

Preparing to export

Consultation and bespoke research

There is a range of online information for exporters, including advice and guidance on how to thoroughly research overseas markets. Visit: <https://www.great.gov.uk/> for more information.

Researching the Panamanian market

You should make regular visits to Panama, as well as making contact with others in your industry/sector. This will enable you to access the most up-to-date advice and information, and may lead to new insights or at the very least form the foundation for further research.

Visit: <https://www.great.gov.uk> for information and guidance on how to develop your marketing strategy, competitor and SWOT analyses and customer/market segmentation. The IOE&IT can also offer help with this. Visit: <https://www.export.org.uk/>.

You will need to determine whether there is a market for your product or service, if your pricing is competitive, whether you might need to change your product packaging or marketing, and whether to adapt your business model.

The questions listed here should help to focus your thoughts. Your answers to them will highlight areas for further research and also suggest a way forward that is right for your company. You may then want to use this as a basis for developing a formal strategy, although this may not be necessary or appropriate for all companies:

Your aims:

- Do you wish to buy from Panama, sell to Panama or both?
- Do you wish to establish your own company presence in Panama, or consider for example direct sales, licensing or franchising?
- Do you need to be involved in Panama at all?
- Do you see Panama as part of a wider plan including e.g. other Central American markets, now or in the future?

Your company:

- Can you carry out a detailed SWOT analysis of your company?

- Are your competitors already in Panama? If so, what are they doing?
- Can you carry out a detailed SWOT analysis of your competitors?
- What are the Unique Selling Points (USPs) of your product or service?
- Do you know if there is a market for your product or service in Panama?
- Do you know if you can be competitive in Panama?
- Do you have the time and resources to handle e.g. the demands of communication, travel, product delivery and after-sales service?

Your knowledge:

- Do you know how to secure payment for your products or service?
- Do you know how to locate and screen potential partners, agents or distributors?
- Have you carried out any Panama-specific customer segmentation, and do you know how to best reach potential customers in-market?

It is unlikely that you will have the answers to all these questions at the outset and these 'knowledge gaps' could form the basis for further research and investigation. Some of these questions will require quantitative research in your sector, while others involve more contextual and cultural considerations.

Talking to other people in your industry and regularly visiting Panama will give you access to the most current advice and such experience can often lead to new insights and form the basis for further research.

Export plan

Following your initial research, you will need to create an export plan, identifying your best route to market. Guidance on developing an export plan, including marketing strategy, customer segmentation, competitor and SWOT analyses, etc. is available on the: <https://www.great.gov.uk/advice/create-an-export-plan/how-to-create-an-export-plan/> site, and also on the Institute of Export's Open to Export site at: <https://opentoexport.com/info/export-action-plan/>.

One option to test how viable your product or service could be in the Panamanian market would be to attend trade shows held in Panama each year. The Department for International Trade (DIT) provides funding for eligible businesses in the form of grants to enable them to attend trade shows overseas via the Tradeshow Access Programme.

The funding helps your business to gather market knowledge, gain experience in attending and getting the most from overseas trade shows, and to receive advice and support from trade experts. Visit: <https://www.gov.uk/guidance/tradeshows-access-programme> for more information.

To discover future events and trade missions in Panama, visit the DIT events portal at: <https://www.events.great.gov.uk/ehome/index.php?eventid=200183029&>.

For company launches and events held at British Embassy and Consulate locations, contact the Department for International Trade (DIT) in Panama at: <https://www.gov.uk/world/organisations/department-for-international-trade-panama#contact-us>.

[Source – DIT, gov.uk]

Start-up considerations

Setting up a company or office

It takes roughly one week to register a corporate structure in Panama, as it has modern and flexible corporate laws.

The most common forms of setting up a business entity in Panama are:

- incorporation of a company
- joint ventures
- agent or distributor

It is highly recommended that you use a representative, distributor or commission agent that has a commercial licence. It can be hard to secure exclusivity with a buying agent as the conditions of the market are competitive.

It is required that you have a local counterpart or a direct presence in Panama in order for you to participate in the Panamanian Government's procurement bidding processes.

You should contact local lawyers and accountants to understand fully the option that best suits you.

A list of English-speaking lawyers in Panama is available at: <https://www.gov.uk/government/publications/panama-list-of-lawyers>, or you can speak to the DIT team in Panama City at: <https://www.gov.uk/world/organisations/department-for-international-trade-panama#contact-us> for assistance in locating potential lawyers and accountants.

