

U.S. Country Commercial Guides



Panama 2020

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- The United States imposes export controls to protect national security interests and promote foreign policy objectives related to dual-use goods through implementation of the Export Administration Regulations (EAR). The Bureau of Industry and Security (BIS) is comprised of two elements: Export Administration (EA), which is responsible for processing license applications, counseling exporters, and drafting and publishing changes to the [Export Administration Regulations](#); and Export Enforcement (EE), which is responsible for the enforcement of the EAR. BIS works closely with U.S. embassies, foreign governments, industry, and trade associations to ensure that exports from the United States are secure and comply with the EAR. BIS officials conduct site visits, known as End-Use Checks (EUCs), globally with end-users, consignees, and/or other parties to transactions involving items subject to the EAR to verify compliance.
- An EUC is an on-site verification of a non-U.S. party to a transaction to determine whether the party is a reliable recipient of U.S. items. EUCs are conducted as part of BIS’s licensing process, as well as its compliance program, to determine if items were exported in accordance with a valid BIS authorization or otherwise consistent with the EAR. Specifically, an EUC verifies the bona fides of transactions subject to the EAR, to include: confirming the legitimacy and reliability of the end-use and end-user; monitoring compliance with license conditions; and ensuring items are used, re-exported or transferred (in-country) in accordance with the EAR. These checks might be completed prior to the export of items pursuant to a BIS export license in the form of a Pre-License Check (PLC), or following an export from the U.S. during a Post-Shipment Verification (PSV).
- BIS officials rely on EUCs to safeguard items subject to the EAR from diversion to unauthorized end-uses/users. The verification of a foreign party’s reliability facilitates future trade, including pursuant to BIS license reviews. If BIS is unable to verify the reliability of the company or is prevented from accomplishing an EUC, the company may receive, for example, more regulatory scrutiny during license application reviews or be designated on BIS’s Unverified List or Entity List, as applicable.
- BIS has developed a list of “[red flags](#)”, or warning signs, and compiled “[Know Your Customer](#)” guidance intended to aid exporters in identifying possible violations of the EAR. Both of these resources are publicly available, and their dissemination to industry members is highly encouraged to help promote EAR compliance.
- BIS also provides a variety of training sessions to U.S. exporters throughout the year. These sessions range from one to two-day seminars that focus on the basics of exporting to coverage of more advanced, industry-specific topics. Interested parties can check [list of upcoming seminars and webinars](#) or reference BIS provided [online training](#).
- BIS and the EAR regulate transactions involving the export of “dual-use” U.S. goods, services, and technologies. For advice and regulatory requirements, exporters should consult the other U.S. Government agencies which regulate more specialized items. For example, the U.S. Department of State’s Directorate of Defense Trade Controls has authority over defense articles and services, or munitions. A list of other agencies involved in export control can be found on the [BIS website](#) or in Supplement No. 3 to Part 730 of the EAR.
- The EAR is available on the [BIS website](#) and on the [e-CFR](#) (Electronic Code of Federal Regulations) and is updated as needed. The [Consolidated Screening List](#) (CSL) is a list of parties for which the United States Government maintains restrictions on certain exports, reexports or transfers of items. The CSL consolidates eleven export screening lists of the Departments of Commerce, State and the Treasury into a single data feed as an aid to industry in conducting electronic screens of parties to regulated transactions. Exporters are encouraged to classify their items prior to export, as well as consult the CSL to determine if any parties to the transaction may be subject to specific license requirements.

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Doing Business in Panama

Market Overview

Panama, home of the Panama Canal, with ports on both oceans and known as the “Hub of the Americas,” is one of the world's most connected countries. Panama has a dollar-based economy, low inflation, and zero foreign exchange risk. Its government is stable and democratic and actively seeks foreign investment. On July 1, 2019, President Laurentino Cortizo, from the Democratic Revolutionary Party (PRD), was sworn into office for five years. His administration has demonstrated a willingness to fight corruption, tackle inequality, and strengthen Panama’s ability to combat money-laundering. Panama was placed on FATF’s grey list in June 2019 due to years of deficiencies in fighting money laundering and terrorist finance, just one month before Cortizo’s inauguration.

According to the International Monetary Fund, until the COVID-19 crisis, Panama averaged an annual growth rate of 4.6 percent over the last five years. With a GDP of \$65.1 billion, Panama was classified by the World Bank as a high-income nation, a country with a gross national income per capita of \$12,055 or more. Panama’s per capita income is \$15,643. Nevertheless, with more than four million people, the country's inequalities remain high, with sharp regional disparities. The World Bank maintains that poverty prevails in rural areas, particularly among the indigenous population.

Panamanian officials declared a national State of Emergency on March 13 to address the COVID-19 health crisis and instituted one of the world's strictest lockdowns to prevent a collapse of the health system. To address the needs of thousands of Panamanians who were unemployed or furloughed, the government executed the Panama Solidarity Plan that provided almost two million eligible individuals with periodic food bags and a digital vouchers worth \$50-\$80. The airport remained closed until early October. The IMF forecasted that GDP would contract up to 10 percent and Panama’s Ministry of Labor forecasted the unemployment rate could reach 25 percent by years end due to the economic crisis

The administration is betting on infrastructure projects such as the 3rd Metro Line, 4th Electrical Transmission Line, and the \$1.7 billion Panama Canal Water Management System project to create jobs. The government is also set to announce several public-private partnership projects by the end of the year. Cobre Panama, First Quantum Minerals \$6.3 billion copper mine, should jumpstart exports once in full operations. Reports claim copper export will be around \$2 billion, and mining activity will contribute to about 10 percent of GDP by 2023.

Panama's economy is based primarily on a well-developed services sector, accounting for about 80 percent of GDP – with the Panama Canal as the largest economic contributor. The services sector includes the Canal, banking, tourism, logistics, activities in the Colón Free Trade Zone (CFZ), insurance, container ports, and flagship registry. In June 2016, the country completed a \$5.25 billion expansion of the Panama Canal, which allows for larger ships (Neo-Panamax ships) carrying 12,000 containers (compared to the 5,000-container limit under the old infrastructure). The expanded locks are crucial for maritime trade. The Panama Canal has 46% of the total market share of containers moving from Northeast Asia to the East Coast of the United States. Toll's revenue amounted to \$2.6 billion in 2019. The Panama Canal serves more than 144 maritime routes connecting 160 countries and reaching some 1,700 ports globally.

This logistical platform has aided the Colón Free Trade Zone (CFZ) success, which is the second largest in the world and accounts for about 8.5 percent of Panama’s GDP. The CFZ has approximately 3,000 companies and employs about 18,000 people. It has become a vital trading and transshipment center serving the region and the world. CFZ imports – a broad array of luxury goods, electronic products, clothing, and other consumer products - arrive from all over the globe to be resold, repackaged, and reshipped, primarily to regional markets. Because of this product mix, the U.S. brand market share is significant, even if most of those products are made in Asia. The CFZ’s activity has waned in recent years due to more small suppliers procuring directly with China, competition from other regional transshipment hubs, and decreasing demand from Venezuela's economic deterioration and a trade dispute with Colombia.

The U.S.-Panama Trade Promotion Agreement (TPA) went into effect in October 2012 and will continue to offer U.S. goods a competitive advantage. For 87 percent of U.S.-made goods, tariffs dropped to zero percent immediately, with remaining tariffs phasing out by 2022. In general, the Agreement has been successful for all parties. The U.S. goods trade surplus with Panama was \$7.3 billion in 2019, a 13.3 percent increase (\$851) over 2018. U.S. exports to Panama were \$7.7 billion, up 12.9 percent from the previous year. Corresponding U.S. imports from Panama were \$452 million, up 7.5 percent. Panama was the United States' 35th largest export market in 2019. As for services, U.S. exports of services to Panama were an estimated \$2.4 billion in 2019, and U.S. imports were \$2.7 billion. Panama has 19 full free trade agreements throughout the Americas, Asia, Europe, and the Middle East. The Cortizo administration paused negotiation for a free trade agreement with China

Market Challenges

Corruption is Panama's biggest challenge. Panama ranked 101 out of 180 countries in the 2019 Transparency International Corruption Perceptions Index. The U.S. and other international investors have voiced concerns about corruption and inconsistent treatment. Instances of questionable government practices have affected U.S. investors in Panama. These include bidding procedures, contract obligations, lack of payments, and a slow and imperfect judicial system. The United States continues to stress the need to increase transparency and accountability in the judicial process and government procurement. The Panamanian government's history of delaying payment to suppliers and contractors continues to be a liability that U.S. and Panamanian companies endure when doing business with the government. We encourage U.S. companies interested in pursuing public tenders in Panama to apply for support from the [U.S. Department of Commerce's Advocacy Center](#). We also recommend that U.S. citizens interested in purchasing a property in Panama consult with a qualified lawyer, the Embassy's American Citizens Services section can provide a list. The World Bank's Doing Business 2020 report (<http://www.doingbusiness.org/data/exploreeconomies/panama>) notes that Panama has risen to 87 out of 190 countries on the Registering Property indicator, though it still ranks 141st in enforcing contracts.

To respond to business climate challenges and create a level playing field for companies, the Cortizo administration reformed the public procurement and signed into law a new public-private partnership (PPP). The PPP law covers construction, maintenance, and operations projects valued at more than \$10 million.

