



TRADE POLICY REVIEW

REPORT OF

PANAMA

Pursuant to the Agreement Establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), the policy statement by Panama is attached.

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1 INTRODUCTION

1.1. The Republic of Panama actively promotes a sustainable trade policy that is designed to drive development and has the capacity to foster economic growth and reduce poverty and inequality. This, coupled with the advances made in industrial policy, will lead us as a country towards a development model based on innovation and competitiveness.

1.2. For more than a decade before the COVID-19 crisis, Panama experienced high economic growth – among the highest rates in Latin America and the Caribbean. Despite the impact of the crisis, the World Bank forecast 9.9% real gross domestic product (GDP) growth in 2021, followed by convergence at a potential growth rate of approximately 5%.

1.3. The strengths of the Panamanian economy are related to its privileged geographical position which, with the Panama Canal, creates favourable conditions for the logistics sector, encourages openness in the Panamanian market and fosters economic diversification. As a result, the country has attained a high level of competitiveness in sectors with a large exposure to international markets, which requires a trade policy framework that ensures predictability and stability.

1.4. Considering the impact that regional trade negotiations can have on the proposed development model, Panama has, in the seven years since its last Trade Policy Review (TPR) in 2014, signed five free trade agreements and one partial scope agreement with the aim of extending our foreign trade platform and increasing our participation in international trade.

1.5. At the multilateral level, Panama accepted the Protocol of Amendment to insert the WTO Trade Facilitation Agreement into Annex 1A of the WTO Agreement on 17 November 2015 and is an active participant in the negotiations under way on a number of issues such as fisheries subsidies, new accessions and e-commerce.

1.6. This report is comprised of four parts: recent economic environment and outlook, recent trade policy developments, trade policy instruments and modernization of the State.

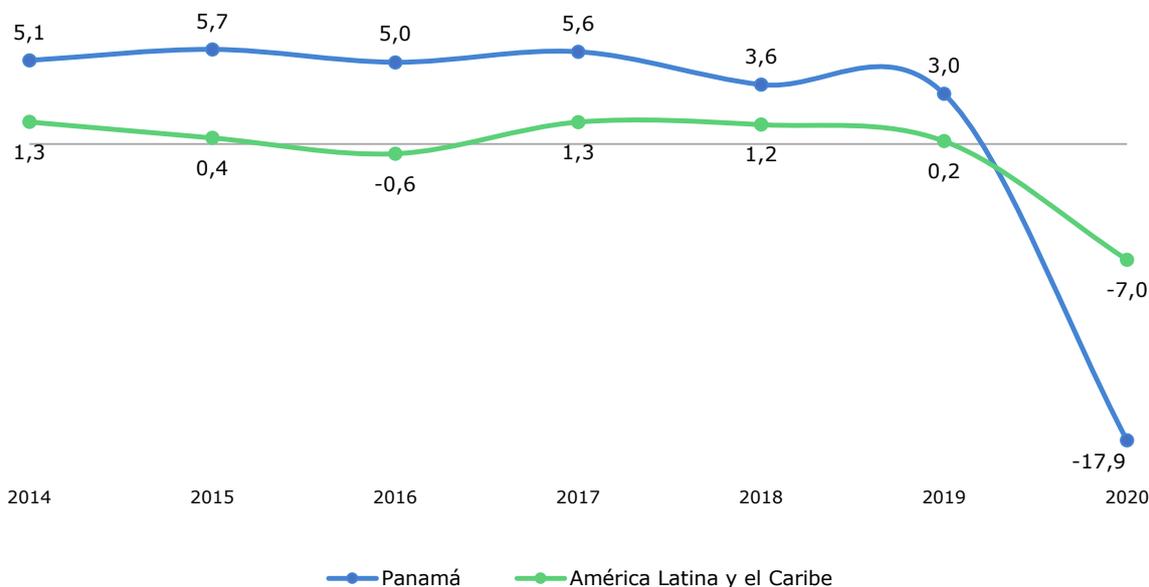
2 RECENT ECONOMIC ENVIRONMENT AND OUTLOOK

2.1 Overview

2.1. Panama's real GDP or GDP at constant prices rose at an annual average of 4.7% over the period from 2014 to 2019, posting the highest rates in 2015 (5.7%) and 2017 (5.6%). This exceeded growth in Latin America and the Caribbean, which averaged 0.6%. The activities that drove national economic growth were: mining and quarrying; construction; electricity, gas and water supply; transport, storage and communications; financial intermediation; social and private health services; and other non-market output – general government. On the expenditure side, the highest growth components were final consumption of general government and households, and gross fixed capital formation.

