

LATIN AMERICA CITIES CONFERENCE

BEYOND THE CANAL: LOGISTICS AS AN ENGINE OF GROWTH



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Capital: Panama City

Area: 75,517 km²

Population: 4,037,043
(2016 est.)

Political Division: 10 Provinces &
5 Indigenous Territories

Currency: US Dollar, since 1904
Inflation rate as of July 2015: 1.0%

Languages: Spanish (official),
English (commercial)

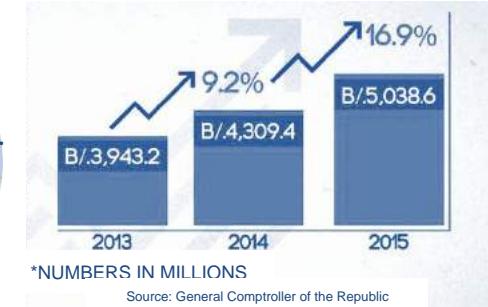




Panama sustains its leadership in Central America as the largest receptor of incoming FDI

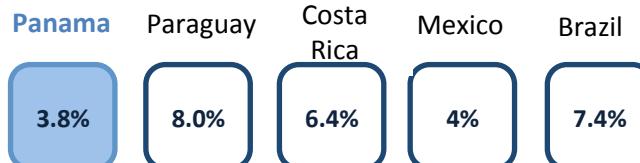


- 16.9% increase in FDI inflows since 2014
- Over 50% of FDI is reinvestment
- Panama receives of 45% of all incoming FDI in Central America



Unemployment Rate 2015

(% of economically active population)



