILDING PERMITS IN PANAMA

SOURCE: CEIC DATA





Construction & Real Estate

A LONG-TERM INVESTMENT

Prior to the COVID-19 pandemic, around 23% of Panama's GDP was derived from real estate and construction. The pandemic, understandably, put the breaks on growth in the sector but the recovery is on and construction and real estate is playing a key role in the wider rebound. In 2022, the economy is expected to have grown 6%, the highest figure in the region.

Developments in the region, including instability in places like Venezuela and uncertainty in Colombia have led to new sources of demand for property in Panama. And the government, quick to seize the opportunity, has implemented a new visa system. By spending USD500,000 on property, investors gain the Real Estate Visa. Investors are also attracted by the lower cost of living in Panama, which is also a draw for North Americans looking to retire in warmer climes. These factors, together with its dollarized economy, are set to drive growth in real estate and construction for years to come.

Property prices in Panama City in prime locations stand at approximately USD2,500 per sqm

and rent at USD15 per sqm. In top locations, gross rental yields are at around 7% per year and returns are paid in US dollars, which is attractive to North American investors.

On the public side, Rafael Sabonge, Minister of Public Works, has focused on implementing PPP programs to foster the convergence of public and private. He recently stated that, "During the pandemic, we structured several contracts with different multilaterals for projects that are now coming into market. We are talking about USD2.5 billion in private investment for public infrastructure that we mobilized in 2022."

He also has a strong focus on projects that will have a big impact on tourism, with investments on the table valued at USD1.1 billion across 26 different projects that will create around 5,000 direct and 2,000 indirect jobs. He has a very optimistic outlook toward the future, telling us that, "This is basically what we want to leave here. An institution that actually focuses more on getting good quality and sound, sustainable contracts in the long run." ✖

WORKING *together*



The Ministry of Public Works is working on further developing public construction with new PPP projects that aim to mobilize USD2.5 billion in investment for infrastructure.

Rafael José Sabonge Vilar
MINISTER OF PUBLIC WORKS

Launched PPP program focused on private investment to develop public infrastructure

Generating new jobs in tourism thanks to projects

BIO

Rafael José Sabonge Vilar holds a bachelor's degree from Colegio La Salle in Panama and graduated in civil engineering from the University of Texas at Austin in the US. He has a postgraduate in metallic structures from the Polytechnic University of Madrid and a master's in economic analysis and financial economics from the Complutense University of Madrid. He has previously worked with CPV CEP Ibérica, the Panamanian Geotechnical Engineer Company, MDM Inmobiliaria, and the Electoral Tribunal. Since 2008, he has been a founding partner & CEO of Grupo Urbe, a company that manages real estate projects and a partner of Porta Norte.

How has the public construction sector evolved since you took over the helm of the ministry?

After eight months in administration, we faced the pandemic and everything that came with it. Many of the government's programs needed to be changed. We basically split our program into three different phases, continuing the pending public works and projects that we inherited from the previous administration. By September 2020, we had successfully completed over 130 different construction projects from the previous administration that had come to a halt during the pandemic. Most of them were medium-sized, reconstruction, or maintenance projects. There were two big projects in the ministry: the fourth bridge over the Panama Canal and Corredor de las Playas, which will restart in 2022. The second phase of our agenda was to start the tender process of about 26 different projects that are designed as build and finance projects. We needed private funding for our public infrastructure program, which we did successfully. In addition, we have tendered over USD1.1 billion over 26 different projects around the country. We seek for these projects to boost local economies around the country.

How do these public projects boost the reactivation of the tourism sector?

We have projects in Bocas del Toro, for example, where we will redo all the streets there. This is an over USD80-million project to overhaul the streets and drainage systems and build 37km of cycle paths. These are also 26 turnkey projects, and we have already tendered them all. We have also tendered another project in the Chiriquí region that goes to Boca Chica, another tourism destination, as well as for the San Blas region. We have tendered another project that will break ground in the coming months. We are talking

about USD1.1 billion in 26 different projects that will create around 5,000 direct jobs, 2,000 indirect ones, and others related to the construction industry. This will create around 10,000 jobs in total.

How can the public and the private sector work together to foster the government's goals, and what role does the PPP program play in this crucial collaboration?

This is our most ambitious part of our administration agenda. We passed a bill in 2019 in Congress for PPPs that we worked on with the International Finance Corporation, IDB, the Inter-American Development Bank, CAF, the World Bank, local unions, and private investors and builders in Panama. It is a well formulated and well thought out law that is focused on best practices in the region. We passed this bill 89 days after we entered office. During the pandemic, we structured several contracts with different multilaterals for projects that are now coming into market. We are talking about USD2.5 billion in private investment for public infrastructures that we mobilized in 2022. With IFC, we structured the first contract for Carretera Panamericana del Este. Private investors put in the money to reconstruct a 247-km road in the eastern part of the country and maintain it for about 15 years. We are also structuring six more such contracts for streets of a total of 2,000km in Panama. The first of these tenders, Carretera Panamericana del Este, is undergoing a pre-qualification process. The second, Carretera Panamericana del Oeste, was recently approved and will be a USD300-million private investment for 207km of highway from La Chorrera to Santiago de Veraguas. We are working on a third project, a large, USD900-million investment for a product called Autopista Costanera, which goes from Panama Pacifico to Sajalices. It is a 52-km toll road that was submitted to the managing institution of PPP in 2021. ✖

making A MARK

Grupo Shahani has been contributing to Panama's development for almost 50 years via various real estate and infrastructure projects as well as social community projects to provide secure homes for women in need.



Víctor R. Shahani Rodríguez
CEO,
GRUPO SHAHANI

Why is the real estate sector affected intersectionally, and what current international events are relevant to it?

The construction sector in Panama is something that we have to take into consideration along with the real estate sector as a whole, because the construction industry not only impacts the area of cost of construction, but also the brokers, insurance, the architecture, and the photography of the properties. Before 2019, we had around a 23% weight in GDP, based on construction and real estate services; however, after the pandemic, we had a mild recession like everybody else, but are at least in positive territory. In 2022 and 2023, we will perform admirably. Panama has grown by around 6% in 2022, and we are ranked number one in the region.

What is the relevance of Grupo Shahani within the national development?

Grupo Shahani has been a symbol of progress for Panama for almost 50 years, and we have delivered over 55 real estate projects to date, as well as extensive construction of highways and other national megaprojects. We have also produced aggregates and construction materials that went into today's skyline. Additionally, we have developed social interest projects as well as residential, commercial, industrial property and marinas. Projects that also serve to increase Panama's appeal to the tourist. Vista Mar has a marina with 250 slips capable of mooring mega-yachts, and I will claim that it is the best marina in the Pacific, rated by people that actually know about it. From that marina, you can access Pearl Island and Contadora, which at the same distance gives you access from Panama. It also gives you the opportunity to go to Isla Iguana, and Coiba. We have signed an MoU to build a hotel and golf course, a retirement community and facilities to attract families seeking a warm destination. That is our signature beach project of 300ha, and we have Hacienda Pacifica, a countryside project in sync with nature. In the city, we have Costa Sur, which is a development of five different clusters of secure

enclosed residential communities. We were one of the first construction firms to introduce the club house concept, instead of just a simple communal space. In terms of commercial property, we have developed many different retail and plaza projects, notably the Panama business tower, our financial tower that has won numerous recognitions and is the most sustainable tower in the financial district. Its 36 floors are topped by a helipad, with a VIP club on the top floor. In the industrial market, we are the largest developer of industrial parks in Panama, having built over 500,000sqm to date, which is substantial for a country the size of Panama. We have developed over 10 different industrial parks notable among which is the Parque Industrial de las Americas, situated on 200ha with a private park. We are partners in Panapark, the largest private free trade zone in Panama. We have at least one megaproject in each field of the real estate industry.

How is Global Housing Foundation helping to build a more prosperous country?

Building houses is good business; moreover, it is a business with purpose. We realized a project with the Global Housing Foundation, where we selected six houses and six families where the women would own the deeds of the property. Qualifying criteria included a past experience of sexual abuse, having an ill family member to look after, or somebody who had suffered a natural disaster. The project gave women the opportunity to have a secure home life for their families, which benefited the whole family bringing better grades at school, rapid health recovery, and improved self-esteem of the family members. These are the consequences of owning a dignified house. Grupo Shahani focuses on eight Sustainability Development Goals: eliminating poverty, providing quality education, promoting gender equality, decent work and economic growth, industry innovation and infrastructure, sustainable cities and communities, climate action and partnership for the goals. ✕

Opportunities in Panama exist in nearshoring

Offering social houses through the Global Housing Foundation project

BIO
Victor R. Shahani Rodríguez is a Panamanian businessman, founder, and CEO of the Shahani Group and has been named on lists of the most important business leaders and entrepreneurs in the Central American region. His experience as a shareholder in companies not affiliated with The Shahani Group has also been diverse, including participating on the boards of hotel chains such as Gamboa Rainforest Resort and Fuerte Amador Resort & Marina, as well as Arenera Balboa S.A.

COMPETITIVE *advantages*

Sika Panama aims to increase its market share in home centers and hardware stores and provide diversified services in the construction sector with a commitment to sustainability, innovation, and quality.



Carlos Trueba
GENERAL MANAGER SOUTH CARIBBEAN,
SIKA

Global presence enables it to apply best practices from every country

Goal to improve presence in the distribution channel

What added value does Panama bring to Sika on a global level?

I see Panama as a hub, and it plays a key role in its area. Panama supports other countries—Costa Rica, the Dominican Republic, Nicaragua, and others—and it has been easy to import our products from other Sika operations around the world. For example, we import from Europe, Colombia, and Mexico, and from Panama we can move these products to the surrounding area. That is the main advantage of being in Panama. Today, Nicaragua, Costa Rica, and the Dominican Republic report to Panama.

Which services are you focusing on offering in the country?

Now, our target is to improve our presence in the distribution channel. Our products and solutions can be found in home centers and hardware stores. Our main target in 2022 is to increase our market share in those areas and with our target customers. We are encouraging DIY products, so any customer can use them. Because Panama is a diversified economy, it also makes sense that our services are diversified too. In the construction sector, we have two approaches: distribution to customers, and directly to big projects. We work with big projects directly; for example, for a subway expansion or children's hospital construction project, we work directly with them and are the distributors. We are looking for the best and most cost-effective solution for the sector in Panama. Such projects will be important to Panama in the long term, which is why we always use the best and longest-lasting solution for some issues. For the subway system, we are working with mortar that is being used in some parts of the subway such as the columns or slats. Our competitive advantage is that we have been working in Panama for 20 years and around the world for more than 100 years. As a local player, customers trust in our products and their quality. That is the main differentiator between us and

the competition. Customers trust in our products, and we provide the best-quality solutions. We are a customer-oriented company, and it is definitely important to build up trust.

How has Sika Panama evolved since you started in your position one year ago?

I predict many opportunities related to durability and sharing best practices. The economy is not the best at the moment, but there are interesting projects—for example, Hospital del Niño, the subway, and others that the government is doing or thinking of doing in the near future. There are opportunities to integrate best practices between countries in the region. Sika is extremely human-oriented, and it always seeks to add more value with less impact. We are applying that principle in Panama in many ways. One of them is to be sustainable and work on sustainable solutions, for example with green roofs or admixtures to reduce the CO2 impact in concrete and cement. In addition, we also work on long-term solutions with 10 to 15-year warranties.

What are Sika's main priorities for the long term?

Our main focus for the rest of the year is to achieve the targets set by our headquarters in Switzerland at the beginning of the year. In addition, part of the key to our success is remaining customer oriented. Sika is dedicated to providing and maintaining the highest quality standards with its products and services. The commitment to innovation enables us to not only satisfy current demands, but also anticipate future expectations. All our solutions are designed with our customers' success in mind and to build long-lasting and mutually beneficial relationships rather than focusing on short-term business. This attitude is emphasized by the corporate claim: Building Trust. Sika is proud of its commitment to fulfilling this promise. Sika is doing its best in Panama, working with local people and bringing the best solutions and the best-quality products to Panama and the Caribbean South. ✖

BIO

Carlos Trueba is a civil engineer from Universidad Iberoamericana with an MBA from Instituto Tecnológico Autónomo de México. He joined Sika 10 years ago as senior coordinator of sales and was transferred to Sika Peru in 2018, where he worked as sales manager. In 2019, he was transferred to Sika Panama as General Manager of the South Caribbean leading Nicaragua, Costa Rica, Dominican Republic, and Panama.

An image of construction work on the Panama Canal expansion project from 2016



VOICES FROM THE SECTOR



Carlos Malo de Molina
GENERAL MANAGER,
GREEN VALLEY

What makes Green Valley a unique project and Panama the perfect location for it?

Every aspect of it is well thought out. It has an infrastructure of the highest degree on an area of 2 million sqm. Currently, we are at the first stage of up to 30,000 houses with communications infrastructure, offering unlimited fiber-optics capability for the future. Furthermore, this is a green project featuring seven parks and a river. We have thus far completed over 12km of roads, 32m in width, with four lanes, 2.5-m cobblestone sidewalks, and 3m wide bike lines. We can also effect potential change to Panama's commercial climate. We have developed this city with an ultra-modern approach, where for example, there is no parking on the streets. This city has seven huge green smart parks with powerful fiber optics. Given that Panama is such a free and liberal country, we have created a free trade zone of innovation and intelligence. Called the Innovation Smart District, an area of 130,000sqm has been approved with grade RM3C2 and with de free trade zone license. RM3C2 is the highest grade for zoning and, in our case, without a height limit, we could theoretically build skyscrapers.



