



Panama's Economic Environment 2026

Economic Performance

Real GDP reached USD 81.3 billion in 2024, up 2.9% year-on-year, with non-mining sectors growing 4.8%. Key contributors included wholesale and retail trade (41.3% of growth), construction (24.6%), and transport/logistics (19.1%).

Fiscal performance improved slightly in 2025 with a deficit of -3.49% of GDP, thanks to higher revenues and stronger tax enforcement. Inflation remained subdued, while external debt stabilized at USD 44.3 billion.

Tourism, finance, and logistics continued to lead growth, supported by Canal toll recovery (+24.1%), expanding air traffic (+12%), and insurance market growth (+7%).

Future outlook

International organizations, including the IMF (4.5%) and ECLAC (4.2%), forecast renewed growth in 2025 and 2026, driven by non-mining sectors, logistics, and tourism. The full recovery of the Panama Canal, together with fiscal consolidation and low inflation, will reinforce investor confidence.

Priorities ahead include implementing structural reforms to reduce inequality, strengthen public finances, and promote diversification beyond strategic sectors such as mining and the Canal. Sustained growth in renewable energy, financial services, digital innovation, and real estate positions Panama as a resilient and competitive economy in Latin America's post-pandemic landscape.





MACROECONOMIC INDICATORS

Panama has an estimated population of around 4.5 million inhabitants. The population is predominantly young, with a median age of 30.3 years. A significant fact is that most Panamanians, nearly 70%, live in urban areas, particularly in the provinces of Panama and Colón, resulting in a high population density in the interoceanic canal region. The country is famous for the Panama Canal, which connects the Atlantic and Pacific Oceans and is one of the wonders of modern engineering.

Panama's economy is one of the most stable in Latin America, driven primarily by its service sector, which accounts for approximately 75% of GDP. This economic pillar is centered on logistics, trade, finance, and tourism. This expansion was based on the services sector—wholesale and retail trade, transportation, warehousing, and telecommunications—complemented by construction, manufacturing, and mining. Between 2011 and 2017, landmark projects such as the Canal expansion, the Metro, airport improvements, and real estate projects were key drivers. Although these projects slowed between 2015 and 2019, they contributed substantially to the country's historic growth.

Despite strong economic growth, persistent challenges remain. Socioeconomic inequality is a significant problem, with marked disparities between urban areas and rural and indigenous populations. High levels of informal employment are also a concern. Panama's economy, highly dependent on global trade, is vulnerable to international economic fluctuations.

In 2024 and 2025, the Panamanian economy faced a complex scenario in which external and internal factors influenced its performance. The Supreme Court's decision to declare the Cobre Panamá contract unconstitutional and the subsequent closure of the mine at the end of 2023 affected mining production and reduced this sector's share of GDP, in addition to impacting tax revenue and exports.

At the same time, the drought that limited ship transit through the Panama Canal reduced toll revenues and hit international trade.

These two events, combined, became the greatest challenges for the country's productive structure, highlighting the vulnerability of relying on strategic activities such as mining and the canal. However, sectors such as construction, domestic trade, urban transportation, and financial services demonstrated resilience and partially sustained economic activity, avoiding a more severe slowdown.

At the beginning of 2025, the economic situation focused on three fronts: fiscal stability, inflation management, and foreign direct investment (FDI). Despite the loss of mining revenue and lower Canal revenue, inflation remained low, with a negative year-on-year variation of -0.2% in December 2024, placing Panama among the countries with the lowest inflationary pressure in the region. At the same time, FDI continued to be a pillar of confidence in the economy, oriented toward telecommunications, financial services, renewable energy, and construction. In fiscal terms, the government committed to the International Monetary Fund to implement gradual adjustments to contain the deficit, which will be crucial to maintaining the country's credit rating and its access to international financing.

In 2024, Panama faced an economic turning point marked by the closure of the Cobre Panamá mine, which eliminated one of its main sources of exports and revenue, and by the drought that restricted transit through the Panama Canal, significantly reducing toll revenues and impacting international logistics. These external shocks limited economic expansion and highlighted the country's vulnerability to dependence on strategic activities. Despite this, sectors such as domestic trade, financial services, construction, and agricultural exports managed to sustain some productive activity, preventing the slowdown from turning into a deeper crisis.

In terms of labor, the slowdown slowed the pace of job creation observed in 2021-2022. However, formal employment showed some stability in areas related to trade, logistics, and professional services.

The unemployment rate remained in a range of around 7.5-8%, lower than pre-pandemic levels but still above pre-2020 historical levels.

As we enter 2025, Panama faces a more challenging fiscal environment, as the loss of mining revenue and lower Canal revenues put pressure on public finances. The government has made commitments to the International Monetary Fund to implement a gradual adjustment to reduce the deficit and maintain market confidence.

On the monetary side, inflation has remained exceptionally low, closing 2024 with a year-over-year variation of -0.2%, placing Panama as one of the countries with the greatest price stability in the region.

International organizations, including the IMF, project that in 2025 Panama will achieve a moderate recovery with growth close to 4.5%, supported by construction, domestic trade, agricultural exports, and financial services. However, risks persist associated with the dependence on strategic sectors and uncertainty in global markets, which continue to show high interest rates and sluggish international trade.

GDP Growth Rate, Inflation Rate and Unemployment Rate

Indicator		2020	2021	2022	2023	2024	25-Jun
Real GDP Growth	3.03%	-17.67%	16.50%	10.81%	7.40%	2.90%	3.4%
Nominal GDP Growth	2.86%	-18.12%	18.12%	13.18%	9.23%	3.53%	4.40%
Inflation Rate	0.20%	-1.60%	1.63%	2.90%	1.50%	0.70%	-0.40%
Real per capita GDP (US \$)		13,331	15,315	16,741	17,748	18,026	18,549
Unemployment rate	7.1%	18.5%	11.3%	9.9%	7.4%	9.5%	9.9%

(% of GDP)		2020	2021	2022	2023	2024	25-Jun		
Revenue and Grants	18.5%			18.3%	17.3%	17.4%	17.6%	15.8%	16.5%
Expenditures	21.4%			28.6%	23.7%	21.4%	21.5%	23.2%	21.2%
Current expenditures	15.9%			21.5%	18.1%	16.0%	16.2%	17.9%	17.3%
Capital expenditures	5.5%			7.1%	5.7%	5.4%	5.3%	5.3%	3.9%
Fiscal Deficit	-2.9%			10.2%	-6.4%	-4.0%	-3.9%	-7.4%	-2.2%
Public Debt	43.2%			68.4%	63.7%	60.3%	56.4%	62.3%	64.5%

Note: Base year for GDP calculation was changed in 2018.

The Panamanian economy proved resilient in the face of internal and external challenges, achieving real GDP growth of 2.9% in 2024. This performance was made possible by the high diversification of the economic structure, which allowed the country to grow despite the closure of the copper mine. In fact, excluding the mining and quarrying sector, the remaining economic activities grew by 4.8% overall.

The sectors that recorded the highest growth rates in 2024 were: Professional, scientific and technical activities (10.6%), Hotels and restaurants (8.9%), Other service activities (8.5%), Real estate activities (6.9%), Financial and insurance activities (6.5%), Wholesale and retail trade (5.9%), Water supply, sewerage, waste management and remediation activities (5.5%), and Electricity, gas, steam and air conditioning supply (5.1%).

Projections for Panama's economic growth in 2025 vary by institution, but the most recent ones point to significant growth, with the IMF estimating 4.5% and the ECLAC projecting 4.2%. This growth is expected to be driven by the recovery of non-mining sectors, the dynamism of the services and logistics sectors, and the full recovery of the Panama Canal, all within a context of low inflation. Detailed projections:

- **International Monetary Fund (IMF):** Projects GDP growth of 4.5% in 2025, anticipating that the diminishing impact of mine closure and the strength of non-mining sectors will be the main drivers.

- **Economic Commission for Latin America and the Caribbean (ECLAC):** Estimates growth of 4.2% for 2025, which would accelerate to 4.6% in 2026, marking a position of economic dynamism in the region. Factors driving growth:

- o Non-mining sectors: Growth will be boosted by the performance of sectors such as services and logistics.

- o Panama Canal: The full recovery and operation of the Panama Canal is projected to be a key factor for economic activity.

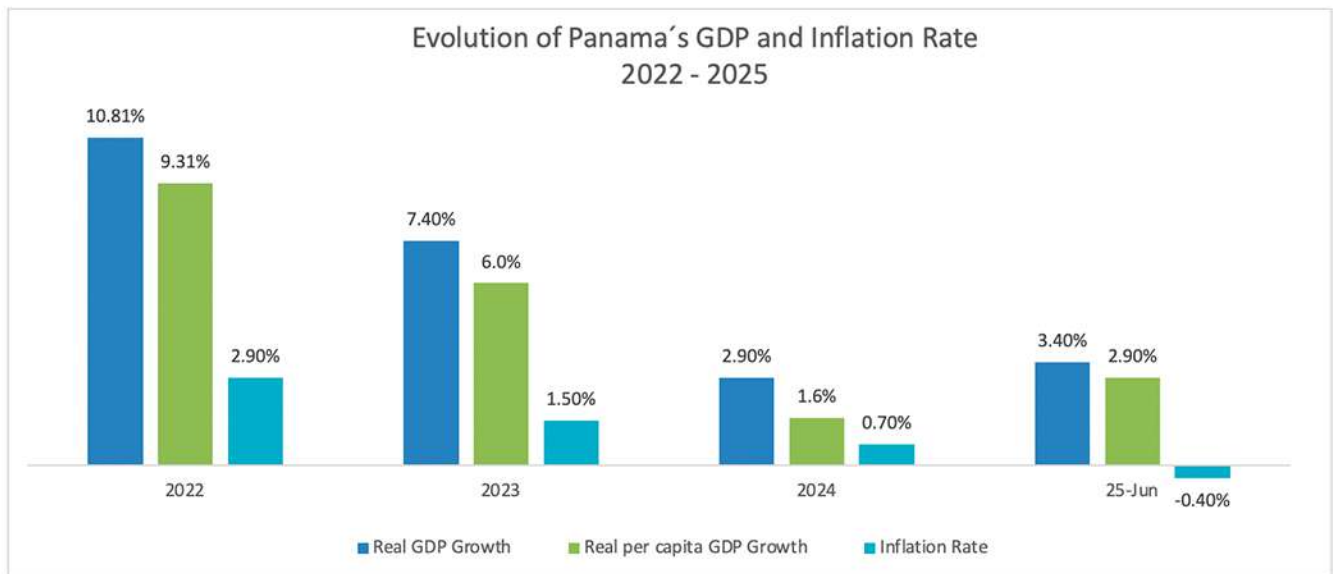
- **Low inflation:** A low and stable inflation environment supports economic activity and growth projections.

- **Economic stability:** Emphasis is placed on stability and sustainable development to attract investment, according to ECLAC (Economic Commission for Latin America and the Caribbean).

During the second quarter of 2025, the Panamanian economy grew 3.4% year-on-year, according to the National Institute of Statistics and Census (INEC). This rate represents a slowdown compared to the first quarter of the year, when growth was 5.2%. In the first half of the year, GDP grew by 4.4%, driven primarily by activities related to logistics and foreign trade.

The driving force behind this economic dynamism was the logistics sector, with the Panama Canal playing a central role: toll revenues in that quarter increased by approximately 24.1%. Additionally, air transport registered a 12% increase in passenger traffic. Other sectors with notable growth included financial services and insurance, retail trade, residential construction, and food manufacturing (such as poultry and pork). In contrast, declines were observed in activities such as re-exports in the Colón Free Zone, banana exports, and some minor port operations.

Indicator	2022	2023	2024	25-Jun
Real GDP Growth	10.81%	7.40%	2.90%	3.40%
Real per capita GDP Growth	9.31%	6.0%	1.6%	2.90%
Inflation Rate	2.90%	1.50%	0.70%	-0.40%



AVAILABLE STRUCTURES

Social Security	Year	Amount / Numbers
Population protected by social security	2024	2,806,769
New registration of insured people	2024	37,373
Active contributors	2024	1,162,595
Professional Risk Subsidies		
Amount:	2024	9,974,103
Number	2024	7,824
Health	Year	Amount / Numbers
Health infrastructures in the Republic of Panama	2024	952
Hospitals	2024	61
Health Institutions and Clinics	2024	295
Centers and health outposts	2024	596
Health staff practicing in the Republic of Panama (Including physicians, odontologists, nurses, assistant nurses, X-Ray technicians, laboratory technicians.)	2024	16,481
Educational Structure	Year	Amount / Numbers
Budget assigned to education	2025	US\$ 3,581.9 MM 4.4% of GDP
Literacy	2022	Total population: 95.7% Male (15-24 years): 99.3% Female (15-24 years): 99.3%
Credits to higher education	2024	354
Amount:	2024	US\$ 5,571,263.21
Scholarships granted	2024	910,889
Amount:	2024	359,874,047
- High School	2024	76,710,760
- University	2024	52,926,337
Enrollment in technical actions - Inadeh	2024	186,683
- Agricultural	2024	6,391
- Industrial	2024	31,617
- Commerce and Services	2024	104,268
- Others	2024	38,748
Registered universities	2024	45
Enrollment at national level	Year	Amount / Numbers
Elementary	2024	482,961
High School	2024	309,608
University	2023	191,589
Enrollment at private universities	2023	22,585

AVAILABLE STRUCTURES

Graduated at national level	Year	Amount / Numbers
High School	2024	53,025
Higher Education	2023	50,804
Technical Career	2024	125,136
Programs offered in Private Universities	Year	Amount / Numbers
Bachelor's Degree	2023	59.80%
Master's Degree	2023	14.20%
Ph.D.	2023	0.70%
Specialization	2023	4.40%
Technical Level	2023	17.70%

Employed population by level of education	Year	Amount / Numbers
EAP with Bachelor Studies	2023	280k of people (14.2% of EAP)
EAP with Bachelor's Degree	2023	520k people (26.4% of EAP)
EAP with Master Degree	2023	65k people (3.3% of EAP)
EAP with Doctoral Degrees	2023	2.5k people (0.1% of EAP)
EAP with Technical studies	2023	180k people (9.1% of EAP)



GROSS DOMESTIC PRODUCT

Gross Domestic Product Evolution

The Panamanian economy proved resilient in the face of internal and external challenges, achieving real Gross Domestic Product (GDP) growth of 2.9% in 2024. At the local level, the economy withstood the loss of copper mining activity, thanks to its high sectoral diversification.

Thus, excluding mining and quarrying, the rest of the economic activities grew by 4.8%. The country maintained growth in the face of a complex international scenario characterized by international interest rates that remained above the historical average; various geopolitical shocks; and global climate effects with the presence of the El Niño phenomenon, which affected the performance of the Panama Canal and agribusiness during the first half of the year.

The Gross Domestic Product (GDP) at constant prices in 2024 was \$ 81,289.0 million, increasing by \$ 2,261.5 million, according to publications from the National Institute of Statistics and Census (INEC). 85.1% of this absolute growth was explained by contributions from the following activities: Wholesale and retail trade (41.3%), Market construction (24.6%), and Transportation, warehousing, and mail (19.1%).

Some of the most dynamically growing activities are:

- Professional, scientific, and technical activities, due to the increase in revenue from advertising, legal, accounting, and architectural services, among others.

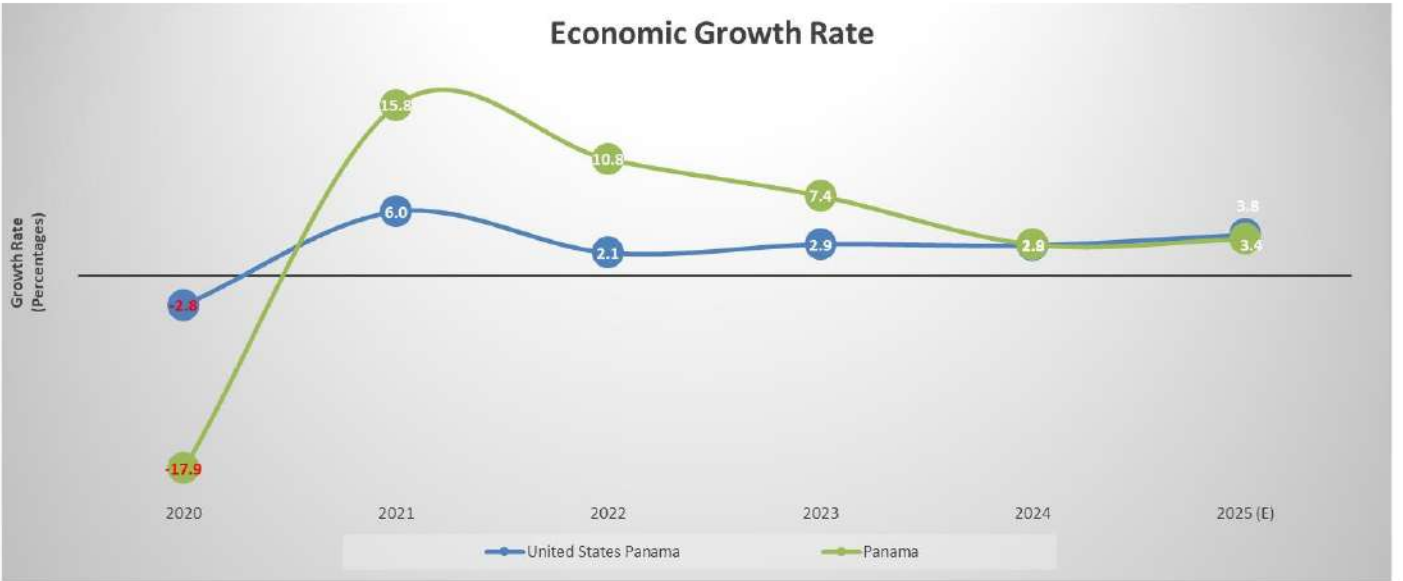
- Hotels and restaurants, whose growth is explained by the increase in sales in hotels and restaurants, favoring an increase in visitor arrivals and tourist spending.