Distributorship agreement

It may be easier to work with a Panamanian partner or advisor, rather than export directly. This partner/advisor will be more familiar with the Panamanian business environment and will be able to help you:

- keep in contact with customers
- seek new business
- get information on the latest market trends

Make sure you research several potential agents or distributors. It will help if you visit the Panamanian market on a number of occasions before you choose an agent or distributor to make sure that you are positive you are choosing the one most helpful to your company. Always look at their reputation, marketing ability and resources before making a decision. Be wary of agents who are promoting products or services that are similar or the same as yours.

The Department for International Trade (DIT) team in Panama at: <https://www.gov.uk/world/organisations/department-for-international-trade-panama#contact-us> can assist you in locating and meeting potential agents and distributors for your products in Panama.

[Source – DIT Trade and Export guide: Panama, gov.uk]

You can consider direct exports and sales, as well as licensing or franchising for some products and services as an alternative to setting up an office in Panama.

Direct exports and sales

You must take care of the logistics of marketing, selling and sending your products/services overseas, as well as getting paid when you directly export. This may be a viable option if you plan to sell your goods/services online to potential purchasers in Panama, or if you are responding to enquiries.

Further information on selling directly overseas can be found at: <https://www.great.gov.uk/selling-online-overseas/>.

Online selling

The Department for International Trade (DIT) can help you export your goods to Panama through their E-Exporting Programme. Find out more at: <https://www.gov.uk/guidance/e-exporting>.

DIT has also negotiated listings at better-than-commercial rates. See online marketplaces in Panama at: <https://www.great.gov.uk/selling-online-overseas/>.

Franchising

The majority of the franchises in Panama are due to foreign franchisors selling licences to franchisees. This means that these franchisees can operate under a franchise's brand name.

For more information on franchising, visit the international section of the British Franchise Association at: <http://www.thebfa.org/international>.

[Source – British Franchise Association]

Consumer protection

In Panama, the Consumer Protection and Competition Defense Authority is responsible for the enforcement of laws that protect the wellbeing of Panamanian consumers, as well as educating consumers to be vigilant when considering the quality and safety of a product or service.

The role of the organisation is to preserve the interests of the consumer through ensuring their consumer rights, eradicating monopolising practices and allowing free economic competition.

For more information regarding consumer protection, visit: <http://www.acodeco.gob.pa/acodeco/portada.php>.

[Source – Panamanian Consumer Protection and Competition Defense Authority]

Professional indemnity insurance

You may require professional indemnity insurance if you provide a service and need to protect yourself against negligence claims from clients or third parties in Panama.

See the Association of British Insurers (ABI) website at: <https://www.abi.org.uk/products-and-issues/choosing-the-right-insurance/business-insurance/liability-insurance/professional-indemnity-insurance/> for further information, or alternatively, contact the DIT team in Panama at: <https://www.gov.uk/world/organisations/department-for-international-trade-panama#contact-us> for further advice, and for contacts of local insurers or specialist brokers if appropriate.

[Source – DIT Trade and Export guide: Panama, gov.uk]

Financial considerations

Getting finance to fulfil an export contract

Globally, Panama ranks 25th out of 190 economies for ease of 'Getting Credit' in the World Bank's Doing Business report 2020. See: <https://www.doingbusiness.org/en/data/exploreeconomies/panama>.

There are schemes available for UK companies that wish to sell their products/services to Panama. These schemes are to help simplify the growth of your business and can also help you to fulfil an export contract. For up-to-date information regarding current schemes, contact your bank or financial adviser.

Payment risks

UKEF can help UK companies to get paid for the products and services they export by insuring against buyer default.

Before exporting, make sure you are confident you will be paid as you may face difficulty when accessing foreign exchange. Contact one of UKEF's export finance advisers

at: <https://www.gov.uk/government/publications/find-an-export-finance-manager> for free and impartial advice on your insurance options, or contact one of UKEF's approved export insurance brokers

at: <https://www.gov.uk/government/publications/uk-export-finance-insurance-list-of-approved-brokers/export-insurance-approved-brokers>.

Currency risks when exporting to Panama

In order to fix your price, it is essential to fix your exchange rate. Before signing any contract, you need to consider whether the best option for you is to agree terms in Pounds Sterling (GBP), US Dollars (USD) or Panamanian Balboa (PAB). It may also be advisable to seek expert financial advice on exchange rates (FX).

[Source – DIT Trade and Export guide: Panama, gov.uk, UKEF]

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