Juan Antonio Toro
COUNTRY MANAGER,
BTD PANAMA

What have been some of the key differentiators of BTD's success in the sector?

BTD has professionals from different sectors, although they all share the same values as the rest of the company: a high level of commitment, professionalism, and, above all, agility. The client is always at the center of our actions. We successfully complete projects on time and on budget even though in countries in these area projects often take a long time. BTD has chosen to work with its own funds, which has allowed us to find our own way of promoting these projects by ourselves without having to request financing from the market. Another key value that sets us apart from other companies; we start projects and finish them, which in Panama has been traditionally complicated.

How have you adapted your strategies to new trends in the market?

Initially our contracts were mainly construction contracts, while today we have a mix between construction and service contracts. Our strategy is based on the fact that when we carry out a project, such as a water treatment plant, if we continue in the operation phase, the users will receive a better service, the client will be satisfied, and BTD will improve its image when the real benefits of the project are perceived.



Jhon Jairo Tabares
COMMERCIAL MANAGER,
ETERNIT PANAMA AND CARIBBEAN

What sets Eternit apart from its competitors and makes it a major player in Panama?

We belong to an industrial group called Elementia Industrial Group, Elementia Materials today, and this is one of our competitive advantages. As an industrial group, we have a presence throughout Latin America as well as plants in the US. This allows us to provide a level of response at the level of a product portfolio in all the countries where we have a reach. Another advantage that we have as an industry is that we have three factories in Colombia in Bogotá, Barranquilla, and Cali. We also have the largest installed capacity for the production of different materials or products. Our capacity allows us to process up to 18,000 tons of materials per month, with which we can respond not only to the local needs in Colombia, but also the export market and mainly Panama, which is consolidated as the main export market of Colombia and the region. One thing we have done in both the Panamanian market is develop colored options for roofs. Through color, we have achieved an interesting differentiation that allows us to play with the architecture of facades during the development of real estate projects.



Iván Salerno
CEO,
CEJIDSA

What makes Grupo Cejidsa a strong and solid company in the country?

One of the main reasons Grupo Cejidsa is such a strong company in Panama is because we are dedicated to serving all our clients. We have built up great trust and a solid reputation. In Panama, people want everything personalized. If they ask us for something, they want it done by a certain date and with a certain type of service, and we accommodate our offerings to our clients' need. Anytime, any day, anywhere clients need our services, we will be there with our on-call services. We work with airports, data centers, hospitals, banks, commercial centers, buildings, residential buildings, commercial buildings, and many more. Our products and services are found in the most important projects in Panama.

What added value will the modification of your corporate governance bring to the company?

This will expand and improve our operations internally. We are participating in one of the most important projects in Panama as part of a consortium, and we are now the electrical contractors of the entire project. With this project, we are assured that we can win and successfully complete other projects and opportunities offered by the government or private companies.



Javier Rodríguez
COUNTRY MANAGER,
MATECO PANAMA

What is MATECO's expansion strategy in Panama?

MATECO arrived in Panama with the strategy and objective to take on the two companies with the largest participation because our goal is to be the absolute leader. Our primary office is the one in Panama, and the David branch is involved. Our immediate competitors did not deploy large fleets, while we had, at any given time, about 60 units in use, a significant amount for the area. As a part of the MATECO initiative, we want to open one branch in the center. We have offices in both ends of the country, and we want to open one in the center.

Which industries, other than construction, offer the most opportunities for collaboration?

Our industry is extremely diverse; for example, we are also part of the movies, television, and radio industry and at festivals honoring patron saints. We provide services for electrical video surveillance systems, lighting systems, fire systems, and regular outdoor mower. Because we have a variety of devices that do not emit gases, we are able to assist with all jobs in pharmaceutical laboratories or special warehouses that do not allow any gas emissions. We also work in the manufacturing industry as well as government sectors.



William Herron Jr.
PRESIDENT,
PANAMERICANA DE AVALÚOS, PANAMA

What differentiating factors does Panamericana de Avalúos offer its clients?

There was a great deal of competition before the pandemic, though most companies do not provide the quality of service that we did and still do, a situation that we have proven time and time again. On occasions for simpler assignments, our services exceed the minimum requirements, allowing our competitors to offer lower fees, something that we were unable or unwilling to match. When the occasion rises, however, we are usually the ones being called upon, having done most of the hotels and high-end projects in the country, which confirms in more ways than one our slogan "our work is our best business card."

How is Panamericana de Avalúos immersing to the future by adapting to the current times?

One of our permanent missions since day one has been a constant upgrade of our systems and procedures. By doing so, we have been able to improve our technology while always looking after our customer satisfaction. At this time, we are implementing a new system that will enable a better and swifter inspection reports. These latest improvements were actually planned just before the pandemic; however, we were forced to put them on hold. This delay proved to be helpful since we had more time to identify additional details inherent in our system that required improvements.



Isaac Garcia
CEO,
BE LUXE REAL ESTATE

How was the company established during the context of pandemic?

We offer the purchase and sale service of real estate, property rental services, property management, additionally we have a concierge department, professional photography, flipping, staging and we have an interior design department, we make from model houses for new projects to custom made apartments, most importantly, we adjust to the budget and customer needs, always maintaining a high quality standard. We also have alliances with law firms to carry out immigration procedures and any legal process that our clients require. However, what I personally enjoy is developing the entire investment structure to our clients in the need to invest, from seed capital to new projects.

What is your main target and what is your portfolio of clients?

We are focused on the medium to high segment, although there are many luxury properties in Panama, they are not the ones with the most demand, so we balance. Our clients are mixed, we have both Panamanians and foreigners, some like to have an investment in dollars in a safe and stable market. The friendly nations visa has enabled many nationalities to obtain residence in Panama through a much simpler process, which also encourages them to invest here and enjoy all the benefits of being Panamanian residents.



SEALING AND BONDING BEYOND THE EXPECTED

Torres Atrio, Bogotá, Colombia

Discover more at pa.sika.com

BUILDING TRUST



HOUSING BENEFITS

It's one thing to invest in the assets of a country, but quite another to do so as a resident with a raft of incentives bolted onto the process.

PANAMA MAKES FOR A TASTY INVESTMENT and residential proposition on a number of fronts. The nation's decade-old FTA with the US fits neatly into an economy based upon the US dollar. And one replete with the free trade zones, business parks, and transportation network that ease commerce. Readers may also have heard of its canal. In fact, so appealing are the commercial incentives available that to considerable interest from foreign retirees may be added businesses from countries lacking Panama's desirable commercial transparency and political stability. What's more, residence in Panama is available for the purchase of property valued at over USD500,000, raised from the previous USD300,000 as of October 15, 2022.

MAKING PANAMA A HOME

Full details of the application process are readily available from the Panamanian authorities. Suffice it to say here that foreign individuals must have an independent source of income, a three-year fixed-term deposit in any bank situated in Panama with the aforementioned minimum sum and invest in a fully paid-up property of that minimum value. This requires a Certificate from Panama's Public Registry to confirm the applicant's personal title with the minimum value, free of debt or liens. Where an applicant has paid the minimum required cash sum towards the total price of a property, they may finance the remainder through a regular mortgage loan. The process requires evidence of a Panamanian bank certification attesting to the foreign applicant having opened a Panamanian bank time deposit account in their name for three years with the minimum stipulated sum, or its equivalent in foreign currency.

A successful visa application yields a two-year Temporary Residency Permit from the Panama Immigration Department. Those residing beyond Panama for more than two years forest their residency permit. The next step, permanent residency, can if required ultimately lead to naturalization of the individual after a five-year period. This results in a passport and all the rights that go with it.

COLOMBIAN INTEREST

Notable among those countries looking down sticks in Panama is Colombia, where many businesses frustrated by perennial irregularities are pondering the move, while qualified Colombians seek better paid employment beyond their borders. Those businesses also relish the prospect of a more favorable tax regime, and a highly skilled workforce in a safe and relatively predictable economic envi-

ronment. Panama operates a territorial tax system whereby foreign sourced income is tax-exempt. Yet, capital gains tax and income tax are levied on locally sourced income, for corporates and individuals alike.

THAT'S THE LIFE FOR ME

Since the pandemic, the idea of one's golden years is no longer in the mists of future retirement for many, but the new reality of working remotely from anywhere on earth with a good internet connection. This is making the myriad attractions of Panama food for thought for US retirees and remote workers alike. The country is proudly a major health tourism hub where elite, English speaking medical professionals operate in world-class medical facilities, all much more competitively priced than in the US. At a purely practical level, for the citizens of most of Latin America there is the immediate convenience of a common language. And for the potential American emigre an already well-rooted US expat community awaits. After all, no less than the World Economic Forum has ranked Panama number one on its list of the world's best retirement destinations. Even a cursory look at its natural environment suffices to showcase the diverse lifestyle to be had for those with the means and will to relocate.

Retiree residence status in Panama requires proof of a monthly income or pension of USD1000 for life. And once officially a 'pensionado,' the individual can—as at time of publication—look forward to the following perks, also for life: zero import tax on household goods, a 25% discount on airline tickets, and 20% discount on professional and technical services, among others that effectively spell up to a 50% discount on most purchases, activities, and bills.

MUCH AWAITS BEYOND PANAMA CITY

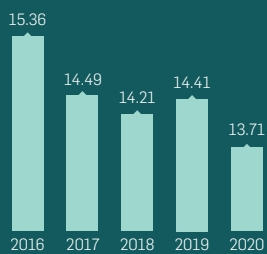
Affordability, commercial incentives, and a sterling healthcare system aside, Panama offers urban familiarity in Panama City with all the amenities and cosmopolitan flavor one would expect. Yet, peace and quiet is also an option away from the boisterous beach lifestyle. The Metropolitan Natural Park is a haven of biodiversity that is actually a rainforest.

Residency is clearly a pragmatic means of attracting sustainable foreign revenue streams. And much like the Golden Visa available in numerous countries around the world, whichever way you slice it, stepping on the property in Panama for residency is the proverbial two-way street. ✖

A poultry farm pictured in rural Panama

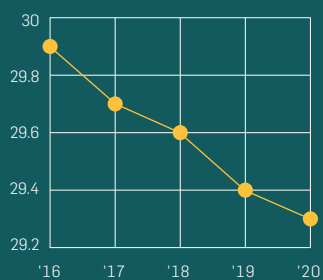
EMPLOYMENT IN AGRICULTURE AS % OF TOTAL

SOURCE: STATISTA, TRADING ECONOMICS



AGRICULTURAL LAND (% OF LAND AREA)

SOURCE: THE WORLD BANK





Agriculture & Industry

AN EMERGING OPPORTUNITY

Panama has historically been a strong exporter of exotic fruits, including pineapple and papaya. The country is also known for its shrimp exports, as well as Geisha coffee, one of the most expensive coffees in the world.

And although Panama is somewhat constrained by its small size, modern agricultural technology, such as hydroponics and vertical farming, could allow it to punch above its weight in coming years. To incentivize these new trends, Panama passed Law 196 in 2021, which aims to create over 50,000 acres of special economic zones for farmers and which will have various advantages, including tax breaks and preferential access to financing through the National Bank of Panama. Investment firms will also be able to enjoy a 50% reduction in income tax for five years.

Panama's export and investment promotion authority (PROPANAMA) has also taken the issue in hand, and is busy promoting brand Panama with export programs that add value to agricultural goods produced in the country.

All of this, it is hoped, will lead to revitalization in the local agricultural sector, followed by growth downstream in food processing and manufactur-

ing. It may also have knock-on effects at Panama's free trade zones (FTZs), including the development of cold chain warehousing. Carmen Gisela Vergara, Executive Director of PROPANAMA, remarked on the importance of this sector national and internationally; "We are betting heavily on the agricultural sector, which accounts for 2.3% of GDP. But behind that, there are many families and people in the countryside that literally live off the agricultural sector (...) We intend to create domestic added value to improve the livelihood of people in the value chain."

Unlike agriculture, which has a historical precedent in Panama, industry remains nascent, playing second fiddle to the services sector, which so dominates the Central American nation's economic landscape. However, a growing number of international firms have found success in Panama in recent years, such as construction materials giant Sika, the Dutch brewing company Heineken, and cosmetics leader Estée Lauder. Local groups including retail powerhouse Grupo Tova and popular brewer Cervecería Nacional are also setting an example of what can be achieved by home-grown firms. ✖

EVEN MORE *sustainable*



Grupo Calesa is a benchmark company in Panama that has transformed itself into a sustainable and innovative firm while implementing state-of-the-art technologies such as satellite imaging and GPS-guided equipment.

Rodrigo Cardenal
CEO,
GRUPO CALESA

Training engineers to become future of the sector

Cocle self-generation project is largest solar project in Panama

How has Grupo Calesa innovated throughout time to remain a benchmark in Panama?