Panama's inflexible labor laws are a source of concern for prospective investors. Firing practices are excessively regulated, reducing labor mobility, and inhibiting hiring. While inexpensive in global terms, Panama's minimum wage is relatively high in a Central American context, with annual increases depending on the sector. Also, competent technical employees fluent in English can be challenging to find. These labor issues, coupled with exceptionally high electricity costs, result in higher-than-average unit production costs in Panama. To attract more investments in light manufacturing and assembly to Panama, the Cortizo administration created a special regime for the establishment and operation of multinational companies known as EMMA. This new regimen mirrors the successful scheme of the Multinational Company Headquarters (SEM).

Market Opportunities

Panama has no restrictions on the outflow of capital or outward direct investment. Its accession to the World Trade Organization in mid-1997 opened trade and lowered tariffs across the board, giving Panama the lowest average tariff rate in Latin America.

Consumer attitudes and many brand preferences are like those in the United States. Many U.S. television, radio, and magazines are popular and available in Panama. Middle and upper-income Panamanians frequently travel to the United States for vacation, medical treatment, study, and business, and their buying patterns and tastes are like those of U.S. consumers. U.S. goods and services enjoy a reputation for high quality and durability.

Best prospects:

- Building products

- Medical equipment
- Disposable medical supplies
- Cybersecurity

Large infrastructure projects:

- Panama Canal Water Management System
- 4th Electrical Transmission Line (500KW)
- Fourth Bridge Over the Panama Canal
- Third Metro Line

U.S. companies face intense competition from state-owned Chinese companies that have won billions in infrastructure projects in recent years. Panama established diplomatic relations with the People's Republic of China in June of 2017.

Market Entry Strategy

Due to its open economy, Panama has few market access problems. One of the more common market entry options is to appoint an agent or distributor. The U.S. Commercial Service offers U.S. companies market entry assistance through a variety of services tailored to suit your needs. To learn more about our services, visit www.trade.gov/panama.

Given the ease of air travel between the U.S. and Panama, our Gold Key Service (GKS) is our most popular offering. This service connects you with qualified potential representatives, distributors, partners, or customers. For companies seeking to pursue government tenders, the Advocacy Center can best support your company's efforts. For more information on visit <https://www.trade.gov/advocacy-foreign-government-contracts>.

Leading Sectors for U.S. Exports and Investment

Medical Equipment

	2017	2018	2019	2020 estimated
Total Local Production	0	0	0	0
Total Exports	0	0	0	0
Total Imports	\$143	\$157	\$170	\$221
Imports from the US	\$64	\$70	\$71	\$95
Total Market Size	\$143	\$157	\$170	\$221
Exchange Rates	1:1	1:1	1:1	1:1

U.S. Dollar Millions.

Source: Office of the Comptroller General and estimates from industry sources. Note: As of April 2020, the recorded inflation rate in Panama for 2019 was -0.4%, below the recorded average of 0.8% for 2018, below the recorded average of 0.9% for 2017. The US dollar is legal tender.

The Cortizo administration pledged to allocate an estimated \$6 to \$7 billion to the health sector and as a priority to improve Panama's healthcare facilities. He announced the construction of several new projects, including a new Children's Hospital, a new Oncology Hospital, the Panama Norte Hospital, an Autism Institute in Panama City, and to complete the construction of the Ciudad de la Salud (Health City), a major \$900 million hospital complex started by the previous government.

Much like in the rest of the world, the COVID-19 pandemic has impacted Panama's health sector. For the latest, COVID-19 information visit www.minsa.gov.pa. Panama has received support from the international community, including the Interamerican Development Bank (IDB), which announced a \$400 million loan to help Panama deal with the economic crisis originated by COVID-19. Additionally, it provided an \$8.75 million loan to purchase medical supplies and services for the indigenous population living in remote areas (Comarcas).

Panama's medical equipment market is estimated to grow by at least 30% over the next three years. The medical equipment market in 2019 reached \$170 million, with U.S. equipment holding a market share of 42% or \$71 million. The public sector is the primary end-user of medical equipment, composed of the Social Security Fund (CSS) and the Ministry of Health (MINSAs). The largest health care facilities are in the Panama City metropolitan area, which concentrates close to 50% of the country's population. The private sector is experiencing strong growth and has state-of-the-art medical facilities.

There are 923 health centers, of which 844 are run by the Ministry of Health (MINSAs) and 79 by the Social Security Fund (Caja de Seguro Social - CSS). Of these health centers, there are 33 major general hospitals, 18 managed by the Ministry of Health and 15 by the CSS. The Ministry of Health provides health services by contract to workers affiliated with the CSS. There are 2.3 beds per 1000 inhabitants; 4,200 belong to the Ministry of Health, 3,187 to the CSS, while 1,043 are in private facilities.

The major hospitals managed by MINSAs are the Hospital Santo Tomas, Hospital San Miguel Arcangel, Hospital Oncologico (Oncological Hospital) and Hospital del Niño (Children's Hospital) in Panama City, Hospital Nicolas Solano in Chorrera, Hospital "Chicho Fabrega" in Santiago, Veraguas, Hospital de David in Chiriqui. The CSS manages the Complejo Hospitalario Metropolitano "Arnulfo Arias" (largest hospital complex in Panama), the Susana Jones Hospital, the Hospital de Especialidades Pediátricas (Children's Hospital) in Panama City; the Manuel Amador Guerrero Hospital in Colon, and several regional hospitals in Chitre, Los Santos and Cocle. Major private hospitals in Panama City are Clinica Hospital Paitilla (affiliated with the Spanish Hospiten Group), Hospital Punta Pacifica I (affiliated with Johns Hopkins from the U.S.), Clinica Hospital San Fernando, Hospital Panama, Hospital Nacional, Clinica Hospital de Rio Abajo, Hospital Santa Fe in Panama City. In the rest of the country, the most important

hospitals are Hospital Cuatro Altos in Colon, Hospital David in Chiriqui, Centro Medico San Juan Bautista in Chitre, and Clinica Hospital Jesus Nazareno in Santiago. All the private hospitals are general hospitals.

One of the Cortizo administration's challenges is to provide health care to the indigenous regions in east and west Panama (Ngobe Bugle, Embera, and Guna groups). These groups represent approximately 13% of the country's population. There are no major hospitals and clinics in those areas with less than 5% of the country's total health personnel.

Panama has a long-term goal of increasing medical tourism. To that end, private hospitals continue to make a substantial investment in increasing their capacity and quality of services. Reports indicate that more than 30% of the country's total investment in hospital facilities and equipment came from the private sector.

The public sector requires certification of medical equipment done by the Ministry of Health and its Social Security Administration. The private sector has no restrictions regarding the procurement of medical equipment. The National Directory for Medical Devices is responsible for the registration and technical standards of medical devices. Medical equipment sold to government institutions must have a datasheet (Ficha Tecnica), which certifies the equipment is approved for government use. Private health care facilities do not require a datasheet. Several organizations can certify the datasheet (Ministry of Health, the Social Security System (CSS), the Santo Tomas Hospital, the Children's Hospital, and the Oncology Hospital).

There is no local production of medical equipment. The market relies entirely on imports from Asia (Japan, Korea, China, and Singapore) and Europe (Sweden, Spain, Holland, and Germany). The United States has market participation of approximately 40 percent. The U.S. equipment is known for its high quality, reliability, and quick delivery. Furthermore, Panamanian medical equipment distributors representing U.S. brands have well-trained staff and offer excellent technical support. A shortlist of prominent U.S. brand names well-known in Panama are Baxter, Beckman, General Electric, Puritan Bennett, Hewlett-Packard, Abbot, Braun, Datascope, Medtronic, and Welch-Allyn. Competing brands are Phillip, from Holland, Siemens from Germany; Pantex from Japan; Purple Surgical from England; and Electa from Sweden.

To successfully compete in Panama, U.S. exporters should appoint a local distributor with extensive public procurement experience. The U.S. Commercial Service in Panama can assist in finding a distributor. For a list of our services, visit www.trade.gov

Leading Sub-Sectors

- Intensive Care Equipment: ventilators, infusion pumps, cardiac monitors, endotracheal tubes, arteria lines, and infusion pumps.
- Diagnosis Equipment: radiology, ultrasound, CAT, and angiographic equipment. Panama's leading causes of death include cancer, cardiovascular diseases, diabetes, chronic kidney disease, Alzheimer's, and lower respiratory infection.
- Cardiovascular Equipment: electro and echo-cardiographs, defibrillators, and blood testing equipment.
- Surgical Equipment: anesthetic, blood-circulation, ventilators, and operating-room equipment.
- Laboratory Equipment: chromatography equipment and clinical chemistry, hematology, and histology analyzers.

Opportunities

- Many Panamanian doctors are graduates of U.S. universities and have a strong preference for U.S. equipment and technology.
- Construction of new hospitals in Panama City.
- Panama is leading medical research in the area, led by the Gorgas Memorial Institute of Health Services, a medical research facility founded in 1921 and until 1990, operated jointly by the U.S. and Panama, and the Institute for Scientific Research and High Technology Services of Panama (INDICASAT), run by the Government of Panama, both organizations generate significant demand for research medical equipment and technology.