- Financial and insurance activities, due to the growth in financial services provided. In this regard, the National Banking System's net loan portfolio balance grew 8.7%, with a notable increase in the external portfolio (17.9%) and the domestic portfolio (5.3%). In addition, deposit collection increased (6.8%): external, 9.4%, and domestic, 5.7%. Insurance activity also grew.

- Commerce, due to the growth of local and international trade. Local wholesale trade increased its sales volume of personal effects and miscellaneous products, fuel, among others. Local retail trade registered growth in sales of food, automobiles, textiles, and clothing, among others. In addition, re-exports from the Colón Free Zone⁷ increased, due to increased sales of machinery and mechanical devices, sound and reproduction equipment, pharmaceutical products, perfumes, and cosmetics, among others.

- Supply of electricity, gas, steam, and air conditioning, due to increased generation of hydroelectric and solar energy. Demand grew especially in the residential, commercial, and large-scale customer sectors, as well as exports. Electricity transmission also increased.

Economic Growth Rate



The economic activities that recorded moderate growth in 2024 were:

Construction – market (4.8%), Transportation, warehousing, and mail (4.7%), Agriculture, livestock, hunting, forestry, fishing, and related service activities (4.7%), Social and human health-related services (4.1%), Education (4.0%), Real estate activities – homeownership (3.0%), Arts, entertainment, and recreational activities (2.7%), Other non-market production – General Government (2.5%), Activities of households as employers (2.3%), Information and communication (1.8%), Production tax component net of subsidies (0.9%), and Administrative and support service activities (0.3%). On the other hand, the activities that underperformed or declined in 2024 were:

Manufacturing (-0.7%) and Mining and quarrying (-45.6%). It should be noted:

• **Mining and quarrying:** the decline is due to the cessation of operations at the copper mine due to a contract ruling that the contract was unconstitutional. For reference, the value of exports in 2023 totaled \$ 2,469.2 million, equivalent to 3.0% of nominal GDP for the same period. It should be noted that no exports of copper ores and concentrates have been made since November 2023. Meanwhile, the non-metallic mining and quarrying sector grew due to demand from the construction industry.

GDP per capita performance

During 2021, Panama experienced a strong economic recovery after the initial impact of the pandemic, reflected in substantial growth in total GDP. Although the exact GDP per capita figure was approximately USD 15,315, this rebound is partly due to the recovery of trade, Canal-related services, construction, and transportation.

Gross Domestic Product (In Millions of 2018 dollars)

Economic Sectors	2020	2021	2022	2023	2024	% change	
						2023/2022	2024/2023
Agriculture, forestry, hunting and Fishing	1,781	1,864	1,921	1,929	2,020	0.45%	4.69%
Mining	1,357	2,778	2,928	3,031	1,649	3.51%	-45.59%
Manufacturing	3,056	3,393	3,630	3,727	3,700	2.66%	-0.71%
Electricity, gas and water supply	1,463	1,609	1,678	1,788	1,881	6.56%	5.17%
Construction	6,358	8,174	9,614	11,508	12,065	19.70%	4.84%
Wholesale and retail trade	10,445	12,429	14,545	15,828	16,762	8.83%	5.90%
Hotel and Restaurants	754	978	1,248	1,294	1,409	3.68%	8.90%
Transportation and warehousing	6,236	7,419	8,658	9,180	9,613	6.03%	4.72%
IT & Communications	1,619	1,717	1,697	1,763	1,794	3.90%	1.75%
Financial and Insurance	4,175	4,426	4,552	4,623	4,921	1.56%	6.45%
Real estate, rental, leasing, professional services and business services	1,185	1,253	1,368	1,475	1,577	7.80%	6.93%
Private educational services	625	621	607	637	663	5.00%	4.04%
Social services and private health care	699	711	736	756	787	2.62%	4.10%
Other social services, except government	343	360	395	446	484	12.91%	8.46%
Government	3,422	3,683	3,736	3,879	3,959	3.84%	2.05%
Domestic services	286	268	284	297	304	4.65%	2.28%
Plus: Net production taxes	1,457	1,775	2,033	2,047	2,065	0.70%	0.90%
Gross Domestic Product	57,036	66,429	73,583	79,027	81,289	7.4%	2.9%

• **Manufacturing industries:** beef and pork production, ready-mix concrete and cement production, and soft drink production, among others, decreased. This did not offset the increase recorded in fish processing, dairy product manufacturing, and alcoholic beverage production.

In 2022 and 2023, this upward trend continued: GDP per capita grew to approximately USD 16,741 in 2022, and then to USD 17,748 in 2023, according to nominal estimates. This growth reflects economic dynamism that, however, is beginning to show signs of moderation, as external factors (such as changes in global trade) and internal adjustments begin to weigh more heavily on the pace.

By 2024, GDP per capita rose further to approximately USD 18,026. However, total GDP growth slowed to around 2.9% in 2024, down from 7%+ in previous years, influenced by the closure of a key mine and contractions in air transport, among other structural factors. This suggests that, although average per capita income continues to rise, economic momentum is beginning to face headwinds and may require policy adjustments to sustain it.

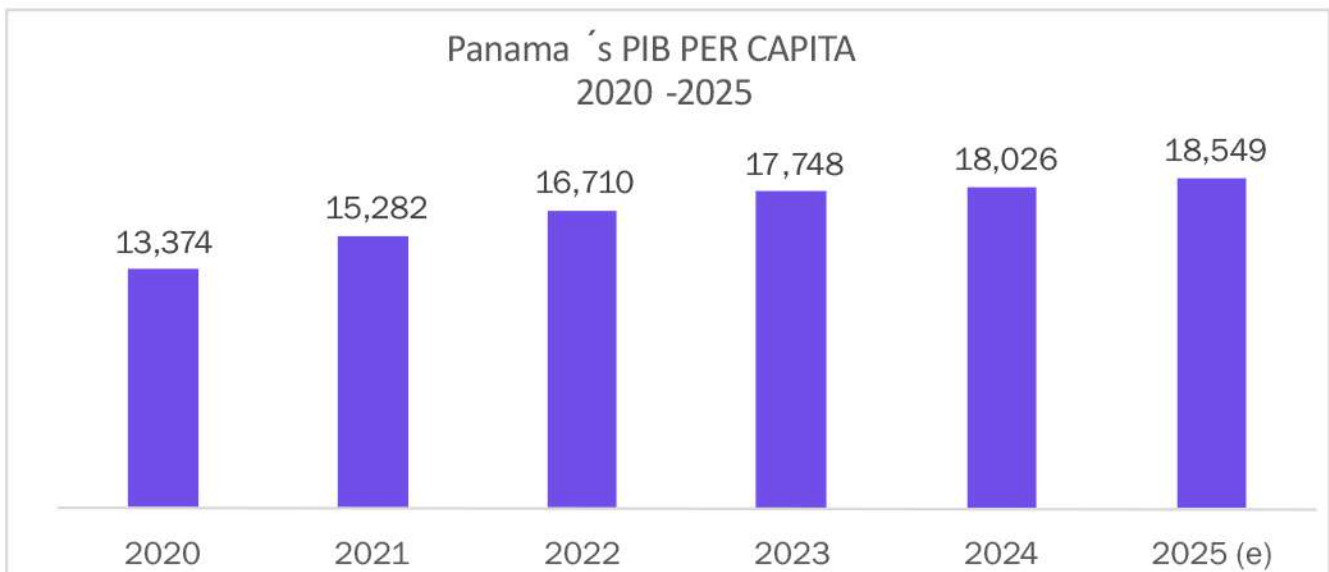
2025 – Preview

The performance of the Panamanian economy in the second quarter of 2025, measured by Gross Domestic Product (GDP), showed an increase of 3.4% compared to the same period last year. This indicator reached a value of \$ 18,861.1 million, representing an increase of \$ 625.9 million. Among the activities related to the domestic economy that performed well were: retail trade, construction, land passenger transportation, financial intermediation, telecommunications, hotels and restaurants, and real estate and business activities, among others. On the other hand, negative variations were recorded in wholesale trade, thermal energy generation, and cattle slaughter.

The activities that generated positive added value through trade with the rest of the world included: Panama Canal operations, air transport, and fish exports. However, port activities, trade in the Colón Free Zone, and banana exports declined.

Among the main results of economic activity were:

- Transportation, warehousing, and mail were the strongest drivers of the quarter, up 12.3%, driven by record revenues at the Panama Canal (+24.1% in tolls), increased air traffic, and logistics services.
- Finance and insurance (+5.1%) and real estate and professional activities (+3.4%) also contributed significantly to growth.
- Sectors linked to domestic demand (construction, commerce, education, hotels, and restaurants) showed moderate growth between 2% and 3.3%.
- In contrast, the agricultural sector declined -2.7%, affected by the drop in milk production and banana exports, and artistic and entertainment activities also fell (-2.8%).
- Public spending showed a slight contraction (-0.3%), influenced by lower salaries in education and decentralized entities.





GROWTH KEY SECTORS

Transportation and Colon Free Trade Zone

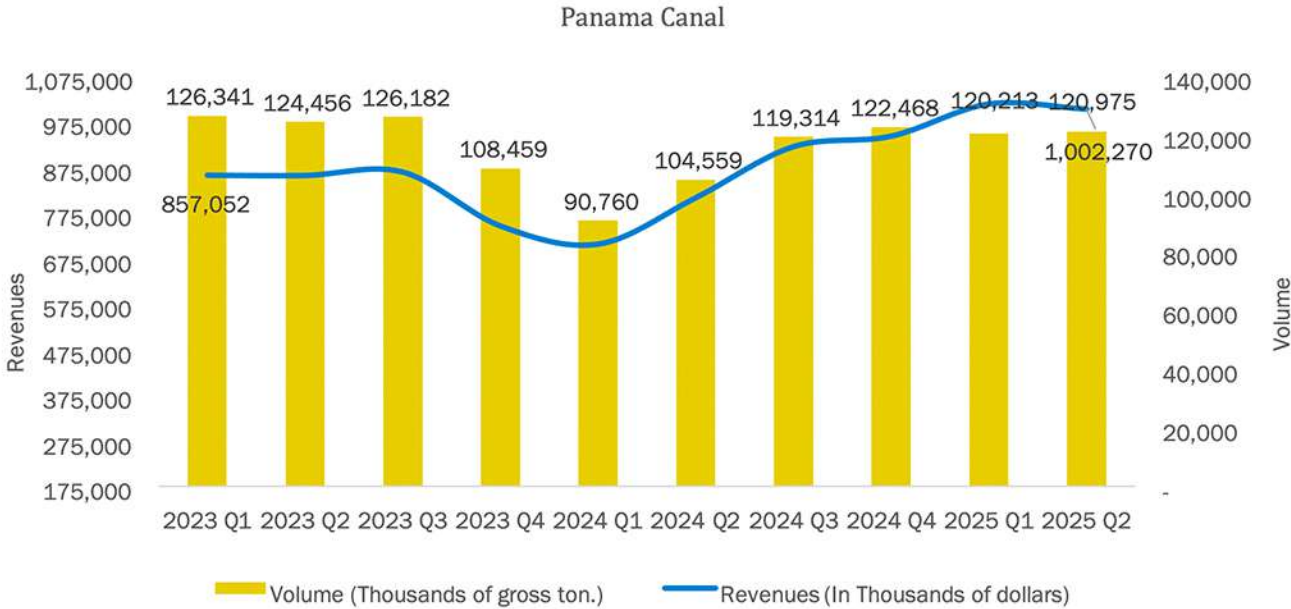
For 2024, the Transportation, Warehousing, and Mail sector registered a 4.7% increase in value added. Over the course of the year, activity gradually improved, growing 0.8% in the first quarter, 2.9% in the second quarter, 6.9% in the third quarter, and 8.3% in the fourth quarter. Key to this improvement were the recovery of Panama Canal operations, the growth in cargo movement in the National Port System, and the increase in land transportation.

For the first half of 2025

This category registered a positive performance of 12.3% in its GVA, related to the increase in Panama Canal operations, passenger transportation, and air transportation.

The Panama Canal recorded a positive variation in toll revenue of 24.1% at current prices. Likewise, services provided to vessels showed growth. These results reflected a slower pace of the inter-oceanic waterway compared to the first quarter.

The national port system's activities showed negative performance during the analyzed period, with bulk and general cargo decreasing by 6.8% and 10.6%, respectively. However, the movement of TEU containers registered a slight positive variation of 0.4%. Additionally, air transport reported positive performance, driven by the increase in passenger and cargo movements from Tocumen International Airport. This category, from January to June, showed a positive performance of 18.9%.



Maritime Transport

Panama Canal

Toll revenues totaled \$ 3,376.3 million from January to December 2024, increasing by \$ 53.1 million or 1.6%. This growth was possible thanks to the gradual recovery of Canal operations, once the climatic effects caused by the El Niño phenomenon were overcome. Thus, in the fourth quarter of 2024, toll revenue grew 26.4% and 6.5% in the third quarter; while it decreased in the first two quarters.

In addition to the gradual recovery of the Canal's operational capacity, the implementation of a new toll structure in January 2024 and other strategies such as the addition of the Fresh Water Charge (CAD), the optimization of water efficiency through structural and operational improvements, improvements to the reservation and auction system, and maritime service operations also supported revenue supplementation.

Meanwhile, cargo volume decreased by 16.5% and vessel transits by 10.7%. This performance is explained by the climatic challenges in 2023 and 2024, which necessitated the implementation of strategic measures to optimize water resources by the Panama Canal Authority (ACP). These measures consisted of reductions in the maximum permitted draft and daily vessel transit capacity, among others.

Indicators for the interoceanic waterway showed recovery in the final months of 2024, due to the arrival of the rainy season in the Canal basin and the lifting of established restrictions: at the end of May, daily vessel transits rose to 32 feet, while at the end of June, the maximum draft allowed was 47 feet, and from July onwards, it increased to 48 feet. Likewise, since August 5, daily transits increased to 3,520 feet. At the end of 2023, vessel transits reached 22 feet, and the maximum draft allowed was 44 feet.

From January to December 2024, the cargo volumes that passed through the Panama Canal were petroleum products, containerized cargo, grains, and chemicals and petrochemicals. Most merchandise shipments decreased in volume due to the weather; however, the products that saw the least decrease were those transported in containerized cargo and cars, trucks, accessories, and parts.

Port Activity

Container movement through the National Port System (NPS) reached 9.6 million TEUs, representing a 15.1% increase compared to the same period last year. This good performance was largely due to the movement of cargo through ports for subsequent transport by land, either by rail or highway, as an alternative for some shipping line routes that could not transit through the Panama Canal due to the contingency measures implemented. After the gradual normalization of Canal activities, cargo movement continued to grow, albeit at more moderate rates.

Container movement through the various ports was distributed as follows: Ports located on the Pacific handled 41.9% of total cargo: Panama Ports Company - Balboa 27.5%, and Panama International Terminal - PSA 14.5%. For their part, ports located on the Atlantic coast handled 58.1% of total cargo: SSA Marine MIT 28.3%, Colon Container Terminal 16.5%, Panama Ports Company - Cristobal 11.6%, and Bocas Fruit Co. 1.7%.

All ports showed growth in container TEUs compared to the same period in 2023: Panama Ports Company - Balboa (13.7%), Panama International Terminal - PSA (30.9%), Colon Container Terminal (16.0%), SSA Marine MIT (3.4%), Panama Ports Company - Cristobal (24.6%), and Bocas Fruit Co. (107.6%).

The Atlantic coast port complex in the province of Colón, with a throughput of 5.4 million TEUs in 2024, ranked first in Latin America and the Caribbean, reflecting the logistical advantages it offers the country for the transportation of goods. In order of importance, these were followed by ports in Santos (Brazil), Manzanillo (Mexico), the Pacific complex in Panama (Balboa and Rodman), Cartagena Bay (Colombia), El Callao (Peru), Guayaquil (Ecuador), and Kingston (Jamaica).

Air Transportation

Tocumen International Airport handled 19,250,384 passengers in 2024, representing an 8.0% increase compared to the same period in 2023. In December 2024, 13 commercial passenger airlines operated flights to 86 destinations, with the following destinations standing out for their highest volume: Bogotá, Miami, Medellín, San José, Mexico City, Punta Cana, Orlando, Lima, Cancún, São Paulo, Buenos Aires, Santiago de Chile, Guatemala City, and Guayaquil.