A company that is over 100 years old definitely has its DNA, lots of it, but it has to transform itself to remain relevant. That is definitely something that we have been focusing on over the last five years. We used to be a traditional company, with a long track record and excellent human talent; however, a thorough transformation was required to continue being a market leading company. We began to implement state-of-the-art agricultural technologies in our fields, such as satellite imaging, GPS guided equipment, and highly automated machinery, along with upgrading internal process management with a new Enterprise Resource Planning platform. Process automation also has helped us reduce costs and improve productivity in a significant way, and that is something that continues to this day. The COVID pandemic did cause delays for some of our business transformation projects, particularly those that depend on on-site expertise provided by third parties. Now, having put that largely behind us, we are resuming all these projects with great emphasis. Many of these projects focused on cleaner energy and sustainable operations.

How does Grupo Calesa produce biomass energy, and what projects are you working on toward attaining sustainability?

For years, the company has been producing biomass energy from sugarcane, and we have been focusing on making this process increasingly efficient. In the past, biomass energy production was not sufficient to sustain our energy needs throughout the harvest period. But now, and throughout the sugarcane processing season, we are self-sufficient, producing enough biomass energy not only for the sugar mill itself, but also for our rice and animal feed production, and everything else. This is currently the largest private self-generation project in the country. Now, we will be able to operate through the entire year using only sustainable en-

ergy. But it goes beyond that, as the next step will be to bring solar electricity to the fields, for example for the irrigation of our rice and sugarcane fields, which currently is still being done with inefficient ICE pumps, that will help to not only lower costs, but also increase the production in the fields, while being more environmentally friendly. We have been working on that goal for some time now, having installed drip irrigation for 800ha of cane, the largest water conservation project of its kind in the country. We have also invested in leveling our land and upgrading our irrigation grid to ensure the efficient use of precious water resources. We also do extensive soil testing to understand the composition of our arable land which helps us to optimize the use of fertilizers, and we have introduced the use of drones to survey our biomass in conjunction with satellite imaging, and to deliver pinpoint pest control only where it is needed. The highly specialized equipment we use allows us to manage our fields with fewer but highly qualified resources while producing ever more output.

What is the role of Grupo Calesa in the development of local agriculture?

We have developed our Colonos Plan, which is a products, financing and technical assistance package we offer to some of the rice producers who sell their crop to us. The program consists of Grupo Calesa extending credit to these producers, supplying them with certified rice seed and all the agriculture inputs they require throughout the rice crop cycle process. We also provide on-site technical advice ensure the optimal use of these inputs and to minimize the risk of a failed crop. As these producers harvest their product and deliver it to us, our credit advances are settled with the rice receipts. There is great potential in Panama for this type of structure, and, given that our financing capacity is limited, there should be a more organized plan so that also it can reach more small and medium producers. ✖

BIO

Rodrigo Cardenal studied business administration at the University of San Francisco and holds an MBA in international business from the Business Institute of Madrid. He also holds a diploma in strategy and innovation from the University of Oxford.

a product FOR EVERYONE

CN is expanding its portfolio and adapting to e-commerce for its customers while also focused on its long-term commitment to ESG policies in the country.



Rodrigo Monteiro
COUNTRY HEAD PANAMA,
CERVECERÍA NACIONAL (CN)

Given your global perspective based upon having worked in Brazil and Asia, how would you evaluate demand in Panama?

Many opportunities are arising in Panama, which is an intense and dynamic market. I note that over the past two to three years, the premium beer business is growing, which spells an opportunity for us. It seems that the consumer is more open now to paying a premium for specific kinds of beer. This is the tendency I observed in Asia and Brazil. Of course, the stages are different; however, there is something special about the Panamanian market. The country boasts high consumption per capita, and when you compare the liters consumed per year, Panama is impressive, especially when compared to Asian markets. This shows Panamanians' orientation toward beer as part of the culture. We are proud that we are part of this, having been present in the market for over 100 years. We have premium beers that we import from Mexico and the US, but more than 80% of our volume comprises beers that of our Panamanian brands.

How is the diversification of your portfolio of beers received by the local market?

We have consumers for all of our products. People are different and have different tastes, on different occasions, and at different price points. We try to work with our portfolio to guarantee that we cover most of what the consumers want—the right beer for the right occasion for the right consumer. The premium portfolio has more imported beers. We have Corona, Budweiser, and Modelo, whereby a large part derives from the US or Mexico. Premium priced imported beer is part of our strategy, and the segment has continued to see growth over recent years. Local beers meanwhile, feature Balboa and Atlas Golden light, which is the national leader, and not a premium priced product. Atlas is hugely popular in Panama, and not just in Panama City but in

the countryside.

How is CN adapting to e-commerce to respond to new consumption patterns?

Over the past year, we have developed a new platform called Bees that moves the order-taking process to the customer. Now the order-taking process is done by the owner of the bar, restaurant, or mini-supermarket, 24 hours a day, seven days of the week. And, of course, we also provide full technology support, empowering our commercial partners to define their requirements, and place orders whenever suit them best. As a result, the sales rep today is more of a brand developer representative, helping at the point of sales to develop business, increase the portfolio, and so forth. It also gave us a significant opportunity, because with the Bees platform we can offer other products besides beer. At the end of the day, what we are trying to do is to be a one-stop solution for the point of sale. We didn't have this opportunity in the past. Now in Panama, we sell many other products and offer more services and opportunities. Bees is definitely a key part of our business in Panama now, with over 90% of our volume going through the platform. We are there to help sell more together. If the business is good for them, it is good for us. The other example is Tada, another app, but addressing a different niche. It is an app that offers cold beer delivery to our consumers in under 10 minutes. That is the proposition; it should be fast, cold, and at the right price.

What ESG policies is CN implementing in the country?

We have a long-term commitment and one thing I am proud of is that being in this beer industry, we are closely connected to the local community. We have power plants here, unlike many other brands. That is part of our long-term commitment—to guarantee that we work together with the government and the local community to grow together. ✖

Leading premiumization of the beer sector in Panama

Sustainable commitment to making fleet green

BIO

With over 20 years of experience in the beverage sector, Rodrigo Monteiro is the President at AB-InBev-Cervecería Nacional of Panama. After his studies at the Federal University of Rio de Janeiro, he joined the AmBev group, which evolved through mergers with Anheuser-Busch, Grupo Modelo, and SAB Miller to eventually become AB InBev, having the opportunity to work in different commercial roles. After almost five years in Asia, he returned to Brazil to lead High End Co in AmBev.

MORE *to achieve*



Heineken has adapted to the growth of beer culture and shift in customer behavior by launching new brands, non-alcoholic products, and even a B2B sales platform.

Sebastián Sánchez
MANAGING DIRECTOR,
HEINEKEN PANAMA

Perceived as a local player due to acquisition of Cervecerías Barú

Rapid change in people's adoption of new, premium international brands

How did the competitive advantage of being recognized as a local player help Heineken establish itself in Panama?

It has to do with the principles and values of how Heineken operates. Heineken is a family-owned company that is always looking at the long term. Within our values, there is a passion for quality and a respect for people and the planet. These are things that we always put first when doing business. Indeed, Heineken came to Panama in 2002 to acquire Cervecerías Barú from a local business, and though the company has evolved, its values and principles remain the same. It has been an advantage for the company because we are here for the long term. Despite the difficult times that we have experienced, including the pandemic, respect for people, the planet, and the communities where we operate prevail beyond the economic interests of the company.

How does Heineken continue to develop its image as a local player even though it is an international company?

The beer industry has consolidated in the last 20-25 years, with major players conducting mergers and acquisitions around the world. Heineken was more prudent and sustainable in the way it did that. Despite that consolidation, Heineken always adopts the local culture and brands. Even though it has been the Heineken Company since 2002, people continue to talk about Cervecería Barú Panama. In 2022, we will start the transition to Heineken Panama. We have done this internally but not yet externally and only after 20 years of being in the country. The reason why it was not done in 2002 was out of respect for people and the local culture and the way that we operate. Local brands continue to be the biggest part of our business.

How has Heineken Panama adapted to the growth of beer culture around the world in the recent years?

When I came to Panama from the beer industry in

Argentina in 2006, Panama was still a traditional market with four national mainstream brands with similar products. Now, in the market there are premium brands with low alcohol, low carb, and non-alcoholic options. With Heineken Zero-Zero, we were the first to launch a non-alcoholic beer in Panama, and it is growing tremendously. We are driving the category, which is now 10 times larger. That speaks to the maturity of the industry, and the best is still to come in terms of education and drinking better beers in terms of quality and health benefits such as a lower alcohol content and fewer calories. Local brands still dominate the market in Panama, though there has been a rapid change in the adoption of new, premium international brands like the ones in Heineken. In 2022, we also launched Amstel Ultra, which is better known in other parts of the world and has low carbs and calories. Those things are growing rapidly here. The competition is doing the same. We are at the beginning of this change of consumer habits, though most of the industry, about 80%, is on traditional, mainstream local beers.

How is Heishop helping to digitalize the company and reshape Heineken in light of new consumption patterns?

Heishop is our B2B platform. When we see a shift in customer behavior to being more digitally savvy, like using their phones for day-to-day shopping, a B2B platform needs to be customer service-oriented. We want to ensure our customers receive the same service level from us that they receive from their normal purchasing behaviors. It is a change in the way we serve the outlets, but it is not a cost management tool to get rid of people; rather, we want to improve the service level. If people prefer to use digital tools to order, we have it; however, we also have our sales reps visiting outlet to do whatever needs to be done to develop our brands and products. We are not pushing it, but we are ensuring we can cover the needs of the market. ✖

BIO

Sebastián Sánchez is the Managing Director of Heineken Panama. He was previously director of global innovation and held multiple commercial roles at operating companies regionally and globally.



Francisco Serracín
OWNER,
DON PACHI ESTATE



Alan Perelis
CEO,
CERRO PUNTA

LOCAL AGRICULTURE

Panama's success in agriculture is a result of high-quality processes, pride in the product, and innovative techniques.

What makes Panama top of mind with consumers when they think of coffee?

FRANCISCO SERRACÍN The coffee sector is a rapidly evolving world. In recent years, we took over our farm, and Geisha coffee has become the most important thing in the Panamanian coffee sector and also in other countries of origin. Geisha has given us an opportunity to develop differentiated coffee in the world and do completely different things. We have sought to increase the flavor characteristics in a cup of coffee, which is why in recent years we have been exploring concepts such as yeast fermentation with diverse types of products, making the producer his own must where, using coffee leachates, they generate a particular characteristic of their own. In recent years, this has precisely been the trend in the coffee sector. In 2021, the Specialty Coffee Association of Panama, in its last auction, reached a record price of USD2,568 per pound of coffee. That has been increasing in recent years, and that has given Panama a clear and solid position in the world of specialty coffees. We are developing more coffee lovers who

are becoming more demanding. They visit the farms, they participate in tours, they want to know more, they want to join tastings, and they want to learn how to prepare coffee. This is great for our industry locally and also internationally, because that same phenomenon has been seen in all segments and countries, not only of origin, but also in consumer countries.

What underpins the quality of your product and what makes Cerro Punta the pioneer in Panama in your sector?

ALAN PERELIS We produce everything entirely in greenhouses. Panama has nine months of intense rain, so it is almost impossible to produce grow food outside. The greenhouses allow you to control certain aspects of the process. Second, we grow hydroponically in substrate. That allows us to prevent crop diseases found in regular soil. It allows you also to plant in the same place, which is not always possible in soil. Land has to be rested for some years and plant rotation is needed to keep the soil fertile. So, if you grow out of the ground, you only

have to contend with whatever challenges there may be in the air or water, but not in the ground. We always want to be in the forefront of the sector, delivering the optimum quality to the supermarket shelf. Productivity is also key to sustain the supply chain at a uniform quality. This requires identifying the right seeds, and a significant number of trials are needed.

What consequences did the hurricanes Eta and Iota have on coffee production, and how did Pachi Estate overcome them?

FS Unfortunately, due to the hurricanes Eta and Iota in November 2020, coffee production in Panama was strongly affected that following harvest, because these hurricanes knocked down much of the product that was ready to be harvested. This forced producers to have tissue regeneration in 2020. We had to prune and eliminate the damaged vegetative material as a result of these hurricanes, and the 2021-2022 coffee production fell enormously. For this reason, we had to look for options and alternatives to meet those needs, and exports fell. The highly specialized coffee markets generally prefer Geisha, but we have other varieties such as Typicas, Catuais, or Bourbons, which are coffees that have also occupied preferential spots. There are other new varieties that have come onto the market and have also occupied preferred positions among consumers, such as SL28 or the Moka or Mokka, which was the winner of 2021's auction in traditional coffees. In 2022, a variety in Panama called Chicho Gallo became one of the most highly sought after coffees. So, in addition to Geisha, we also have other options to please the palates of coffee lovers.

How did you develop Cerro Punta's brand?

AP Actually, it was my mother who had the initiative of making Cerro Punta not only into an agricultural company, but moreover a brand. We are probably the only brand recognized by Panamanians and that is why they choose us. They know our quality, and all the characteristics of our brand. It is very difficult to establish an own brand of vegetables, fruits, and flowers, and yet we have achieved this over the years. ✖

FOCUS

Panama as a food hub

TOMORROW'S HARVEST

Food security and a degree of agricultural self-sufficiency is an enviable economic trait being pursued by many nations. Meanwhile, Panama is banking on future export potential for an abundance of home-grown produce.

