ANSWERS

Question1 -  How is the situation of Covid-19 in Panama and Latin America?

Answer - In Latin America is bad. Brazil very high, Argentina, less but high, Mexico high, and so is Colombia.

Panama per capita ( 4 million people) is high, the same as Dominican Rep, and now Costa Rica catching up.

Question2 - How about the impact to the representative industrial and service sectors in Panama?

Answer - Panama has a service-based economy, 83% of GDP are services, 90% of exports are services. That is due to Panamas connectivity given its geography. Maritime connectivity (the canal, ports, Free Trade Zone, others); telecommunications connectivity, 7 submarine communications cables; Air connectivity, the busy international airport for transits, slowed down until recently; the regional banking and financial center with 90 banks and 125 billions in assets. Panama does export agribusiness goods, mostly fruits.

Interviewer’s comment:

The National Institute of Statistics and the Census of Panama announced on December 15, 2020 that the economic growth of January-September 2020 was ▼20.4% compared to the same period of 2019. Based on it, the analysts in the private sector estimates the economic growth of 2020 at a level of ▼14%. Some say it would be +7% in 2021.

Question3 -   What will be foreseen after Covid-19 in Panama and Latin America, and how rapid would be the recovery of economy in Panama compared to the other Latin American countries ?

Answer - As you know Latin American countries differ in size, population, from a Huge Brazil, followed by Mexico, Argentina, Colombia, Peru, Chile, to small Central American and Caribbean countries.　Brazil has the second highest level of Covid in the world, Mexico is up there, and so is Colombia.

Panama (4mm people), very small has the 6th highest number of Covid per capita in the region, close to Dominican Republic.

Question4 - What changes has been observed in the lifestyle of the citizens? Are there some positive aspects by such changes?

Answer - Panama had a very strict quarantine from May to Sept., when people could only go out for their basic needs; the economy came to a total stand still. Unemployment went up very high. When the opening began in Sept., it reactivated many good Public Investment projects, such as Metro 3 Project (\*) under contract already and a stimulus package for private investment, especially construction, 100 thousand employments have been generated.

People stayed mostly at home, and applying the basic countermeasures: face covers, distance and washing hands frequently.

The poor outskirts areas of metropolitan Panama City have been most affected

(\*) Metro 3 Project:

It is divided into 2 phases. The first phase will have 26.7km with 14 stations by monorail total system of which will be supplied by Hitachi Ltd. and Mitsubishi Corporation, the 2nd phase being its extension with approximately 10km more. It connects Ciudad del Futuro, the western part of the city with Albrook station, located in the center of the city. It will give the benefit of around 400,000 commuters living the western part of the Panama Canal and cover the demand of 20,000 passengers one way at the rush hour. It is expected to reduce drastically the travelling time from more than 2 hours at rush hour (7:00-9:30 and 16:00-18:00) to a half an hour. The Albrook station is the connecting point with the Metro 1 which goes to the central part of the city by subway and to the east part of the city on ground.

Question5 -   What business chances are expected in Panama and Latin America amid and after Covid-19 and what activities shall be taken?

Answer - As you know Latin American countries individual GDPs have gone down dramatically this year. ECLAC estimates drops per country between 8% and 20% for Venezuela.

Panamas drop has been 10% this year. Those estimates are consistent with the IMF. In general the region fairs better than the European Community.

In Panama, there two policy guidelines: Health to prevent and public works to begin activating employment and consumption.

A GDP of 4% is expected for 2021 IMF, World Bank, IDB and ECLAC. Panama the Metro 3, fully financed by Japan, will begin construction in the next three months, for example

<General Questions>

Question6 - What is the impact to Panama arising from the serious conflict between USA and China?

Panama´s export are mostly USA and Europe oriented.

The expanded canal takes a high level of transits from/to China and South America. Also a good deal of USA liquid gas to Japan, Korea, China, 13% of total traffic is now made up of liquid gas from the USA. Top five countries by origin and destination of cargo are USA, China, Japan, Chile and South Korea. Cosco Shipping Line (China) is now the 2nd biggest user of canal transits.

Question7 -   What changes do you expect in respect to the relations between Panama and USA under the Biden’s administration?

Answer - The relations will continue to be good, Panama´s strategic location is important to the USA. A high percentage of USA West coast and East coast transits and vice versa goes now through the canal.

Question8 -  Comments, if any

Answer - China does not see Panamá’s market as important, too small. China values the location as a place of entrance to South American markets.

The geographic location and the connectivity of Panama plus fiscal incentives are important for the international companies that have already established their regional offices here, 165 of them from all over the world. Panama´s tax system is territorial. The taxes are levied only to those companies that operate in Panama.