The main resident airline, COPA, faced some challenges in 2024. In January, it was necessary to partially ground its 737 MAX-9 aircraft fleet, following international guidance from the United States Federal Aviation Administration (FAA). Operations subsequently normalized and grew at a good pace. Meanwhile, the second half of the year was affected by the cancellation of flights to Venezuela due to measures implemented by that country's transportation authorities since the end of July. A weaker exchange rate environment in Brazil and other countries also had an impact.

COLON FREE TRADE ZONE

After the Torrijos-Carter Treaties completion, on December 31, 1999, the transportation sector and the Colon Free Trade Zone have undergone a fast growth due to their consolidation as a main part of the cluster of multi-modal transportation services that serves the world maritime trade. This cluster is basically made up by the Panama Canal, containers transshipment ports, interoceanic railway, bunker supply, the supply of goods to ships in transit through the Canal, legal services, financial intermediation services and the Colon Free Zone.

The Panama Canal will be widened so that post-Panamax ships can cross it. More than 5.2 billion dollars will be spent in this widening. With such investment, the cluster will be strengthened even more with also important investments.

Regarding trade in the Colón Free Zone, re-exports totaled \$ 12,217.2 million, a decrease of \$ 1,154.1 million or 8.6% compared to the previous year. Excluding chemical products used in medicines (Chapter 29), much of which have entered the country for storage, the remaining reexports from the CFZ as a whole increased by \$ 746.6 million or 6.8%. Thus, the Colón Free Zone remains a key trade destination given the logistical advantages it offers to Latin America and the Caribbean and the world. The following are noteworthy:

- The external destinations with the greatest sales increase were: Venezuela (\$ 152.3 million) due to a diversified demand for products, highlighting televisions, clothing, footwear, whiskey, and medicines, among others; Guatemala (\$ 125.8 million), China (\$ 115.2 million), mainly organic compounds used in pharmaceuticals; Colombia (\$ 110.3 million), and Puerto Rico (\$ 108.7 million).

- By product, the following increased the most: machinery and mechanical devices (\$ 339.4 million or 29.5% more), pharmaceutical products (\$ 185.0 million or 8.8%), electrical and sound reproduction devices (\$ 80.4 million or 5.0%), perfumes and cosmetics (\$ 71.6 million or 10.4% more), and precious stones and metals and their manufactures (\$ 55.7 million or 25.1%).

The Colon Free Zone continues to be an attractive location for investment, as more companies have chosen this economic zone as the headquarters for their operations. Shopping tourism also grew, from 52,364 tourists in 2023 to 65,659 in 2024, mainly from Ecuador, Cuba, Costa Rica, Colombia, and Perú.

Preliminary Results 2025

In 2025, the Colon Free Zone (CFZ) has shown sustained recovery and growth, with commercial activity expected to grow by nearly 10% by the end of the year. In the first quarter, commercial activity increased by 13.3%, and in April 2025, there was a 6.2% increase compared to April 2024, driven by re-exports, although imports also grew. Regarding cargo movement, continued growth has been observed, with a 6.6% increase in April 2025 compared to the previous year.

• Growth and Commercial Activity

First quarter of 2025: Total commercial activity grew by 13.3% compared to the same period in 2024. April 2025: Commercial activity reached \$ 1,929.3 million, 6.2% more than in April 2024. End-of-year estimate: Growth close to 10% is projected for the end of 2025.

• Imports and re-exports

April 2025: Imports: Reached \$ 872.6 million, a 2.2% increase compared to April 2024. Reexports: Reached \$ 1,056.7 million, a 9.8% increase compared to April of the previous year.

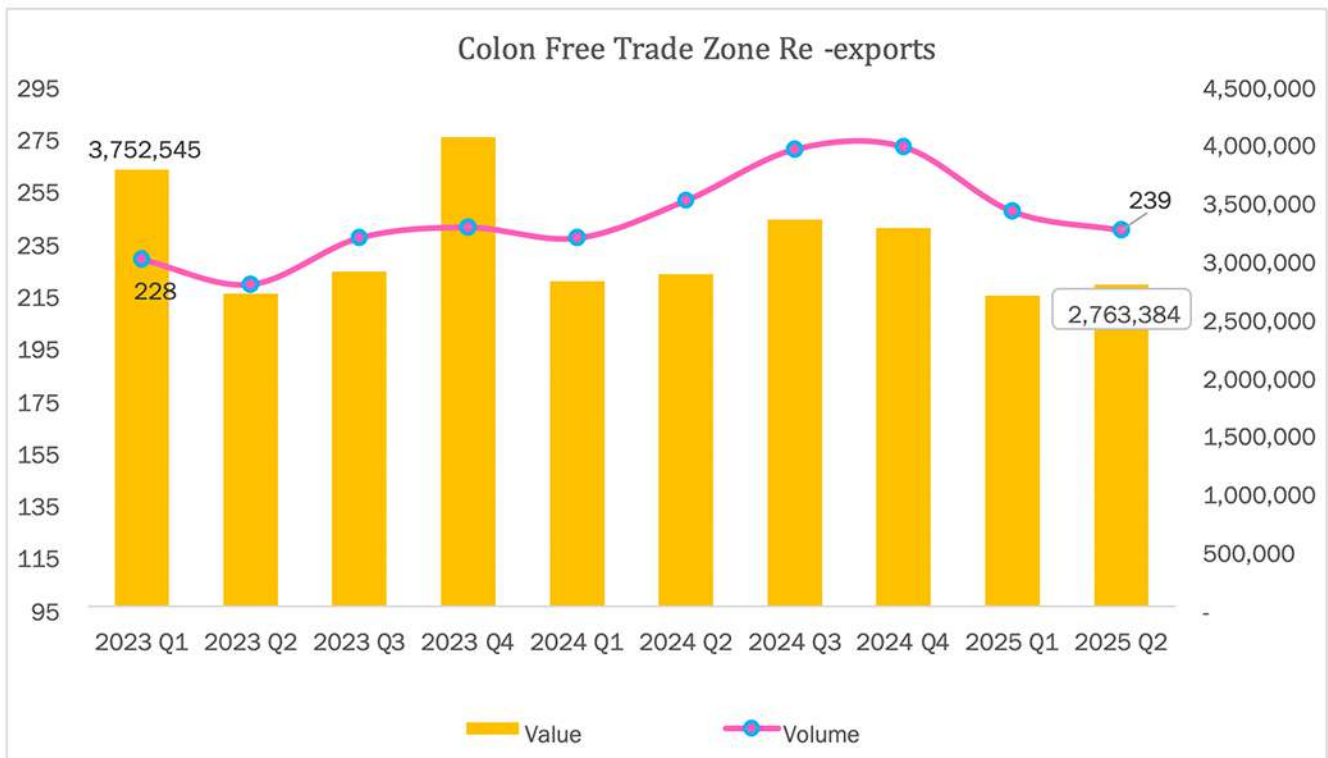
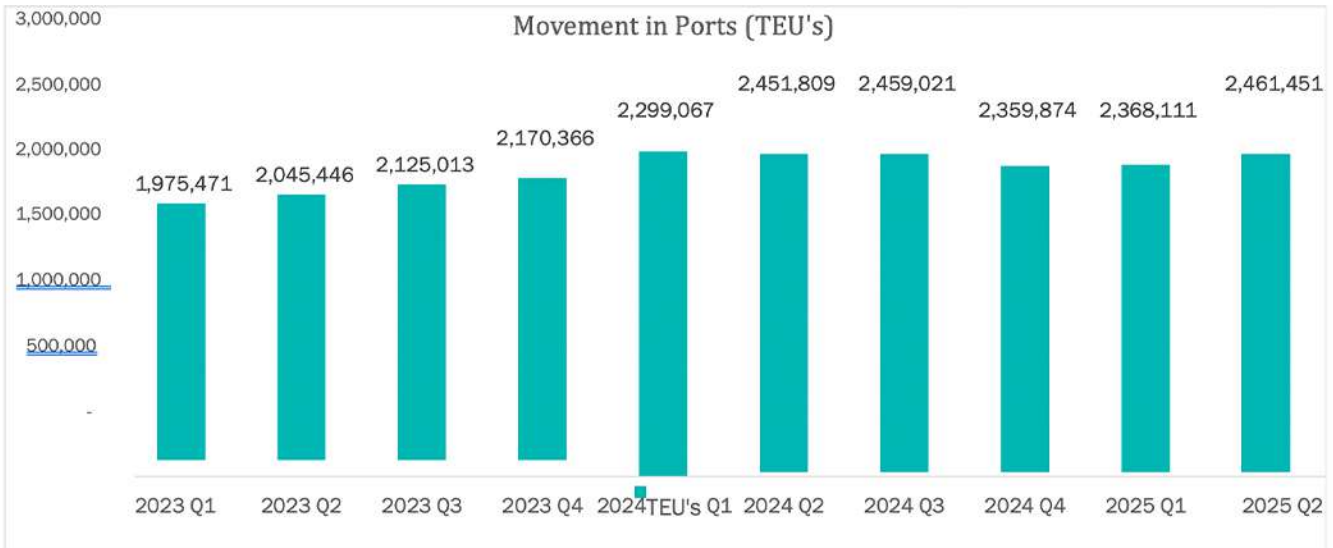
• Cargo Handling

April 2025: 177 thousand metric tons were moved, representing a 6.6% increase compared to April 2024.

• Other relevant data

- o New companies: During 2025, 241 companies were established in one year, setting a record figure.

- o Employment: A reactivation plan is expected to double the number of jobs within the free trade zone, which currently generates 14,000 jobs, 10,000 of which are in the province of Colón.



TELECOMMUNICATIONS

For 2024, the Gross Value Added (GVA) of the information and telecommunications category increased by 1.8%, a result of increased demand for mobile telephony, internet, and cable TV services.

For the first half of 2025, this category registered a 0.8% growth in Gross Value Added, driven by the continued expansion of internet access and the increase in demand for digital services. For the first half of 2025, the Information and Communications category registered an increase of 0.6%.

In Panama, at the beginning of 2024, internet access reached 78.8% of the population (3.54 million users), while active mobile connections exceeded 5.3 million (119% of the population). The telecommunications market is dominated by a mobile (Telefónica and Tigo/Claro) and fixed-line duopoly, and a high number of number porting has been observed, reflecting competition. Despite growth, challenges such as rural infrastructure and low allocation of radio spectrum persist.

Connectivity and Internet

- **Internet Users:** At the beginning of 2024, there were 3.54 million users, representing 78.8% penetration.
- **Mobile Connections:** At the beginning of 2024, there were 5.3 million active mobile connections, equivalent to 119% of the population.
- **Unconnected users:** At the beginning of 2024, 955.7 thousand people (21.2% of the population) still did not have internet access.
- **Internet penetration:** Despite high access in urban areas, internet usage in the country was below the regional average for Latin America in 2023.

Market and competition

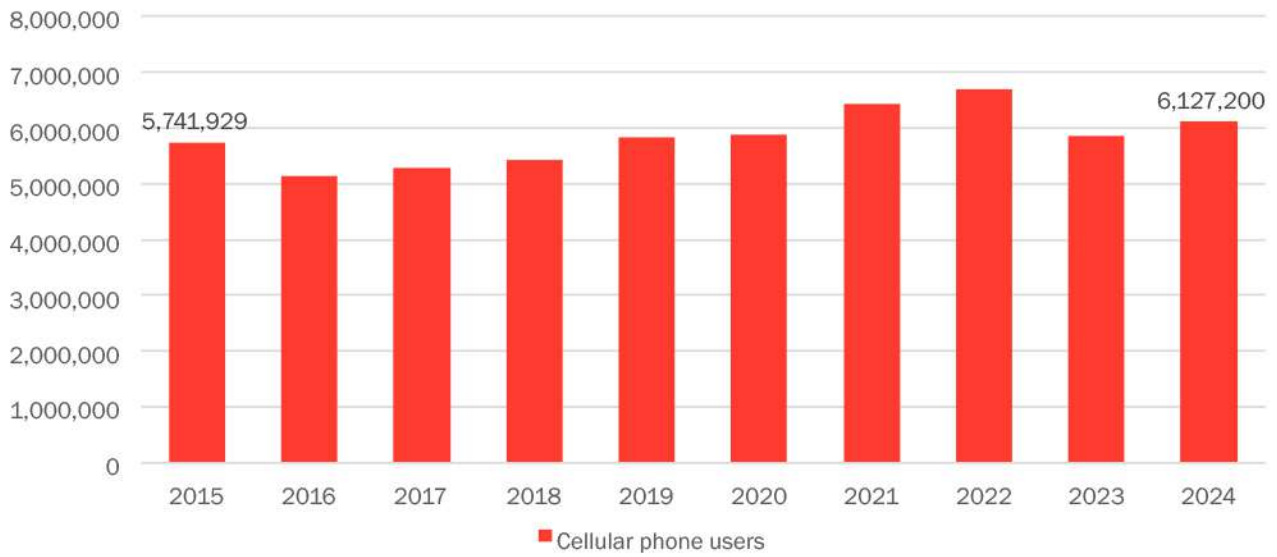
- **Market dominance:** The fixed and mobile broadband market is dominated by a duopoly. The mobile operators are Tigo and Claro (formerly Más Móvil).

- **Competition and portability:** More than 5 million number portings have been recorded since 2011. This, along with the exit of Digicel, indicates active competition in the market, with users switching providers in search of better deals.
- **Entry of new competitors:** The entry of the Costa Rican company Telecable into the fixed broadband market in 2024 could challenge the existing duopoly.

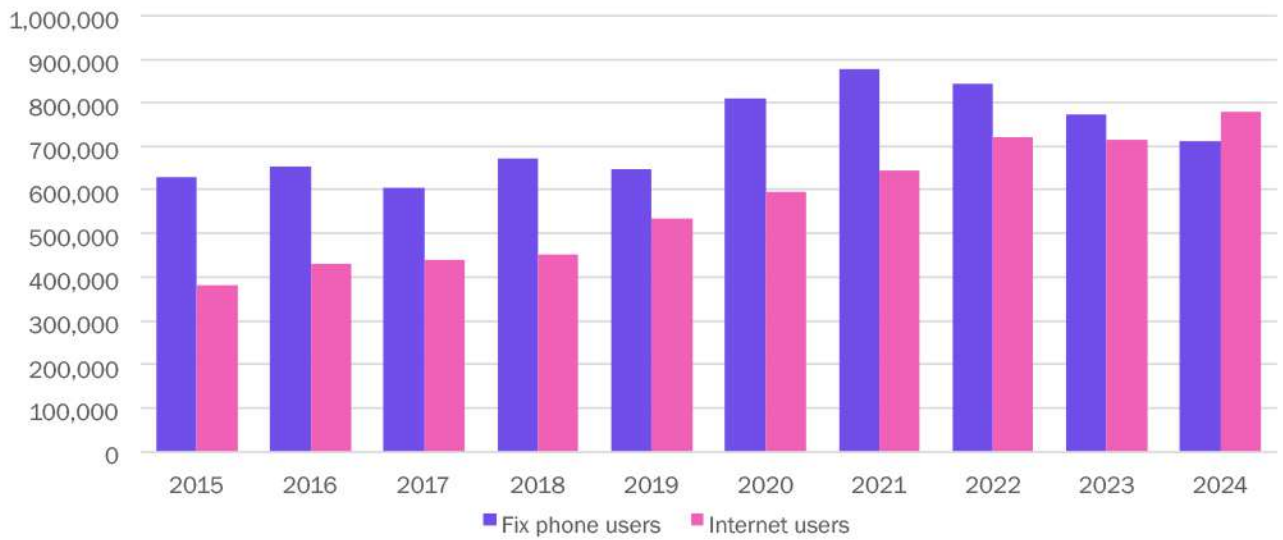
Challenges and Opportunities

- **Infrastructure:** The market faces infrastructure limitations, especially in rural areas.
- **Regulation:** The regulatory framework is considered complex and has lagged behind rapid technological changes.
- **Radio Spectrum:** Panama has the lowest level of allocated spectrum in the region (200 MHz), which could be an obstacle to the development of technologies such as 5G.
- **Opportunities:** The construction of the Panama Digital Gateway (PDG) positions the country as a digital hub for the region, creating new opportunities.

Telecommunication
Celular phone Users



Telecommunication
Fix user phones and Internet Users



CONSTRUCTION AND REAL ESTATE

CONSTRUCTION

The annual GDP of market construction activity totaled \$ 12,065.4 million, an increase of \$ 557.2 million compared to the previous year. The boost to this activity was primarily due to the execution of public infrastructure projects, including progress on Line 3 of the Panama Metro, rehabilitation of the country's streets and roads, expansion of the Vacamonte Port Highway, construction and rehabilitation of health and education infrastructure, among others. infrastructure, among others. Important housing projects were also developed.

