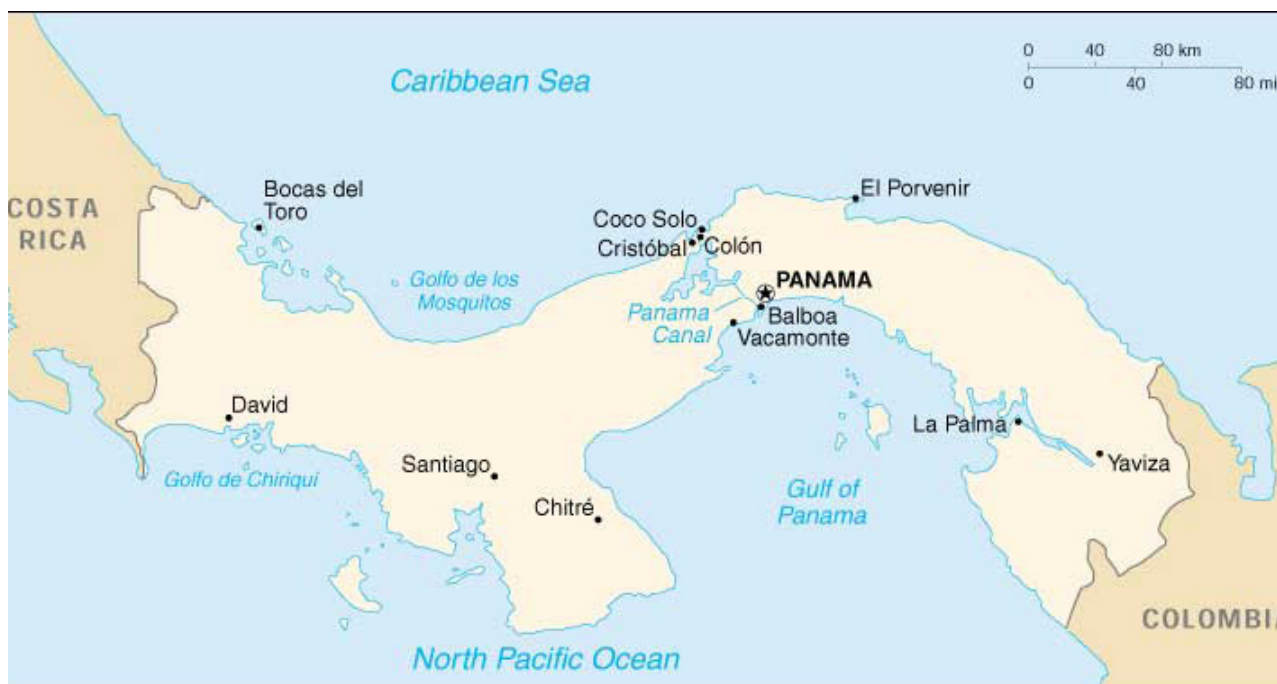


Country Summary - Panama



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Panama - An Introduction

Panama has a population of 2.4 Million people and is one of the smallest countries in Central America. It is a multiparty republic, with a president, two vice-presidents and a supreme court. The president is the head of state and the head of the government.

Panama has the largest rainforest in the Western Hemisphere outside the Amazon Basin and its jungle is home to an abundance of tropical plants, animals and birds - some of them to be found nowhere else in the world.

The official language is Spanish. Because of the extensive U.S. influence, most Panamanians are bilingual in Spanish and English.

It is however the canal connecting the Atlantic and Pacific oceans, that makes Panama so famous. Every year hundreds of thousands of ships make the eight-hour journey through the waterway and it generates a large proportion of the country's GDP.

The canal operates at full capacity and for this reason Panama plans to widen it, with work starting in 2008.

Panama's economy is mainly based on offshore finance, manufacturing and shipping. It also benefits from the Colon free trade zone; home to around 2,000 companies and is the second largest in the world after Hong Kong.

"It is the Canal that connects the Atlantic and Pacific oceans that makes Panama so famous"



Economic Overview

Panama's economic situation is currently very favourable for property investments. Main indicators have shown positive increases over the past few years and the authorities have attracted foreign investment with their recent economic policy decisions. A lot of the success comes from its location, its Canal, its free trade zone and it's potential for increased tourism.

EM concepts have summarised some of the key economic indicators below which point favorably towards an economy which is ripe for investment.

Government Led Reforms

Former President Ernesto Pérez Balladares put a number of initiatives in place between 1994 and 1999 to improve Panamas economic situation. Debt was re-organised, state expenditure cut and they put in place policy for industry privatisation and liberalisation.

The current president, Martín Torrijos, has introduced a number of reforms. These include both Fiscal and Social Security reforms. In 2006 an overwhelming majority of the political house voted in favor for the widening of the Panama Canal, at an estimated cost of around US\$5 billion.

Currency

The Panamanian currency is the Balboa, which is fixed to the USD. Panama does mint its own coins however the USD is used for all of its paper currency.

Colon Free Trade Zone

The high levels of Panamanian trade are largely down to the Colon Free Trade Zone. This is the largest free trade zone in the Western Hemisphere and second largest in the world. In 2006, the zone accounted for over 90% of Panama's exports and over 60% of its imports.

“A lot of the sucess comes from its location, its Canal, its free trade and its potential for increased tourism”



GDP Growth

GDP has been consistently growing since 2000, up to 6.3% in 2006. The graph below shows the growth over the last five years. The growth is expected to slow but continue at a steady increase over the next three years.

Economic Growth

In the 1990's growth had been running at around 4% with low inflation, however this fell to a low of 0.3% in 2001 but has since rebounded to 6% in 2005 and 6.4% in 2006. Panama has traditionally experienced low rates of inflation and this is still true today.

Property

Panama City is currently experiencing a boom in construction. Skyscrapers and towers are being planned and constructed to meet the current demand. This demand will be further strengthened by the future expansion of the Panama Canal and a new container port planned for the Pacific entrance to the canal.

“In 2006, tourism increased by almost 20% compared to 2005”

Tourism

Tourism policies formed by the current administration have led to an increase in the quality and competitiveness of the tourist services. Last year, in 2006, tourism increased by almost 20% compared to 2005.

Aside from the obvious attractions of having two oceans with white sandy beaches, a wonderful climate and friendly and welcoming population, Panama is very much an eco tourist resort. Rainforests, volcanoes and mountains are scattered around this tropical country.



Reasons for Investing

- Growing GDP
- Growing economy
- Rapidly developing property market
- Stable Government
- Tourism increasing
- Large free trade zone
- Good quality of life/low cost of living
- Direct and reasonable flights from Europe and the US
- Good weather all year round
- Major financial centre
- Good for both growth and rental
- Rich Cultural history
- Eco tourism
- Undersupply of accommodation

“Rapidly developing property market. Major financial centre”

Further Information

For further information on Panama and to find out what investments we currently offer please contact us on **0845 475 0725** or email us **enquiries@emconcepts.co.uk**