Web Resources

- Ministry of Health: <http://minsa.gob.pa>
- Caja del Seguro Social: <http://css.org.pa>
- American Chamber of Commerce in Panama: <http://www.panamcham.com>
- Panama Chamber of Commerce: <http://www.panacamara.com>
- Gorgas Memorial Institute for Health Services; <http://www.gorgas.gob.pa>
- Institute for Scientific Research and High Technology Services of Panama (INDICASAT): www.indicasat.org.pa

Building Products

	2017	2018	2019	2020 estimated
Total Local Production	\$1,035	\$860	\$741	\$492
Total Exports	0	0	0	0
Total Imports	\$1,265	\$1,140	\$1,159	\$708
Imports from the U.S.	\$	\$	\$	\$
Total Market Size	\$2,300	\$2,000	\$1,900	\$1,200
Exchange Rates	1:1	1:1	1:1	1:1

U.S. Dollar Millions. (Data Source in Common Data Platform)

Source: Office of the Comptroller General and estimates from industry sources. The U.S. dollar is legal tender.

The construction sector has been one of the pillars of Panama's economy. This sector experienced unprecedented growth in the last decades, peaking during the 2008-2012 period. This growth has been decreasing steadily after 2013, and due to COVID-19 will have a more significant decline. The construction sector's main drivers come from the influx of foreign direct investment, sizeable public infrastructure projects, the government policy of attracting multinational companies to establish regional headquarters, low-interest rates for home buyers, favorable investment climate, and political stability.

According to reports, the total market size in 2019 was about \$1.9 billion. There is some local production, mainly cement, aggregates, PVC products, and glass and wood products. The Covid-19 crisis paralyzed the construction industry, and its real impact is unclear for 2020 and years to come.

Despite this sector's projected slow growth, building products will continue offering good market opportunities for U.S. exporters. The current government is committed to increasing public investment in social projects such as affordable housing. Construction of low and medium-cost housing is one of its priorities. It is estimated that there is a deficit of 150,000 houses in the country. Additionally, the construction of Line 3 of the Metro System, Panama Canal Water Management System, and a fourth bridge over the Canal, all multi-million-dollar projects, will create new and substantial demand for building products.

The U.S. market share of building products was approximately 15% in 2019. Competition from Asian and European countries and some Latin American countries like Brazil and Mexico are chipping away at the U.S. market share. Nonetheless, there are market niches that offer excellent market opportunities for U.S. exporters.

Panama's humid and hot weather is an opportunity and challenge for U.S. building materials suppliers. In general, most buildings and dwellings are built of cement, cement blocks, and zinc roof. In Panama, it rains ten months of the year, and painting is an annual occurrence and continuous maintenance. Unlike the rest of Central America, there are no hurricanes in Panama and a rare number of earthquakes.

Panama's distribution system for building materials is straightforward. Large importers also function as wholesalers and retailers. Do-it-Center and Novey are two large and well-established retail chains with multiple stores in major cities, resembling the Home Depot or Lowe's Home Improvement. Smaller stores across the country are supplied by the importers/wholesalers. Appointing a distributor is relatively easy and recommended to secure high market penetration. The U.S.-Panama Trade Promotion Agreement, which eliminated import tariffs for all building products, give U.S. companies a slight advantage over the stiff competition from Asian, European, and South American countries. The U.S. dollar is the local currency with no foreign exchange risks.

Leading Sub-Sectors

The following sub-sectors have the highest potential in Panama:

- Metal structures and bars (steel, aluminum, and iron)
- Paints, coatings, and raw materials for paint fabrication
- Glass and glass products (panels, windows, and doors)
- Electrical products and fixtures electrical connectors, lighting fixtures, and wire
- Plumbing supplies and fixtures, sinks, toilets, and faucets
- Roofing systems (metal roofing, zinc, clay, and concrete tiles)

Opportunities

- 3rd Metro line worth \$2.6 billion
- 4th Bridge over the Canal estimated \$1.5 billion
- Panama Canal Water Management System estimated \$1.7 billion
- Nineteen Public-Private Projects to be announced in December 2020.

Web Resources

- Ministry of Public Works: <http://www.mop.gob.pa>
- Panama Construction Chamber: <http://www.capac.org>
- American Chamber of Commerce in Panama: <http://www.panamcham.com>
- Panama Chamber of Commerce: <http://www.panacamara.com>
- Sociedad Panameña de Ingenieros y Arquitectos (SPIA): <http://spia.org.pa>
- PanamaCompra: <https://www.panamacompra.gob.pa/Inicio>

Cybersecurity

With about four million people, Panama has a relatively high internet penetration rate of 2.9 million or 70% of the population. About 2.5 million Panamanians gain access to the internet via their smartphones. Panama has the best submarine fiber-optic connections in Latin America. The country is wired on both the Pacific and the Atlantic coasts, making possible interconnection to North and South America, Asia, Europe, Africa, and over redundant routes.

Panama's economy is based primarily on a services sector that accounts for nearly 80% of its GDP. Currently, Panama is home to over 150 Multinational Corporations Headquarters (SEM, by its acronym in Spanish) that benefit from internet connectivity and fiber-optic connections. A total of 78 banks are also operating in the country. Consequently, cybercrime, digital espionage, and the disruption of online services is a concern.

According to the latest OECD report, Panama has a sound governance framework for developing digital government, although its cybersecurity institutions are still in development stages. Additionally, the government aims to move beyond awareness and actively combating cyber threats and online services disruption. In March 2019, Panama's national assembly passed the Personal Data Protection Law that will be effective as of 2021. This law will regulate the principles, rights, obligations, and procedures regarding personal data protection and compensate individuals for the improper use of their data.

The Computer Security and Incident Response Team of Panama (CSIRT) under the Government Innovation Authority (AIG) highlighted five key findings related to cybersecurity in Panama:

- Professional criminals and state actors continue to be the most significant threat and inflict the most damage;
- Digital attacks are being used to influence democratic processes;
- The vulnerability of the Internet of Things has resulted in disruptive attacks that endorse the need to enhance digital resilience;
- Many organizations are dependent on a limited number of digital infrastructure service providers, which means that the social impact of disruption is large;
- The resilience of individuals and organizations falls behind the increasing threat.

According to cybersecurity experts, U.S. companies have dominated the cybersecurity sector with about 60% share of the total market. Companies present in the market include Fortinet, Arbor, Palo Alto Symantec, Cisco, Netscout, and McAfee. Major competitors include Israel (CSI, ObserveIT, Guardicore) and some European companies like Necsia from Spain.

There are currently no concrete figures on the size of the Panamanian cybersecurity market. This is due to the difficulty in discerning cybersecurity spending from general IT spending for both the public and private sectors.

Leading Sub-Sectors

Best prospects for this sector are:

- risk assessment
- anti-malware/virus defense
- endpoint security
- vulnerability management
- network security

Opportunities

The Panamanian government is committed to the digital transformation of the public sector and has invested heavily in e-government. More accessibility also brings more significant security challenges that create opportunities for U.S. companies that offer cybersecurity solutions that prevent and deter cybercrimes. With an increased focus on the

disruptive and expensive consequences of cyber threats, both private and public need to increase their IT security investment.

Web Resources

- IT and Telecom Chamber of Panama (CAPATEC): <http://www.capatec.org.pa/>
- Government of Panama Science/Technology/Innovation Secretariat: <http://www.senacyt.gob.pa/>
- Autoridad de Innovacion Gubernamental: <http://www.innovacion.gob.pa>

Disposable Medical Supplies

	2017	2018	2019	2020 estimated
Total Local Production	0	0	0	0
Total Exports	0	0	0	0
Total Imports	\$120	\$130	\$144	\$187
Imports from the US	\$48	\$45	\$50	\$59
Total Market Size	\$120	\$130	\$144	\$194
Exchange Rates	1:1	1:1	1:1	1:1

U-S. Dollar Millions

Source: Office of the Comptroller General and estimates from industry sources

Before the COVID-19 pandemic, the market for disposable medical supplies in Panama grew at an average rate of 10% over the last decade due to the growing population and public and private investment in the health sector. The public sector, comprised of the Social Security Fund (CSS) and the Ministry of Health, represents approximately 70% of the total market, the private sector represents 30%. The private sector is composed of modern hospitals, some of them affiliated with foreign health organizations.

The COVID-19 pandemic has had a severe impact on the health sector in Panama. Panama has significantly increased spending on disposable medical supplies and is prepared to continue devoting significant resources in the next few months to deal with the crisis. Consequently, the market for disposable medical supplies is expected to grow by 35% in 2020, and probably at least 15% in the following years. The U.S. market share in 2019 was approximately 31%, facing intense competition from Asia (Japan, South Korea, and China) and European countries (France, Italy, Spain, and Switzerland). There is no production of disposable medical supplies in Panama.

The disposable medical supplies market offers numerous opportunities for small, medium, and large U.S. companies. Main disposable medical supplies included in this report are: dialysis consumables, diagnostic supplies, infusion products, radiology consumables, hypodermic products, intubation and ventilation supplies, woven and non-woven medical supplies, sterilization consumables, gloves, exam gowns, bandages, drug test disposables, face masks and goggles (surgical and non-surgical), surgical sponges, hypodermic needles, syringes, and wound care consumables.

The procurement of disposable medical products in the public sector is carried out by tenders announced on "[Panama Compra](#)" the online government public procurement system. By law, government purchases can only be made from local companies or foreign companies registered in Panama. U.S. companies interested in marketing disposable medical supplies in Panama should appoint a local distributor with knowledge of the local procurement system and business practices. Developing a strong relationship with local distributors is critical to succeeding in this market. Please contact the U.S. Commercial Service in Panama for more information and for help in appointing a distributor.