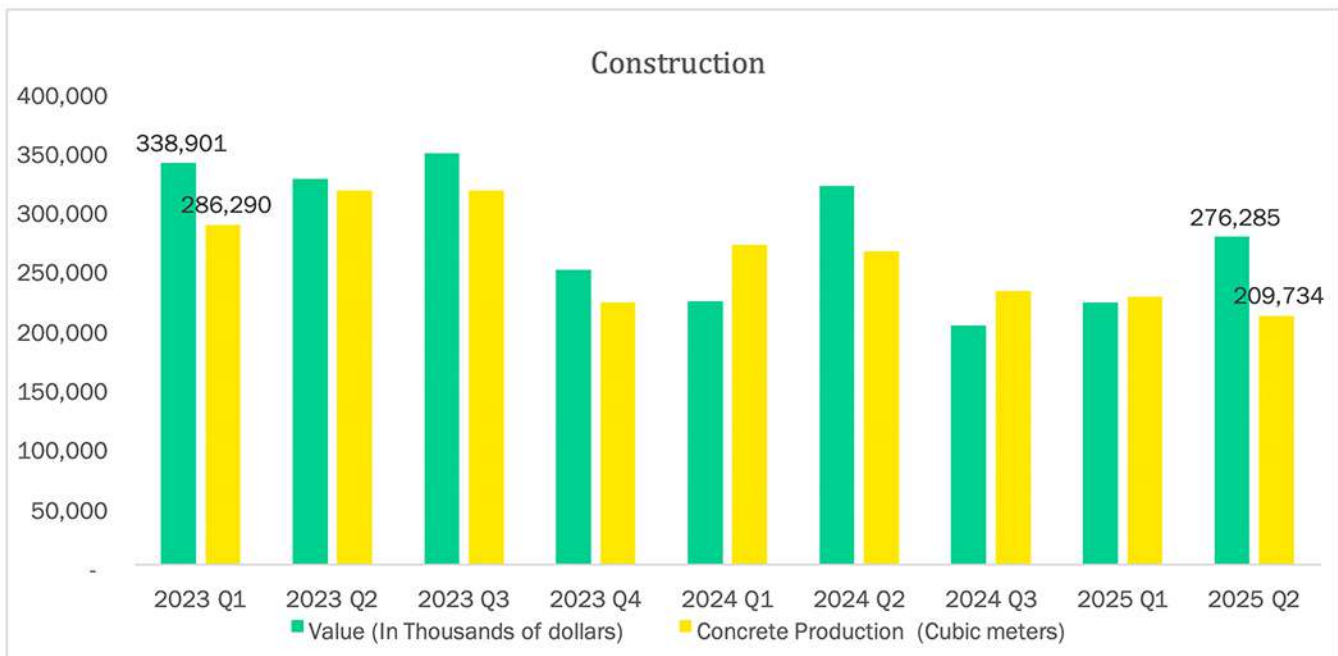
At the end of 2024, the Cabinet Council approved Resolution No. 151-24, which establishes the Government's Strategic Plan presented by the Ministry of Economy and Finance (MEF). It includes major projects such as the Panama-David-Border railway, the San Miguelito cable car, the fourth bridge over the Canal, the rehabilitation plan for the country's road network, the University City, the pet hospital, the rehabilitation of the historic center of Colón, and the Anthropological Museum, to name a few.

In addition, a contract was signed with the US company AECOM USA for technical assistance on the David-Panama Border railway master plan.

This project will require a year of preliminary work to complete mapping, environmental impact assessments, feasibility studies, technical work, and contracting processes before beginning construction.

Regarding the private sector, the main economic indicators related to the activity showed negative figures for the year-to-date. Thus, there was a decrease in production of ready-mix concrete and gray cement (16.8% and 9.1%, respectively). Gray cement sales were also lower than last year, down 7.4%. The value of industrial imports was also lower, both for intermediate goods (-18.6%) and capital goods (-23.8%).

Likewise, building permits, which provide an indication of the private sector's construction intentions, decreased 20.9% in value and 20.0% in square meters. Non-residential permits showed the greatest decrease (33.1%), while residential permits decreased by 12.6%. Despite the performance of these indicators, the private sector believes that the activity still offers many opportunities for development and views 2024 as a year of economic recovery.



Figures from the Panamanian Public Registry indicate that registered properties decreased by 5.9% in 2024. The total number of registered properties was 126,136, or 7,937 fewer, with a decrease in both horizontal and non-horizontal properties.

The construction sector in Panama experienced overall growth of 2.3% in the second quarter of 2025. This increase is primarily driven by positive results in the development of private residential and non-residential projects. Public investment in infrastructure projects decreased, due to the suspension of major projects such as the fourth bridge over the Panama Canal and Line 3 of the Panama Metro, among others. Cumulative growth in this category from January to June was 2.0%. Growth is projected at 15.5% by the end of the year, despite facing challenges such as the elimination of incentives and bureaucracy. Key trends include the integration of sustainable solutions, digitalization, and modular construction, while priorities for the coming months include legislative reforms, streamlining procedures, and banking support.

Priority Areas for Growth

- **Legislative Reforms:** The aim is to extend the Preferential Interest Law and address other key regulations.
- **Streamlining procedures:** It is essential to reduce bureaucracy to streamline processes such as construction permits and mortgage applications.
- **Banking support:** It is necessary to guarantee favorable conditions for mortgage loans and strengthen buyers' borrowing capacity.
- **Infrastructure:** It is necessary to continue road, transportation, and drinking water infrastructure projects.

REAL ESTATE ACTIVITY

The real estate market in Central America has shown remarkable dynamism in recent years, driven by factors such as accelerated urbanization and a growing middle class.

According to a report by Mordor Intelligence, the residential real estate industry in Latin America is expected to grow from \$477.77 billion in 2024 to \$712.45 billion in 2029, with a compound annual growth rate (CAGR) of 8.32%. This growth is attributed, in part, to the adoption of digital technologies that have optimized real estate transactions in the region.

In Panama, the real estate sector has established itself as an international benchmark, supported by a stable economic environment and investment-friendly policies. By 2024, it showed a significant recovery, driven by the growth of residential projects, both in cities and on the beach, and a renewed economic dynamism. Trends include an increase in foreign investment, the expansion of luxury projects, technological innovation, and sustainability in construction. Although a slight increase in housing prices (2-3%) and rental prices (5-7%) is projected, the market remains dynamic, offering opportunities for investors, developers, and buyers.

Recovery and Growth Factors

- **Post-pandemic recovery:** The market has experienced steady growth since the 2020 slowdown, with delayed projects resuming since mid-2023.
- **Foreign investment:** Interest from foreign investors has increased considerably, attracted by the stable economy, tax incentives, and investment opportunities.
- **Residential market:** Growth is being observed in residential projects, especially in the luxury segment, both in the city and in beach areas.
- **Infrastructure expansion:** Infrastructure investments, such as the expansion of the Panama Metro and Tocumen International Airport, are driving the sector.

As we saw previously, positive growth is forecast for Panama by 2025, making it one of the fastest-growing countries in Latin America. This growth is supported by:

- Major infrastructure projects such as the fourth bridge over the Canal and the metro expansion.

LEASING OF INDUSTRIAL BUILDINGS 2020

Leasing of Industrial Buildings 2020	Details
Office (25 M ² - 350 M ²)	US\$ 700 - 12,500 monthly
- Class A (Banking Area) x (M ²)	US\$ 11.00 - US\$ 18.00
- Class A (Costa del Este) x (M ²)	US\$ 14.50 - US\$ 20.00
- Class A (San Francisco) x (M ²)	US\$ 12.00 - US\$ 17.50
- Class A (Transitmica / T. Muerto) x (M ²)	US\$ 13.00 - US\$ 17.00
- Class A (Balboa Avenue) x (M ²)	US\$ 12.00 - US\$ 22.50
Warehouse (500 M ² - 2,500 M ²)	US\$ 2,500 - 21,500 monthly

- The return of tourism and expatriates, especially from North America, South America, and Europe.
- Strong logistics, shipping, and banking sectors that attract foreign capital.

Combined, these factors are reinvigorating buyer demand, growing construction activity, and supporting resale values in key areas.

Key Trends for 2024-2025

- Sustainability: There is a growing emphasis on green buildings, the use of renewable energy, and certifications such as LEED.
- Technology: Technological innovation is key, with the use of tools such as virtual reality for property tours.
- Mixed-use projects: Developments that combine housing, retail, and offices in a single location are gaining popularity, especially in urban areas.
- Rental market: The rental market is expanding, with a focus on consolidating the balance between supply and demand and more demanding tenant profiles.

Panama enjoys international recognition as a globally important logistics, financial, and tax center. Its dollar-based economy, favorable regulatory framework, and strategic position as a connection between both hemispheres—strengthened by the Panama Canal—give it notable competitive advantages over other countries in the region. However, it also faces certain challenges: in 2024, economic growth slowed to 2.9%, impacted by exceptional factors such as the closure of a major copper mine and the decline in air traffic. Despite this, sectors such as construction, real estate, financial services, and international trade maintained a level of dynamism.

During 2025, the residential market will show a partial and differentiated recovery. In Panama City, the average sales price reached USD 1,804 per m², reflecting a year-over-year increase of 2.38%.

Developments located in exclusive areas are priced between USD 2,700 and USD 4,150 per m². In contrast, the mid-range and affordable housing segments experienced a decline in sales during 2024 due to political uncertainty and reduced subsidies; while the luxury market remains strong, driven by demand from foreign buyers, expatriates, and retirees.

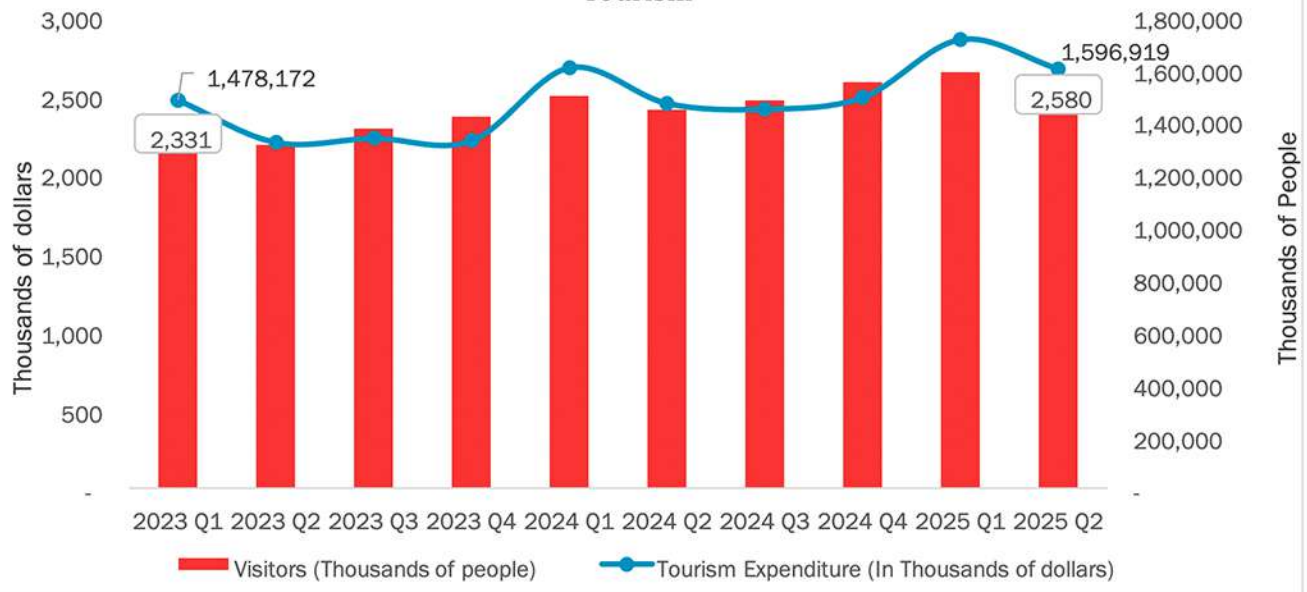
TOURISM

The annual GDP of hotels and restaurants totaled \$ 1,408.8 million, an increase of \$ 115.1 million. Tourism activity continues to grow, driven by a greater number of visitors to the country, who are extending their stays and increasing their spending.

Statistics recorded by the National Institute of Statistics and Census (INEC) indicated that in 2024, 2.5 million visitors entered the country, 265,116 or 11.9% more, and who spent a total of \$ 6,000.3 million, or 10.1% more than in 2023. According to the annual report of the Panama Tourism Authority (ATP), hotel occupancy was approximately 51.0%. 24 Tocumen International Airport received 2.0 million visitors in 2024, a growth of 13.8%. Of this total, 1.7 million were tourists and 314,733 were day trippers.

In the fourth quarter, important tourism promotion activities took place both domestically and internationally, including the Adventure Travel Trade Association's World Adventure Travel Summit, with Panama becoming the first Central American country to host it. ATP, together with the Tourism Promotion Fund (PROMTUR), promoted Panamanian tourism in Colombia to more than 180 participants, including travel agencies and wholesalers. Panama also participated in a tourism workshop in Istanbul and the Ecuador-Copa Stopover Panama Roadshow in Ecuador. Avianca Airlines also launched a new route between Panama and Medellín. With this new route, Avianca will now operate four direct routes from Panama (Bogotá, San Salvador, San José, and Medellín).

Tourism

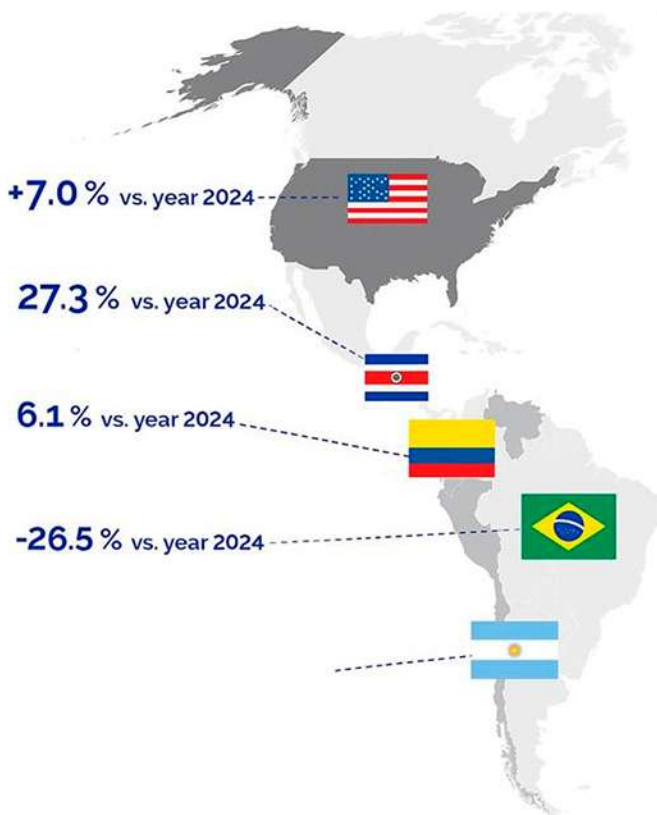


Preliminary Balance First Half 2025

From January to June 2025, the tourism sector reported an increase in International Visitors (IV) arrivals, up 3.7% compared to the same period in 2024.

Tourism Income (TI) reached \$3,305.7 million, representing a 7.8% increase compared to the same period last year. According to preliminary figures for Panamanian hotels, the occupancy rate is estimated at around 58.0% for the period from January to June 2025.

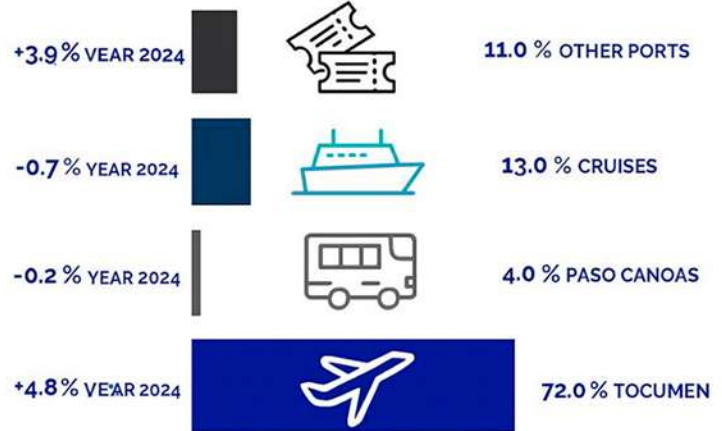
2025 PRINCIPAL MARKET ANALYSIS (% GROWTH FROM JANUARY TO JUNE)



ANALYSIS OF YEAR 2025 (January to June)

VISITOR ARRIVALS BY ENTRY POINTS AND THEIR PERCENTAGE PARTICIPATION

Total Visitors: 1,497,525 (+ 3.7%) (2025 vs. 2024)



In 2025, a total of 1,497,525 visitors arrived through the main ports of entry, representing a 3.7% increase compared to the same period in 2024.

The regional trend for 2025 vs. the year 2024, from January to June, shows an increase in: Central America 16.5%, North America 5.9%, Asia 13.2%, Africa 12.5%, South America 1.0%, Oceania 0.5%, Europe 0.6% and the Antilles 7.4%.

GLOBAL INNOVATION INDEX

Panama ranks 82nd in the Global Innovation Index 2025 (GII 2025), according to the World Intellectual Property Organization (WIPO). At the regional level, it ranked 49th among high-income economies in the previous edition of the index. In Latin America and the Caribbean, results vary, with some countries remaining stable while others have declined, with Chile regaining its regional top spot.

The index ranks around 140 economies and is based on approximately 80 indicators. Globally, Switzerland, Sweden, and the United States lead the ranking, with China entering the top 10 for the first time. A slowdown in global R&D spending growth has been observed in 2024 and a decline is projected for 2025.

