Export Opportunities in Panama

In 2017, Panama ranked 37th among U.S. export destinations and 59th among Virginia export destinations. Some of the top opportunities for U.S. exporters in Panama include:

- Agricultural Products
- Automotive Parts
- Electrical Power
- Franchising
- Medical Equipment
- Safety & Security
- Cosmetics
- Computers
- Building Products

Top Virginia Exports to Panama

<table>
<thead>
<tr>
<th>Export Category</th>
<th>2017 Value</th>
<th>Change 2017/2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Commodity Chapters</td>
<td>$34.8</td>
<td>66%</td>
</tr>
<tr>
<td>Vehicles, Not Railway</td>
<td>$18.2</td>
<td>1224%</td>
</tr>
<tr>
<td>Beverages</td>
<td>$3.2</td>
<td>10%</td>
</tr>
<tr>
<td>Essential Oils</td>
<td>$2.1</td>
<td>-16%</td>
</tr>
<tr>
<td>Meat</td>
<td>$1.3</td>
<td>-4%</td>
</tr>
<tr>
<td>Medical Instruments</td>
<td>$1.3</td>
<td>15%</td>
</tr>
<tr>
<td>Industrial Machinery</td>
<td>$1.2</td>
<td>-47%</td>
</tr>
<tr>
<td>Plastics</td>
<td>$1.1</td>
<td>111%</td>
</tr>
<tr>
<td>Seafood</td>
<td>$0.9</td>
<td>262%</td>
</tr>
<tr>
<td>Metal Tools, Cutlery</td>
<td>$0.6</td>
<td>4132%</td>
</tr>
<tr>
<td>Aircraft &amp; Spacecraft</td>
<td>$0.4</td>
<td>2%</td>
</tr>
</tbody>
</table>

(U.S. Central Intelligence Agency)
Opportunities in Panama for Exporters

**Electrical Power**

Panama’s demand for electricity is growing by approximately 50 MW per year. The government would like to increase the percentage of renewable in the generation matrix to about 70-80% of the total. The Panamanian market is receptive to U.S. electrical power equipment. Its high quality, durability, competitive prices, quick delivery, and service capability are the main factors behind this preference.

Top prospects for U.S. exporters include:
- Hydroelectric Generators
- Wind, Solar, and Biomass Energy Sources

**Automotive Parts**

Imports of auto parts in Panama increased 2% in 2017 to reach $222 million. Around 24% of that total came from the U.S. The sale of new cars has been declining, spurring more refurbishment. Meanwhile, Renault has entered the Panamanian market, as of 2018.

Top prospects include:
- Engine Parts
- Filters
- Batteries
- Ignition Parts
- Spark plugs

**Franchising**

Franchising in Panama offers excellent opportunities for U.S. companies. Panama is highly receptive to U.S. franchise concepts and the economy is showing strong and consistent growth. Foreign franchises comprise 95% of the total. Competitive prices, product quality, and strong promotion are key to market penetration. There are no major restrictions for franchise operations in Panama.

The best prospects for exporters are:
- House Cleaning
- Security Services
- Mail and Package Delivery Services

**Medical Equipment**

The medical equipment market in Panama continues to be strong, a result of increasing demand by the public sector, new hospital and clinic projects, broadening social security coverage. Government spending represents more than 60% of the national market for medical equipment. Finally, many Panamanian doctors have been trained in the U.S.

Top prospects include:
- Laboratory Equipment
- Monitoring Equipment
- Imaging Equipment

(US Commercial Service)
FAST FACTS

Economic Overview

Panama’s dollar-based economy relies on a well-developed services sector that accounts for more than three-quarters of GDP. Services include operating the Panama Canal, logistics, banking, the Colon Free Trade Zone, insurance, container ports, flagship registry, and tourism. Panama’s transportation and logistics services sectors, along with infrastructure development projects, have boosted economic growth; however, public debt surpassed $37 billion in 2016 because of excessive government spending and public works projects. Congress approved the US-Panama Trade Promotion Agreement in October 2011, which entered into force the following year.

The Panama Canal expansion project lasted from 2007 until 2016, costing $5.3 billion - about 10-15% of current GDP. The project more than doubled the Canal’s capacity, enabling it to accommodate ships that are too large to traverse the existing canal. In 2014, Panama completed a metro system in Panama City, valued at $1.2 billion.

About 1/4 of the population lives in poverty, however, from 2006 to 2012 poverty was reduced by 10 % points.

(CIA World Factbook)

GDP Growth Rate

Arriving on time for a meeting is important even though you may be kept waiting

- There is usually some form of small talk before getting down to business. It is best to allow your host to begin the business discussion.
- To hail a cab you put your hand out, palm down, and pull your fingers in (sort of saying “come here” with your hands).

(Cultural Guide)

- Men should wear dark colored suits and conservative ties to meetings. Women should wear stylish business suits or dresses and matching shoes. Pants are fine. Business casual may be appropriate in some industries and rural areas.
- Addressing people by their professional titles as well as Don for men and Dona for women, followed by their last name, is important.
- At a first meeting, shake hands when greeting one another and maintain direct eye contact. As Panamanians become familiar with one another, they accompany handshakes with slight touches on the arms and/or elbows.

(Kwintessential)
Virginia Economic Development Partnership - International Trade offers a number of export-related services to Virginia businesses, including trade missions and market research by our Global Network of in-country consultants. These services are available to all Virginia exporters.

For more information, please visit our website: ExportVirginia.org

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### Additional Resources

- **Panama Overview & Cultural Guide**
  - Global Edge - Michigan State University

- **Taxation in Panama**
  - Library and Information Service

- **Panama Culture Guide**
  - Culture Crossing Guide to Panama

- **Panama Country Commercial Guide**
  - U.S. Commercial Service

- **Doing Business in Panama**
  - Export.gov

- **Ease of Doing Business Report**
  - World Bank

- **Exporting to Panama**
  - United Kingdom Trade & Investment