Investment Grade since 2010

STANDARD
&POOR'S

BBB
Stable

FitchRatings

BBB
Stable

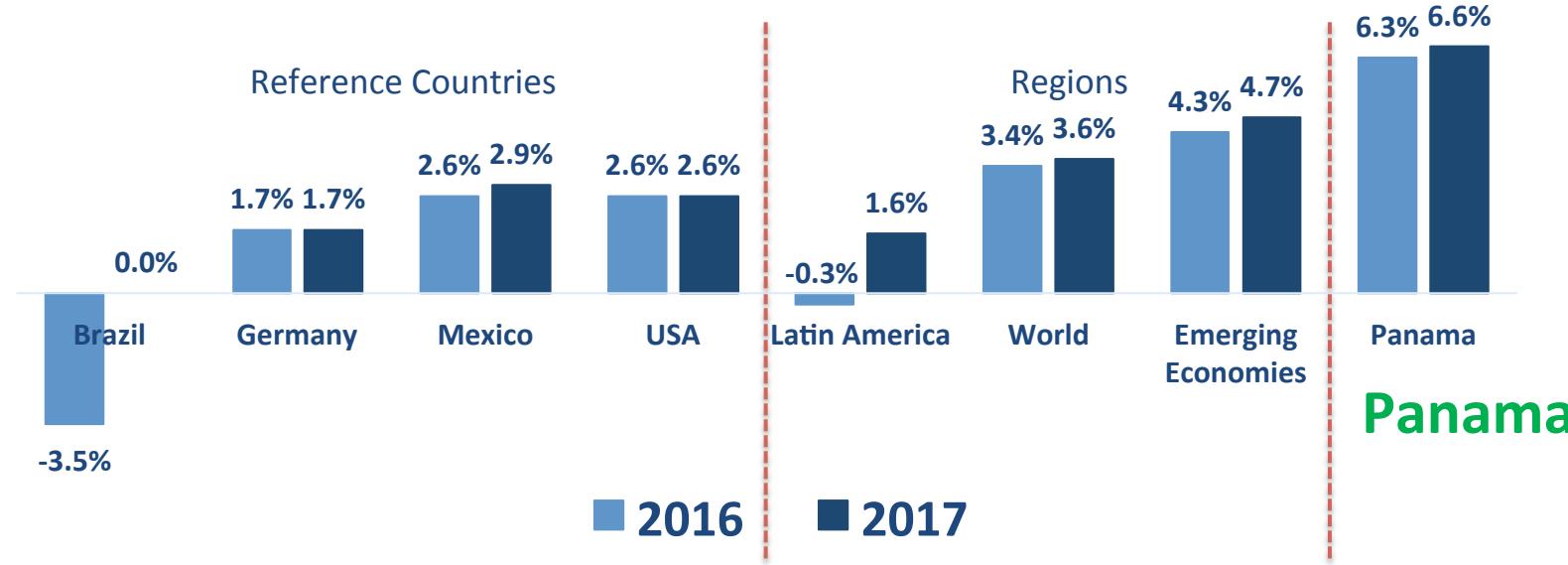


Baa2
Stable

Panama's Competitiveness & Unique Advantages



Panama % GDP Growth vs. Reference Countries & Regions

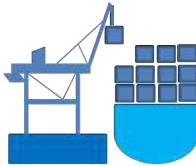


Logistics Indicators



18

% share
of GDP
from logistic related
activities by 2015



7°

Port
Infrastructure

LPI

2°

Latin
America

45°

Worldwide

LSCI

1°

Latin
America

25°

Worldwide



1°

Latin
America
For transshipment
container traffic

90

Millions
of tons in 2015



+13

Million
passengers
in 2015



+97

Thousands
metric tons in
2015



AEO

Authorised
Economic Operator
in Panama

TEU 6,8

Millions
of TEUs in 2015

Panama offers unparalleled quality of life



Panama City is **#1** in Central America & **#3** in Latin America for its quality of life*

Source: Mercer, Quality of Living Ranking 2016



Panama is ranked as the **happiest country in the world** & **#1** for the wellness of its people*

Source: Gallup-Healthways Global Well-Being Index 2013 & 2014



#1 in Central America & **#4** In Latin America in the UNDP's Human Development Index*

