

Panama: Realizing Potential

Pardini & Asociados: Panama's legal counsel with a solid international background.

During the last few years, foreign investment has increased in Panama due to the political stability, outstanding economic growth, solid legal framework and excellent tax incentives (for more information see below). Currently, the greatest opportunities for investors are in mining, petroleum, energy, ports and shipping services, real estate, wealth management and international services.

We are lawyers for major Fortune 500 companies, mid-size and small companies and many individual investors and retirees. For more details, please visit our website. ■



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Panama Fact Sheet - 2021

Political	<ul style="list-style-type: none"> • Transparent elections since 1990 • Smooth transition of power every 5 years • Long tradition of openness to foreign investments • Structural adjustments to economy proven positive • Bureaucracy reduced, but still a major factor
Economic	<ul style="list-style-type: none"> • US dollar is legal tender • One of the fastest growing in the world with an average GDP growth of 6.80% over the past 8 years • Inflation rate was 1.6% (2021) • Unemployment 18.5% (2021) • Foreign Direct Investment reached over 622.30 USD Million (2021) • Free trade agreements with more than 10 countries, including USA
Financial	<ul style="list-style-type: none"> • No exchange or currency restrictions • Panama's debt is ranked "Investment Grade", only 3 countries in LatAm have this status • Moody's raised score of Panama's sovereign debt rating to Baa2 and improved its outlook for Panama from "stable" to "positive" • An economic landscape of friendliness toward foreign investment with healthy and rigorous trade agreements i.e. The Investment Stability Law, the Free Trade Agreements, and Bilateral Investment Agreements (BITs)
Legal	<ul style="list-style-type: none"> • No restriction on 100% foreign owned investments • BITs with multiple countries securing against expropriation and other risks • One of the most flexible corporation laws in the world • No restrictions on mergers, acquisitions or joint ventures • Enforcement of foreign judgments and arbitral awards • Generous tax incentives for relocating headquarters of multinationals
Tax	<p>Depending on the investment sector:</p> <ul style="list-style-type: none"> • Exemption or discount from income tax • Exemption from import tax on equipment and raw materials • Accelerated loss carry-forward • Accelerated depreciation • No foreign exchange risk • Absence of exchange controls • No restrictions on companies ownership and foreign capital
Other Highlights	<ul style="list-style-type: none"> • Panama is rated the third most competitive country in Latin America, according to the World Economic Forum • Panama has been rated as second best place to retire, according to the International Living's Annual Global Retirement Index 2021 • Panama has been awarded in the fifth position of the ranking "Foreigner Investment" of Latin America, according to Global Opportunity Index 2021 published by the Milken Institute. • Caterpillar, Procter & Gamble, 3M, LG, AES, TOTAL, Roche, Air China, Hershey and Heineken are some of the 100 most recent multinationals relocating their Latin American headquarters to Panama

ECONOMIC FORECAST

PANAMA WILL BE ONE OF THE COUNTRIES WITH THE FASTEST ECONOMIC GROWTH IN LATIN AMERICA AND THE CARIBBEAN AT THE END OF 2021, ACCORDING TO THE MOST RECENT PROJECTIONS PUBLISHED BY THE WORLD BANK.

9.9%

Growth rate for Panama 2021 (World Bank)

12%

Estimated growth for Panama 2021 (IMF)

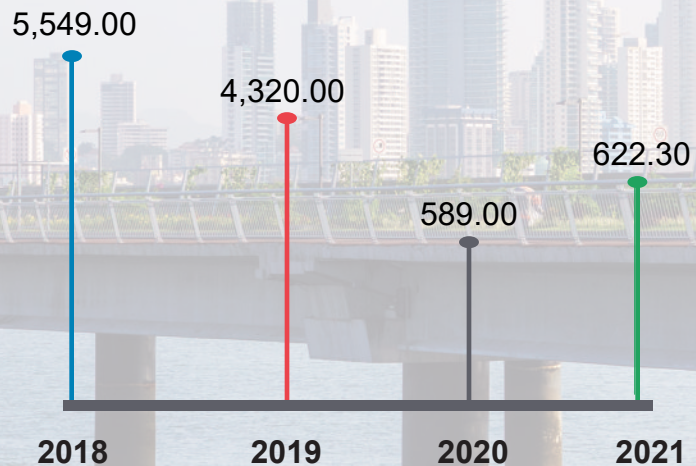
3.7%

Average for Latin America and the Caribbean (2021). Panama grows above the rest of the region.

Economy 2018- 2021

	2018	2019	2020	2021
GDP growth (%)	3.5	3.0	-17.9	-8.50
Inflation (%)	0.8	0.2	-1.6	1.6
Unemployment (%)	6.0	7.1	18.5	18.5

Foreign Direct Investment: (Millions/USD)



According to the World Bank, Panama is projected to experience a strong rebound in 2021 helped by increased mining production and the start of new public investments, the extension of line 2 of the metro and the construction of Line 3.