



Factum Scale:

Developing

1

2

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Best

4 Ease of Doing Business:

- Panama is ranked 79 out of 190 countries on the World Bank's Ease of Doing Business Index. It performs well on starting a business (38th) and access to electricity (26th).
- It takes approximately 6 days to establish a business in Panama. The registration process is fairly efficient though some aspects, like construction permitting, are more complex and may take additional time.
- Panama's strategic location, use of the U.S. dollar as its official currency, and favorable tax policies help offset bureaucratic hurdles for investors and those establishing a new business.
- Panama offers appealing investor incentives like tax exemptions, financing options, and special economic zones to enable business growth.
- Recent digitalization efforts aim to further streamline procedures for company licensing, importing, paying taxes, and more.

3 Fluency in English:

- While Spanish is the official language, Panama has an expanding English-speaking population, especially in urban areas and the business community. It scores 'moderate' on the EF EPI scale.
- The Panama Canal and the presence of major multinationals operating regional HQs contribute to English usage. Colleges increasingly offer degrees in English and bilingual schools are popular.
- Government pushes for more English-language instruction and exchange programs have helped strengthen proficiency over time.

3 Labor:

- Panama has a small but relatively skilled workforce of just 1.8 million workers. Labor participation is low (63.7%) but improving with increased roles for women.
- Areas like technology, aviation, logistics, and tourism are currently suffering talent shortages. Work permits have helped attract foreign expertise where needed and wage rates have risen as a result.
- Panama invests heavily in vocational training programs to build capabilities across priority sectors, from electrical and chemical engineers to hotel and restaurant administrators.

4 Economic Stability:

- Panama has enjoyed over 25 years of strong economic expansion and boasts a \$52.7 billion GDP, based heavily on its logistics, transportation, and tourism industries.
- Strategically positioned for trade, the Panama Canal transports over 6% of world commerce. Major infrastructure projects are underway in Panama to sustain recent growth.
- Prudent fiscal and monetary policies have secured Panama's position as one of the fastest-growing economies in Latin America and the Caribbean in recent years.

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4 Society, Culture and Business Etiquette:

- Panamanian culture draws influences from across Latin America and the Caribbean as a regional hub. Personal warmth and relationship building are valued when conducting business.
- Greetings tend to be informal, such as a firm handshake and direct eye contact. Business meetings start and end on time. Appearances and dress matter!
- Gift-giving plays an important cultural role in developing trust with your Panamanian counterparts. Be sure to come bearing a small gift or offering when meeting your business contacts for the first time.

5 Tariffs & Regulations:

- Panama levies low import tariffs – around 5-15% on average. Over 2,400 products, 60% agricultural exports, may be imported duty-free. Reductions apply under trade pacts like CAFTA-DR.
- Foreign investors receive equal treatment as nationals. They benefit from protections like arbitration rights and the ability to fully repatriate funds.
- Free trade zones offer added advantages like exemptions from import/export duties, national taxes, and foreign exchange controls.

Business Structures:

- Popular foreign investment vehicles include corporations, limited liability companies, and branches. Joint ventures, partnerships, and sole proprietorships are also feasible.
- Panama offers appealing tax benefits, especially for multinational companies and back office functions under 'multinational corporation headquarters' laws.
- The 'Sociedad Anonima' corporation structure is widely used by foreign investors for its relative simplicity and flexible rules.

Business Landscape:

- Panama's modern services economy centers on financial services, logistics, transportation, and tourism. Major local players lead across these industries along with retail/wholesale distribution.
- The government actively courts foreign investment in priority areas like technology, aviation, electricity, and education through a dedicated investment promotion agency [PROPANAMA](#).
- Major multinationals operate regional HQs and production facilities in Panama given its business-friendly policies, strategic location, and currency stability.

Notable Institutions:

- [National Authority for Government Innovation](#)
- [Chamber of Commerce, Industries and Agriculture](#)
- [Panama Pacifico Special Economic Area Agency](#)
- [Superintendency of Banks](#)
- [Panama Maritime Authority](#)
- [National Secretariat of Science, Technology and Innovation](#)

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