Panama's Performance in the GI 2025

- Global ranking: 82.
- Regional ranking: Chile regained first place in Latin America after Brazil fell to 52nd in the GI 2025.
- High-income economy ranking: 49 (in the 2024 edition).

The table shows the rankings of Panama over the past six years. Data availability and changes to the GI model framework influence year-on-year comparisons of the GI rankings. The statistical confidence interval for the ranking of Panama in the GI 2025 is between ranks 79 and 88.

Strengths and weaknesses in innovation

- **Strengths:**
 - o Institutional environment.
 - o General infrastructure.
 - o Ecological sustainability.
 - o Online creativity.
- **Weaknesses:**
 - o PISA levels in reading comprehension, mathematics, and science.
 - o Domestic industrial diversification.
 - o High-tech imports.

Year	GII Position	Innovation Inputs	Innovation Outputs
2020	73rd	82nd	70th
2021	83rd	83rd	79th
2022	81st	83rd	80th
2023	84th	93rd	75th
2024	82nd	83rd	78th
2025	82nd	85th	77th

INDUSTRIES BANKING, INSURANCE AND SECURITIES

Banking Activity

According to INEC estimates, at the end of 2024, the GDP of Financial and Insurance Activities grew 6.5% as a result of the growth of external financial services and commissions earned.

During 2024, the National Banking System (SBN) maintained sustained growth in its operations. Delinquency indicators remained stable, at 1.63% (total loans with arrears of more than 30 days according to the SBN), representing 0.14 percentage points less than last year; and liquidity continues to show levels above the regulated level (55.7%, on average).

Regarding total deposits, they increased 6.8%, with both domestic and foreign deposits growing (5.7% and 9.4%, respectively). Regarding domestic loans, time deposits were the most notable (up 11.6%), as a result of improved interest rates. For example, the one-year fixed-term deposit was at 4.9% until December. This performance is a result of the evolution of interest rates in the United States, which remained at 5.25% as of December 2023.

At the end of December 2024, the International Banking Center (IBC) of Panama has maintained consistent operational and financial performance, the result of prudent management and a remarkable ability to adapt to a complex global and local economic environment. Financial soundness indicators—highlighted by a high liquidity ratio and a risk-adjusted Capital Adequacy Ratio that exceeds regulatory minimums—confirm rigorous compliance with current prudential regulations. Consequently, the IBC has consolidated its position as a stabilizing element within the Panamanian financial system, reinforcing depositor and investor confidence and establishing itself as a regional benchmark for effective risk management in a context of uncertainty.

Meanwhile, net loans in the system recorded a balance of \$ 87,328.1 million, up 8.7% compared to 2023. Local loan balances grew 5.3%, while external loans grew 17.9%. The activities with the highest growth rates were agriculture (19.1%), financial companies (10.7%), and industry (8.1%); new loans grew 10.8%.

Regarding the system's net income, it totaled \$ 2,470.6 million, a 12.1% increase compared to the previous year. Operating income totaled \$ 6,113.4 million, an increase of 7.2%. A 5.9% increase in provisions for bad debts was generated, demonstrating a stable system with supported loan portfolios.

In 2025, the Gross Value Added (GVA) of this category of economic activity registered a 5.1% increase, driven primarily by the dynamism of external financial services and the growth in commissions earned. Meanwhile, the balance of domestic loans to the private sector also showed favorable performance in activities such as commerce, personal consumption, mortgage loans, and manufacturing.

Credit: In terms of credit evolution, the SBN's gross local loan portfolio grew 4.9%, reaching USD 63.586 billion as of December 2024. This growth has been driven by key segments: commerce, industry, and agriculture registered increases of 7.9%, 8.1%, and 19.1%, respectively. In corporate credit, the heterogeneous growth highlights the need to diversify and strengthen risk management. Household credit increased 3.5%, supported by growth in consumer loans, vehicle financing, personal loans, and, notably, credit cards. Credit quality has improved: the non-performing loan portfolio decreased to 2.2% and delinquency to 1.51%.

This growth is due to a combination of key factors, including improved credit conditions, increased business confidence, and a macroeconomic environment that, although less dynamic than in previous years, offers a more favorable context for lending.

However, some sectors faced contractions. Fishing registered a 34.1% decline, equivalent to a USD 45 million reduction, affected by adverse weather conditions and structural limitations specific to the sector. Similarly, the mining and quarrying segment fell 27.6%. Construction also showed negative performance, with a 1.6% drop, reflecting the persistent challenges in the recovery of the real estate and infrastructure sectors that have been observed throughout the year.

Profitability Indicators

Regarding profitability indicators, these remain on a stable trend, reflecting sound management by banks at the aggregate level. At the end of December 2024, Return on Equity (ROE) stood at 16.59%, showing an increase of 0.32 percentage points compared to the previous year. Meanwhile, Return on Assets (ROA) reached 1.93%, representing a slight increase of 0.04 percentage points, reflecting efficient asset management to generate returns.

It is important to mention that, although profitability indicators show a positive trend, the Net Interest Margin (NIM) experienced a slight contraction, standing at 2.69% compared to the 2.78% recorded in December 2023. This reduction reflects continued pressure on financial margins, possibly linked to interest rate competition, higher funding costs, and repricing strategies adopted by banks to sustain their profitability in a still-high interest rate environment.

The growth in ROA and ROE despite the reduction in NIM suggests that banks have managed to offset the pressure on margins through operating efficiencies and an expansion in non-interest income. However, the compression in financial margins underscores the importance of a proactive strategy in asset and liability management, especially in an environment of macroeconomic uncertainty and volatility in the interest rate markets. At the end of June 2025, the International Banking Center's key profitability indicators continued to show signs of moderation, in line with an environment of tighter margins and higher funding costs.

Return on Assets (ROA) stood at 1.89%, down from 2.22% in the same period of 2024, representing a drop of 33 basis points. Similarly, Return on Equity (ROE) fell to 16.17%, compared to 18.37% the previous year (-220 basis points). Meanwhile, Net Interest Income (NII) decreased from 2.82% to 2.60%, reflecting an additional compression of 22 basis points.

Progress 2025

At the close of the first half of 2025, the Panamanian banking system maintains a solid financial position, supported by adequate risk management, prudential solvency and liquidity levels, as well as positive operating performance in a challenging international environment. Although signs of moderation are observed in the International Banking Center's profitability indicators, the expansion of the loan portfolio and stable funding consolidate the system's resilience.

- **Liquidity and Solvency:** The banking system maintains robust liquidity indicators, with an average liquidity ratio of 54.49% and comfortable compliance with the Liquidity Coverage Ratio (LCR), both above the regulatory threshold. The most recent Capital Adequacy Ratio (CAR) of the International Banking Center (IBC) stands at 15.71%, well above the minimum required of 8%, ensuring a sufficient cushion to absorb potential external or credit shocks.
- **Balance Sheet Structure:** The International Banking Center (IBC) recorded year-over-year growth of 6.7% in its net assets, reaching USD 158,606.9 million. This expansion was primarily driven by the dynamism of the net loan portfolio, which increased by 8.7%, consolidating its position as the main driver of growth. The diversification of liabilities, particularly funding through deposits (+6.7%) and bonds (+13.2%), strengthens the system's structural stability, while investments in securities also contributed positively to the growth of earning assets.

- **Profitability and Operating Results:** IBC's retained earnings reached USD 1,452.8 million, reflecting a year-over-year decrease of 10.4%. This variation is mainly attributed to the compression of the net interest income, a higher level of operating expenses, and a drop in dividend income. This moderation highlights the system's ability to maintain positive results despite pressures. In contrast, the National Banking System (SBN) managed to maintain its profitability with a net income of USD 1.3 billion (+0.3%), boosted by restrained expense management.

Insurance Sector

Insurance activity in 2024 accumulated \$ 1,965.5 million in written premiums, up 5.4% year-over-year. The most dynamic lines were: hull (10.2%), theft (10.0%), and health (9.7%), primarily individual insurance. Claims payments decreased 7.9%, with the largest increase being multi-peril (60.9%), especially commercial and industrial lines (up 173.6%). Meanwhile, some of the lines that decreased were: fire (35.9%), technical lines (31.4%), and hull (20.8%). 62.5% of claims payments were distributed between health and automobile (39.7% and 22.8%, respectively).

Regarding the progress of insurance company activity in the first half of 2025, positive performance was reported, with individual health and life insurance being the largest contributors. On the other hand, the value generated by brokers decreased. During the period from January to June, the category grew by 6.0%.

Recent Highlights: Key Trends and Data

- **Growth:** The insurance sector grew 7.1% in the first quarter of 2025, according to the Ministry of Economy and Finance (MEF). Insurers as a whole project annual growth of 8%.

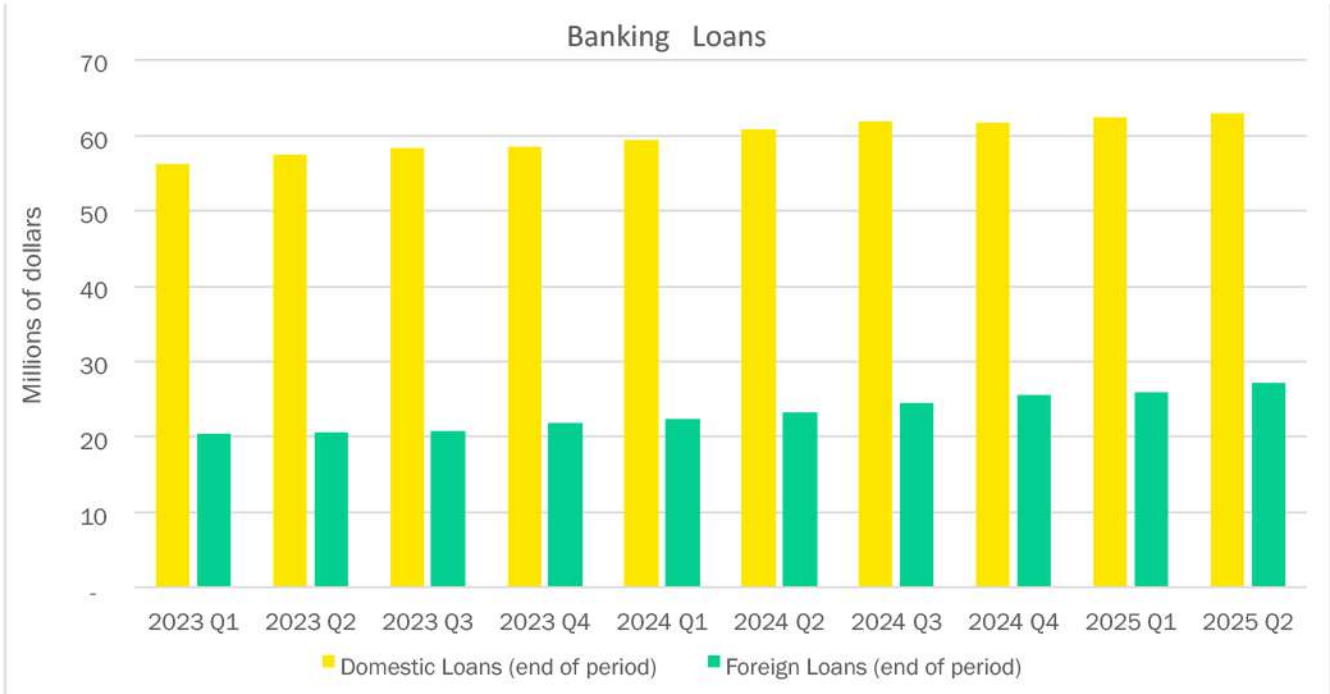
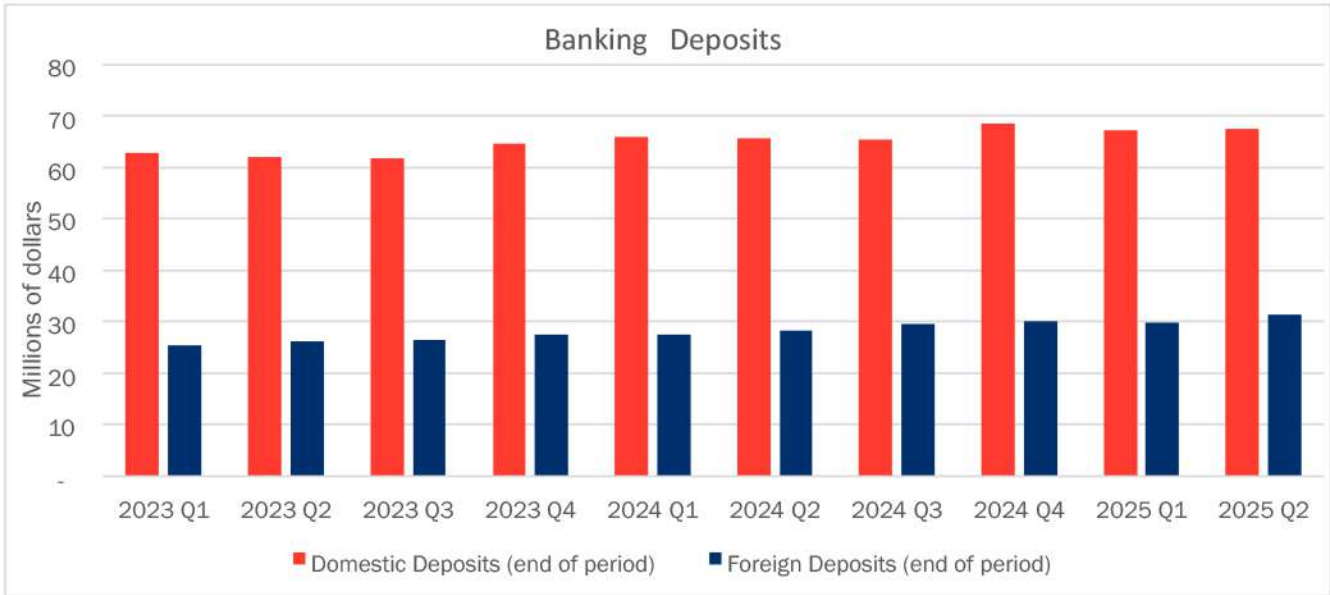
- **Regulatory Framework:** The Superintendency of Insurance and Reinsurance of Panama issued Agreement No. 3-2025, which updates the regulations on good governance for insurance and reinsurance companies, seeking greater clarity in rules and responsibilities.

Panama's Inclusion in Mercosur: Growth opportunities are emerging with Panama's possible inclusion in the Mercosur bloc, which could positively impact the insurance sector in the future.

- **Digital Innovation:** Greater adoption of digital tools is expected to improve customer experience and efficiency in claims management.

- **Market Trends:** There is a global trend toward consolidation and stability in the insurance market, with insurers' increased capacity to underwrite new risks, according to analysis by WTW and Deloitte.

- **Focus on prevention and safety:** Efforts have been implemented to improve workplace safety, which could lead to a reduction in accidents and workers' compensation insurance premiums in the long term.



EXPORT OF AGRICULTURAL AND MANUFACTURED GOODS

Exports

International Environment

The volume of global merchandise trade grew 2.7% in 2024, according to estimates by the World Trade Organization (WTO). Trade performed stably, although with regional divergences in merchandise growth, with the performance of Asia and North America standing out. Trade growth benefited from the decline in inflationary pressures, leading to the gradual reduction of interest rates by the central banks of major economies. The main risks facing trade include the escalation of regional conflicts, geopolitical tensions, and policy uncertainty.

Exports of Domestic Goods

The value of goods exports totaled \$ 964.3 million in 2024. Exports of traditional goods increased \$ 96.9 million, or 11.2%, compared to the previous year, marking the highest value for this type of export in the last five years, due to increases in items such as shrimp, cane sugar, fishmeal and oil, fresh, refrigerated, and frozen fish, and bananas.

Meanwhile, when comparing the total value exported from January to December 2024 with respect to the previous year, the decrease amounts to \$ 2,372.3 million, or 71.1%, since no copper ore and concentrate exports were made in 2024 due to the closure of the copper mine in compliance with the court ruling.

By region, exports went to: Asia (27.1% of the total), Europe (25.6%), North America (23.7%), Central America (9.7%), South America (5.3%), the Caribbean (3.9%), and all other destinations (4.9%, including the Colón Free Trade Zone). The main destinations were: the United States (\$ 179.6 million), the Netherlands (\$ 140.1 million), Taiwan (\$ 110.6 million), India (\$ 54.5 million), China (\$ 49.3 million), Mexico (\$ 44.8 million), Costa Rica (\$ 38.8 million), Denmark (\$ 29.9 million), and the United Kingdom (\$ 25.4 million). Additionally, \$ 46.7 million was sent to the Colón Free Trade Zone.

The tariff chapters with the highest percentage share in the value of exports were: fish and crustaceans (20.1% of the total), fruits (19.2%), vegetable and animal fats and oils (11.0%), iron and steel castings (5.6%), sugars (5.5%), food industry waste (4.1%), and wood and wood products (3.9%).