Leading Sub-Sectors

- Masks and Gloves: face masks, surgical masks, barrier masks, and face shield masks.
- Disposable Clothing – exam gowns, surgical gowns, scrub suits, coveralls, nurse gowns, caps, aprons, scrub suits, shoe covers, oversleeves, surgical dressings, reinforced surgical gowns, high-performance surgical gowns, and lab coats.
- Disposable Surgical Supplies – surgical bandages, sponges, medical gloves, surgical blades, and scalpels.
- Test supplies: clamped boss load rings, drying and weighing digital hotplate, hotplate, oven drying method, particle size analysis: test sieves, sieve brush, sieve lids and receivers, laboratory hardware: scoops and

shovels, rubber tubing, measuring cylinders, funnels, bottles, temperature measurement: digital, portable dial-type, general purposes thermometers.

- Syringes: Anesthesia syringes, conventional syringes, fluid dispensing syringes, drug delivery systems, insulin syringes, pre-filled flush syringes, and safety syringes.
- Dental supplies: Cups and dispensers, headrest covers, bib towels, bib holders, cotton products, tongue depressors and applicators, tray covers, gauze-sponges, facial tissues, inner core traps, denture boxes, dry absorbent pads, impression traps, disposable mirrors, and nasal hoods.
- Specimen collection: serum separator gel blood collection tubes, blood collection tubes, disposable sterile plastic specimen collection containers, sterile plastic dishes, stool specimen containers, vacuum blood collection, and EDTA tube plastic and glass.
- COVID-19 test kits: – Covid-19 home test kit, Covid-19 IgM/IgG Rapid test kit, CDC COVID-19 laboratory test kit (serologic test).

Opportunities

- The construction of modern hospitals in Panama City, such as the City of Health, the new Children's Hospital, the new Oncology Hospital, and several regional hospitals across Panama.
- The COVID-19 surge in demand for quality disposable products.
- New hygiene practices by the general population to protect themselves from the virus have generated massive use of disposable medical products at home, especially face masks and gloves.

Web Resources

- Ministry of Health: <http://minsa.gob.pa>
- Caja del Seguro Social: <http://css.org.pa>
- American Chamber of Commerce in Panama: <http://www.panamcham.com>
- Panama Chamber of Commerce: <http://www.panacamara.com>
- Panama Compra: <http://panacompra.gob.pa>

Agricultural Products

In 2019, Panama ranked 33rd among the leading 35 country markets in exports of U.S. agricultural products with a \$726.2 million value. U.S. products are high in quality and are well accepted overall. The customs clearance process in Panama is relatively fast and trouble-free for U.S. exporters that comply with local requirements. Most consumer-oriented food imports in Panama are purchased through a local importer, distributor, or wholesaler. The primary products are dairy products (\$58.1 million); prepared food (\$54.8 million); pork and pork products (\$47.8 million); poultry meat and poultry products (\$39.9 million); wines and beer (\$35.3 million). All these categories, in 2019, denote the highest export levels since at least 1970, with an annual growth of 12.4%. On the other hand, Panamanian production and exports to the United States increased by 41.6% in 2019.

<i>(in US\$ million)</i>	2017	2018	2019	2020est
Total Local Production	539.5	527.5	224.8	241.4
Total Exports	130.9	127.0	54.1	58.1
Total Imports	669.0	550.0	629.1	646.0
Imports from the U.S.	375.5	397.9	447.1	481.1
Exports to the U.S.	7.0	7.2	10.2	13.9
Total Market Size	1077.6	950.5	799.8	829.3
Exchange Rate	0	0	0	0

Data Sources: Dept. of Commerce, U.S. Bureau of the Census Trade Data. General Comptroller of Panama, National Institute of Statistics and Census

Leading Sub-Sectors

Panamanian consumers are demanding more convenience and healthy food products. This trend has resulted in good prospects for U.S. exports of fresh fruit (mainly apples, grapes, peaches, and pears), organic foods, healthy food products such as gluten-free, for the keto diet, low carb, low sodium, low sugar, low fat, processed fruits and vegetables (especially canned fruits), and snack foods (including corn chips, popcorn, cookies, and candies). Processed canned fruits and vegetables, especially mixed fruits, mixed vegetables, yellow sweet corn, peas, mushrooms, and garbanzo beans, generate strong import demand because most of the food products found in the supermarkets are not processed locally.

Opportunities

Specialty food products, such as confections, cheese, coffee, wines, beers, snacks, spices, ethnic, natural, organic, fat-free, low sodium, lactose-free, gluten-free, and more, represent the best prospects of U.S. exports to Panama due to the growing demand of consumers.

Web Resources

- Dept. of Commerce, U.S. Bureau of the Census Trade Data:
<https://apps.fas.usda.gov/Gats/BicoReport.aspx?type=country>
- General Comptroller of Panama, National Institute of Statistics and Census:
https://www.inec.gob.pa/COMERCIO_EXT/
- Euromonitor International Database: <http://go.euromonitor.com/passport.html>

Bulk Agricultural Products

U.S. exports of bulk agricultural products to Panama totaled \$160.8 million in 2019. With 140 food-processing companies, the value of Panama's food processing ingredients market is valued at \$110 million per year, with U.S. products holding 60 % of the market share. These include dairy processors, meat and poultry product processors, fishery product processors, fruits processors, beverages and spirits, bakery, and snacks. According to official figures and the Union of Industrialists of Panama (SIP), this sector has an estimated annual growth for 2019 at 2.0%. The production of beverages, liquor is on track to grow by 3% in the coming year. Furthermore, the production of processed milk and sugar has been improving over the last few years.

<i>(in US\$ millions)</i>	2017	2018	2019	2020est
Total Local Production	172.2	170.0	196.6	185.0
Total Exports	47.1	45.2	52.1	56.0
Total Imports	279.3	299.7	308.8	286.6
Imports from the U.S.	141.5	151.1	160.8	163.8
Exports to the U.S.	30.6	28.3	32.5	36.0
Total Market Size	404.4	424.5	453.3	415.6
Exchange Rate	0	0	0	0

Data Sources: Dept. of Commerce, U.S. Bureau of the Census Trade Data. General Comptroller of Panama, National Institute of Statistics and Census

Leading Sub-Sectors

U.S. exports of bulk agricultural products to Panama increased by 6.4% last year. Principal products in this category include yellow corn (\$89.5 million), wheat (\$36.1 million), and "paddy" rice (\$17.5 million).

Opportunities

Yellow corn, wheat, paddy rice, soybeans, and pulses represent the best prospects of U.S. exports to Panama due to consumers' growing demand and animal feed for local production.

Web Resources

- Dept. of Commerce, U.S. Bureau of the Census Trade Data:
<https://apps.fas.usda.gov/Gats/BicoReport.aspx?type=country>
- General Comptroller of Panama, National Institute of Statistics and Census:
https://www.inec.gob.pa/COMERCIO_EXT/
- Euromonitor International Database: <http://go.euromonitor.com/passport.html>

Intermediate Agricultural Products

U.S. exports of intermediate agricultural products to Panama totaled \$118.4 million in 2019. High demand for soybean meal (\$69.8 million) drives this sector, mainly used for feeding chicken, shrimps in aquaculture, and pork production. All soybean meal imports are from the United States.

Market Estimates

<i>(in US\$ millions)</i>	2017	2018	2019	2020est
Total Local Production	14.8	14.7	17.5	17.2
Total Exports	12.5	10.3	15.2	16.5
Total Imports	210.6	209.8	230.2	204.9
Imports from the U.S.	126.4	133.2	118.4	105.4
Exports to the U.S.	10.6	12.5	13.7	14.3
Total Market Size	212.9	214.2	232.5	205.6
Exchange Rates	0	0	0	0

Data Sources: Dept. of Commerce, U.S. Bureau of the Census Trade Data. General Comptroller of Panama, National Institute of Statistics and Census.

Leading Sub-Sectors

Soybean meal and Vegetable oil are the top products.

Opportunities

Soybean meal, vegetable oil, soybean oil, and distiller dried grains (DDGS) represent the best prospects of U.S. exports to Panama, mainly used for animal feeding.

Web Resources

- Dept. of Commerce, U.S. Bureau of the Census Trade Data: <https://apps.fas.usda.gov/Gats/BicoReport.aspx?type=country>
 - General Comptroller of Panama, National Institute of Statistics and Census: https://www.inec.gob.pa/COMERCIO_EXT/
- Euromonitor International Database: <http://go.euromonitor.com/passport.html>

Customs, Regulations, and Standards

Trade Barriers

As part of the negotiations for the TPA, Panama approved “The United States – Panama Agreement regarding certain Sanitary and Phytosanitary Measures and Technical Standards affecting Trade in Agricultural Products” (Signed and

Entered into Force on December 20, 2006), that eliminated sources of discretion and abuse in the import approval process, thus lifting any existing sanitary or phytosanitary barriers. Panama has no other trade barriers.

Import Tariff

When Panama joined the WTO in 1997, the government lowered tariffs to a maximum of 15%, except for a few agricultural products, and to an overall average of 12%, the lowest in the region. The revised import duty structure was significantly lower than the one negotiated for WTO accession and represented a substantial commitment to trade liberalization. In October 2012, the Trade Promotion Agreement (TPA) between the United States and Panama came into effect and reduced import duties to zero for 87% of the products in the tariff schedule, except some food and agricultural products, on which duties will reduce gradually over the course of the next fifteen years.