"IF WE HAVE ONE MAJOR TAKEAWAY from the pandemic and the conflict between Russia and Ukraine, it is the significance of food scarcity, a problem likely to grow." So says Carmen Gisela Vergara, the General administrator of PROPANAMA, which is helping develop the image of Panama as the main hub for sustainable investments in Latin America and the Caribbean. Panama's agricultural sector accounts for 2.3% of GDP, but this could grow. She identifies a particular niche that has gained enormous traction. "Over 43% of consumers around the world prefer sustainable products, which has triggered momentum from the CEOs of numerous companies that are now integrating more sustainable procedures and products into their lines." She hopes to see the arrival of B-corporations that champion ethical business practices across production and supply chains to set an example for the local agricultural sector.

A HUB FOR EQUITABLE GROWTH

Panama may be known for the canal. But clearly not all locals feel the benefit in their pockets, especially in the provinces. "One problem," says Rosmer Jurado the CEO of Productos Lux SA (PROLUXS), is that 85% of GDP is concentrated around the Panama Canal, Panama City, Colón, and Panama West." Meanwhile, "The rest of the country has about 40% of the population, and we need to develop [...] accordingly." To address this, a joint public-private sector initiative set out to ink an economic strategy based upon agricultural development. This took the form of the seven-year Master Plan for the Agriculture Sector of the Western Region (PMARO). The plan is to leverage the canal's installed capacity and infrastructure to the advantage of around 15,000 agricultural producers. An estimated USD560 million of public-private investment was earmarked to foster diversification and production chains, as well as job creation. What is more, the agricultural sector is not viewed in isolation, but rather, as linked to the revenues of canal tourism. The overarching goal is to present Panama as a regional agribusiness export hub. In April 2022, President Cortizo announced to visiting Director-General of the UN Food and Agriculture Organization that plans for the agriculture hub were in the making. Meanwhile, the Panamanian State has continued to see the sense in propping up local agriculture and bearing some of the economic strain faced by local farmers. This has reflected in reduced prices for farmers and investment in infrastructure catering to the wider value chain, such as cold chain irrigation systems and storage facilities. Indeed, if the

gameplay is to process locally to export a wider product range, the answer could well be...

...A WALK IN THE PARK

Back in 2021, a new initiative emerged with the passage of Law No. 196 that established the regime for the creating and operating Agropark enterprises. The provision of sleek logistical capabilities dedicated to agriculture should be a game changer for the nation's growers and food processors. Moreover, the availability to specialized facilities will allow the nation to capitalize on transshipment opportunities as well as trading further afield. The law, says Carmen Gisela Vergara, entails developing, "...20,000 hectares that we've already located throughout Panama, to create vertical agriculture, precision agriculture, control environments, and biotechnology and genetics applied to food production for greater crop resilience." Crops that, "...can now grow faster, larger, and be infused with minerals and vitamins that fight things like Covid or other viruses that might challenge the immune system."

FIELDS OF POTENTIAL

Three regional competitiveness centers have been established by the private sector in the Azuero, Colón and Chiriquí, Bocas del Toro and Comarca Ngabe Buglé in Western Panama to spotlight investment potential and identify value chains, be it for dairy, meat, palm oil, fruit such as plantain or banana, vegetables, or coffee and cocoa. For example, in the Azuero region, encompassing the provinces of Herrera, Los Santos and the southern Veraguas, work is underway to galvanize the production of crops that have seen declining yields per hectare in recent years, such as milk, meat, sugar cane, melon among others. The goal, once again, is to lever Panama into more value chains by establishing sustainable and competitive production. Jurado notes that, "Instead of exporting fresh products, we can develop value-added products that have no limitations in shipping and longer shelf lives. For example, we can produce tropical fruit juices instead of fruit or chocolate bars instead of cacao."

Market data indicates that Western Panama alone stands not only to sustain 30,000 existing jobs but see the creation of around 10,000 new ones as a result of various agricultural initiatives of a technical and logistical nature amid investor interest from Mexico, Nicaragua, Costa Rica and Spain. Could this, then, be Panama's growth of the soil? ✖



Rosmer Jurado
GENERAL MANAGER (CEO),
PRODUCTOS LUX SA (PROLUXSA)



Alfredo Argueta
CEO,
DICARINA

FOOD CHAIN

With attractive legislation for agroparks, investors, and the development of food processing, logistics, and export industries, Panama plans to focus more on the entire food chain in the coming years.

How has the agri-food sector and Proluxsa itself evolved in recent years?

ROSMER JURADO During the pandemic in Panama, we were one of the few companies to grow, even exponentially, because we are extremely diversified. We have three areas, the first of which is the food business. It is divided into two facilities: one in Panama, which is our main facility; and one in Chiriquí, which is where we have our agri-industrial production. We have a canning facility that processes canned fruit, vegetables, and beans, which were all selling well during the pandemic. We have a third plant that produces rubbing alcohol and disinfectants for sanitation. That part of the business was also working hard to meet the demand in the local market. It was important for us to produce locally and meet local demand, especially with the logistics crisis. During the pandemic, we increased the number of shifts and retained all our workers, even though many companies had to suspend their workers and send them home. We had the challenge of working hard while protecting the health of our workers. We had to take strict sanitary measures and apply restrictions so we could keep em-

ployed. In the end, it all worked well.

What makes Dicarina the best logistics choice in Panama?

ALFREDO ARGUETA Dicarina excels in different aspects of the business. First and foremost, we have made a concerted effort to have the very best in terms of talent, capabilities, know-how, and experience. Depending on the different role and department they are in, we have carried out a talent review across the company, including all the positions that we have at Dicarina as well as exploring what talent is out there beyond the company. Number two is what we call our “route to market,” which means how we service the whole country in terms of the points of sale that we reach. Dicarina covers the entire country, end-to-end and that is something important when you are a distributor, particularly of food products—we have a variety of products, but it is important when you have the scale, and are able to reach all points of sale in Panama. In terms of scale, we also have a warehouse located in the central part of the country, Divisa, and a third located in Chiriquí that gives us a nationwide, interconnected network.

That’s fundamental, because when you represent a brand and distribute them in Panama total coverage is essential.

What does the future of the agri-food sector in the country look like?

RJ There are many good opportunities, having new legislations such as agroparks, a new law for multinational companies, and new agricultural frameworks that will promote production in the rest of the country. Around 85% of the GDP here is concentrated around the Panama Canal, Panama City, Colón, and Panama West, and we need to develop the rest of the country accordingly. We should not only focus on local production but also bring in agricultural products from the region, do value-added processing here, and ship them to other countries. Instead of exporting fresh products, we can develop value-added products that have no limitations in shipping and longer shelf lives. We have excellent coffee and now have a high position in the coffee industry because of our specialty coffees and quality standards. As we develop different segments of the agri-business, we can find a niche in the market, and develop more value-added products and differentiate ourselves from other countries with higher volumes of production.

What benefits do social programs performed by Dicarina bring to Panamanian society?

AA We are extremely proud to have been one of the founders of the Banco de Alimentos de Panama, because it has engaged in the industry that we are in as a distributor of first-necessity products, of food. You also have a responsibility to Panama and its consumers, to make sure the products have nationwide reach. That became all the more evident during the pandemic. That ties in to our bigger role in terms of a social and corporate actor in Panama, which is why a development like Banco de Alimentos is so close to our hearts. It is a way that we can give back, and something that we are directly involved with. We also participated in a Panama Solidario government program, which distributed food baskets to those families in Panama with the greatest need. There’s also a program called Vaso de Leche that aims to provide students a glass of milk a day in public schools. It is a responsibility as a public and corporate actor in Panama to give back any way we can. ✖



Carlos Dávila
GENERAL MANAGER,
VOLVO CARS



Raúl Civiello
GENERAL MANAGER,
ALEMAUTOS

ELECTRIC VEHICLES

With firmer electrification goals being set by various countries and car manufacturers, Panama is seeing slow but steady growth in the sale and popularity of electric cars.

What are your goals and plans in terms of electric mobility?

CARLOS DÁVILA According to Volvo's forecast, all of its products will be electrified by 2030. In other words, all goods that are produced or undergoing renewal will be entirely electric as by 2025. We do have several product lines that are combustion-based at the moment, though as of 2022, all vehicles will be hybrid, electric, or semi-hybrid. Regarding Panama, in terms of hybrids, we are offering a vehicle with electrification technology but is not yet fully electric. Currently, the market is responding well to our hybrid vehicles. They have both technologies—combustion technology and electrical technology—in this type of product. The market is beginning to react, not least because of increased fuel prices. The plug-in hybrids have a slightly higher cost than hybrid vehicles, which only some can afford. Even in the luxury market, as long as there are competitors that have combustion vehicles, logically there will be some consumers who, due to the price issue, will choose not to have a vehicle with electric technology. It is a long-term investment, and we are currently in transition. We are currently receiving the first 100% electric units. And our projection is that by 2025, we will already have two of our fully electric products that will no longer be hybrids. Starting in 2025, all new products—practically everything that we will sell in Panama—will be electric. The country will require a large number of charging stations, and this must not be delayed whereby it becomes an obstacle to electric vehicle adoption.

RAÚL CIVIELLO We expect to launch the new Macan our small SUV 100% electric. The Taycan is our first 100% electrical car, launched in the middle of the pandemic in 2020. It was a great success in Panama. In August, we launched the Taycan Cross Turismo, a longer off-road version of the Taycan. We are extremely well positioned in this segment and now have eight models of Taycan electric cars. By the end of 2023, we will also add the Macan. There is much more exciting news coming, though the Macan is one of the most important

because people in Panama are willing to adopt electric cars. We must wait another year, but we are extremely excited with about what is to come. We expect the bulk arrival of this car in 2024, though we will see the first ones in 2023. Furthermore, we recently celebrated 20 years of the Cayenne, our awarded SUV. It has been a great success. And it will continue that way, with a new facelift in 2023.

What developments have underpinned Volvo's success story?

CD As a brand, Volvo has renewed practically all of its models and relied heavily on new technologies and electrification. I would say that what has helped us the most has been the after-sales service. We are highly customer-focused, and the customer continues to receive the same personalized attention long after the sale. This, as well as word of mouth endorsement, has contributed significantly to our rapid growth. Fortunately, during the pandemic we did not encounter supply difficulties. The group's careful planning meant that we made strong orders even though we didn't know what would happen. Panama is a solid market. And because of that, we have managed to attain second place among luxury brands.

What are the main challenges now due to the microchip crisis?

RC We were facing important issues with the supplying of microchips, which is a global situation, and also challenging scenarios with logistics and transportation; however, we are one of the first in our segment to recover. Currently, we face growing demand. We are basically struggling with every single shipment from Europe. Porsche as well as other car manufacturers in Germany doing their best to deal with this particular situation. We expect this scenario to continue up to the middle or end of 2023, but we remain optimistic. Beyond COVID-19, the microchips, logistics, and transportation issues, the Ukrainian war is also significantly affecting the whole of Europe. We are working hard to get back on the right step and expect to see outstanding results by the end of 2023. ✖



Jack Eskenazi
CEO & OWNER,
GRUPO TOVA

BIO

Jack Eskenazi is a founding member of Global Bank of Panama and a current member of its board of directors. As the CEO of Grupo Tova, he participates as an investor and promoter of several shopping centers in Panama, including Altoplaza and MegaMall. Grupo Tova has around 75 years of experience and has become the largest department store group in Panama with 23 branches.

What is Grupo Tova's current focus, and how do you plan to expand your business?

Since 2017, we have been introducing important internal changes, such as upgrading the entire technological platform, which took a few years. We had to focus not on growing, but on implementing and at the same time seeking efficient processes. We were a family business that was growing, and it reached a point where it had to be conducted on a more professional basis. We hired more specialized personnel for the administrative and commercial areas and have already seen greater efficiency and good results. Now that we have prepared the path to grow, we will continue our expansion plan, and this year we are about to open two stores. With that, we will reach 23 stores, and starting from 2023 we plan to open at least one store per year. In the last years, the stores we have opened measured 6,000-10,000sqm depending on the

brand. With the opening of several new commercial centers, we have found that it is convenient to reduce 30% the size of the new stores to improve profitability.

How has the retail industry evolved in Panama in recent years?

Retail is one of the pillars of the Panamanian economy. Wholesale and retail sales represent 18% of Panama's GDP. In recent years, many new shopping centers have been built nationwide, which has also helped to further develop the sector, which is why we expect it to continue to grow. The future of the Panamanian region is bright. The new Amador Convention Center, as well as the new airport terminal, create an interesting combination to attract many visitors, in addition to being a source of direct and indirect source of employment. It also brings many tourists, and we expect to double or even triple shopping tourism sales going forward. On average, we expect the retail industry to recover its losses in 2023. And in the coming years, we have confidence that the retail business should grow by 4% per year. ✖



Omar Ríos
VICE PRESIDENT,
PANAMA SITE LEAD,
ESTÉE LAUDER COMPANIES (ELC)

What factors made ELC select Panama as its global business services operations center?