2.2. In 2020, the economy contracted by 17.9% – the sharpest decline in history – as a result of the effects of the COVID-19 pandemic on health, the economy and society, not only in Panama but around the world. The situation at the regional level was also difficult. According to the International Monetary Fund, in 2020 the Latin American and Caribbean region faced the largest economic contraction on record.

Chart 2.1 Percentage change in gross domestic product, at constant 2007 prices, 2014-2020



Source: National Institute of Statistics and Censuses and the International Monetary Fund.

2.3. The Panamanian economy started to recover in 2021. In the first half of the year, it recorded 10.0% growth in GDP compared to the same period of 2020, and the projections of the major international bodies suggest that there will be an annual increase of between 9.9% and 12.0%.¹

2.4. The country continued implementing economic policies to attract foreign investment, resulting in the establishment of a large number of multinational corporations under various regimes, such as the multinational business headquarters regime, free zones, the Panama-Pacific Area and the Colón Free Zone. Physical investment in construction increased over much of the period. Public investments included the extension of the Panama Canal (completed in 2016), construction of line 2 of the Panama Metro (completed in 2019) and planned extensions to lines 1 and 2. Furthermore, construction and extension work was carried out on airports, schools, hospitals and the highway, sanitation, power transmission and aqueduct networks. Private investment included the construction

¹ 9.9% is the World Bank's growth forecast from June 2021. 12.0% is the International Monetary Fund's forecast from April 2021 and the forecast of the Economic Commission for Latin America and the Caribbean (ECLAC) from August 2021.

of copper mining infrastructure and power stations, and residential and commercial developments. From 2018, commercial development slowed due to a high inventory level.

2.5. Foreign trade recorded current account deficits for the entire period from 2014 to 2019, and these were funded with surpluses on the financial account, mainly from foreign direct investment. In 2019 and 2020, exports of goods of domestic origin were boosted by exports of copper ores and concentrates, and services exports grew mostly as a result of revenue from the Panama Canal, ports and air transport. There was an overall drop in the trade, services and income balance in 2020 due to the pandemic.

