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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. ■

Panama Fact Sheet

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 10.8% over past 8 years except the period of global pandemic • Inflation rate was 1.9% (Q1-2024) • Unemployment 7.4% (Q1-2024) • Foreign Direct Investment reached over 878.40 USD Million (2024) • 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 confirmed its outlook for Panama from "stable" • 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 real estate • 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 and now multinational manufacturing and assembly.
Tax	<ul style="list-style-type: none"> • Depending on the investment sector, the following are available: • 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 No. 1 place to retire, according to the International Living's Annual Global Retirement Index 2023. • Panama has been awarded in the fifth position of the ranking "Foreigner Investment" of Latin America, according to Global Opportunity Index 2023 published by the Milken Institute. • Caterpillar, Procter & Gamble, 3M, LG, AES, TOTAL, Roche, Air China, Hershey and Heineken are some of the 189 most recent multinationals relocating their Latin American headquarters in Panama