ELC strategically chose Panama because of the deep pool of specialized talent in the country, including expertise in cutting-edge disciplines. We started our operations in Panama in 2017 with the Latin America Distributor markets. Due to their success and the deep expertise of Panamanian talent, the company decided to expand its operations by establishing our global business service center, OneSource, in 2017. At that time, we onboarded 100 additional employees, and now, Panama has more than 400 ELC family members. The main goal of our Panama operations is to enable ELC to scale effectively. We do this by creating centralized, end-to-end processes which digitally transform our functional areas to achieve greater speed, efficiencies, and cost reduction. We have transformed areas, such as human resources, finance, and legal functions to name a few. Centralizing these processes enables us to improve and automate them, as well as work toward better cost management and increased profitability. Panama is yielding

exceptional results. We are optimistic that more growth opportunities will arise, not only in supply chain but other areas too. The future is bright for Panama, thanks to its global environment, its local talent, and the talent it attracts from around the world.

What main CSR projects are helping in the development of the community?

Our success is deeply rooted in our core values and making a positive impact through different corporate social programs and our commitment to inclusion, diversity, and equity. One of these initiatives is ELC's Breast Cancer Campaign, which recently celebrated its 30th anniversary since Evelyn H. Lauder launched and co-created the Pink Ribbon in 1992. In Panama, we have worked with the Panamanian Instituto Oncológico Nacional and with FundAyuda to support our own efforts on our employees and their families. In terms of community building, we have engaged in a number of initiatives that support underprivileged children, Ecobrick challenges which help to build local libraries, as well as organized regular beach-cleanings. These community-building initiatives have been essential since we arrived in Panama. The best part is all the ideas are brought to life by our own meaning they have become an integral part of our OneSource culture. ✖

BIO

Omar Ríos holds a bachelor's degree in industrial and labor relations from Universidad Iberoamericana in Mexico City and an English for business communication diploma from Carleton University in Canada. He had led Estée Lauder's expansion to Panama since 2017, when he was named Site Lead of the newly created offices, with currently 430 collaborators.

DISEASES SNAPSHOT

SOURCE: WORLDDATA.INFO

	Panama	Worldwide
Diabetes	7.7%	8.81%
Tuberculosis	0.32%	1.27%
Malaria	0%	5.7%
HIV/Aids	0.08%	0.03%

CHILD VACCINATIONS

SOURCE: WORLDDATA.INFO

	Panama	Worldwide
Measels	80%	82.5%
Hepatitis B	0.07%	0.08%
DTP	7.4%	8.21%

SCHOOL ENROLLMENT, TERTIARY (% GROSS, 2020)

SOURCE: UNESCO

Total	44.4%
Female	54.1%
Male	35%





Education & Health

BOUNCING BACK

According to the Minister of Education, “the academic recovery process has not been easy.” Yet, Panama set an example in the wake of the pandemic, speeding up the digitalization process the education sector had only just begun to embrace. As ever, necessity remains the mother of invention, and Panama, being particularly hard hit by COVID-19, was left with little other choice than to develop hybrid models of education to keep its young population learning.

In higher education, efforts are also now being made by the National Council for the Evaluation and Accreditation of University Education in Panama to improve the quality of universities, which now have to go through an accreditation process to meet national standards of education. This process initially began in 2012 and is now being refreshed to ensure new universities certify and older institutions gain reaccreditation to ensure they still meet the required standards. As of 2022, there are 40 universities in the country legally established through presidential executive decree, and 32 of them are currently accredited.

On the healthcare front, the Ministry of Health (MINSa) recently presented an analysis of the health financing situation in Panama, with the

technical support of the Pan American Health Organization/World Health Organization (PAHO/WHO) and the Memorial Institute Gorgas de Estudios de la Salud (ICGES), with the objective of describing the current situation of the country, from the point of view of the implementation of the health financing policy, the approximations to the estimates of income and expenses, and the coverage measures services and financial protection measures. In the analysis, it is concluded that the evaluation of the efficiency in the use of resources is key to improving the management and financing of health services. In this sense, the comprehensive management of medicines, sanitary supplies, sanitary products, and services constitute a challenge for the health system of Panama. This analysis helped the country in focusing on the factors that need to be worked on after the pandemic, in which the role of not only the health sector in general, but the private sector in particular, was also key. Different private hospitals worked extremely hard to be part of the solution. Hospitals like Pacífica Salud and Punta Paitilla successfully treated numerous cases of COVID-19 and were able to vaccinate over 100,000 individuals each. ✖

INTERVIEW

ADAPTING *with the times*



The Ministry of Education is adapting its education system to the new trends, with a focus on digital competencies, by updating its curricular guidelines and promoting virtual education and accelerated learning programs for students.

Maruja Gorday de Villalobos
MINISTER OF EDUCATION

Boosting enquiry and critical thinking through new educational models

Pandemic generated an acceleration in digital technology and virtual materials

BIO

Maruja Gorday de Villalobos holds a bachelor of applied arts from the faculty of architecture of the University of Panama. She was previously general director of the Panamanian Institute of Special Habilitation (IPHE), founder & director of the Ann Sullivan Center, secretary general of the National Secretariat for Disability (SENADIS), national director of special education of IPHE, and director of the Special Vocational School. de Villalobos was also representative of the Ministry of Education in the Permanent Multisectoral Council for the Implementation of the Dialogue for Education and the Dialogue Table Commitment to Education, and a candidate before the Committee of Experts on the Rights of Persons with Disabilities of the UN.

What is the Ministry of Education focusing on, and through which initiatives is academic recovery taking place?

The academic recovery process has not been easy. We are developing Plan Nacional de Lectura (National Reading Plan) that increased the number of tests in 2018, with funding from the Inter-American Bank. We have updated 68 didactic complexes, which means we have updated the 20 mathematics complexes for each grade, such as natural and social sciences and Spanish. From March to May 2022, we ran a ministerial diagnostic test of practically 90% of all children in primary school, and it showed that we still have to improve in many areas. We need to achieve success and will measure at the end of the year as an indicator of the system. We are working hard to improve the statistics. We have a technological educational platform, ESTER, that supports our efforts, though it is only used by those with access to it. Currently, only 40% of students and 60% of teachers are using it; however, this is a resource that we did not have before the pandemic. The pandemic spurred this acceleration in digital technology and everything to do with virtual materials, though we still face challenges in schools.

How is Panama adapting its educational models toward the new trends in education that are emerging after the pandemic?

There are particular issues in the curricular part, and we are updating it because it had to be done; however, we have not entered into a curricular reform of primary education per se though all the curricular guidelines are being updated. In other words, the printed material today is not what we had in 2019 or 2018. We published one for students, one for teachers, and one for parents. This material lists the updated digital competencies such as teamwork, collaborative work, and so on. Those are the areas that are truly needed. These are all linked to the skills we want to have: inquiry and critical thinking. These cognitive processes

will lead students to solve problems and be able to understand the complexity of things. However, these are the competencies that our tests say our students do not understand yet. Thus, 68 didactic complexes were updated. We carried to the Assembly of Deputies a public policy of digital equity for the reformation of education and are in the process of regulation. This marks the route of the change that we will take. We are transforming and updating the agricultural and the maritime baccalaureate because they are, at the moment, the route of the best job opportunities for young people, regardless of whether they want to continue their studies at the technical level in short courses or if they want to go to work directly.

What strategies is the country putting into practice to recover the years in which attendance was not possible due to COVID-19?

The pandemic brought the wonderful platform called ESTER. In addition, we want everything we did during the pandemic—virtual education, hybrid, alternative models, semi-face-to-face, and more—to be officialized by law. Currently, education is, according to the law, only done face to face. Then, through the Consejo Nacional de Evaluación y Acreditación Universitaria de Panamá (CONEAUPA) that monitors universities, a decree is being discussed to approve universities with virtual education, which is truly an important step. Through the flexible modalities project, we recognize the different delivery forms. Within that, the accelerated learning program has been extremely timely in providing equity. It is a program that we have been running since 2021, and we focus on those students who could not join in 2020. We give them an equivalency of two grades in one school year. The students are recovering and becoming more confident. We want to ensure the education rate is equivalent to children's chronological ages, which is crucial and is ultimately our net schooling rate. ✖

setting the STANDARDS

CONEAUPA is working on the accreditation of universities and careers in higher education, with the aim of demonstrating the quality of processes in teaching, research, and innovation and training professionals to high standards.

María del Carmen Terrientes de Benavides
EXECUTIVE SECRETARY,
NATIONAL COUNCIL FOR THE EVALUATION AND
ACCREDITATION OF UNIVERSITY EDUCATION
IN PANAMA (CONEAUPA)



What initiatives is CONEAUPA working on in terms of the accreditation process, and what implications does this have on education in the country?

After assuming the position of Executive Secretary in 2019, I realized that there was a delay in the process of accrediting universities, and, therefore, put in my best efforts with the support of the Minister of Education, Maruja Villalobos. We have reached this moment not achieved since 2012. We focused our efforts on elaborating and validating the institutional accreditation and re-accreditation matrices and on approving the call for the universities to present themselves to the process. Likewise, training and support were provided to all the universities so that they could initiate the self-evaluation process, the construction of their evidence, and the institutional improvement plan, with which the objective of achieving evidence of a quality culture of Panamanian higher education was strengthened. Currently, there are 40 legally established universities in the country, 32 of them are in the process of institutional accreditation, of which 23 have been submitted for re-accreditation and nine will be accredited for the first time. Accreditation and re-accreditation are evaluated by international academic peers, who are part of the CONEAUPA peer bank and come from 10 countries. All are experts with a doctorate in their area of specialty, work in public or private universities, and have experience in accreditation processes, in addition to having participated in a diploma on these processes coordinated by CONEAUPA and dictated by RIACES. From November 2022 to March 2023,

CONEAUPA will review the final reports and the scores given by peers to the universities as a requirement for accreditation for four, five, or six years, at the end of which the university must submit to the process again. CONEAUPA aims to systematically strengthen the culture of quality and its assurance by helping to guarantee the training of human resources with high standards, which contribute to responding to the demands that arise in an environment of economic, social, and cultural globalization in the framework of the UN's SDGs.

How have the specifics of the process evolved since the last process in 2012?

Panama embarked on the first Institutional Accreditation process in 2012 with a matrix of four factors and 185 indicators. The continuous improvement process developed by CONEAUPA as a national agency led to the revision of the evaluation and accreditation model, as well as the applied matrix and, consequently, to a new version of the matrix with four factors and 103 indicators for reaccreditation and 109 for accreditation. These matrices were analyzed with experts from other countries, contrasted with the matrices of other agencies, and validated with official and private universities in Panama, evidencing greater internal coherence and the close link between the factors of institutional project, academic project, university community, and infrastructure. CONEAUPA is currently evaluating the essence and direction of the next institutional reaccreditation processes, emphasizing the impact that the training of human resources in

the universities has in the country and abroad.

What is the goal in the short run?

CONEAUPA's short-term goal is the institutional accreditation of the 32 universities authorized to operate in the country. We are also working on the accreditation of 25 careers in the area of Health Sciences, which is about 68% of the total offered by official and private universities. Additionally, we are providing support to the six official and private universities that offer medicine in the country in their accreditation process. The accreditation and re-accreditation of careers and programs constitutes the end point of a sequence of evaluative events and periodic monitoring of the fulfillment of the objectives of each academic offer that correspond to the functions of higher education institutions, from which the objective reality about the quality of the processes that are carried out in teaching, research, and innovation and extension is compiled. Through this process, society is shown the quality with which professionals graduated from universities are trained, as well as the processes that are carried out in these. ✕

BIO

María del Carmen Terrientes holds a PhD in higher education with a major in the administration of educational centers. She has more than 40 years of experience in higher education, holding positions such as dean and vice chancellor of the University of Panama. Currently, Terrientes is the Executive Secretary of CONEAUPA, the entity that administers the higher education system in Panama.



Image: Universidad del Istmo

UNIVERSITY CHALLENGE

Through the Coneaupa agency, the government has initiated a university accreditation process in an attempt to ensure the quality of higher education in the Central American country.

THE HIGHER EDUCATION ACCREDITATION PROCESS is a key element that Panama is working on to improve and guarantee the quality of its universities. This process, which is in the hands of the country's Ministry of Education, is fundamental for local companies to have a well-trained workforce so that the Panamanian economy can offer high levels of productivity within the Central America-Caribbean region.

This process is governed through Law 52 of June 2015, which creates the National System of Evaluation and Accreditation for the Improvement of the Quality of Higher University Education. This system, which since its creation has served to significantly improve the quality of university education in Panama, is composed of two agencies. One is the Technical Commission for Academic Development (CTDA), and the other is the National Council for University Evaluation and Accreditation of Panama (Coneaupa). The CTDA is in charge of developing the curricula and supervising the universities, while Coneaupa is the evaluation and accreditation entity that establishes the regulations governing the system.

"After I won the election, for the post of executive secretary, and assuming the position in 2019, I realized that there was a delay in the process of accrediting universities," said María del Carmen Terriente de Benavides, the head of Coneaupa during an interview with TBY. Part of her efforts have focused on the development of accreditation guidelines that have helped the universities themselves to participate in the system, first through a self-evaluation process. This is an important action that involves a great deal of administrative work since there are 40 legally constituted universities in the country.

Of these 40, 32 are already in the process of institutional accreditation, while 23 of the total are in the process of reaccreditation, explains Terriente de Benavides. "Accreditation and reaccreditation are evaluated by international academic peers, who are part of the Coneaupa peer bank and come from 10 countries," she says. These academic peers, who work in public and private universities in other Latin American countries and the US, analyze aspects of the projects submitted for accreditation, such as the development of their academic processes of teaching, research and innovation, as well as the university infrastructure.

