

Introduction from Ariel R. Perez Price, Head of Trade and Investment in Panama



Department for
International Trade



Panama's economy has been roaring for many years. This Central American tiger has one of the fastest-growing economies in the world, with an average annual growth rate of 5.6% over the last five years. It is also the fastest-growing economy in Latin America. The past decade was key for the isthmus as it invested heavily in infrastructure, widened its iconic canal, inaugurated the first metro system in Central America whilst upgrading social infrastructure.

Panama is a magnet for global business due to its strategic location and good business environment. The country has put together a very successful framework to promote foreign investment through well-designed incentives, managing to capture 45% of foreign direct investment (FDI) in Central America. Today, over 160 multinational companies have based their regional headquarters in Panama, including British giants such as Diageo, GSK, Aggreko, JVC and Biwater. British interest in the market accounts for 9% of the country's total FDI, making the UK one of its largest investors.

Panama's ambition is to become the Singapore of the western hemisphere – the region's main logistic and business hub. According to the World Economic Forum, Panama ranks seventh in the world for the efficiency of its port infrastructure; thirteenth in the world for the efficiency of its air transport services; and first for the sophistication of its financial services. This structure has allowed the country to run the second-largest free trade zone in the world, located at the Atlantic end of the canal, in the historic city of Colon.

Panama's latest ambition is to expand its hub's capabilities to sectors such as digital and pharma. Aside the opportunities involved, the country faces challenges in areas such as education, which are key for underpinning further growth. The UK has become a partner of choice, supporting Panama in areas such as vocational training and bilingualism. Between 2015 and 2019, over 1,200 teachers from Panama's public sector received training in universities across the UK, from Edinburgh College in Scotland to the University of Portsmouth in the south.

The future certainly looks bright for Panama. A country that managed to double its GDP during the last decade based on its service economy; one that shares multiple similarities with the UK. Its strategic geographic location, a dollarised economy, political stability and its world-class logistics platform with tax, labour and migratory incentives all serve to make Panama an attractive choice. Opportunities have never been better. Panama is open for business and is the place to be.

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