The products with the largest absolute increases in foreign sales were: fish and crustaceans (\$ 74.3 million), sugars (\$25.5 million), vegetable and animal fats and oils (\$ 14.9 million), fruits (\$ 14.8 million), and food industry waste (\$ 10.4 million). While those that experienced the greatest decline were: pharmaceutical products (\$ 22.9 million), precious metal scrap (\$ 17.5 million), copper scrap (\$ 4.8 million), dairy products and eggs (\$ 2.9 million), and cement (\$ 2.8 million).

Regarding exports of major goods, the following stand out:

- Exports of fish and crustaceans grew 62.2% in value, mainly due to crustaceans (\$ 52.0 million), fresh and chilled fish (\$ 18.9 million), especially species such as snapper, dorado, sea bass, and yellowfin tuna; and frozen fish (\$ 6.6 million), especially varieties such as yellowfin tuna and cobia. While fish fillets and meat (\$ 4.6 million) decreased the most. The main markets for fishery exports were: Taiwan (47.1% of the total), the United States (40.1%), and Costa Rica (3.2%). The improved performance of these exports is due to an increase in catches and also to rising average incomes.
- Fruit sales abroad increased by 8.7%. By category, the most exported fruit was bananas (\$ 156.8 million or 84.9% of the total for the category), which registered an increase in export value of \$ 11.3 million or 7.8%. Export volume (net weight) also grew by 8.5%; while the average price was not favorable, decreasing by 2.2% in Europe and 22.8% in the United States year-on-year, according to information from the World Bank.

Next in order of importance were the export values of watermelon (\$ 22.6 million) and pineapple (\$ 11.5 million), both of which decreased by 0.9% and 9.0%, respectively. The main destinations for fruit exports were: the Netherlands (68.4% of the total), the United Kingdom (13.4%), and the United States (12.7%).

- Exports of animal and vegetable fats and oils grew 16.3%. The main exported products were crude palm oil (\$ 46.5 million) and fish oil (\$ 42.9 million), followed by crude coconut oil (\$ 5.0 million), used frying oil (\$ 4.3 million), palm stearin (\$ 2.5 million), and other palm oils (\$ 2.4 million). It should be noted that the average price of palm oil grew 8.7% year-on-year in 2024. The main markets for crude palm oil were Mexico (67.0% of the total) and the Netherlands (15.2%). Meanwhile, the main destinations for fish oil were Denmark (68.2% of the total), Belgium (16.3%), and Germany (11.6%).

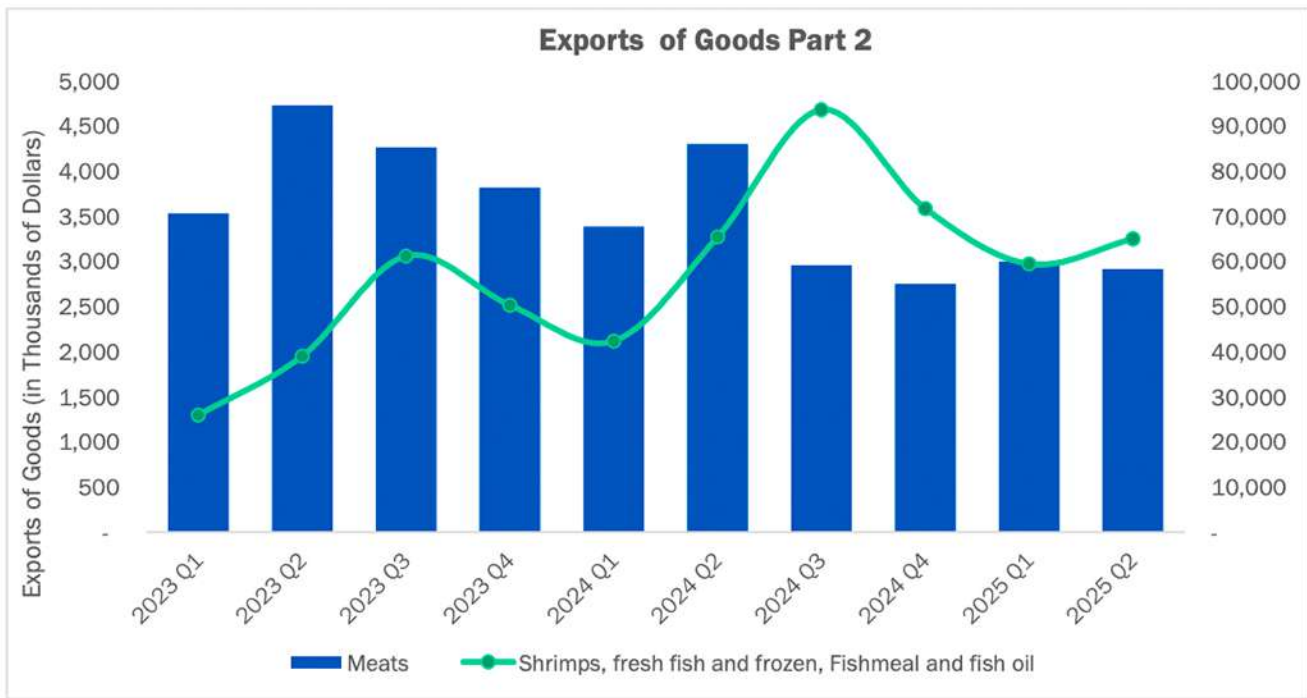
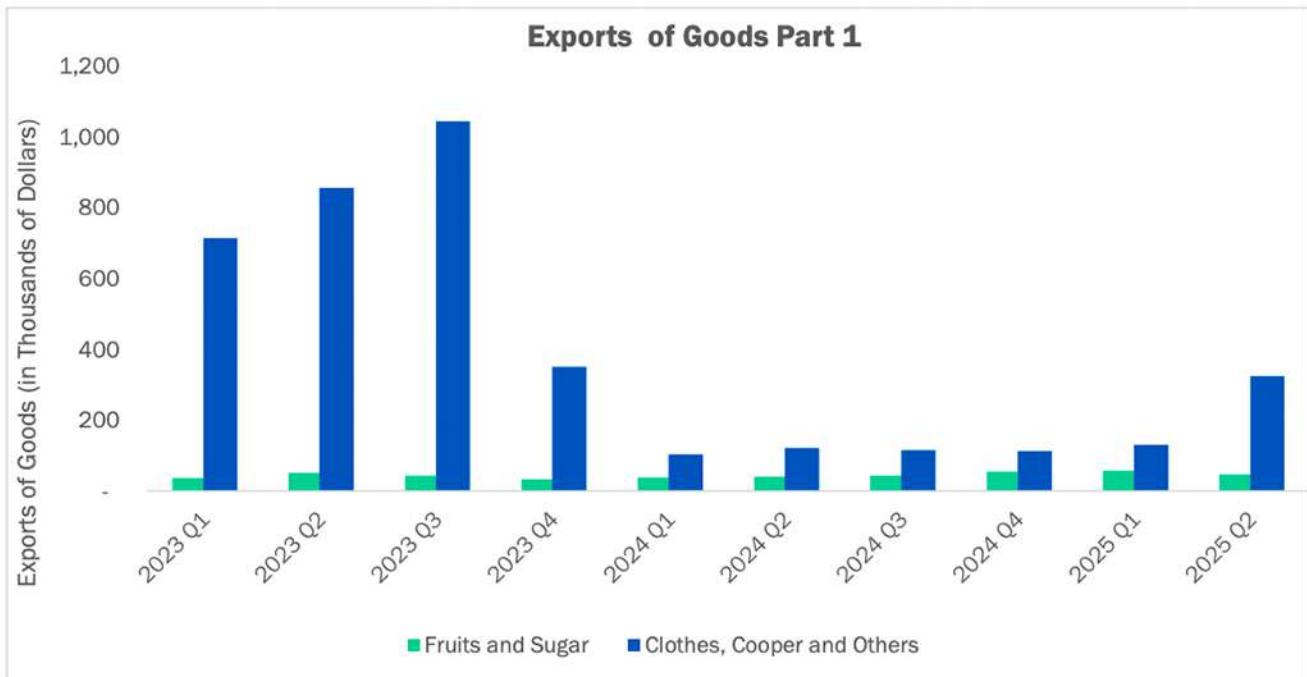
In the second quarter of 2025, Panama's merchandise exports showed positive growth, reflecting a 5.3% year-over-year growth between January and August, reaching \$ 671 million. This increase was primarily driven by frozen shrimp, which surpassed bananas as the main export product due to a recent strike and the departure of the Chiquita company.

Main Products and Items

- Frozen shrimp: It became the main export product with 11.8% of the total.
- Bananas: Affected by the strike, its share fell to 9.0%.
- Crude palm oil: It ranked as the third most exported product with 5.9%.
- Other notable items:
 - Fish and crustaceans (21.1%)
 - Fruits (13.4%)
 - Fats and oils (8.9%)
 - Iron and steel castings (6.6%)
 - Lumber (4.7%)
 - Sugars (4.6%)

General Trends

The second quarter of 2025 was positive for Panamanian foreign trade, with increased demand and competitiveness. The overall economy grew 3.4%, influenced by domestic sectors and foreign trade. The decline in banana exports was offset by other products, especially shrimp. Value-added exports from free trade zones and Panama Pacifico also contributed to the growth.



EMPLOYMENT

The level of economic growth experienced over the past three years allowed the unemployment rate to decrease from 18.5% in 2020 to 7.4% in 2023; however, this rate remained above pre-pandemic levels, specifically higher than the rates recorded between 2017 and 2019.

Generally speaking, between 2008 and 2024, the unemployment rate evolved in line with the different phases of economic growth, with certain exceptions, such as those recently recorded in 2022 and 2023, where the unemployment-to-GDP ratio was less pronounced. In 2024, the link was adjusted, registering an increase in the unemployment rate of approximately two percentage points (from 7.4% to 9.5%) corresponding to a 4.5 percentage point drop-in economic activity (from 7.4% to 2.9%).

The level of economic growth experienced in the last three years allowed the unemployment rate to decrease from 18.5% in 2020 to 7.4% in 2023; However, this rate remained above pre-pandemic levels, specifically higher than the rates recorded between 2017 and 2019.

Generally speaking, between 2008 and 2024, the unemployment rate evolved in line with the different phases of economic growth, with certain exceptions, such as those recently recorded in 2022 and 2023, when the unemployment-to-GDP ratio was less pronounced. In 2024, the link adjusted, with the unemployment rate increasing by approximately two percentage points (from 7.4% to 9.5%) in line with a 4.5 percentage point drop-in economic activity (from 7.4% to 2.9%).

The Economically Active Population (EAP) stood at 2,126,771 people, an increase of 32,530 or 1.6%. Among its components, the unemployed population increased by 46,984 or 30.2%.

Regarding the other component of the EAP, for the second time since 2001, there was a drop in the number of employed people (14,454 or 0.75%), the first occurring also in 2020 (288,951 or 15.0%).

Regarding the decline in the employed population, this was mainly due to the total number of employees (41,522 or 3.5%), exclusively in the government (17,073 or 5.2% less) and private enterprise (32,087 or 4.2% less). Meanwhile, the total number of self-employed workers increased by 27,068, or 3.6%. Similarly, the informality rate increased by 1.8 percentage points, from 47.4% in 2023 to 49.3% in 2024.

The unemployment rate increased by 2.1 percentage points, from 7.4% in 2023 to 9.5% in 2024. This is the second-highest increase since 2001, after the one recorded in 2020 (11.5 percentage points). The average increase in the remaining years with increases is 0.60 percentage points.

Unemployed

The number of unemployed increased from 155,625 in 2023 to 202,609 in 2024; That is, 46,984 or 30.2%. The magnitude of the increase (in absolute terms) offset the decline recorded the previous year (47,628). Consequently, the unemployment rate rose from 7.4% in 2023 to 9.5% in 2024 (up 2.1 p.p.). Unemployment increased primarily among women (28,931 or 34.7%), representing 61.6% of the total increase; while among men, the increase was 18,053 or 25.0%.

The number of unemployed people increased in fifteen of the twenty-one economic activities, primarily in the following: Construction (9,225), Public Administration and Defense; Mandatory Social Security Plans (8,841), Wholesale and Retail Trade; Motor vehicle and motorcycle repair (7,959) and administrative activities and support services (4,326) together accounted for 30,351 unemployed people. In addition to these activities, there was also a significant increase in the number of unemployed people who had never worked (8,096).

These were mainly people who moved from the Non-Economically Active Population (NEA) to the EAP, as the inactive population decreased by 2.3%.

The growth of the working-age population could also have played a role; however, the increase was only 0.12%, below the average of the last twelve years (2.1%). Meanwhile, the number of unemployed people only decreased in five activities, with the largest declines being: Hotels and restaurants (1,540), real estate activities (1,531), and activities of households as employers, undifferentiated activities of production of goods and services for households' own use (1,250).

The number of unemployed people rose across all age groups. The largest increases, in absolute terms, were seen in the 30-39 age group (11,945), 40-49 age group (8,879), and 20-24 age group (7,340), together accounting for 59.9% of the total increase (46,984). Unemployment rates became higher, primarily in the following age groups: 15-19 (3.7 percentage points), 30-39 (3.1 percentage points), and 20-24 (2.7 percentage points).

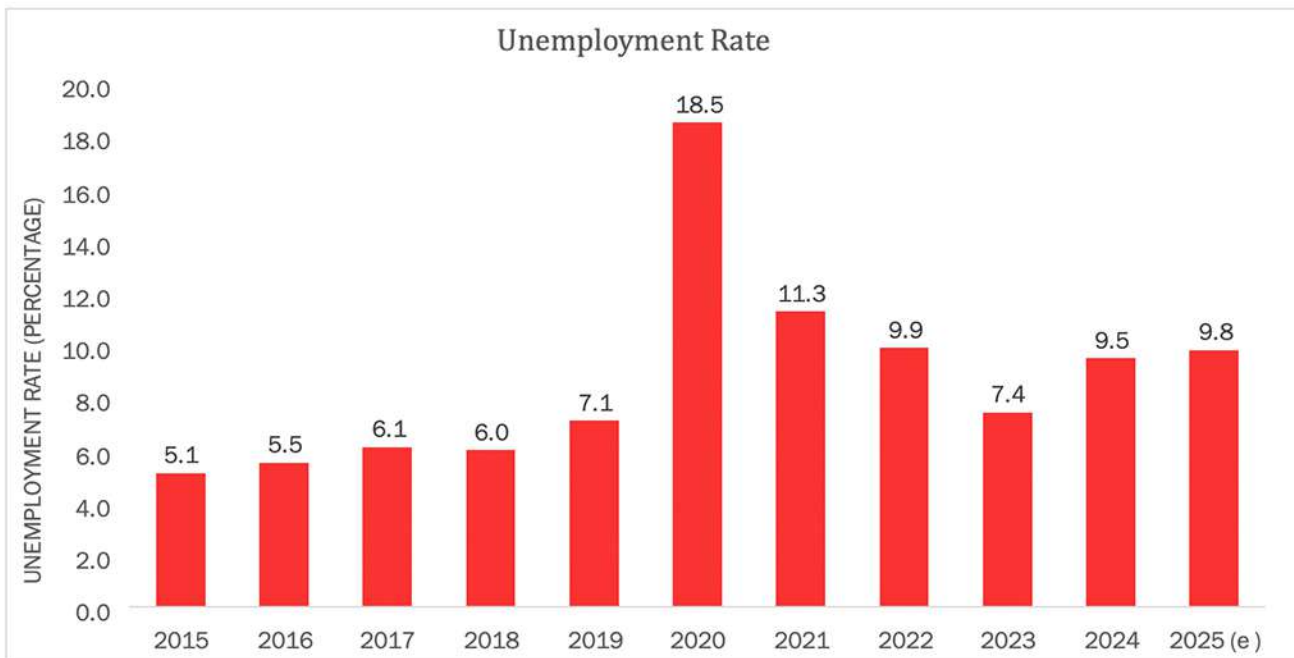
Employed

The employed population showed a decrease of 14,454 or 0.75% in 2024. This is the second time since 2001 that the number of employed people has fallen; the first time was in 2020 (288,951 or 15.0%). However, the level reached is slightly higher than that recorded before the pandemic (1,920,642).

The number of employed people fell mainly among men (13,084 or 1.2%); while among employed women, the decrease was smaller (1,370 or 0.17%).

Most economic activities showed decreases in the number of employed people. In absolute terms, the largest decreases were in: Public Administration and Defense; Mandatory social security plans (14,727), Social and health-related services (9,041), Education (8,181), Real estate activities (6,294), and Mining and quarrying (5,755). In the first four activities, these decreases occurred mainly in the province of Panama: 14,704, 8,390, 10,227, and 5,589, respectively.

Regarding the Mining and quarrying activity, with the exception of the province of Darién, the Guna Yala and Ngäbe Bugle regions, which did not submit records for the years 2023-2024, and the Emberá region, which recorded 9 workers in 2024 (there were no records in 2023), the decrease occurred and was distributed across all administrative divisions. The number of employed people fell most in the provinces of Coclé (2,606) and Colón (1,173), areas where the Cobre Panamá mine is located and which closed operations in December 2023 following the Supreme Court ruling; followed by Panama (1,238) and the remaining provinces (747).



INFLATION RATE

The national urban price level experienced a 0.7% variation in 2024, lower than the 1.5% recorded in 2023 and the 2.9% recorded in 2022, according to data provided by the National Institute of Statistics and Census (INEC).