Source: UNDP, Human Development Index 2015



#1 retirement destination in the world*

Source: International Living, Global Retirement Index 2016



#1 in tourism in Central America*
#1 travel destination in the world in 2016²

*Source: World Economic Forum, Travel and Tourism Competitiveness Report 2015

²Source: Travel+Leisure, Best Places to Travel in 2016



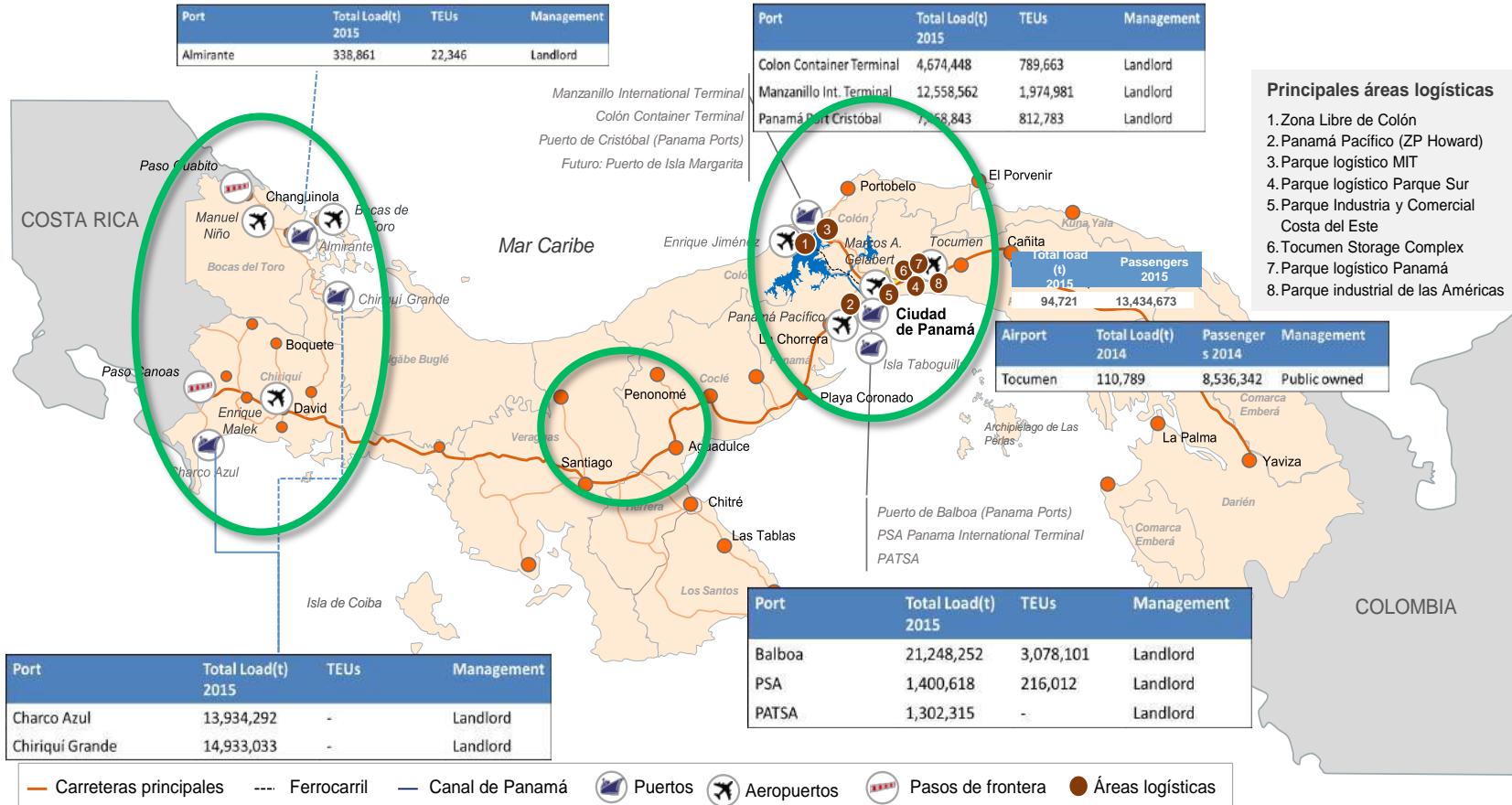


Primary Logistics Clusters



PROINVEX
PANAMA

Gobierno de la República de
PANAMÁ

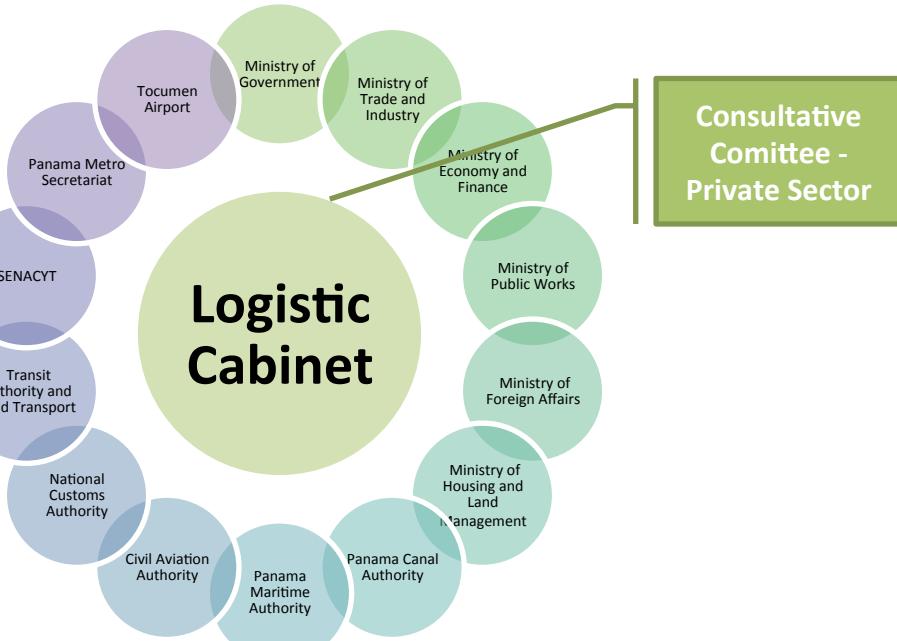


UNIQUE Multimodal Logistics & Value-Added Services

Logistic Cabinet



Logistic Cabinet Structure



1. Institutionality
2. Legal Framework
3. Consolidate Maritime, Air and Land clusters
4. Adopt best practices
5. Develop our human resources
6. Trade facilitation

Primary objective: To turn Panama into a Global Class Logistics Center



Our Action Plan



Strategy

1. National Logistics Strategy 2030
2. Changes to the Regulatory Framework
3. Integral Human Resource Training

Reinforcement of the Interoceanic Hub Zone

1. To strengthen the competitiveness of the Port System (New Port Developments
2. Develop value-added clusters
3. Expansion of air cargo area at Tocumen
4. Logistics Sector Technology Platform

