

Market Overview

Panama not only links the Americas but its world renown canal connects the Atlantic and Pacific Oceans. As a result, Panama is a major location for international trade, banking, and services. Due to its strategic location and canal, Panama has signed a series of FTAs with various countries and regions (including the U.S., Taiwan, and Singapore).

A total of 60% of Panama's food imports come from the U.S. In 2014, U.S. agricultural exports to Panama totaled \$667 million USD. U.S.-Panamanian trading relations are furthered by the U.S.-Panama Trade Promotion Agreement, effective since October 2012. This agreement eliminated tariffs for 87% of U.S. exports to Panama.

Exports of valued-added food products from the SUSTA region to Panama increased by about 5% from 2012 to 2013 (\$330 million USD in 2012 to nearly \$347 million USD in 2013). These are some of the top export prospects: beef & beef products, dairy products, snack foods, and processed fruits & vegetables.

Opportunities and Advantages

- Panama's recognition of the U.S. sanitary and phytosanitary system and the creation of a new Food Safety Authority have essentially eliminated the previous slow and arbitrary procedures for issuing permits for U.S. food products.
- U.S. goods and services enjoy a reputation for high quality and are highly competitive.
- The middle and upper-class enjoys a very high level of disposable income and prefer high quality trend-setting goods where price is a secondary determinant in the purchasing decision.

Market Challenges

- While inexpensive in global terms, Panama's minimum wage is relatively high in a Central American context. In addition, competent technical employees fluent in English may be hard to find. These labor issues, coupled with relatively high costs for electricity, result in higher than average unit production costs in Panama.
- Instances of questionable government practices continue to affect U.S. investors. These include bidding procedures, contract obligations, and a slow judicial system. With the exception of fiscal reform there has been little to no progress on these fronts.

SUSTA Sponsored Events in Panama:

Caribbean and Central American Inbound Mission

- http://gain.fas.usda.gov/Recent%20GAIN%20Publications/food%20and%20agricultural%20import%20Regulations%20and%20Standards%20-%20Narrative_Panama%20CV_Panama_12-31-2015.pdf
- Report by the Commercial Service section of the American Embassy in Panama (<http://export.gov/Panama/doingbusinessinpanama/marketoverview/index.asp>)
- Sourced from Euromonitor data

Funding for SUSTA's
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