This increase was mainly influenced by the rise in the price of some services offered in restaurants and hotels, such as meals outside the home; and other diverse goods and services, such as health insurance, car insurance, and financial services. However, there were sustained declines throughout the year for the purchase of clothing, footwear, and telephone equipment and services, among other items.

Although the year closed with a downward trend, the national price level remained above that recorded for food and non-alcoholic beverages (0.6%)

This behavior was due to the continued higher average price levels in other components of the CPI, which have been above the national average throughout 2024, such as:

- Restaurants and hotels (2.5% more): due to the prices of meals and non-alcoholic beverages served outside the home (2.7% more) and prepared meals to go (2.5%).
- Miscellaneous goods and services (2.2%): The high levels were mainly due to the prices of health insurance (8.9%), auto insurance (8.1%), and financial services (6.9%).
- Transportation (1.54% more): which began the year with high prices, but the downward trend began to change in May and intensified in August, ending with a lower price level than at the beginning of this year, although still above the previous year (-3.1%). Airfares (up 7.1%), school transportation services (up 4.1%), and automobile fuel (up 4.0%) were the main drivers of the increase.

- Housing, water, electricity, and gas (up 1.53%): due to home repair services (up 9.1%). Additionally, in recent months, the following groups have also seen increases: Alcoholic beverages and tobacco (up 1.7%), mainly due to beer prices (up 3.5%); and Education (up 0.86%), mainly due to secondary education prices (up 2.5%).

For its part, the Food and non-alcoholic beverages group maintained a downward trend during the year, although its annual average closed at 0.59% compared to 2023. Some products showed price increases, namely: beef (up 5.7%), grains (up 4.5%), cereals (up 4.4%), milk, and yogurt (up 4.2% each).

Recent Performance 2025

Panama's National Institute of Statistics and Census (INEC) reported that the Consumer Price Index (CPI) showed a year-over-year change of -0.4% in June 2025, registering a negative value for the tenth consecutive month. When compared to the same month last year, the result is lower than the 0.8% observed twelve months earlier. Furthermore, the CPI showed a change of -0.1% in June 2025 compared to the previous month.

Examining the evolution of inflation by group, those that showed decreases were: Transportation by 0.4%; Health by 0.2%; Food and non-alcoholic beverages; Clothing and footwear; Housing, water, electricity, and gas; and Communications, all by 0.1%. Meanwhile, the groups that registered increases were: Alcoholic beverages and tobacco; and Miscellaneous goods and services, both by 0.3%. Furniture, household goods, and ordinary household maintenance items; and restaurants and hotels, both 0.1%.

Inflation Rate Panama and EEUU



FOREIGN DIRECT INVESTMENT

Foreign Direct Investment (FDI) in Panama totaled \$ 2,832.6 million in 2024, representing 3.3% of total nominal GDP for the same reference period. FDI increased by 28.9%, or \$ 635.6 million, due to the growth in reinvestment of profits and other types of capital. This gradual recovery in FDI demonstrates continued confidence in the returns provided by investments in the country, which in recent years have been concentrated mainly in trade, financial and insurance activities; information and communications; and manufacturing industries, among others. These investments have mainly originated in companies from the United States, the Netherlands, Switzerland, and Colombia, among others.

Regarding global Foreign Direct Investment flows, after the decline in 2023, the international environment continued to be challenging in 2024, due to weakening growth prospects, economic disruption trends, trade and geopolitical tensions, industrial policies, and supply chain diversification. In fact, according to the UN Global Investment Trends Monitor, net foreign investment flow trends decreased 8% in 2024, due to the decline in FDI flows from Asia, Latin America and the Caribbean, and Europe, while there was a sharp increase in African countries and the United States.

Regarding the components of FDI in Panama in 2024, we can note:

- **Reinvested earnings** totaled \$ 1,747.5 million, increasing \$ 694.4 million or 65.9% compared to the same period of the previous year. The reinvestment of earnings was distributed among the following sectors: non-financial corporations (\$ 1,032.6 million), general license banks (\$ 647.2 million), companies in the Colón Free Zone (\$ 81.9 million), and international license banks (-\$ 14.2 million).
- **The other investment component**, i.e., financing or loans from parent companies to subsidiaries established in Mexico, totaled \$ 1,412.4 million (\$ 310.1 million or 28.1% more), with this movement being generated mainly by non-financial corporations.

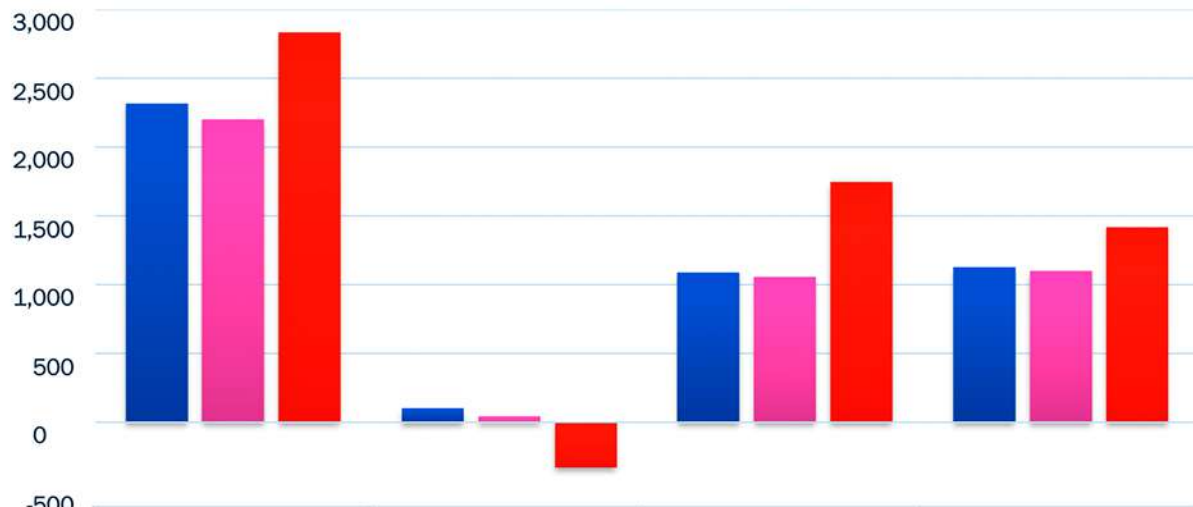
- **The equity and other capital investments** component registered a decrease in investment of -\$ 327.2 million, mainly due to the decline in non-financial corporations and international license banks.

By sector, non-financial companies based in the country received direct investments of \$ 1,857.5 million, followed in order by general license banks (\$ 704.7 million), companies established in the Colón Free Zone (\$ 294.2 million), and international license banks (-\$ 23.7 million).

Key aspects of foreign investment in Panama in 2025

- **Economic growth:** GDP growth is projected at 4% in 2025, with medium-term growth of 4.1%.
- **Index performance:** Panama ranks 7th in the "Greenfield Performance Index 2025" for Latin America and the Caribbean, reflecting the confidence of international investors.
- **Decrease in the first quarter of 2025:** Foreign direct investment (FDI) fell 51% in the first quarter of 2025 compared to the same period in 2024, receiving \$526 million compared to \$1.083 billion the previous year.
- **Key sectors:** The sectors driving the economy are infrastructure, finance, business services, logistics, and real estate.
- **Policies and incentives:** The country offers legal and tax advantages, streamlined administrative processes, and favorable immigration programs for investors, such as the Qualified Investor Visa and the Friendly Nations Visa.
- **Residency programs:** Residency visas can be obtained through real estate investments, with minimum investment requirements for different dates.

Direct Foreign Investment Flow from Panama March 2022-2024



	FDI - TOTAL	Shares and other equity investments	Reinvested earnings	Other capital
2022	2,313.40	101.40	1,085.30	1,126.70
2023	2,197.00	41.60	1,053.10	1,102.30
2024	2,832.60	(327.20)	1,747.50	1,412.40

GOVERNMENT

A. Non-Financial Public Sector Balance Sheet (NFPS)

The preliminary balance sheet of the NFPS recorded an accumulated deficit as of December 2024 of \$ 6,416.1 million, or 7.44% of the published GDP. It should be noted that Law No. 445 of October 28, 2024, which amended the LRSF, did not establish limits for the NFPS fiscal deficit in 2024; however, it does establish maximum limits from 2025 onward in order to achieve gradual fiscal consolidation, sustainable public debt indicators, among other measures that will improve public finance discipline.

Revenue

NFPS revenues in 2024 totaled \$ 13,610.8 million, a decrease of \$ 1,041.2 million compared to fiscal year 2023. This decrease is largely explained by non-recurring revenues generated in 2023, such as the sale of land to the Panama Canal Authority (ACP) and the contribution generated by the mining contract in royalties and taxes.

General Government current revenues totaled \$ 13,476.6 million, a decrease of \$ 686.5 million or 4.8% compared to the same period in 2023; while CSS revenues increased by \$ 32.5 million. Regarding the rest of the entities, Public Enterprises showed a positive operating balance of \$ 40.0 million. On the other hand, Unconsolidated Agencies and Others posted a positive balance of \$ 77.2 million, due to lower budget execution by the public entities and local governments that comprise them. Capital revenues totaled \$ 33.5 million.

It is important to note that the revenue collection goals contemplated in the Central Government's 2024 revenue budget were not met due to setbacks in the implementation of fiscal and administrative measures, such as the extension of electronic invoicing to all taxpayers, the creation of the Large Taxpayer Unit, and commercial oversight measures, among other measures.

Expenses

Total consolidated expenses of the NFPS at the end of the 2024 fiscal year were \$ 20,026.8 million, an increase of \$ 2,104.3 million or 11.7% compared to the end of 2023. Of the total expenses, 77.1% corresponds to current expenses and 22.9% to capital expenses.

Current expenses excluding interest payments for the 2024 fiscal year totaled \$ 12,917.4 million, an increase of \$ 1,536.6 million compared to the previous fiscal year. The higher budget execution in the Central Government is due to the incorporation of accounts payable from expired periods approved in Cabinet Resolution No. 42 of April 24, 2024, in the 2024 budget, as well as the additional disbursement for the thirteenth-month payment.

Capital expenditures (\$ 4,590.1 million) increased by \$ 195.4 million. The most significant investments in the budget include:

- Ministry of Public Works (MOP) with \$ 955.6 million, for construction, expansion, and maintenance of highways and roads.
- Ministry of Health (MINSAs) with \$ 438.3 million, mainly for the construction and improvement of health facilities nationwide.
- Ministry of Education (MEDUCA) with \$ 433.6 million, for construction, equipment, and rehabilitation projects for educational centers nationwide.
- Public Enterprises executed \$ 739.5 million, largely due to the works being carried out by the Panama Metro, the extension and construction of Metro Lines 2 and 3.
- The Consolidated Agencies executed \$ 539.1 million, thanks to the Institute for the Training and Utilization of Human Resources (IFARHU), which, through the Universal Educational Social Assistance Program (PASE-U) and Scholarships, disbursed \$ 414.6 million, benefiting approximately 910,889,000 elementary, secondary, and university students.

- The Social Security Fund executed \$ 262.6 million in the Teleradiology Project and in the construction, improvements, and equipment of hospital complexes nationwide.

It is important to remember that total expenditures of the SPNF did not meet the under-execution proposed in the 2024 budget, which was approximately \$ 3,120.9 million: \$ 1,856.8 million in Central Government expenditures, and \$ 1,264.1 million in the rest of the SPNF. The aforementioned under-execution was not possible because capital expenditures included a high proportion of continuity projects or contractual commitments, which could not be cut in the short term. Furthermore, the operating budget has little flexibility for downward adjustments, as the majority is concentrated in salaries and wages (at least 70% of these are covered by the ministries of education, health, and public security), debt service, and current transfers.

B. Balance del Gobierno Central (GC)

The Central Government's fiscal balance was in deficit by \$ 6,774.0 million, as a result of the difference between revenue and expenses.

Revenue

Revenue totaled \$ 9,488.9 million, a decrease of \$ 1,132.8 million, or 10.7%, compared to the previous year. The decrease in revenue was due to non-recurring revenue generated in 2023, such as the sale of land to the Panama Canal Authority (ACP), as well as the contribution generated by the mining contract in royalties and taxes.

- Direct taxes, which totaled \$ 3,237.1 million, were lower compared to the same period in the previous fiscal year by \$ 559.6 million, or 14.7%, especially corporate income taxes, which amounted to \$ 267.6 million.
- Indirect taxes totaled \$ 2,549.4 million. Compared to the amount collected in 2023, it was \$ 54.2 million higher, primarily due to the following taxes: ITBMS (Important Tax on Sales) (\$ 17.9 million more) and other selective consumption taxes, which were \$ 68.8 million higher.

Accumulated non-tax revenue collection through December 2024 amounted to \$ 3,675.5 million, a decrease of \$ 135.6 million compared to the amount collected during the same period in 2023, i.e., a 3.6% decrease. Of note are the increases in Banco Nacional's dividends of \$ 121.7 million and the Canal Authority's dividends, which increased by \$ 9.7 million compared to 2023.

Expenses

Expenses totaled \$ 16,262.9 million, broken down as follows: current expenses, \$ 12,451.2 million, and capital expenses, \$ 3,811.7 million. Current expenses increased by \$ 2,017.9 million, or 19.3%, including:

- Current transfers: This includes all transfers made by the Central Government to the public and private sectors; for the purposes of the Fiscal Balance, current transfers totaled \$ 4,385.4 million.
- Debt interest (\$ 372.4 million more): The increase in the debt balance, accompanied by an increase in international interest rates, led to an increase in the weighted average cost of public debt.
- Personal services (\$ 364.0 million): affected by additional payments for the thirteenth month.
- Other expenses (\$ 172.4 million more): The increase is due to the payment of the Stepped Cash Flow Swap (\$ 150.2 million).

Regarding the execution of public investment projects by central government institutions, the amounts allocated to the Ministry of Public Works (MOP), Ministry of Health (MINSAs), and Ministry of Education (MEDUCA) stood out.

C. Non-Financial Public Sector Debt

The gross debt of the NFPS at the end of fiscal year 2024 totaled \$ 53,736.7 million, an increase of \$ 6,711.4 million compared to the same period last year. During the 2024 fiscal year, \$ 10,183.5 million was disbursed and \$ 3,407.9 million was amortized.

Furthermore, in the yearover-year exchange rate comparison, the dollar appreciated 11.5% against the Japanese yen and 3.11% against the Special Drawing Rights (SDR), positively impacting the Republic's public debt balance, decreasing it by \$ 64.2 million. At the end of 2024, the following disbursements were made by type of obligation:

- Domestic debt totaled \$ 9,460.8 million (17.6% of the total). Disbursements in 2024 (\$ 4,443.1 million) included the subscription of promissory notes in favor of the Panama Savings Fund (FAP, \$ 1,272.4 million); as well as loan disbursements totaling \$ 900 million and the \$ 500 million credit line, both with the National Bank of Chile (the latter repaid at the end of 2024). Additionally, disbursements amounted to \$ 1,769.7 million in Treasury Notes and Bills, with the most notable being the issuance of Treasury Notes maturing in 2029 (\$ 626.7 million), intended for the payment of preferential interest and tax incentives. Meanwhile, accumulated amortizations in 2024 amounted to \$ 2,019.7 million.

- External debt totaled \$ 44,276.0 million (82.4% of the total). Among the disbursements for the 2024 fiscal year (5.74 billion), the most notable were the global bond issues carried out in February of that year (\$ 3.1 billion), the signing of the loan with JP Morgan for \$ 1 billion, and the disbursements with multilateral and bilateral organizations, which amounted to \$ 1.15 billion and \$ 290.4 million, respectively. External amortizations totaled \$ 1.38 billion.

Fiscal Overview 2025

Panama's fiscal balance at the end of June 2025 showed a deficit of (\$3,157.6 billion / -3.49% of GDP), which represents a decrease compared to the same period in 2024. The Ministry of Economy and Finance (MEF) reported an increase in current revenues of (\$11.6) and a decrease in the primary deficit, partly thanks to measures to combat tax evasion.

Key Highlights of the June 2025 Fiscal Balance: Fiscal deficit (\$3,157.6 billion / -3.49% of GDP), which is an improvement compared to the previous year.

- Current revenues: Increased by (\$11.6%) in the first half of the year.
- Tax revenues: \$3,255.5 million were collected in the first half of the year.
- Primary deficit: It was \$1,813.9 million (excluding interest payments), lower than the previous year.
- Fiscal control measures: The government has implemented measures to combat tax evasion, such as the modernization of the General Directorate of Revenue (DGI) and the implementation of the "tax lottery" to encourage consumers to request invoices.