National Logistics Integration

1. Logistics development in the Western Region
2. Logistics Development of the Central Region
3. Agro Food Logistics
4. Improvement Program tertiary road network

Logistics Competitiveness of Foreign Trade

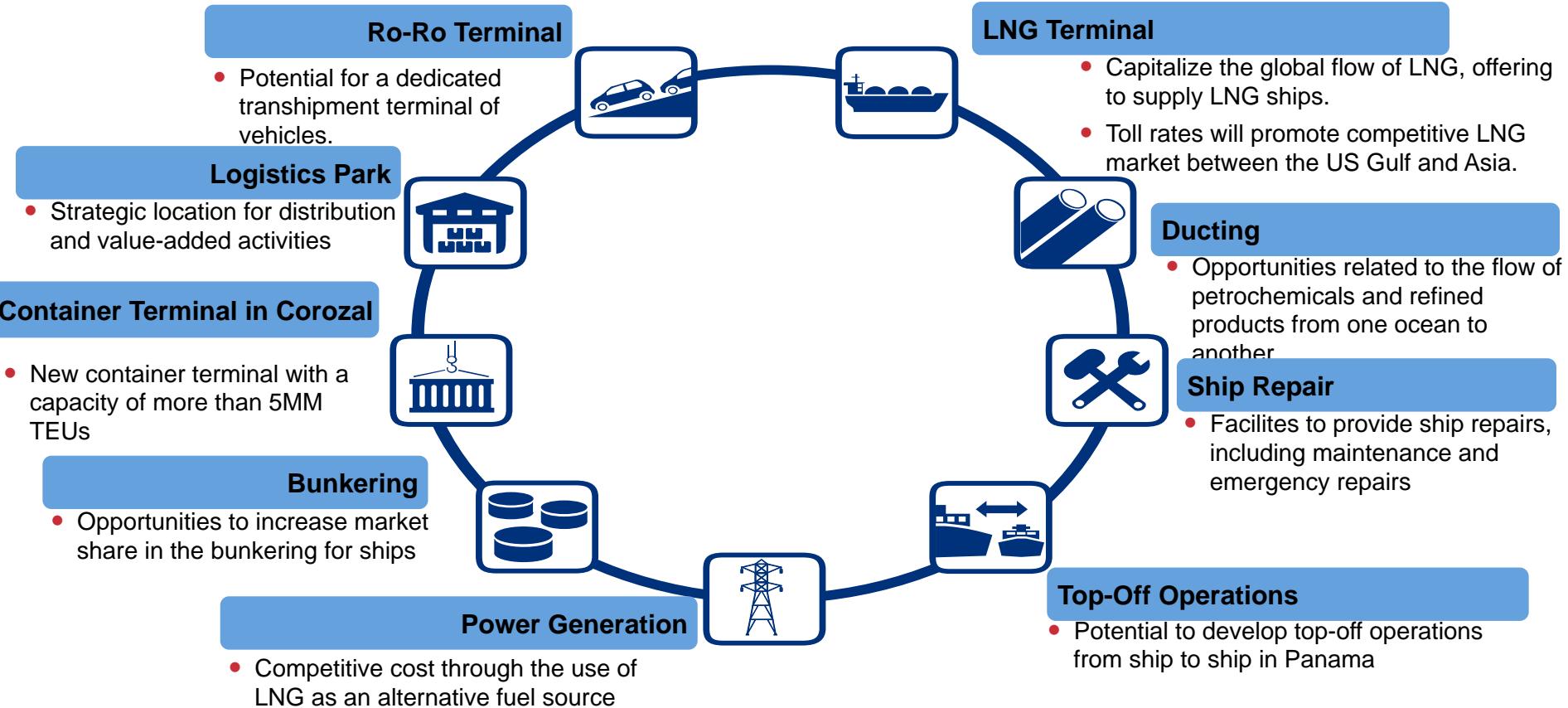
- Modernization Plan for Customs Authority