"From November 2022 to March 2023, Coneaupa will review the final reports and the scores given by peers to the universities as a requirement for accreditation for four, five, or six years, at the end of

which, the university must submit again to the process," says Terriente de Benavides, who explains that the entity's short-term goal is for the 32 universities that have applied for institutional accreditation to complete the process satisfactorily.

The first process of accreditation of educational quality in Panama began in 2012, when a matrix of four parent factors and 185 indicators was evaluated. That model has been revised by Coneaupa to leave four parent factors and 103 indicators for reaccreditation and 109 for accreditation. These indicators have been analyzed by international experts and validated with Panamanian universities, which has served to increase the level of agreement and consistency of these indicators within the university world, according to Terriente de Benavides.

On that process initiated in 2012, Mirna Vallejo de Crespo, rector of the Universidad Latina de Panama, said during an interview with TBY that at that time some of the universities did not meet the required educational standards. "The standards are now much higher because in Panama, unlike in most of Latin America, it is mandatory for universities to be certified before they can open; in fact, many closed down during this first process," de Crespo said. For example, research and innovation are now more important in the accreditation process, according to the rector of Universidad Latina de Panamá. "The difference now compared to the previous process is one of the aspects of investigational study factors," she added.

In her opinion, the country has to continue to make an important effort for the development of Panama. "We have little natural resources, no gold or oil, so we need to develop human resources," says de Crespo, who explains that this is why the government has decided to focus on doing what is necessary to improve the level of education standards at all levels. For example, the illiteracy rate has been reduced from 7.6% to 5.5% between 2019 and 2022, according to PwC's report on doing business in Panama. That document explains that the preschool coverage level was 95.7% in 2019.

"Education in Panama is a constant transformation from two perspectives, the first and most important, the philosophical, promoted from the quality standards of Coneaupa, to guarantee an education with meaning and purpose", said Mauricio Andres Hernandez, rector of the Istmo University. The second point of transformation that the country is undergoing is the digitization of educational procedures, a task that is also being carried out by universities to ensure that companies can count on the necessary talent and skills. ✖

FORUM

UNIVERSITIES

With quality education being one of the main instruments to ensure the development of Panamanian society, higher education institutions are looking beyond mere academia and toward soft skills, the needs of the future, research and innovation, and inspiring constant learning.



María José Bustamante
DEAN,
ADEN UNIVERSITY

ADEN UNIVERSITY is the central headquarters where all certifications for other countries come from. We have campuses with face-to-face classes, as well as online courses. We have two target audiences, the first of which are undergraduates. For postgraduate degrees, we are unlike other universities in that we were not born in the academic world but the business world. Our greatest allies are companies that tell us what the needs of the moment are. Businesses are our biggest contractors; they trust us because we are always there for them. The biggest difference with this university is the constant contact between companies, the state, and the academy. The major decision-makers and companies are based here, as Panama is a business hub. This is fundamental for ADEN University because we are a Latin American university that provides education to all the region. The essence of a university is to provide job opportunities where students can show that they have something to offer. As part of the training process, we have internships for professional practices; in fact, we have more offers from companies than we do students. Some 90% of our students find a job before graduating in the companies where they had internships. That demonstrates the effectiveness of our programs.



Mirna Vallejo de Crespo
RECTOR,
UNIVERSIDAD LATINA
DE PANAMÁ

IN RELATION TO UNIVERSITY EDUCATION, the pandemic has shown us a new horizon—technology—and we have accordingly invested heavily there. For example, for medicine, we have invested in large equipment that allow us to open particles and see every single cell. It can be used by students from different specialties such as psychology or parasitology, and it is an investment in knowledge. We have simulated hospitals as well as students working on robotics for human movement. There has been a huge investment in education on a technological level. Also, the use of digital platforms has become so developed anyone can gain access to different degrees that would not be available otherwise. There are certain scientific fields that only believe in the need for face-to-face education; however, many lectures are given virtually. Our goal is to update some of our degrees and see which ones are being positioned highly in the national and international market so we can offer those courses. A university cannot just educate by rote; they have to encourage students to research and investigate. This is the newest and most important part now: research and innovation. We have amazing research and investigation scientists that have published on an international level.



Mauricio Andrés Hernández
RECTOR,
UNIVERSIDAD DEL ISTMO

EDUCATION IN PANAMA is a constant transformation from two perspectives. The first and most important, the philosophical, as promoted by the quality standards of CONEAUPA, is guaranteeing an education with meaning and purpose. This transformation goes beyond simply learning a trade to earn a living, generating a love for learning and knowledge. Second, the digital transformation, not only of its process, procedures, methodologies, and didactics but also of the study plans and different scenarios for its development to assure that professionals in Panama will be prepared for that world of permanent change. Private universities such as Universidad del Istmo bring significant benefits to the country. Developing technological and digital skills is vital for students in this 4th Industrial Revolution. Among the contributions to education in Panama, one of the cornerstones of Universidad del Istmo is the digitization of higher education, which allows more and more Panamanians to be educated at a university that goes their own pace and lifestyle. Studying in a private university opens many possibilities and opportunities to transform students through experiences, from internationalization plans to employability, research, welfare, and degree options. Companies also benefit from our mission as a university to train individuals capable of developing in changing environments through innovative experiences.

Students in Boquete take a picture with a trophy they won during Independence Day celebrations on November 3, 2022



HEALTHY *conversations*

Novo Nordisk is committed to raising awareness around issues such as diabetes and obesity, all while targeting a zero-carbon footprint.



Luis Enrique Cisneros
COUNTRY MANAGER,
NOVO NORDISK, PANAMA

Turns 100 in 2023

COVID raised awareness of the dangers of obesity and diabetes

BIO

Luis Enrique Cisneros started his career at Janssen Pharmaceuticals in 1994, heading positions in sales, marketing, and training in both Mexico and Argentina. He joined Novo Nordisk in October 2010, responsible for marketing, sales, access, and medical affairs for Central America, the Caribbean, Colombia, and Venezuela. In 2015 he was appointed as General Manager of Novo Nordisk for Central America and Caribbean-CLAT operations. In 2016 he was responsible for opening the Novo Nordisk CLAT head office in Panama and in 2020-21 five additional south American countries were included into CLAT operations. He holds a bachelor's degree in biology from the Universidad Nacional Autonoma de Mexico (UNAM) and an MBA from the McCombs School of Business at the University of Texas and an executive MBA from Tec De Monterrey in Mexico.

What factors have made society more aware on the risk of diabetes and obesity?

Diabetes is a chronic condition recognized as a disease for centuries and a little over 100 years ago it could be treated for the first time thanks to the discovery of insulin. As far as obesity is concerned, it was not until a few decades ago that the WHO recognized it as a disease and this has undoubtedly helped to increase the recognition of this condition as a disease in different countries of the world, from health authorities, health care professionals and society in general. If you asked 100 people in the street if they know what diabetes is, the vast majority will probably answer that it's a health condition related to blood sugar levels. Few would ultimately dispute it being labeled as a disease that requires chronic treatment. On the flip side, if you ask people about obesity, there would be a much lower number of people categorizing it as a disease and would perhaps even over simply the complexity around it in their description of the condition. As a result of the pandemic we've been navigating since 2020, it has been proven that conditions such as obesity and diabetes have been directly linked to severe COVID cases, hospitalization, and ultimately an increased rate in mortality. This has generated greater awareness and need for action hoping that the general public and health agendas focus on these diseases as they are risk factors for many other diseases. We as a company are predominately focused on the area of diabetes and obesity and other chronic serious diseases, and as a result we have led the way in awareness around these diseases in the general public, so the complexities and the need to seek for care becomes more widely known. We use a variety of channels to do this,

from social media to commemorating certain key dates. We have seen a positive change in this regard, primarily in the area of diabetes, but when it comes to obesity there is still a lot to be done to work on the bias and stigma that surrounds this topic and, in many ways, hinders the progress we hope to make in our vision to change the way the world sees, talks about, and treats obesity.

How are you working to achieve your commitment to being carbon neutral by 2030 in Panama?

Today, our offices are in one of Panama's green buildings, powered by green energy—100% of the energy used is wind power, hydropower, or solar. The building is designed to absorb light to maintain its temperature. In Panama, we are also working to reduce our gas emissions and limit the number of flights we take. Instead, we rely on digital tools to communicate with our people in all the countries of Central America, the Caribbean, and South America. We're also starting to move our company fleet vehicle to hybrid or electric options gradually to reach our goals in 2030 to have a 100% eco-friendly vehicle fleet.

What are your goals for the coming year as the firm turns 100?

2023 is a particularly exciting year for us as we are set to celebrate our 100-year anniversary. We will run a series of events to commemorate this date and all we have been able to achieve in this time. We're aware that world is facing troublesome times with economic and sociopolitical challenges, but it is our mission and vision to heal more patients with greater access to our medicines and to have a sustainable business not only for our employees but for our customers. ✖

Anne Sofie Weekes Hald and her daughter
Anne Sofie is living with type 1 diabetes

19
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VOICES FROM THE SECTOR



Jaime Olive
PRESIDENT,
NATIONAL COLLEGE OF
PHARMACISTS – PANAMA
(CONALFARM)

How have Conalfarm's initiatives benefited the country?

Medicines are a vital commodity, and even more so for the elderly and the elderly, many of whom already take numerous medications. Our organization sponsors scholarships for primary, secondary and university education. We try to encourage future pharmacists to believe in the value of their profession. An organization does not advance if the entity, in this case the human being, does not give it the energy to take off and act for the betterment of society. We also want universities to join this project and we have already been approached by the national association of pharmacy students, which we recently sponsored their registration for a congress in Chile.

What are Conalfarm's priorities for 2023?

First of all, we want to focus on the human aspect, that is, on our employees. I believe that the staff in all areas, especially in health-care, is well trained, but we lack empathy with regard to our general conditions. At the moment we have recommended at the Central American and Caribbean level that the Central American and Caribbean Pharmaceutical Federation address this aspect. In addition, we are about to hold an international symposium precisely on this topic: empathy and sympathy.



Roberto Lee
CEO,
FARMACIAS LEE

What is your outlook for the pharmaceutical sector in Panama?

The outlook looks stable. I would even daresay it is a growing sector, having expanded in 2022. This is because attention to health has grown on a global level since the pandemic. Alongside the expansion of the consumer base, commercialization itself has changed because sales are being done via WhatsApp or other social media channels. Farmacias Lee has accordingly reshaped its model in this direction. Delivery services have become a more popular option, and this will not change moving forward.

Do you have any diversification plans for the near future?

We have expanded to the province of Chiriquí and intend to expand on a national level and have new ideas to attract clients. For example, we are creating a laboratory to produce natural products. This is an idea worth exploring since Panama has a rich potential to exploit natural medicine. We are creating a laboratory to utilize products such as arnica, senna leave, rosemary leaves, eucalyptus leaves and oil that are not used that much anymore, but that our grandparents relied on heavily. So, we want to diversify the product range by not only selling commercialized products but also natural alternatives. We also have many projects that we are already realizing that are focused on such diseases as diabetes or hypertension.



Roberto Epifanio
CEO,
THE FERTILE GROUP

How has the clinic evolved since 2018?

We have experience in health, and Panama is a country that is continuously evolving. We have set up two new hospitals and there are many new clinics, and for me, it has been a great experience being in a new center with more than 250 cycles each year. This is great for Panama because we have improved the centers to be more affordable, the treatments are closer to patients, and patients from outside Panama can also receive treatment with excellent results.

What main issue is the Fertile Group facing regarding infertility in the country?

We are working on publicizing the issue on social media and talking about egg freezing, fertility preservation, and infertility as well. We also have a nutritionist who not only helps patients lose weight safely, but also teaches them nutrition and what they need to know about health. In most countries, people are not educated about how to eat healthily. We also offer physiological evaluation and nutritional evaluation. Our center also has four clinics, like an endometriosis clinic with advanced ultrasound mapping. We also have gynecological evaluations for those patients with cancer. We have everything a patient might need for women's health.

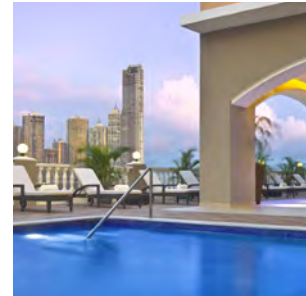
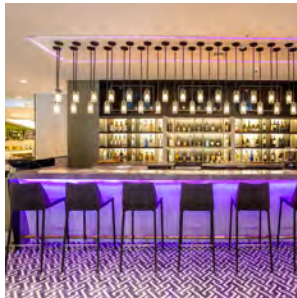
A children's hospital pictured in Panama City





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Tourism

MIXING BUSINESS WITH PLEASURE

Panama has everything a major tourism destination could need; a unique local culture, good food, pristine beaches, and a tropical climate. However, it has often lacked one key ingredient; promotion. That is why, in 2019, the government launched PROMTUR, a destination marketing organization (DMO) with the main goal of positioning Panama as a tourism hotspot on a global level. Once it was launched, PROMTUR soon released its operational plan, a blueprint that aims to position Panama as a world-class sustainable destination based on the Sustainable Tourism Master Plan 2020-2025, approved and disclosed in September 2020 by the Panama Tourism Authority. The DMO also had the goal of creating continuity in tourism plans, crucial as it is for countries to have a long-term vision through which agencies, airlines, hotels and other players can work in the same direction. The impact of these initiatives, however, may take a while to be perceived, with travel and tourism still not having returned to pre-COVID-19 levels. In 2019, Panama attracted over 2.5 million visitors. This plunged to just 670,000 in 2020, before recovering slightly to 1.1 million in 2021. In July 2022, however, arrivals approached

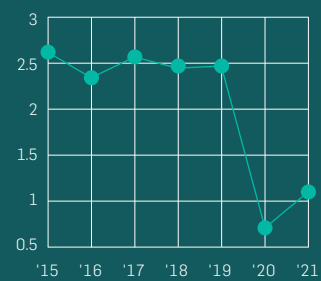
pre-pandemic figures across the Caribbean and Central America, according to UNWTO, which has also pointed to Panama as a growth destination.