Import Requirements & Documentation

No import licenses are required in Panama. Any company holding a commercial license can freely import goods into Panama. A commercial or industrial license is required by individuals or companies wishing to engage in commercial or industrial activities.

The essential import documents are: Commercial Invoice (in original), and Bill of Lading (for sea transportation) or Airway Bill (for air transportation). Some products will require additional documentation such as sanitary or phytosanitary certificates for food and agricultural products, certificate of free sale for pharmaceutical products, and certificate of origin to access the preferential duties under the TPA. Special import permits are required for all types of firearms, ammunition, and fertilizers.

For food and beverages exports to Panama, the Sanitary and Phytosanitary Import Requirements are available at the Panamanian Food Safety Authority website: <http://200.46.196.152/aupsa/codarancelreq.asp>

In the case of plants, seeds, forest products, and live animals, the import licenses shall be requested to the Ministry of Agricultural Development, Agricultural Quarantine Directorate at <https://www.mida.gob.pa/upload/documentos/manualusuarioexterno-2015.pdf>

Labeling/Marking Requirements

Local regulations do not require labels to be in the Spanish language, unless there is a specific ingredient in a food product that the Ministry of Health through a Decree has declared to be labeled in Spanish, such as medicines, agricultural chemicals, toxic products, and food products that require specific instructions or warnings due to human health risks. Labels must have basic information regarding the manufacturer's name and address, expiration date, a listing of ingredients, lot number, and the product form, e.g., powder, liquid, etc.

In general, products that comply with U.S. labeling and marking requirements are accepted for sale in Panama. Food products labeling and marking must comply with CODEX Alimentarius guidelines. However, specific labeling requirements are established on Panama's Technical Regulations, such as fresh onions, fresh potatoes, dairy products, and fresh shell eggs.

All goods arriving in Panama intended for re-exportation immediately must be marked "PANAMA IN TRANSIT" on each box or outside the container.

For more information, please contact the Panama Customs Authority: <http://www.ana.gob.pa>

U.S. Export Controls

The United States imposes export controls to protect national security interests and promote foreign policy objectives related to dual-use goods through implementation of the Export Administration Regulations (EAR). The Bureau of Industry and Security (BIS) is comprised of two elements: Export Administration (EA), which is responsible for processing license applications, counseling exporters, and drafting and publishing changes to the [Export Administration Regulations](#); and Export Enforcement (EE), which is responsible for the enforcement of the EAR. BIS works closely with U.S. embassies, foreign governments, industry, and trade associations to

ensure that exports from the United States are secure and comply with the EAR. BIS officials conduct site visits, known as End-Use Checks (EUCs), globally with end-users, consignees, and/or other parties to transactions involving items subject to the EAR to verify compliance.

An EUC is an on-site verification of a non-U.S. party to a transaction to determine whether the party is a reliable recipient of U.S. items. EUCs are conducted as part of BIS's licensing process, as well as its compliance program, to determine if items were exported in accordance with a valid BIS authorization or otherwise consistent with the EAR. Specifically, an EUC verifies the *bona fides* of transactions subject to the EAR, to include: confirming the legitimacy and reliability of the end-use and end-user; monitoring compliance with license conditions; and ensuring items are used, re-exported or transferred (in-country) in accordance with the EAR. These checks might be completed prior to the export of items pursuant to a BIS export license in the form of a Pre-License Check (PLC), or following an export from the U.S. during a Post-Shipment Verification (PSV).

BIS officials rely on EUCs to safeguard items subject to the EAR from diversion to unauthorized end-uses/users. The verification of a foreign party's reliability facilitates future trade, including pursuant to BIS license reviews. If BIS is unable to verify the reliability of the company or is prevented from accomplishing an EUC, the company may receive, for example, more regulatory scrutiny during license application reviews or be designated on BIS's Unverified List or Entity List, as applicable.

BIS has developed a list of "[red flags](#)", or warning signs, and compiled "[Know Your Customer](#)" guidance intended to aid exporters in identifying possible violations of the EAR. Both of these resources are publicly available, and their dissemination to industry members is highly encouraged to help promote EAR compliance.

BIS also provides a variety of training sessions to U.S. exporters throughout the year. These sessions range from one to two-day seminars that focus on the basics of exporting to coverage of more advanced, industry-specific topics. Interested parties can check [list of upcoming seminars and webinars](#) or reference BIS provided [online training](#).

BIS and the EAR regulate transactions involving the export of "dual-use" U.S. goods, services, and technologies. For advice and regulatory requirements, exporters should consult the other U.S. Government agencies which regulate more specialized items. For example, the U.S. Department of State's Directorate of Defense Trade Controls has authority over defense articles and services, or munitions. A list of other agencies involved in export control can be found on the [BIS website](#) or in Supplement No. 3 to Part 730 of the EAR.

The EAR is available on the [BIS website](#) and on the [e-CFR](#) (Electronic Code of Federal Regulations) and is updated as needed. The [Consolidated Screening List](#) (CSL) is a list of parties for which the United States Government maintains restrictions on certain exports, reexports or transfers of items. The CSL consolidates eleven export screening lists of the Departments of Commerce, State and the Treasury into a single data feed as an aid to industry in conducting electronic screens of parties to regulated transactions. Exporters are encouraged to classify their items prior to export, as well as consult the CSL to determine if any parties to the transaction may be subject to specific license requirements.

Temporary Entry

The Panamanian Fiscal Code establishes a temporary entry regime of 90 days for all types of merchandise. This temporary entry may be extended for up to one year. There are two options for temporary entry. First, the goods can enter the country if the importer makes a deposit equivalent to the import duty. This payment will be reimbursed at the time the goods leave the country. Second, an insurance company can issue a bond for the importer covering the import duty value, payable if the goods fail to exit the country as scheduled.

Special temporary provisions apply in the case of trade shows and exhibitions taking place at Panama's exhibition and convention center, Atlapa. Goods can enter the Atlapa Convention Center with no warranty payment or bond required.

Samples with commercial value are subject to temporary entry requirements. Samples with no commercial value are admitted duty free. If samples arrive in large containers, they will be dutiable even though they may be marked as free samples. If the goods are eligible for duty-free treatment under the TPA between the United States and Panama, the above procedure does not apply.

Prohibited & Restricted Imports

The following products cannot be imported into Panama:

- Counterfeit coins or printed material that imitates currencies. Equipment or instruments for manufacturing coins.
- Liquors, wines, beers, or medicines with labels that falsely describe contents or of any harmful preparation. Certain firearms or war materials.
- Foreign lottery or raffle tickets.
- Opium in the form of gum or for smoking.
- Obscene brochures, books, newspapers, magazines, or postcards containing negative portrayals of the country's culture, civilization, or dignity.
- Plants, seeds, or animals when determined by the Ministry of Agriculture.

Customs Regulations

Panama assesses import duties on an ad valorem basis. The ad valorem system uses the declared CIF value as the basis for import duty calculations and, in some cases, utilizes historical price information as a reference. Panama adheres to the WTO Customs Valuation Agreement, which stipulates the methods for determining customs valuation.

In addition to the duty, all imports into Panama are subject to a 7 percent transfer or value-added tax (ITBM) levied on the CIF value, plus import duty and other handling charges. Pharmaceuticals, foods, and school supplies are exempt from the ITBM tax.

Due to the TPA between the U.S. and Panama, some 87% of U.S. products enter Panama duty-free. For other products, duties may be phased out over time. Since there are several exceptions, it is convenient to check what products are under the duty-free regime. We suggest that U.S. exporters go through the following process to determine duties today and in the future:

1. Customs Info Database - shows you tariffs/duties that Panama is currently assessing. You can access this database by simply signing up with your email address.
2. Tariff Tool for Free Trade Agreements – shows you how tariffs will be phased out for any good in any country that has a Free Trade Agreement (current or pending) with the U.S. Cautionary note: this tool does not show agricultural products. Also, it is not entirely accurate for current tariff rates; instead, it shows what Panama can charge, which may be higher.

Under the U.S.-Panama Trade Promotion Agreement, a certificate of origin may be required, although the importer's knowledge of origin may be sufficient. No format for the certificate is specified but must contain the following information: the names of the certifying person, importer, exporter, and producer; the tariff classification and description of the goods; information demonstrating the goods' origin; and date of certification. Blanket certifications covering up to 12 months of shipments are permissible. Certificates may be in English or Spanish, but a translation may also be required.

In 1995, Panama adopted the Harmonized System (HS) or Tariff Nomenclature as its customs classification system. In general, the Panamanian customs system does not represent a significant obstacle for U.S. exporters. The Tariff Nomenclature has changed during the last decade due to Panama's entry into the Central American Customs Union, adopting the "RECAUCA" modifications.