PANAMA: World Class Logistics Hub

Opportunities after the Panama Canal Expansion



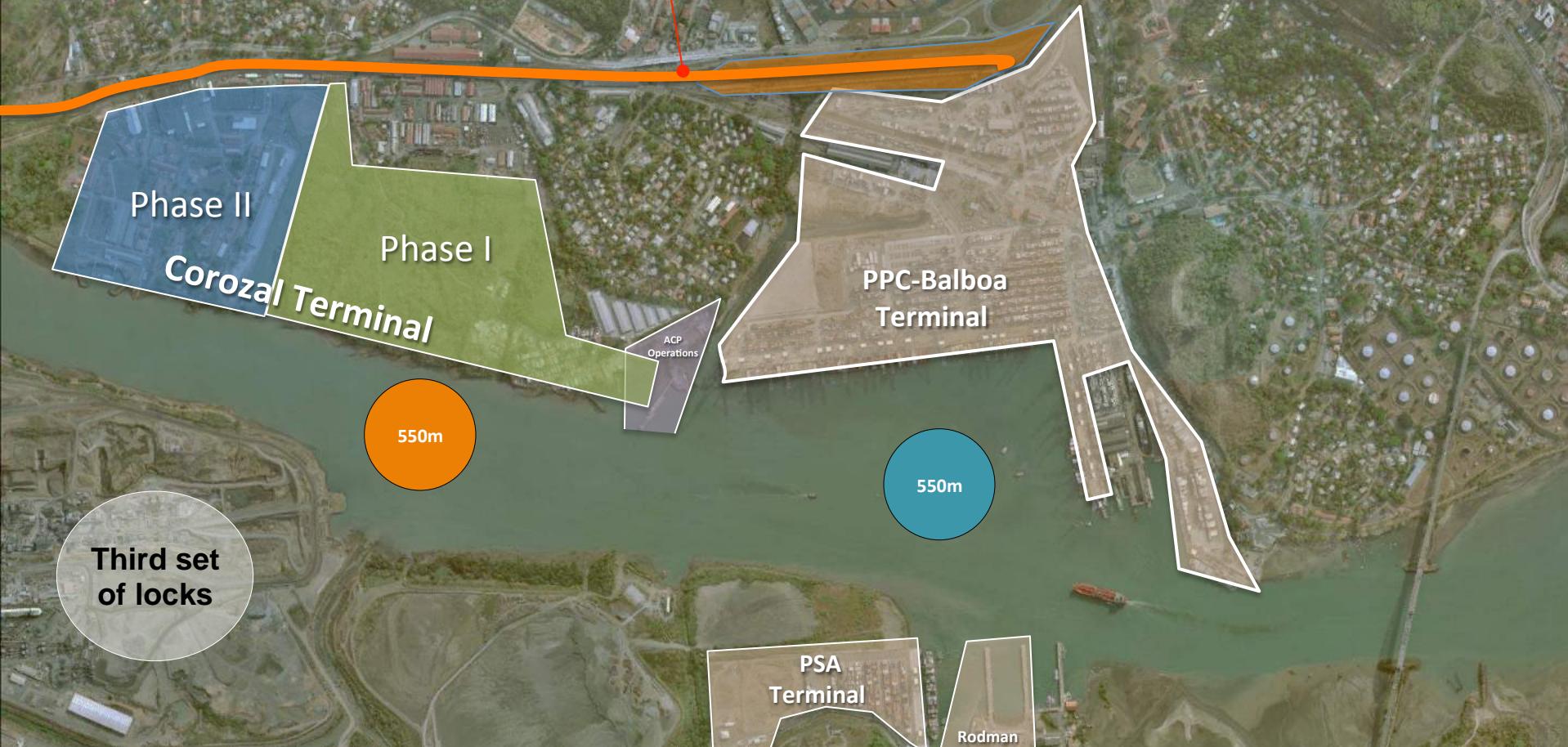
Areas with potential for development



New Container Terminal in Corozal

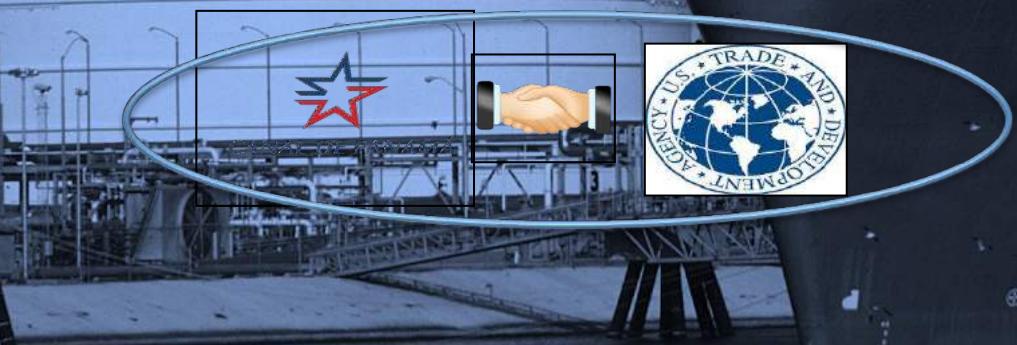
Pacific Ocean side of the Panama Canal

Railroad



LNG Terminal

Currently it is bidding on a feasibility study for an LNG terminal, based on a technical cooperation agreement with the USTDA