FOREIGN TRADE AND COMMERCE

VALUE EXPORT MAJOR COUNTRY DESTINATION (IN DOLLARS)

Country	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Brazil	2,558,244	2,107,484	4,357,066	6,448,352	8,090,820	4,873,761	128,171,316	88,990,821	124,218,302	7,137,870	8,453,555
Canada	1,431,120	2,118,900	1,218,992	1,375,479	1,297,236	967,647	2,059,347	49,563,488	78,151,452	2,691,409	4,175,544
Chile	7,636,236	10,154,475	2,934,825	3,543,580	3,239,203	3,922,171	2,642,415	2,492,520	2,698,160	2,600,393	2,794,567
China	69,458,794	40,944,167	35,529,555	42,667,955	49,410,816	532,591,033	370,063,029	1,038,770,635	1,194,502,559	1,311,685,500	49,322,320
China-Taiwan (Formosa)	30,316,945	28,888,807	26,814,232	36,283,565	30,643,925	23,331,110	19,716,048	32,809,161	70,051,465	66,371,386	110,581,796
Colombia	12,282,802	8,654,507	8,463,684	11,856,843	10,406,961	7,119,316	7,891,872	15,231,801	13,552,767	8,699,968	14,065,189
Colon Free Zone	29,796,086	26,482,680	21,900,249	23,292,443	31,210,032	49,942,886	46,360,343	52,725,658	68,153,266	73,881,384	46,689,269
Costa Rica	54,897,819	53,309,960	38,362,686	35,297,615	36,358,959	37,754,745	38,072,526	33,011,888	41,124,811	37,719,243	38,761,537
Dominican Republic	1,973,330	7,905,154	2,776,856	3,757,790	4,824,183	2,739,469	3,007,025	2,729,869	2,912,871	5,433,728	5,501,138
Ecuador	9,621,099	9,502,137	5,935,068	2,390,750	4,162,909	3,769,804	1,248,205	1,177,012	1,231,240	1,836,916	2,376,620
El Salvador	7,300,926	9,603,458	8,894,849	7,598,760	9,261,176	7,336,909	6,750,348	6,469,768	6,882,309	7,697,915	10,038,021
France	1,481,886	4,887,986	2,055,667	3,572,339	2,814,003	2,489,663	676,107	651,638	679,812	3,949,938	1,948,567
Germany	87,210,461	91,767,724	18,520,235	9,591,998	8,512,348	110,810,152	29,453,019	183,287,213	233,150,145	141,833,862	13,759,567
Guatemala	7,692,610	9,835,879	10,957,048	11,128,495	13,946,714	17,879,627	16,389,638	17,011,938	17,486,768	10,358,560	14,060,913
Honduras	11,708,100	7,668,596	7,274,438	10,194,474	7,395,249	4,826,600	7,217,801	12,304,631	13,320,743	16,022,081	17,035,302
Hong Kong	8,172,914	6,011,195	3,440,726	4,268,647	3,854,687	5,775,672	2,599,485	2,454,685	2,653,533	3,834,409	875,764
Italy	22,586,243	18,253,619	13,649,406	8,442,537	11,045,972	7,497,728	7,945,685	7,380,434	11,465,066	7,798,832	6,367,201
Japan	17,516,164	11,758,650	5,500,253	7,445,051	7,140,168	49,108,747	124,850,553	554,746,748	548,446,645	442,151,699	7,859,718
Mexico	11,330,043	13,470,859	6,163,802	6,389,472	6,276,637	16,207,675	20,957,363	29,319,173	38,011,601	46,105,886	44,806,433
Netherlands	42,865,832	28,680,831	96,813,713	109,202,325	114,352,126	143,388,399	141,349,900	114,506,586	114,432,542	90,732,056	140,076,898
Nicaragua	14,093,281	16,867,809	15,453,950	13,457,197	14,903,966	9,850,326	10,757,127	15,383,870	15,739,439	9,629,446	11,219,732
Peru	4,032,424	9,195,409	3,336,251	1,943,738	2,639,995	2,772,082	1,082,421	1,024,950	1,072,881	8,728,939	10,597,340
Portugal	5,467,692	9,273,612	8,822,363	7,233,694	7,930,572	7,532,635	2,600,652	2,457,694	2,570,845	702,709	720,822
Puerto Rico	4,421,747	6,295,757	6,765,836	4,186,650	7,534,251	3,812,291	5,936,974	5,613,828	6,079,784	3,676,888	4,886,518
Singapore	185,724	781,864	366,730	260,607	313,669	693,689	220,710	217,596	225,857	381,601	790,519
South Korea	16,679,847	12,354,205	11,011,440	7,822,123	8,406,836	72,983,601	136,246,531	386,231,111	269,941,926	233,056,696	6,873,576
Spain	23,957,879	17,444,139	15,350,597	24,051,716	21,089,057	72,730,710	217,200,510	346,401,397	156,475,148	204,411,920	13,933,338
Sweden	470,959	246,266	210,924	38,657	241,702	13,378	57,021	54,593	57,770	363,170	209,675
Trinidad and Tobago	7,727,023	14,826,190	5,011,784	4,118,598	6,126,559	3,076,034	2,088,787	1,960,716	2,118,845	2,204,789	1,212,986
United Kingdom	11,542,172	9,217,970	13,565,810	9,345,112	9,283,398	10,405,670	13,547,962	21,400,824	21,782,240	35,456,074	25,365,392
United states of America	157,400,095	130,556,339	129,243,838	120,588,780	112,882,084	98,302,436	105,748,979	128,559,809	124,330,603	145,827,716	179,607,175
Venezuela	4,273,008	1,197,175	648,485	1,088,019	868,252	811,966	2,484,103	2,354,494	2,416,668	7,118,502	3,834,937

GROWTH OF EXPORTS

Country	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Brazil	-17.62%	106.74%	48.00%	25.47%	-39.76%	2529.82%	-30.57%	39.59%	-94.25%	18.43%
Canada	48.06%	-42.47%	12.84%	-5.69%	-25.41%	112.82%	2306.76%	57.68%	-96.56%	55.14%
Chile	32.98%	-71.10%	20.74%	-8.59%	21.08%	-32.63%	-5.67%	8.25%	-3.62%	7.47%
China	-41.05%	-13.22%	20.09%	15.80%	977.88%	-30.52%	180.70%	14.99%	9.81%	-96.24%
China-Taiwan (Formosa)	-4.71%	-7.18%	35.31%	-15.54%	-23.86%	-15.49%	66.41%	113.51%	-5.25%	66.61%
Colombia	-29.54%	-2.20%	40.09%	-12.23%	-31.59%	10.85%	93.01%	-11.02%	-35.81%	61.67%
Colon Free Zone	-11.12%	-17.30%	6.36%	33.99%	60.02%	-7.17%	13.73%	29.26%	8.40%	-36.81%
Costa Rica	-2.89%	-28.04%	-7.99%	3.01%	3.84%	0.84%	-13.29%	24.58%	-8.28%	2.76%
Dominican republic	300.60%	-64.87%	35.33%	28.38%	-43.21%	9.77%	-9.22%	6.70%	86.54%	1.24%
Ecuador	-1.24%	-37.54%	-59.72%	74.13%	-9.44%	-66.89%	-5.70%	4.61%	49.19%	29.38%
El Salvador	31.54%	-7.38%	-14.57%	21.88%	-20.78%	-7.99%	-4.16%	6.38%	11.85%	30.40%
France	229.85%	-57.94%	73.78%	-21.23%	-11.53%	-72.84%	-3.62%	4.32%	481.03%	-50.67%
Germany	5.23%	-79.82%	-48.21%	-11.26%	1201.76%	-73.42%	522.30%	27.20%	-39.17%	-90.30%
Guatemala	27.86%	11.40%	1.56%	25.32%	28.20%	-8.33%	3.80%	2.79%	-40.76%	35.74%
Honduras	-34.50%	-5.14%	40.14%	-27.46%	-34.74%	49.56%	70.48%	8.26%	20.28%	6.32%
Hong Kong	-26.45%	-42.76%	24.06%	-9.70%	49.84%	-54.99%	-5.57%	8.10%	44.50%	-77.16%
Italy	-19.18%	-25.22%	-38.15%	30.84%	-32.12%	5.97%	-7.11%	55.34%	-31.98%	-18.36%
Japan	-32.87%	-53.22%	35.36%	-4.10%	587.78%	154.23%	344.33%	-1.14%	-19.38%	-98.22%
Mexico	18.90%	-54.24%	3.66%	-1.77%	158.22%	29.31%	39.90%	29.65%	21.29%	-2.82%
Netherlands	-33.09%	237.56%	12.80%	4.72%	25.39%	-1.42%	-18.99%	-0.06%	-20.71%	54.39%
Nicaragua	19.69%	-8.38%	-12.92%	10.75%	-33.91%	9.21%	43.01%	2.31%	-38.82%	16.51%
Peru	128.04%	-63.72%	-41.74%	35.82%	5.00%	-60.95%	-5.31%	4.68%	713.60%	21.40%
Portugal	69.61%	-4.87%	-18.01%	9.63%	-5.02%	-65.47%	-5.50%	4.60%	-72.67%	2.58%
Puerto Rico	42.38%	7.47%	-38.12%	79.96%	-49.40%	55.73%	-5.44%	8.30%	-39.52%	32.90%
Singapore	320.98%	-53.10%	-28.94%	20.36%	121.15%	-68.18%	-1.41%	3.80%	68.96%	107.16%
South Korea	-25.93%	-10.87%	-28.96%	7.48%	768.15%	86.68%	183.48%	-30.11%	-13.66%	-97.05%
Spain	-27.19%	-12.00%	56.68%	-12.32%	244.87%	198.64%	59.48%	-54.83%	30.64%	-93.18%
Sweden	-47.71%	-14.35%	-81.67%	525.25%	-94.47%	326.23%	-4.26%	5.82%	528.65%	-42.27%
Trinidad and Tobago	91.87%	-66.20%	-17.82%	48.75%	-49.79%	-32.09%	-6.13%	8.06%	4.06%	-44.98%
United kingdom	-20.14%	47.17%	-31.11%	-0.66%	12.09%	30.20%	57.96%	1.78%	62.78%	-28.46%
United states of America	-17.05%	-1.01%	-6.70%	-6.39%	-12.92%	7.58%	21.57%	-3.29%	17.29%	23.16%
Venezuela	-71.98%	-45.83%	67.78%	-20.20%	-6.48%	205.94%	-5.22%	2.64%	194.56%	-46.13%

VALUE IMPORT MAJOR COUNTRY DESTINATION (IN DOLLARS)

Country	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Argentina	69,030,061	55,892,488	53,506,587	87,376,143	125,380,099	127,514,748	84,470,376	140,735,852	164,579,327	145,128,376	158,805,257
Austria	14,256,909	22,956,860	18,631,676	27,984,767	20,957,553	22,853,870	16,820,736	20,544,197	13,230,807	21,177,216	21,718,447
Belgica	34,748,065	45,288,895	52,165,864	74,983,254	57,796,520	63,923,519	34,292,262	52,654,152	76,561,279	74,497,392	82,143,682
Brazil	121,003,129	159,339,764	207,555,128	290,011,711	243,989,793	197,676,651	123,449,859	203,920,522	334,025,599	299,244,312	194,595,404
Canada	86,862,039	116,466,206	122,675,427	90,906,379	89,296,766	102,673,965	59,354,671	54,710,543	97,693,285	101,655,416	93,919,873
Chile	92,688,552	153,620,470	91,189,379	96,729,512	96,708,395	108,865,427	82,149,091	19,041,162	126,406,259	124,713,278	102,115,199
China	1,114,314,346	1,158,895,296	1,070,211,864	1,242,932,630	1,335,462,895	1,290,565,756	851,029,722	1,382,141,586	1,640,194,967	1,755,620,940	2,150,081,132
China-Taiwan (Formosa)	66,511,746	119,802,498	61,907,717	67,821,812	67,482,620	52,602,599	35,242,126	32,210,394	52,960,574	47,260,057	50,431,714
Colombia	382,220,309	361,599,875	362,126,254	324,660,537	325,732,887	361,652,232	291,466,475	370,990,529	455,320,487	418,573,000	337,180,768
Costa Rica	495,843,921	454,255,231	454,564,069	466,980,167	452,056,499	471,773,338	360,169,145	465,393,760	496,996,811	497,786,432	488,664,063
Cuba	682,576	927,974	984,308	693,515	822,093	1,759,919	1,051,367	1,214,154	1,633,393	1,786,086	1,625,904
Ecuador	41,948,140	46,351,592	31,654,426	55,694,013	43,912,043	54,570,381	43,357,663	39,760,435	104,786,392	163,325,489	117,521,481
El Salvador	118,886,728	128,149,818	121,050,891	118,156,007	122,101,792	108,277,028	85,344,650	106,014,646	120,972,913	113,856,866	109,481,467
Finland	9,188,857	20,720,851	34,195,749	15,559,768	13,799,972	6,845,542	7,919,414	9,650,185	11,641,481	11,206,653	9,085,611
France	163,686,545	144,924,201	137,430,596	165,471,316	154,356,671	153,781,419	99,301,797	104,768,387	134,526,742	132,787,611	125,354,701
Germany	236,973,181	281,471,573	252,518,788	303,362,394	273,128,260	251,415,012	149,514,478	186,292,340	228,590,988	247,425,213	219,061,396
South Korea	463,198,426	428,646,482	317,900,876	449,676,108	195,500,704	196,459,688	108,604,125	132,049,395	184,492,764	256,738,898	139,856,896
Spain	337,567,947	341,831,160	274,253,476	283,210,926	339,997,195	492,889,394	198,550,243	231,207,387	303,650,076	301,206,193	325,743,611
United states of America	3,432,525,592	3,137,232,133	2,990,685,375	3,084,343,433	3,281,119,972	3,263,812,356	2,070,087,451	2,939,812,547	3,669,817,254	2,729,967,187	2,405,342,365

GROWTH OF IMPORTS

Country	2015	2016	2017 (E)	2018	2019	2020	2021	2022	2023	2024
Argentina	-19.03%	-4.27%	63.30%	43.49%	1.70%	-33.76%	66.61%	16.94%	-11.82%	9.42%
Austria	61.02%	-18.84%	50.20%	-25.11%	9.05%	-26.40%	22.14%	-35.60%	60.06%	2.56%
Belgica	30.34%	15.18%	43.74%	-22.92%	10.60%	-46.35%	53.55%	45.40%	-2.70%	10.26%
Brazil	31.68%	30.26%	39.73%	-15.87%	-18.98%	-37.55%	65.18%	63.80%	-10.41%	-34.97%
Canada	34.08%	5.33%	-25.90%	-1.77%	14.98%	-42.19%	-7.82%	78.56%	4.06%	-7.61%
Chile	65.74%	-40.64%	6.08%	-0.02%	12.57%	-24.54%	-76.82%	563.86%	-1.34%	-18.12%
China	4.00%	-7.65%	16.14%	7.44%	-3.36%	-34.06%	62.41%	18.67%	7.04%	22.47%
China-Taiwan (Formosa)	80.12%	-48.33%	9.55%	-0.50%	-22.05%	-33.00%	-8.60%	64.42%	-10.76%	6.71%
Colombia	-5.39%	0.15%	-10.35%	0.33%	11.03%	-19.41%	27.28%	22.73%	-8.07%	-19.45%
Costa Rica	-8.39%	0.07%	2.73%	-3.20%	4.36%	-23.66%	29.22%	6.79%	0.16%	-1.83%
Cuba	35.95%	6.07%	-29.54%	18.54%	114.08%	-40.26%	15.48%	34.53%	9.35%	-8.97%
Ecuador	10.50%	-31.71%	75.94%	-21.15%	24.27%	-20.55%	-8.30%	163.54%	55.87%	-28.04%
El Salvador	7.79%	-5.54%	-2.39%	3.34%	-11.32%	-21.18%	24.22%	14.11%	-5.88%	-3.84%
Finlandia	125.50%	65.03%	-54.50%	-11.31%	-50.39%	15.69%	21.85%	20.63%	-3.74%	-18.93%
France	-11.46%	-5.17%	20.40%	-6.72%	-0.37%	-35.43%	5.51%	28.40%	-1.29%	-5.60%
Germany	18.78%	-10.29%	20.13%	-9.97%	-7.95%	-40.53%	24.60%	22.71%	8.24%	-11.46%
South Korea	-7.46%	-25.84%	41.45%	-56.52%	0.49%	-44.72%	21.59%	39.71%	39.16%	-45.53%
Spain	1.26%	-19.77%	3.27%	20.05%	44.97%	-59.72%	16.45%	31.33%	-0.80%	8.15%
United states of America	-8.60%	-4.67%	3.13%	6.38%	-0.53%	-36.57%	42.01%	24.83%	-25.61%	-11.89%



SOURCES OF INFORMATION

SOURCES OF INFORMATION

- Ministry of Economy and Finance of Panama
- Ministry of Commerce and Industries of Panama
- Panama Tourism Authority
- Comptroller General of the Republic
- National Statistical Institute
- Authority for the Attraction of Investments and the Promotion of Exports of Panama
- Social Security Fund of Panama
- Colon Free Zone Annual Indicators
- AMP Statistical Bulletin
- ASEP Statistical Bulletin
- Superintendency of Banks and Insurance
- International Monetary Fund
- Doing Business - World Bank
- National Competitiveness Center of Panama
- The World Factbook – CIA
- Global Opportunity Index: Milken Institute
- Global Innovation Index: World Intellectual Property Organization
- Report of the Real Estate Sector: CONAVIVIENDA
- Statista
- General Market



Plaza 2000 Tower, 10th Floor, 50th Street,
Panama City, Panama
Email: inquiries@businesspanama.com
Tel: (+507) 223-6788



www.businesspanama.com



www.pardinilaw.com