Contact information for the Panamanian customs' office is:

Dirección General de Aduanas
P.O. Box 0819-07729
Panama, Panama
Phone: +507-506-6407

Fax: +507-506-6240

Web: www.ana.gob.pa

Standards for Trade

Overview

As a WTO member, Panama implemented the WTO's Agreement on Technical Barriers to Trade (TBT), including the Code of Good Practice for the Preparation, Adoption, and Application of Standards. The government of Panama (GOP) passed Law 23 of July 15, 1997, which established new dispositions on product standards, labeling, and certification policy, and redefined the functions of the Directorate General of Standards and Industrial Technology (DGNTI) and the Panamanian Commission for Industrial and Technical Standards (COPANIT). DGNTI's central role is to establish standards and technical regulations, while COPANIT's plays an advisory role to DGNTI. The National Council for Accreditation (CNA) is responsible for all national accreditations. For more information, visit the [Ministry of Commerce and Industry for the Technical Regulations](#)

Panama has an open economy, and there are no significant market access problems related to standards and technical regulations. Specific market access problems have occurred in the past with several agricultural products, such as fresh onions, fresh potatoes, dairy products, fresh shell eggs.

According to WTO guidelines, Panama informs WTO of any standards or technical regulations activities. U.S. companies can participate in the standards development process by contacting DGNTI and submitting specific requests or suggestions. There are no limitations to participation by foreign countries.

Products for which Panama has not set standards can enter the Panamanian market if they comply with standards and technical regulations from the U.S., Europe, or any other industrialized country

Standards

The Directorate General of Standards and Industrial Technology (DGNTI) establishes technical regulations and standards in Panama. Because of budget and other limitations, this organization has been mostly dedicated to establishing standards for food products upon specific requests by industrial organizations and according to WTO guidelines. DGNTI performs its functions through its three departments: Standards, Certifications, and the Information Center. For more information, visit the [Ministry of Commerce and Industry for the Technical Regulations](#)

Conformity Assessment

While DGNTI leads to conducting conformity assessments, it is joined by many other public and private organizations. These organizations include the Central Laboratory of Health from the Ministry of Health (MINSAs), the University of Panama, the Technological University of Panama, the National Secretariat of Science and Technology (SENACYT), the Ministry of Agricultural Development (MIDA), the Consumer Protection Authority and Defense of Competition, and the Agricultural Marketing Institute (IMA). Panama does not have any Mutual Recognition Agreement (MRA) with U.S. organizations.

Product Certification

Once the conformity assessments have been conducted, the DGNTI will issue a conformity assessment certificate. DGNTI is the only organization authorized to issue conformity assessments related to products. Other private organizations such as SGS and Bureau Veritas deal with conformity assessments on systems or procedures and can issue certificates, but only related to systems. Product certification is a matter that does burden U.S. exporters.

Accreditation

The National Council for Accreditation (CNA) created by Law 23, July 15, 1997, is the government authority in charge of all national accreditations. This Council is formed by several government organizations, including the

Ministries of Commerce, Health and Agricultural Development, and the National Secretariat of Science and Technology (SENACYT). The CNA works through a technical secretariat, which is the technical body of the Council. Accreditation is mostly voluntary.

The technical secretariat appoints accreditation committees, which are groups formed by specialists from the public and private sectors. These committees provide necessary input for CNA decisions. Accreditation is obligatory for organizations that deal with fuel laboratories and environmental testing laboratories. All other accreditations are voluntary. Accreditation can be granted in three categories: Laboratories (calibration and testing), inspection organizations, and certifying organizations. As of June 2018, fifty organizations had been accredited by CNA, with several accreditation applications under review.

Publication of Technical Regulations

The Ministry of Commerce and Industry publishes all final technical norms and regulations in the Official Gazette or “Gaceta Oficial.” Law 23 requires that the General Directorate of Standards and Industrial Technology (DGNTI) publishes all agreements, technical regulations, norms, and procedures.

Official Gazette or Gaceta Oficial

Panama, Republic of Panama

<http://www.gacetaoficial.gob.pa/>

Phone: +507 527-9393

Panama does not maintain an annual regulatory agenda or at least it is not published.

Members of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to notify to the WTO proposed technical regulations and conformity assessment procedures that could affect trade. Notify U.S. (www.nist.gov/notifyus) is a free, web-based e-mail registration service that captures and makes available for review and comment key information on draft regulations and conformity assessment procedures. Users receive customized e-mail alerts when new notifications are added by selected country or countries and industry sector(s) of interest and can also request full texts of regulations. This service and its associated web site are managed and operated by the USA WTO TBT Inquiry Point housed within the National Institute of Standards and Technology, part of the U.S. Department of Commerce.

Contact Information

The WTO TBT Inquiry Point and National Information Center is:

Dirección General de Normas y Tecnología Industrial (DGNTI)

Phone: +507 560-0716

E-mail: dgnti@mici.gob.pa

Consejo Nacional de Acreditación (CNA)

Phone: +507 560-0715

E-mail: apolo@mici.gob.pa

<http://www.cna.gob.pa>

Trade Agreements

The U.S. and Panama signed a trade promotion agreement on June 28, 2007, implemented on October 31, 2012. The TPA eliminated tariffs reduction to zero for about 87 percent of U.S. exports (including nearly all industrial and consumer goods), with the remainder phasing out over ten years. Some agricultural tariff lines will be phased out by January 1, 2031. The TPA also includes provisions relating to customs administration and trade facilitation, technical barriers to trade, government procurement, investment, services, financial services, telecommunications services, electronic commerce, intellectual property rights, and labor and environmental protections. Under the TPA, U.S.

firms have better access to Panama's services sector than Panama provides to other WTO Members under the General Agreement on Trade in Services. All services sectors are covered under the TPA except where Panama has made specific exceptions. Moreover, Panama became a full participant in the WTO Information Technology Agreement. Panama also entered into a bilateral agreement with the United States in 2006 that resolved some of the regulatory barriers to trade in agricultural goods ranging from meat and poultry to processed products, including dairy and rice.

Panama has full FTAs which cover goods and services in force with the following countries or economies: El Salvador (2003), Singapore (2006), Chile (2008), Costa Rica (2008), Honduras (2009), Guatemala (2009), Nicaragua (2009), Peru (2012), the United States (2012), Canada (2013), the EFTA countries (2014), Mexico (2015), South Korea (2018) and Israel (2019). Panama has partial trade agreements with the Dominican Republic (1987), and Cuba (2009). In 2013, Panama and Colombia signed a free trade agreement, culminating in three years of negotiations between both countries. After the agreement was signed, there was a tariff dispute between the countries regarding tariffs placed on clothing and footwear imports to Colombia that were re-exported from the Colon Free Zone. The dispute was brought to the WTO, which ruled in Panama's favor in March 2018. Panama and China began FTA negotiations on June 12, 2018, but the Cortizo administration put them on hold. Due to Panama's recognition of the People's Republic of China, on June 12, 2017, Panama broke diplomatic relations with Taiwan and withdrew the Panama-Taiwan FTA that was implemented from 2004-2017. For more information on Panama's Free Trade Agreements, visit <https://www.mici.gob.pa/tratados-comerciales-vigentes>

Panama has bilateral investment agreements with the United States, the United Kingdom, France, Switzerland, Germany, Taiwan, Canada, Argentina, Spain, Chile, Uruguay, the Czech Republic, Netherlands, Cuba, Mexico, Dominican Republic, South Korea, Ukraine, Sweden, Qatar, Finland, and Italy. The U.S.-Panama Bilateral Investment Treaty (BIT) entered into force in 1991 (with additional amendments in 2001 to reflect Panama's joining the International Center for the Settlement of Investment Disputes (ICSID)). The investor protection provisions in the TPA have supplanted those in the BIT. However, investments made under the BIT maintain the option to invoke dispute settlement under either treaty until October 31, 2022.

Licensing Requirements for Professional Services

According to Panamanian regulations, several professional services such as engineering, medical, legal, accounting are reserved for Panamanian nationals. In some cases, some foreign professionals are required to validate their university degrees by attending local universities and completing specific courses. The U.S.-Panama Trade Promotion Agreement leaves the door open for bilateral recognition of professions and professional license issuance. Some of the existing restrictions can be overcome by hiring local professionals or alliances with local firms. As of October 2017, drivers for ride-sharing companies require a Type E1 driver license reserved for Panamanians.

Web Resources

Ministry of Commerce and Industry, for trade regulations, and standards: <http://www.mici.gob.pa>

National Customs Authority: <http://www.ana.gob.pa>

Ministry of Agricultural Development: <http://mida.gob.pa>

Ministry of Health: <http://minsa.gob.pa>

USTR: <https://ustr.gov/trade-agreements/free-trade-agreements/panama-tpa>

Selling US Products and Services

Distribution & Sales Channels

Business practices in Panama are similar to those in the United States. Business tends to be direct and straightforward. On average, Panama City accounts for 65% of the total national sales of consumer goods. The remaining 35% is distributed among David, Colón, Santiago, and Chitré.

Generally, the marketing channel structure in Panama is simple. Direct importers act as wholesalers and, in many cases, also as retailers. This model is most used in apparel, automotive parts, and hardware products. In consumer goods, food, and medicines, the retail operation is separate from the wholesale operation. For industrial goods, sales are usually handled by local exclusive agents or distributors. In other cases, local firms order direct from U.S. brokers or the manufacturer.

Some of Panama's leading importers are also regional distributors for Central and South America, with warehousing facilities located in the Colón Free Zone (CFZ). Generally, CFZ importers/distributors have affiliated stores in Panama City for retail sales to the local market. We encourage U.S. companies with consumer retail products to look at selling through the Colón Free Zone to the region. For more information on this option, please contact CS Panama.