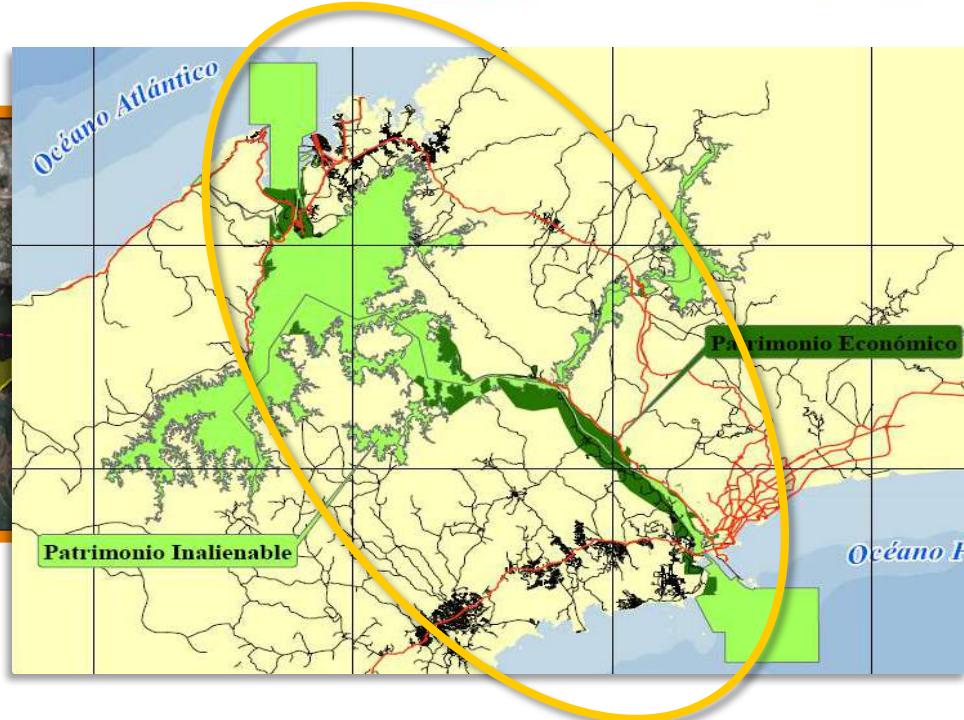


- This terminal strengthens the Panama route by allowing :
- Supply ACP generators
 - Supply vessels transiting the Canal and / or calling at Panamanian ports
 - Re - distribute LNG in the region

Master Plan of the Interoceanic Region



Area of interest (1,200 Has)



Currently the commercial development of an area of 1,200 hectares in the west side of the Canal is being studied.