In that respect, Panama has learned many lessons from COVID-19, as outlined by Héctor Rodríguez, General Manager at the Santa María Hotel, in an interview with *The Business Year*. “The sector learnt several lessons, the first being how to reinvent our business model during periods when people cannot travel, whether through the launch of ghost kitchens, creating several concepts in a single space, which allowed you to diversify your income streams toward hotels, reinventing yourself as working spaces, or else as hospitals in some cases. This hotel in fact became a primary service provider for the residents and community,” said Rodríguez, who also mentioned the importance of business-leisure tourism, a bandwagon Panama is primed to get aboard thanks to its already thriving MICE tourism sector and ambitions to attract more visitors to its beaches and cultural hotspots. Copa Airlines is also hoping to capitalize on incoming business tourists by offering “long stops,” which can provide a boost to the local tourist ecosystem. ✖



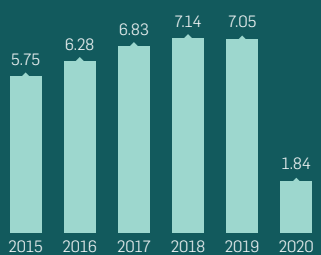
NUMBER OF TOURISTS (IN MN)

SOURCE: WORLDATA.INFO



TOURISM RECEIPTS (USD BN)

SOURCE: WORLDATA.INFO



more TO EXPERIENCE

PROMTUR has been successfully promoting Panama as a key tourism destination through its new brand, “Panama, Vive por Más,” with a consistent marketing strategy, strategic partnerships, and international events attraction program.

Fernando Fondevila
CEO,
PROMTUR



How would you assess the performance of PROMTUR since you started operations in 2019?

We have come a long way in a short time and in a highly challenging context such as the pandemic. A key achievement was undoubtedly the development of the country’s new tourism brand, a fundamental milestone for the consistent positioning of the country in our key markets. Anchored on the “Live for more” concept, the new brand connects Panama and its tourism offerings with a market of more than 500 million people. We are becoming more visible every day thanks to the development of our tourism brand—Panama, Vive por Más—which allows us to connect with travelers, showcasing the country as a stimulating and authentic destination. We continue to attract the attention of global media outlets such as Conde Nast Traveller, Forbes, Travel & Leisure, Smithsonian Magazine, Skift, CNN Brazil and Travel Leader Network. Panama has received nominations for global industry awards, one of which is the recent nomination as “Most Desired Emerging Destination” at the Wanderlust Travel Awards, given to the top stars of the global travel industry.

What initiatives is PROMTUR launching to promote Panama as a key tourism destination?

As a DMO, we promote Panama as a tourist destination in an agile, continuous, and consistent manner, based on our brand platform Panama Vive por Más, as well as the data analysis we collect through our Business Intelligence Management. From our marketing area we work with an “Always on” format that allows us to have a constant international promotion of the destination. These efforts are enhanced through strategic alli-

ances with airlines, online travel agencies and global tour operators. These negotiations allow us to collaborate with international industry leaders to promote and market our destination, communicating a shared value proposition that strengthens us mutually. For us, it is fundamental that the country’s promotion management is carried out in an integral manner, covering all segments of tourism. That is why another pillar of our strategy has been our incentive plan and international events attraction program. Through these initiatives we have managed to confirm 83 confirmed international events for Panama from 2021 to 2024. The meetings industry generates a dynamic of great value for our industry and the country, as it has a high economic spillover that permeates the entire value chain of services, with an impact three times greater than that generated by the average daily expenditure of vacation tourists.

In which areas of Panama do you see more potential regarding tourism, and in what international countries are you promoting Panama as a destination?

The beauty of Panama is that it always has more to offer the traveler because of the abundance that results from the convergence of both its natural and cultural riches. It implies the notion that, even though you thought you knew everything about Panama, there is always more to see, more to do and more to experience. There is a world of possibilities awaiting travelers at every turn, multiple facets of Panama that are authentic and equally representative of the country, yet completely different and unexpected. In Panama you can find in one destination modernity and an active cosmopolitan life, but also ancient cultures with a rich tradition. We are

home to countless species, lush jungles, more than three thousand kilometers of paradisiacal beaches and more than 1,500 islands. It is a hub of biodiversity and exceptional culture, which is beautifully reflected in the three heritages that make up our tourism offer: the Green Heritage, made up of our biodiversity and unique nature, the Blue Heritage, two oceans, marine life and paradisiacal beaches, and the Cultural Heritage, nourished by our melting pot of races, culture and history.

International promotion and marketing actions are focused on the markets defined in the ATP’s Sustainable Tourism Master Plan, namely the US, Brazil, Spain, France, Germany, Colombia, Argentina, Canada, and Costa Rica, markets with the greatest potential for tourism growth in our country. ✖

BIO

Fernando Fondevila has more than 25 years of experience in the tourism sector. Before joining PROMTUR Panama, he worked for Copa Airlines in different positions in the commercial area, his last position being regional commercial manager for North America. He has led the successful launch of more than 15 new destinations working directly with strategic partners such as various tourism authorities such as ATP, Visit USA, CPTM-Mexico, Visit Tampa and St. Petersburg, Visit Orlando, among others.

INTERVIEW



EMERGING *stronger*

GVA is currently operating its hotels more efficiently and performing better than before the pandemic as a result of its initiatives and creativity.

BIO

Diego Vallarino Lewis is CEO of Grupo Verdeazul. He has over eight years of experience in the real estate sector and has completed residential, hospitality, and infrastructure projects that have totaled more than USD250 million in investment. Before joining Grupo Verdeazul in 2012, he worked as a financial analyst for Banco Santander (Spain) and is currently chairman of the board of Banco Nacional de Panamá. He holds an MBA from Harvard Business School, a master's degree in finance and banking business from the University of Alcalá, and a bachelor's degree in science in operations research and industrial engineering from Cornell University.

Diego Vallarino
EXECUTIVE PRESIDENT,
GRUPO VERDEAZUL (GVA)

What has underpinned GVA's resilience over recent years?

I am extremely proud of the resilience that our team has shown, particularly how we handled ourselves during the pandemic. Panama was one of the countries with the strictest COVID restrictions, majority of non-essential businesses were forced to close for over six months. Specifically, we had to cease operations of our hotels, where we employed most of our workforce. We worked a plan with our colleagues to suspend labor contracts temporarily while at the same time providing relief efforts for their families. Next, we maintained basic operations with a skeleton crew. Every day we were in survival mode, we were thinking what to do and how to use our assets, because we knew the situation would pass, although we did not know when. In October, when the restrictions were lifted, and it was feasible to open hotels, we were the only large group of hotels that opened all their hotels on the same day, immediately. We learned much from this experience. We learned how to operate a hotel in a bare-bones structure, and that really helped us streamline our processes and efficiency level. Because of lessons learned during the pandemic, we are operating our hotels more efficiently and performing better than pre-pandemic. We came out stronger.

What real estate opportunities are emerging thanks to Panama's stability?

The investor's visa program has become an attractive opportunity for investors looking for a Panamanian residence visa. With an investment of PAB300,000 on a residential unit an investor can apply for their residency. Many South American investors are flocking to this scheme, and this is where I see the market going at the moment. Moreover, the PAB300,000 minimum investment will raise to half a million soon; before it does, we should continue seeing a healthy sales volume of units at the USD300,000 range.

What was the role of VerdeAzul Foundation

during the pandemic, and how is it helping to develop the Antón region?

At the beginning of the pandemic, our focus was to ensure our workforce was safe. We incentivized people to stay at home and take precautions. We focused on the well-being and establishing a stable psychological state of mind during this period of uncertainty for our workforce. After that we also focused our resources on making sure that there was still a business to operate when people eventually came back to work. We also helped the communities in Antón. We helped fund a movement from the district called Todo Anton, a massive private-sector initiative to help tackle COVID. We helped to fundraise with volunteers to give funds to the Ministry of Health so they could track Covid cases. When the cases increased, we donated food so that people could remain at home, and not spread to others. We also donated offices in our commercial areas for the establishment of a center for control and tracing; over 36,000 COVID-19 cases were traced in the region. Currently, as a foundation we created and co-funded an education program called Exito Seguro (assured success), which has helped over 18,000 students. We have over 20,000 hours of university student volunteers to help current students improve their grades and complete their education. Since during the pandemic there were no in-person classes and everything was done online, we had to digitalize all materials. Meanwhile, we are also funding a program together with the Embassy of Canada targeting sexual violence, with a campaign to prevent its incidence, empower women, and work with young people. We are also part of a commission geared toward ensuring equal treatment of women in executive jobs and employment in general. We also helped fund Soy Mujer, Soy STEAM, which has to do with inclusivity. Additionally, we signed a collaboration deal with ITSE, a public technological school that recently opened, through which we offer internships to students so they can apply what they learn to the real world and eventually apply for a job. ✖

a unique POSITION

Marriott Panama is banking on the country becoming a major tourist destination in the future due to growing interest from foreign investors and travelers from around the world.

Héctor Rodríguez Ladeveze
GENERAL MANAGER,
THE SANTA MARIA, A LUXURY COLLECTION HOTEL AND GOLF RE-
SORT BY MARRIOTT



How has the tourism sector weathered the latest challenges to strike Panama?

One of the industries most affected during the pandemic was travel and tourism, especially non-essential travel. Indeed, the sector effectively ceased to exist overnight, as we were put on hold for a prolonged period of time. This tested not only the policies of many investors involved in such a capital-intensive industry, but also the resilience of the workforce that enables us to be able to deliver products, services, and experiences that we consider essential and paramount to our industry. During the pandemic, we have had to learn several lessons, the first being how to reinvent our business model during periods when people cannot travel, whether through the launch of ghost kitchens, creating several concepts in a single space, which allowed you to diversify your income streams toward hotels, reinventing yourself as working spaces or else as hospitals in some cases. This hotel in fact became a primary service provider for the residents and community of Santa Maria by keeping its kitchens open and being able to serve food and beverage to residents at a time of restricted movement. Now, those restrictions have fortunately been lifted.

What consequences did this have for the hotel's targets?

We have gone from having absolutely no leisure guests in a hotel, or very few, to a point where they form a large part of our customer base. One of our main avenues for growth, and an area that we would like to focus on over the coming years, is Santa

Maria's unique position to attract the leisure segment, being the only resort within the city. We boast everything that may be required of a resort, from a beautiful 72 par, 18-hole golf course, designed by Jack Nicklaus II, to tennis courts, polo courts, football pitches, baseball courts, and—one of the best parts—a pool that is open throughout the day. To these may be added several restaurants and activities enabling guests to spend the whole day within the hotel, while also being within close proximity to everything that Panama City has to offer. The ancient ruins of Panama Viejo, one of the engineering wonders of the world, the Panama Canal, to name but two marvelous options. We have in a sense become the gateway to Panama. And many leisure travelers visiting the country, want more than a comfortable five-star hotel, in our case being a part of the largest five-star network in the world, but also to have a hotel from which they can experience and discover the destination through the eyes of experts. We at the hotel nowadays have become destination authorities, fluent in all aspects of the destination where we live. We are also proud of being able to help those travelers make the most out of their stay in Panama.

What are your insights for the future of Panama as a tourist destination?

I am bullish about Panama's future in the midterm, and there are some signs that make me believe this. First, this is the first time that many people are considering investing in Panama. It was not on previous traveling plans, but now that other

emerging destinations of the region, such as Costa Rica, have become mainstream, Panama's attractiveness is coming to the fore for trendsetters and those who want to walk the path less trodden. That is the first sign of a destination about to take off. Second is the number of foreign investors registering an interest in the country. You start seeing landmark hotels owned by foreign investors looking beyond their local environments, and who perceive the opportunity for a good return on investment. Third is the incremental rise in flight numbers into the region of Rio Hato, which opens the doors to Canada. Sooner or later, it is inevitable that Panama will become a major tourist destination. ✖

BIO

A seasoned luxury hotelier, Héctor Rodríguez Ladeveze holds extensive experience with global brands in international markets in both urban and resort destinations such as Dubai, New York, Paris, Greece, Costa Rica, and Panama. During his career, spanning over 20 years, he has led nine successful openings with brands including The Luxury Collection, W Hotels, Jumeirah, Westin, and Le Meridien. He is a graduate from Ecole Hoteliere de Lausanne with a BSc in international hospitality management and an associate's degree in financial management. He has also earned diplomas from Cornell University and other entities.