Most of Panama's trade moves through the Atlantic ports of Manzanillo, Cristobal, and Evergreen, and the Pacific Port of Balboa. The Tocumen International Airport handles the bulk of Panama's air cargo. Merchandise, especially from the CFZ, is transported to Central America by land. Panama has an efficient terrestrial transportation system.

Express Delivery

Most international express delivery companies have a presence in Panama and local companies that provide delivery services. In general, express delivery firms are highly reliable. Deliveries from U.S. cities typically take 3-5 days. Imports of certain goods like cosmetics and hygiene products produced abroad are restricted to a maximum of two or three products per person when purchased online for personal use. Cosmetics intended to be sold by retailers must comply with Panamanian cumbersome registration procedures.

According to the U.S.-Panama Trade Promotion Agreement, Article 5.7 (g) "Express Shipments (g) under normal circumstances, provide that no customs duties or taxes will be assessed on, nor will formal entry documents be required for, express shipments valued at US\$100 or less."

eCommerce

The number of Panamanians using the internet continues to increase year after year. According to the latest statistics, roughly 69% of the population, over 2.9 million, are internet users. About 95% of these users make online purchases through a mobile device or computer.

Most financial institutions offer online banking (i.e., Banco General's "Yappy") that Panamanian consumers and companies have embraced. Applications like "Mercadito" allow small agricultural producers to reach a more significant number of consumers. Delivery platforms such as Apetito24, Uber Eats, ASAP, and Glovo have gained considerable popularity amongst Panamanians. Another highly recognized platform in Panama is Degusta, which provides restaurant recommendations. Large retail stores offer online shopping and have seen steady growth in eCommerce revenues. The Colon Free Zone (CFZ or Zona Libre de Colon), the largest free-trade zone in the Americas, recently introduced e-Commerce to be more competitive. The proposed changes include using new logistics platforms to increase efficiency.

Companies looking to conduct eCommerce in Panama need to comply with a series of requirements found by visiting [The General Directorate of Electronic Commerce of the Ministry of Commerce and Industries](#). This government entity oversees the application of Panama's eCommerce laws (Law 43 and Law 51) and acts as a regulator. In Panama, electronic signatures are a legal instrument except for real estate transactions and successions.

The Cortizo administration National Digital Agenda 2020 initiative promotes transparency using technology and innovation. Currently, there are 142 government services online. The goal is to reach 400 online services by 2020. The implementation of SAP under the name ISTMO allows electronic payment transfers to suppliers. Similarly, online payment gateways are used by maritime consulates worldwide. According to the United Nations E-Commerce Development Index (EGDI), an index that measures governments' ability to deliver public services digitally, Panama ranked 83 in 2019.

Selling Factors & Techniques

Panama has the highest per capita income in Central America. However, most of the income is skewed to a small, consumer goods-oriented economic class. These upper-middle and upper-income class families have high levels of disposable income. They are interested in purchasing high quality, trend-setting goods. Price is less of a factor in this class's purchasing decisions than for the middle and lower-income classes. Most Panamanians are interested in quality, but price still plays a significant role in the purchase decision.

Panama, as the “Hub of the Americas,” has become a shopping destination for the region’s growing middle class. It is not uncommon to see Brazilians, Colombians, Venezuelans, and Central Americans flooding the malls, particularly during holidays. As a result, U.S. consumer retail and franchise companies can expect more sales opportunities than Panama’s small population would at first indicate.

The use of the U.S. dollar as legal currency, brand recognition, and consumer preference for high-quality products at competitive prices are a few reasons for the high acceptance of U.S. products in Panama. Overall, U.S. products are well accepted and are known for their high quality and durability. Nonetheless, U.S. products must compete against lower-priced products, especially from Asia. For example, as in the U.S. itself, Japanese and Korean electronics dominate the market because of aggressive market entry techniques and good quality at competitive prices. Note that U.S. brands, many of whom are manufacture outside of the U.S., enjoy a prominent position in the marketplace and in the Colón Free Zone. Such brands as Nike, Oakley, and Columbia sportswear fall into this category. There are an estimated 150 U.S. brands present in Panama.

Trade Financing

Methods of Payment

As Panama is an international banking center, there are several payment options for Panamanian importers. The local banking system readily provides irrevocable letters of credit. The banking sector is modern and efficient, and payments have not represented an issue for Panamanian importers. U.S. exporters may gain a competitive advantage by using open account terms coupled with export credit insurance. The terms allow Panamanian buyers to take receipt of goods and sell them to obtain the needed cash to repay the U.S. exporter. In the event of default, the export credit insurance would make the U.S. exporter whole. The U.S. Commercial Service offers two helpful videos on the many payment methods and financing options available to U.S. companies. To see the videos, visit <https://www.trade.gov/how-export-videos>

Several banks operating in Panama have longstanding relationships with the Export-Import Bank of the United States, which is the leading issuer of export credit insurance to U.S. exporters and can help you assess the creditworthiness of a Panamanian buyer. The CS Panama office can also conduct background checks on Panamanian buyers before deciding to offer financing terms.

Foreign Exchange Controls

There are no foreign exchange controls. The U.S. dollar is the national currency. There are no restrictions on capital flows into or out of the country.

Banking Systems

The U.S. dollar is Panama's currency, and there is no central bank. The National Bank of Panama has specific functions of a central bank, such as serving as the clearinghouse for the banking system.

Panama opened its banking sector to foreign competition in 1970 under the legislation, which prioritized banker-depositor confidentiality. The banking legislation establishes three classes of operations: general license banks operate full-service banks in Panama and compete for domestic and foreign deposits and loans; international license or "offshore" banks can only accept deposits from persons or organizations located overseas; representative offices can only perform representational activities. There are also two state-owned deposit-taking institutions. Foreign and Panamanian banks compete on equal terms. Banks are organized into the Panamanian Banking Association (Panamanian and Foreign Banks) and are licensed and regulated by the Banking Supervisory Authority (Superintendencia de Bancos). Panama's banking system does not have a deposit insurance scheme.

US Banks & Local Correspondent Banks

For a complete listing of banks operating in Panama, visit the Panamanian Banking Association's website, where you will find a comprehensive and up-to-date list: <http://www.asociacionbancaria.com>.

Protecting Intellectual Property

The intellectual property rights (IPR) chapter of the U.S.-Panama Trade Promotion Agreement contains state-of-the-art protections spanning all types of intellectual property and requirements to join key multilateral IPR agreements. The Agreement also contains strong enforcement provisions to ensure that all American intellectual property rights are efficiently and effectively protected in Panama.

Several general principles are important for effective management of intellectual property ("IP") rights in Panama. First, it is essential to have an overall strategy to protect your IP. Second, IP may be protected differently in Panama than in the United States. Third, rights must be registered and enforced in Panama under local laws. For example, your U.S. trademark and patent registrations will not protect you in Panama. There is no such thing as an "international copyright" that will automatically protect an author's writings throughout the entire world. However, most countries do offer copyright protection to foreign works under certain conditions, and these conditions have been greatly simplified by international copyright treaties and conventions. For additional information about treaty obligations, please see WIPO's country profiles at <http://www.wipo.int/directory/en/>.

U.S. companies should consider obtaining patent and trademark protection before introducing a product or service to the Panamanian market. Companies must understand that intellectual property is primarily a private right and that the U.S. government cannot enforce private individuals' rights in Panama. Companies should seek advice from local attorneys or IP consultants who are experts in Panamanian law.

While the U.S. Government stands ready to assist, there is little we can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IP in a timely fashion. It is always advisable to conduct due diligence on potential partners. A good partner is an essential ally in protecting IP rights. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Panama require constant attention. Work with legal counsel familiar with Panamanian laws to create a solid contract that includes non-compete clauses and confidentiality/non-disclosure provisions. The Consulate Section of the U.S. Embassy in Panama [published a list of lawyers](#) for reference.

Small and medium-sized companies should consider working together with trade associations and organizations to support their efforts to protect IP and stop counterfeiting. There are a number of these organizations, both Panama and U.S.-based. These include:

- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)

A wealth of information on protecting IP is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: 1-866-999-HALT or visit www.STOPfakes.gov
- For more information about registering trademarks and patents (both in the U.S. and foreign countries), contact the U.S. Patent and Trademark Office (USPTO) 1-800-786-9199, or visit <http://www.uspto.gov>.
- For more information about registering for copyright protection in the United States, contact the U.S. Copyright Office at: 1-202-707-5959, or visit <http://www.copyright.gov/>.
- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, please visit the “Resources” section of the STOPfakes website at: <http://www.stopfakes.gov/resources>.

For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits, visit www.stopfakes.gov/businesss-tools/country-ipr-toolkits. The toolkits contain detailed information on protecting and enforcing IP in specific markets and have contact information for local IPR offices abroad and U.S. government officials to assist SMEs.

In any foreign market companies should consider several general principles for effective management of their intellectual property. For background on these principles please link to the following article on [Protecting Intellectual Property](#) and [Stopfakes.gov](#), or contact ITA’s Office of Intellectual Property Rights Director, Stevan Mitchell at Stevan.Mitchell@trade.gov.