New Ro-Ro Terminal



Third set
of
locks

Possible location

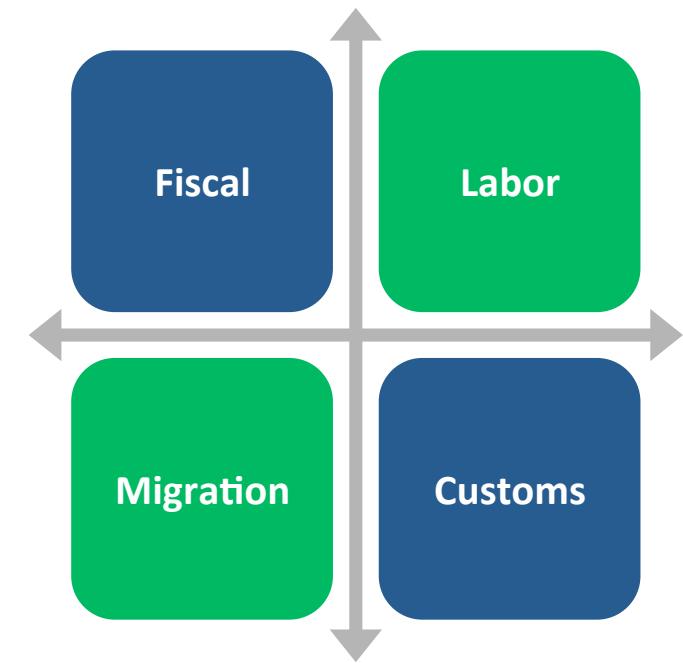
Special Economic Regimes & Additional Growth Sectors



Special Economic Regimes



Special Economic Area



Panama offers an ample margin of incentives laws, with attractive advantages for a variety of economic activities



Specially Incentivized Activities For Multinational Corporations:

- Operations management / administration
- Logistics / warehousing
- Design / construction plans
- Electronic processing
- R&D, product development



Over 5,000 new jobs
created



125
multinationals
registered in
the program
by June 2016



Total
investment
over \$800
million



- 3000 companies established
- 30,000 jobs created



- Ideal platform to establish and strengthen import and re-export businesses



- Logistics and distribution platform in the Atlantic Ocean with the best connectivity to Central America, the Caribbean and Andean Pact



+260 companies,
including Fortune
500 and Forbes
Global 2000 firms



Special Economic Area: Public-Private Partnership, 40-year State project for social & economic development

Special fiscal, legal migration, labor and customs incentives

A Master-Planned City: One of the largest, most ambitious mixed-use developments in the world, near the Panama Canal

1,000,000 m² commercial space. 20,000 top quality homes. Category 7 airport on site.



8600 of 40,000 new jobs created to date.



Permitted activities:

Manufacturing, assembly, processing of finished or semi-finished products, logistics services, higher education, scientific research, high technology, environmental services, health services and general services



Principal fiscal exemptions:

- 0% Income tax in the lease and sublease for free zone promoters
- 0% Income tax for foreign operations
- 0% tax and custom duties exemption for goods and services required for operations



Special labor code and immigration flexibilities



FTZs can be established anywhere in the country

Future Pillars of Economic Development



Alternative & Renewable Energy

Energy Infrastructure

- 2016:

57.1 % renewables

39.8% thermal

- 2019:

+\$500 million government investment

Diversification of the national energy mix

- 2050:

70% renewable sources

Solar and wind energy emphasis

5,153MW installed capacity

Energy Infrastructure Development Projects

CHIRIQUI GRANDE – PANAMA III 500 KV LINE AND ASSOCIATED SUBSTATIONS



March 2017

SABANITAS – PANAMA III LINE AND ASSOCIATED SUBSTATIONS



February 2017

PANAMA II – CHEPO – METETÍ LINE AND ASSOCIATED SUBSTATIONS



June 2016

- 500 KV Transmission Line and 500/230KV. Substation
- **Project cost: USD 474,982,000**
- Structure: Design and construction bid, will include environmental, sociological, operating and coordination, studies

- 230KV Transmission Line and Substations
- **Project cost: USD 105,771,000**
- Structure: design and construction bid that will include environmental, sociological, operating and coordination studies

- 230KV Transmission Line and Chepo, Metetí Substations
- **Project cost: USD 103,633,000**
- Structure: Design and construction bid, will include environmental, sociological, operating and coordination, studies

Mining



Reserves identified:



22 billion Kg. copper



12 million Oz. gold



708k Kg. silver



250 tons molybdenum



Reserves valuation:
Over USD200 billion



The two largest mining projects
represent investments over USD
6.5 billion

Tourism & Eco-Tourism



COLÓN
PUERTO LIBRE

Colon Free Port & Urban Renewal

- The core of the largest city in Panama's Atlantic side will become a duty-free shopping destination
- Opportunities: USD 700MM investment in construction of houses, health centers, schools, sports complexes, new sewage system, historic building restoration, and social and safety programs