ABOVE *expectations*

PCC plays a crucial role in the country's economic development of Panama by attracting international business through its focus on the MICE market and participating in international shows.



Rodolfo Del Valle
CEO,
PANAMA CONVENTION CENTER (PCC)

Post pandemic, events and conventions can be planned just 1 month ahead of time

Attracts business and conventions to the country

What is the importance of PCC within the economic development of Panama?

We belong to the meetings, incentives, conventions, and exhibitions (MICE) market. PCC is not only the most important convention center in the country but in Latin America. Our job is to attract international business. Our focus is on international markets and bringing in groups, meetings, conventions, and exhibitions from abroad. We have identified our target markets, such as the US, Mexico, Brazil, Colombia, Costa Rica, and China, and are focusing our efforts there. When a city or country wants to consolidate its economy, the most common solutions are to build a convention center, a stadium, an arena, or a theater. Then, you can start with strategy, in order to attract international business. There are three things that people look for. The first is air connectivity, and Panama has the best air connectivity in Latin America. Second is accommodation, and here Panama has 22,000 beds and rooms. The final element is the state-of-the-art convention center, with more than 33,000sqm for different configurations including exhibitions, congresses, breakouts, catering, social events, and more. Once you have these three key elements, you are ready to attract groups. An international MICE traveler usually spends USD650 per person per day, and if we can bring in a group of 500, it quickly adds up. We had an international show in June where we hosted 10,000 visitors, 80% of them international. They were using simultaneous translation services in four different languages. This gives an idea of how PCC helps the economy. Such events involve hotels, ground transportation, meals, translation services, contractors, security, and more. Furthermore, after the event the visitors go to restaurants, do sightseeing, and so on. Later, they might even return to Panama again with their families. Our role in the development of the country is crucial, as we attract business from all

over the world.

What strategies does PCC follow to attract international conventions to Panama?

You have to be where the market is, namely trade associations that are dedicated to bringing together professionals in exhibitions, conventions, and convention centers. We are members of a few associations such as the International Congress and Conventions Association (ICCA), the Global Association of the Exhibition Industry (UFI), the International Association of Exhibitions and Events (IAEE), and APPCE, a local trade association for exhibitions, conventions, and groups. Furthermore, we also take advantage of the network of our parent company, ASM Global, and participate in international shows. We also acquire know-how, exposure, support, and the prestige of a globally recognized company. If we look at the funnel, we are targeting our efforts on the right markets.

How have the MICE industry and PCC evolved since the pandemic?

Before COVID-19, our goals—in the first year of operations—were to host 36 shows and receive 48,000 visitors. Our projections for 2022 are 60 events and 100,000 visitors, and as of September, we have performed above expectations. Before COVID-19, shows used to be planned years ahead. Now, show organizers are calling months or even weeks ahead of time, and we have to be ready to take their business. This is now the new normal and has surprised us. There are groups suddenly calling us about dates two months ahead, and we are able to meet all of their requirements. Another factor that has been extremely important when decide whether or not to hold an event in Panama is our regulations. At least in Panama, today there are no further COVID-19 restrictions for travelers coming into the country, as of September. It is wonderful to say that everyone is welcome. ✖

BIO

Rodolfo Del Valle holds a degree in communication sciences and 23 years of experience in the areas of tourism of meetings and professional training. He is the current General Director of PCC and Regional Sales Director of ASM Global for Mexico and Latin America.

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**BIO**

Ana Lucrecia Tovar de Zarak is the Founding Partner of the law firm Virtu Atelier Legal. With more than 20 years of experience in the financial sector, she advises legal and institutional banks, brokerage houses, family offices, and investment funds. She graduated from Universidad Santa María La Antigua (USMA), where she obtained her bachelor's degree in law and political science and holds a master's degree in international law (with specialization in banking and securities) from American University. She is a Founding Associate of the Association of Directors of Panama, an Aspen Fellow, and belongs to the Central America Leadership Initiative (CALI).

Ana Lucrecia Tovar de Zarak
PRESIDENT,
BIOMUSEO

What was the process of founding Biomuseo, and why is it dedicated to biodiversity?

It was around 25 years ago, at an informal dinner among a group of Panamanians and the celebrated architect Frank Gehry. He was asked why he hadn't designed a building in Panama or Latin America for that matter, especially considering that his wife is Panamanian. The idea came about to create and build a Frank Gehry-designed museum in Panama, and when looking for a theme for this museum, we decided it would be dedicated to biodiversity mainly because of Panama's unique nature. It is actually necessary in a place like Panama, where nature is still abundant but under constant threat. Once funding was secured, Frank Gehry presented the designs in 2003, construction began in 2004, and Biomuseo was inaugurated in 2014 with only half of its exhibits ready. The whole process was full of challenges caused by financial and technical difficulties. But those involved never gave up, at some time even managing to raise millions of dollars in private donations.

What story is the museum telling?

Biomuseo focuses on Panama's incredibly rich biodiversity and the country's amazing geologic history. Studies by the Smithsonian Tropical Research Institute and other organizations have proven that the formation of the Isthmus of Panama was the most impactful geologic event in the past 60 million years of Earth's history. Panama joined a continent together and separated two oceans apart. In doing so, Panama literally changed the world. Countless animals and plants migrated between North and South America. The formation of the Isthmus may have even triggered human evolution in Africa. Hence, everything and everyone is connected to Panama. This is the powerful story we use as a tool to make every Panamanian proud of the land we inhabit and every person, regardless of origin, to feel as one with nature. Through this narrative, we pursue our mission to remind the rest of the world about the interconnection between life and living creatures by using education. Right now, we are working with the Panamanian Tourism Authority (ATP), along with various tour operators to further advance this story. We want the world to start recognizing Panama for its nature and relevance to life on Earth, as it already is for the Panama Canal. ✖



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back IN THE GAMES

Panama's tourism industry, which was severely impacted by the pandemic, is bouncing back and showing strong positive results, with a projection to exceed growth from 2019, as long as it maintains its momentum.



José Rodolfo de la Guardia
PRESIDENT OF THE CHAMBER OF TOURISM,
CHAMBER OF COMMERCE, INDUSTRIES,
AND AGRICULTURE OF PANAMA (CCIAAP)

What steps is Panama taking to recover and position itself as a popular tourist destination? As with everywhere else in the world, the pandemic had profound effects on the tourism sector and on Panama's economy in general. Panama in fact had one of the toughest lockdowns and restrictions in the world, which had an immense negative effect on the economy. The service economy in Panama depends on the movement of people and transactions and if you establish such severe restrictions as our government did, the effects are enormous. In 2019, our tourism sector was larger than the Panama Canal and the banking sector combined if we include the airline revenue component. We all must understand the potential that the tourism sector has to strengthen other sectors across the board to grow our economy and to improve the lives of Panamanians in general. Our politicians need recognize the value of this sector, and therefore, need to give the importance it deserves and established long-term policies conducive to growth. This is something Panama has not been doing well so far. That was the vision that the private sector had with PROMTUR. For the past 15 years, the private sector has been pushing to have a destination marketing organization capable of effectively promoting the destination internationally with long-term strategies and not subject to political fluctuations. Every time the government changes, so do the ministers and the Tourism Authority of Panama's (ATP) structure and personnel, as well

as the strategies. We have no consistent approach to promoting the destination internationally, unlike Mexico, Costa Rica, the Dominican Republic, Peru, or Colombia. We need to do a much better job with this in Panama. For many years, the private sector insisted that we needed to create a marketing organization with the proper structure and all the necessary executive and human resources. The previous government finally established the law and PROMTUR commenced operations. It has been challenging, and it is doing a good job, but there are tough financial challenges to face because the government is not allocating the required resources to execute the marketing strategies and promotion plan.

How would you assess the performance of the sector in 2021 and 2022?

The tourism industry is extremely resilient, and the sector recovers and bounces back, as we are experiencing at this moment. As soon as Panama and other countries started lifting restrictions, we noticed interest in traveling in general and interest in returning to Panama. Tourism in Panama has a well-defined high season as do many other destinations. Because of our summer, our dry season, the high season is from around the last week of December through mid-April. Those four months provide 60-65% of the yearly business for companies in the sector. Yet, after restrictions were lifted at the end of 2021, Omicron struck a second blow to the entire travel industry. Panama did not have

the chance to reactivate before Omicron impacted the peak season of 2022. Not only did we have tough years in 2020 and 2021, but 2022 had also a tough start for the sector. Nevertheless, we have seen important positive results since the middle of this year. I give credit to PROMTUR and ATP for the constant promotion of Panama, with the new campaign launched at the beginning of 2021. For most hotels, October was a good month, with occupancy rates in Panama City getting close to 2019 levels. We still have around 6,000 rooms to be added to the total inventory. Momentum has returned strongly in the past few months, and 2023 could be an excellent year for tourism in Panama. In fact, I project that our growth exceeds that of 2019. Finally, the sector is back and strongly. We will always face challenges and need to allocate sufficient resources to PROMTUR. It is vital to maintain the current momentum so that PROMTUR can come through with its plans and initiatives. ✖

BIO

José Rodolfo de la Guardia is President & CEO of PMA Travel Group, which includes Panama Marine Adventures, Ecocircuitos Panama, and Sublime Journeys DMC. He is also the current President of the Chamber of Tourism in CCIAP.



Image Inspired By Maps



FOCUS

Sustainable tourism

MASTER PLAN

With the intention of developing the sustainable tourism sector, Panama launched its 2020-2025 plan, in which it establishes a series of guidelines to position itself as one of the leaders in this industry within Latin America.

PANAMA WANTS TO POSITION ITSELF as a Latin American reference in sustainable tourism, an initiative with which it would seek to compete with neighboring Costa Rica to become the country of reference within Central America. And, to achieve this, in 2020 the government launched a master plan for sustainable tourism development in Panama that establishes a series of objectives to be achieved by 2025. Chief among those goals is for the number of tourists, which in 2019 was nearly 2.5 million visitors, to increase to 2.9 million and to 3.7 million by 2025, according to realistic and optimistic estimates contained in the 424-page plan.

This is the second document of its kind following the publication of Panama's first sustainable tourism master plan 2007-2020, which laid the groundwork for advancing the development of this economic activity; however, the tourism consumer has changed considerably in recent years, so the government, with tourism activity severely affected by the COVID-19 pandemic, decided in 2020 to update the document and set a series of short-term objectives. Thus, the projection is for the impact of tourism revenues on GDP to grow to represent between 13.1% and 16.5% of the economy under the realistic and optimistic scenarios, compared to 10.7% of GDP in 2019, the year prior to the spread of COVID-19 that crippled the sector.

"Our brand objective is for Panama to rank in the top four of its competitive group by 2025. If Panama aspires to be the top choice as a sustainable destination, then delivering a strong brand presence in the marketplace is vitally important," said Fernando Fondevila, CEO of Promtur, the destination marketing organization (DMO) whose main function is to promote the country abroad. To this end, the UNWTO promotes Panama under the tourism brand "Panama, Vive por Más" (Panama, Live for More), which aims to connect with travelers

by showing the country as an authentic and stimulating destination.

One way to achieve marketing impact to attract travelers is through Promtur's investment in prestigious global media outlets such as Conde Nast Traveller, Forbes, or CNN Brazil, according to Fondevila. "As a DMO, we promote Panama as a tourist destination in an agile, continuous and consistent manner," he said during an interview with TBV. "In Panama you can find in one destination modernity and an active cosmopolitan life, but also ancient cultures with a rich tradition. We are home to countless species, lush jungles, more than three thousand kilometers of paradisiacal beaches and more than 1,500 islands," Fondevila said.

It is precisely with this natural wealth that the country is seeking to promote its presence in the sustainable tourism industry. That is why in the master plan 2020-2025 for the development of sustainable tourism it has decided to focus on some countries that have these natural assets. Those identified as main tourist markets are the United States, Brazil, Spain, France, Germany, Colombia, Argentina, Canada and Costa Rica. Priority A is the US, Panama's largest market by volume. Those identified as Priority B are Brazil, Spain, France, and Germany. These four countries are very different from each other. And, in third place, the C priority markets are Colombia, Argentina, Canada and Costa Rica; a group of neighboring markets that have some potential as a source of tourists.

In terms of types of travelers, the master plan identifies families traveling on vacation, independent travelers on their own and local tourists as priorities. It is on these types of travelers that Promtur focuses its promotional campaigns for the country. Meanwhile, one of the main challenges Panama faces when it comes to selling tourism experiences is that there is an abundance of supply, i.e., there are

many plans that travelers can make, but there is a shortage of packaged products that the end consumer can easily book. Part of the reason for this problem is that 57% of hotel vacancies are in Panama City, so there is a shortage of accommodation in the more remote areas where sustainable tourism can be enjoyed.

With the intention of addressing the main challenges facing the Panamanian tourism industry, the master plan includes a SWOT analysis in which it identifies as weaknesses the lack of higher quality accommodations in remote areas, the need to implement a ho-

tel classification system, the importance of having more statistics to help the sector and the development of a more qualified workforce in languages and customer service. The SWOT analysis also includes a series of opportunities such as the existence of a tourism brand with a great margin for growth, the existence of a varied tourism offer and the possibility that many travelers passing through Tocumen airport, the nerve center of the Central American region, know the country and decide to visit it. Panama has every reason to look positively on the development of sustainable tourism. ✖

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The Panama Cathedral in Panama City

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