Selling to the Public Sector

Law 22 establishes the principles and procedures that govern public contracts. Modified in May 2020, Law 22 dictates that government procurements (including independent entities and state-owned enterprises) must be conducted under Law 22 and published in the electronic public system known as “[PanamaCompra](#)”. The [Direccion Nacional de Contrataciones Publicas](#) - DGCP (General Directorate of Public Procurement) is an autonomous entity responsible for administering the PanamaCompra electronic system. Moreover, the DGCP regulates, interprets, supervises, and advises on the contractor selection procedures carried out by state institutions, subject to the supervision of the Comptroller General of the Republic and the policies of the Executive Branch.

Panama is an observer to the WTO Agreement on Government Procurement (GPA), a plurality agreement that establishes rules requiring open, fair, and transparent competition conditions to be ensured in government procurements. Additionally, the [U.S.-Panama TPA \(Chapter 9\)](#) requires fair and transparent procurement procedures for procurement covered by the TPA.

The United States continues to stress the need to increase transparency and accountability in the judicial process and government procurement. The Panamanian government's historic inability to pay suppliers and contractors continues to be a liability that U.S. and Panamanian companies endure when doing business with the government. We encourage U.S. companies interested in pursuing public tenders in Panama to apply for support from the [U.S. Department of Commerce's Advocacy Center](#).

The Panama Canal represents significant business opportunities for U.S. exporters, with annual purchases of as much as \$250 million, including port and marine equipment, building materials, industrial equipment, transportation materials, and equipment. Despite being a government agency, the Panama Canal Authority (ACP) is a unique organization that, by constitutional law, is autonomous, runs a profitable and efficient operation, has full control over its budget, and enjoys an excellent payment record.

The Commercial Service maintains Commercial Liaison Offices in the Inter-American Development Bank and the World Bank. These institutions are active and have several lending programs in Panama. For more information about projects, visit [Inter-American Development Bank](#) and the [World Bank](#).

Business Travel

Business Customs

Business practices and customs in Panama are a unique blend of North American methods and traditional Latin style. Foreign corporations operating in Panama are essential in shaping the style and manner of doing business. In general, there are no significant differences in conducting business in Panama compared to the United States. Formal business attire is typical for the financial sector, high government levels, and social business meetings. In most instances, business casual attire is acceptable. Exchange of gifts is proper during trade missions, special events, and high-level visits. The use of business cards is widespread.

Due to the COVID19 pandemic, there is the mandatory use of masks in public, curfews, a limit on the number of people in a gathering, and several other restrictions. Visit the [Embassy's website for the latest COVID19](#) alerts.

Travel Advisory

The U.S. Department of State's Bureau of Consular Affairs maintains current travel-related information at www.travel.state.gov. International travelers and citizens on extended stays overseas should visit this site for foreign travel information and, when appropriate, warnings.

For Panama- specific information, visit <https://travel.state.gov/content/travel/en/international-travel/International-Travel-Country-Information-Pages/Panama.html>

Further information can be obtained from the Consular Section of the U.S. Embassy in Panama by email at Panama-ACS@state.gov

Visa Requirements

The Panamanian National Migration Service reserves the right to deny entry to a foreign national based on the individual's criminal record. For more information on criminal restrictions, click [here](#).

The U.S. is on Panama's list of friendly nations (Permiso de Residencia para Nacionales de Paises con relaciones amistosas, económicas y de inversion con la República de Panamá - Friendly Nations Residency Permit). This residency status is granted to individuals coming to Panama to pursue commercial or professional activities in Panama. Once approved, this permit gives an indefinite residency in Panama. Applicants must show a bank account with approximately \$5,000 or more and proof of commercial or professional activity.

There are other business-related residency permits available, some related to special zones such as the "Panama – Pacific Area"; the "City of Knowledge"; "Export Processing Zones"; and for "Call Centers." President Cortizo announced a new residency program aimed at high-net-worth qualified investors that seeks to activate the real estate and construction sectors negatively impacted by the Covid-19 pandemic.

There is a \$40 departure tax on leaving the country. This charge is usually built into the return fare of the airline ticket.

U.S. Citizens are subject to Panamanian law when visiting Panama, and penalties for possession, use, and trafficking of illegal drugs are severe.

If you plan to bring representatives or technicians to the U.S. for training, you should be aware that Panamanian nationals need a valid visa. Visa applicants should go to the following link: http://panama.usembassy.gov/non-immigrant_visas.html.

For more information on different types of visas, please visit: <https://www.panamatramita.gob.pa>

Currency

The U.S. Dollar is the legal currency in Panama. Credit and debit cards are widely accepted. There are plenty of ATMs across the country that accept U.S. ATM networks, including Plus and Cirrus.

Telecommunications/Electronics

Panama has an excellent telecommunications infrastructure, including broadband internet penetration. Most hotels offer free Wi-Fi connections, and direct dial is available to more than 150 countries worldwide. Panamanian cell phone service operates using GSM technology, and travelers may purchase prepaid SIM chips for unlocked GSM phones at various retail outlets, airports, etc. There are 170 radio stations and five television stations in Panama. Both cable TV service and satellite-based services are well-established in Panama. Standard electric service runs under 110 V, 60 Hz.

Transportation

Panama has excellent air transportation facilities. Four major U.S. airlines serve the country, as well as other foreign-flagged airlines. Copa Airlines, the Panamanian airline, has its regional hub at the Tocumen International Airport, connecting Panama with 14 U.S. cities and destinations throughout Latin America.

Buses, taxis, and ride-sharing companies (i.e., Uber) are readily available in urban areas. Taxi fares are low and usually range from \$2-10 depending on the trip's length. Taxi service from hotels is typically more expensive, but vehicles are in better condition and are generally safer. Congestion in the Panama City metro area is a rapidly increasing problem, but since the metropolitan area is relatively compact, the taxi service is typically a suitable transportation mode. Uber and similar services are also available in Panama. The Government of Panama inaugurated the first line of a metro system in early 2014 and opened the second line in April 2019. It is executing a plan for a fully integrated bus and metro transit system to deal with the congestion.

Transportation from Tocumen International Airport into Panama City can be made by a specially designated car & driver/taxi service, with prices between \$30-40 depending on the vehicle's size. Taxis may be shared with other passengers. There is no bus service available at the airport. Major U.S. car rental companies operate in Panama.

There is a train service from Panama City to Colón, which is on the country's Atlantic side. The Panama Canal Railway Company operates the service. While the railway is primarily a container transportation facility, it also operates limited passenger service and has become a popular tourist option to visit Colón.

Language

Panama's official language is Spanish, and English is widely used in major cities and tourist destinations. However, industry often raises the greater number of English speaker workers to meet the market demands. **Health**

The COVID-19 pandemic has severely strained Panama's health system. Before traveling to Panama, check the Embassy's website for the latest [COVID-19 alerts](#).

Panama has various state-of-the-art private hospitals with U.S. affiliations that offer specialized care and are well-positioned to serve the demand generated from medical tourism.

Running water is available in almost all parts of the country and is usually potable. Bottled water or boiling before use is necessary only in rural areas and small towns in the provinces. No vaccinations are required to visit Panama.

Local Time, Business Hours, and Holidays

Panama does not observe Daylight Savings Time. So, from roughly March – November, it is one hour behind the U.S. East Coast. From November – March, Panama follows the U.S. East Coast time.

Private business offices are open from 8:00 a.m. until 5:00 p.m., Monday through Friday, and Saturdays from 8:00 a.m. to 12 noon. Banks are open from 8:00 a.m. to 3:00 p.m., Monday through Friday. Most local banks open Saturdays from 9:00 a.m. to 12:00 noon. Government offices are open from 8:30 a.m. to 4:30 p.m., Monday through Friday.

All private, government, municipal, and U.S. Embassy offices are closed during local holidays. Also, the U.S. Mission observes all U.S. holidays.

2021 Panamanian and U.S. Holidays:

January 1	New Year's Day
January 9	Martyrs Day
January 18	Martin Luther King Day
February 15	President's Day
March 16	Carnival Day
April 2	Good Friday
May 1	Panamanian Labor Day
May 31	Memorial Day
July 5	Independence Day
September 6	U.S. Labor Day
October 11	Columbus Day
November 3	Independence Day from Colombia
November 5	Colon Day
November 10	The Uprising of Los Santos
November 11	Veterans Day
November 25	Thanksgiving Day
November 29	Independence Day from Spain
December 8	Panamanian Mother's Day
December 24	Christmas Day

Note: There is a large Jewish community, and several businesses observe Jewish holidays.

Temporary Entry of Materials or Personal Belongings

Business travelers should not experience any problems entering with laptops or other personal business equipment or software for personal use. Exhibition and sample materials can be brought into Panama, subject to temporary entry restrictions.

Investment Climate Statement (ICS)

The U.S. Department of State Investment Climate Statements provide information on the business climates of more than 170 economies and are prepared by economic officers stationed in embassies and posts around the world. They analyze a variety of economies that are or could be markets for U.S. businesses.

Topics include Openness to Investment, Legal and Regulatory systems, Dispute Resolution, Intellectual Property Rights, Transparency, Performance Requirements, State-Owned Enterprises, Responsible Business Conduct, and Corruption.

These statements highlight persistent barriers to further U.S. investment. Addressing these barriers would expand high-quality, private sector-led investment in infrastructure, further women's economic

empowerment, and facilitate a healthy business environment for the digital economy. To access the ICS, visit the U.S. Department of State [Investment Climate Statement](#) for Panama.

Political Environment

For background information on the political and economic environment of the country, please click on the link to the U.S. Department of State [Countries & Areas](#) website.