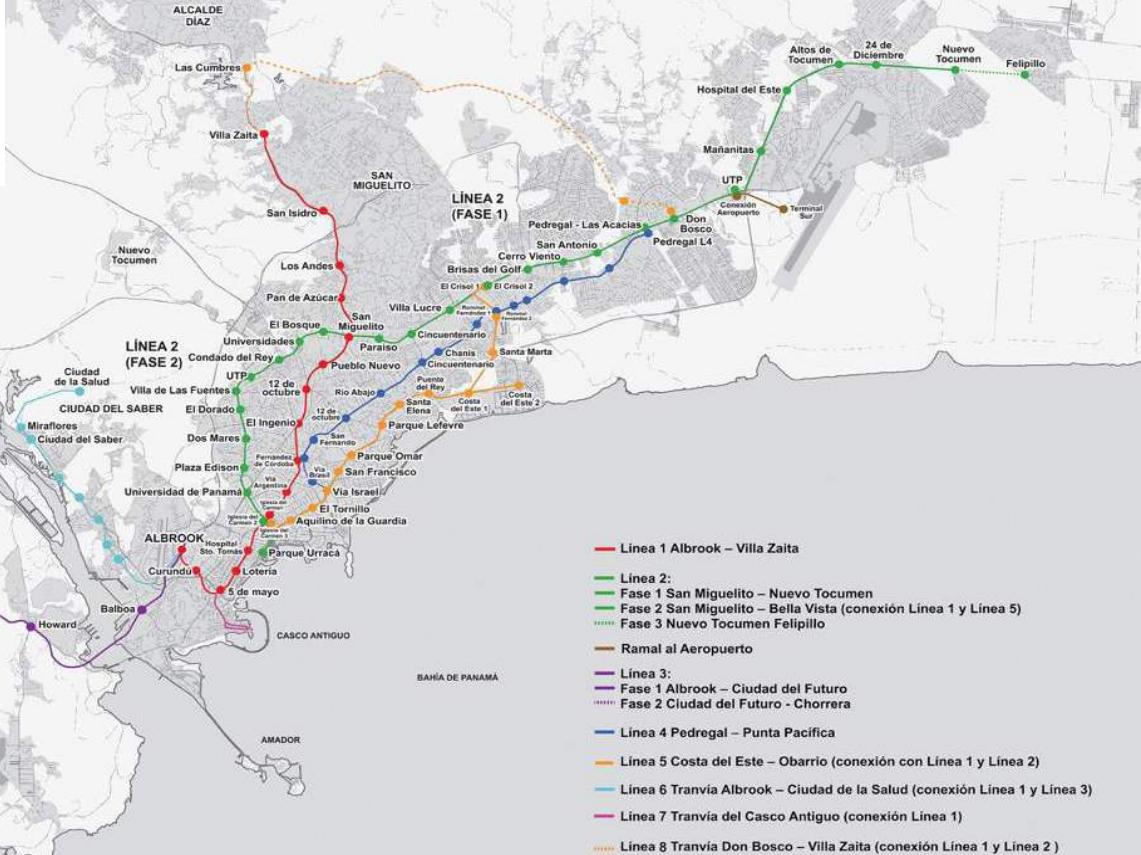
Law 80 - Tourism Incentives

- Exemption from property and income tax
- Encourages investment in hospitality services outside the district of Panama City

- Conventions
- Exhibitions
- Congresses
- Meetings
- Seminars
- Artistic Events
- Sporting Events
- Incentive Travel
- Cruise Liner Ports
- Marinas and Docks



Panama's Metro Master Plan 2040 – 8 Service Lines



Nota: Los trazados de las líneas no construidas indican una intención de servicio, sus alineamientos definitivos pueden sufrir modificaciones en las etapas de proyecto y construcción.

Fourth Bridge over the Panama Canal



Project entails the design and construction of a new bridge on the Pacific side of the Panama Canal

6 vehicle lanes + a double lane for Metro Line 3

Estimated construction time: 4 years

Approx. estimated cost: USD 1 billion



Thank You