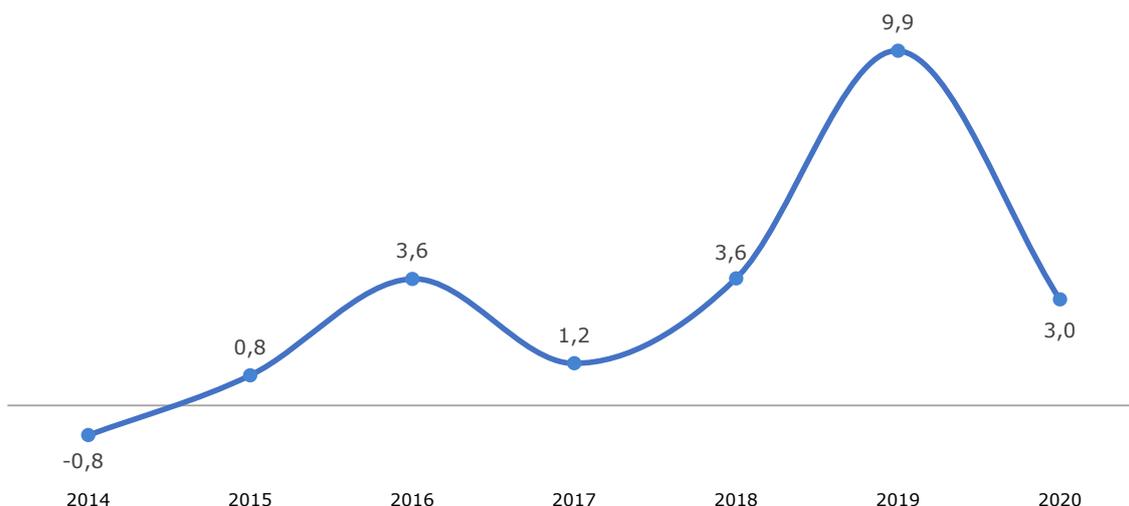
2.2 Economic performance by sector

2.2.1 Primary sector

Agriculture, livestock, hunting and forestry

2.6. Agriculture, livestock, hunting and forestry activity declined in 2014 because coffee production was hit by fungi and pests, and livestock was affected by weather conditions. From 2015, the sector posted positive rates, especially during the 2016-2019 period. It experienced 9.9% growth in 2019, driven by the increase in area of rice planted and harvested and by banana exports, which increased when the company Banapiña, S.A. (a subsidiary of Del Monte) began operations, making bananas one of the main exportable supply products.

Chart 2.2 Percentage change in the real gross domestic product of agriculture, livestock, hunting and forestry, 2014-2020



Source: National Institute of Statistics and Censuses.

2.7. In spite of the pandemic, the sector continued to grow in 2020, boosted by purchases of protein, fruit, vegetables and other items for distribution among the population as part of the "*Panamá Solidario*" (Panama Solidarity) government programme. It was also due to the fact that activity did not shut down as it was essential for food supply.

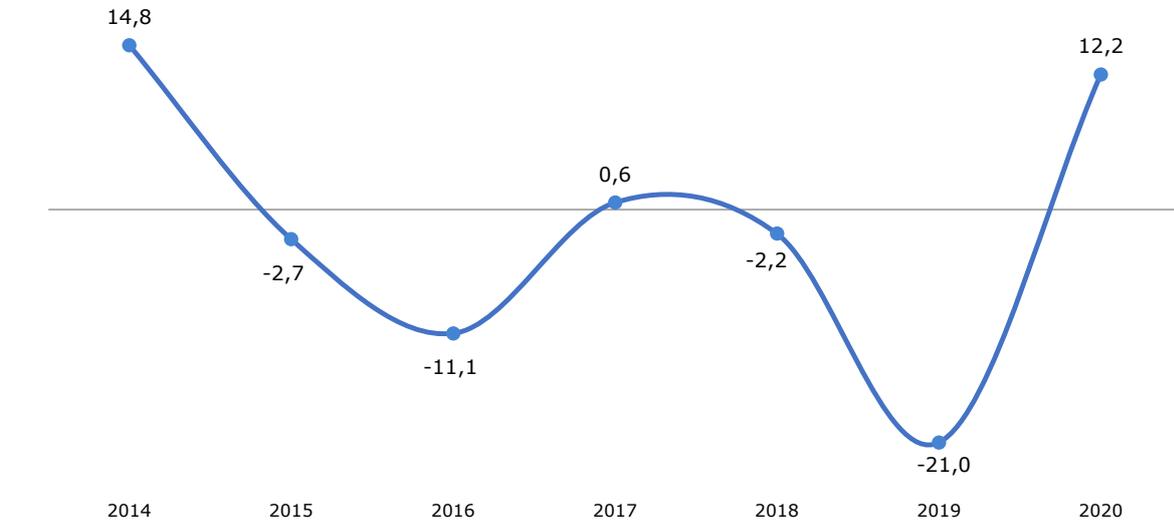
Fisheries

2.8. Over the period 2014-2020, the fisheries sector grew by -1.3% on average, though year-on-year performance was relatively variable. Of the years of decline, the largest drop occurred in 2019 (21.0%), influenced by lower exports of prawns, fish and fish fillets and other marine products, both in terms of value (-34.0%, -20.4% and -8.9%, respectively) and weight exported (-31.1%, -4.4% and -59.1%, respectively).

2.9. There were also increases in several years, especially 2014 (14.8%), when exports of these three items rose in terms of value (6.0%, 26.0% and 163.2%) and weight (25.1%, 25.8% and 113.1%). There was also an increase the activity's GDP (12.2%) in 2020 as the quantity exported

– especially of fish and fish fillets (23.7%) – increased. On the other hand, the value exported dropped as the increase in fish and fish fillets was offset by the drop in other categories.

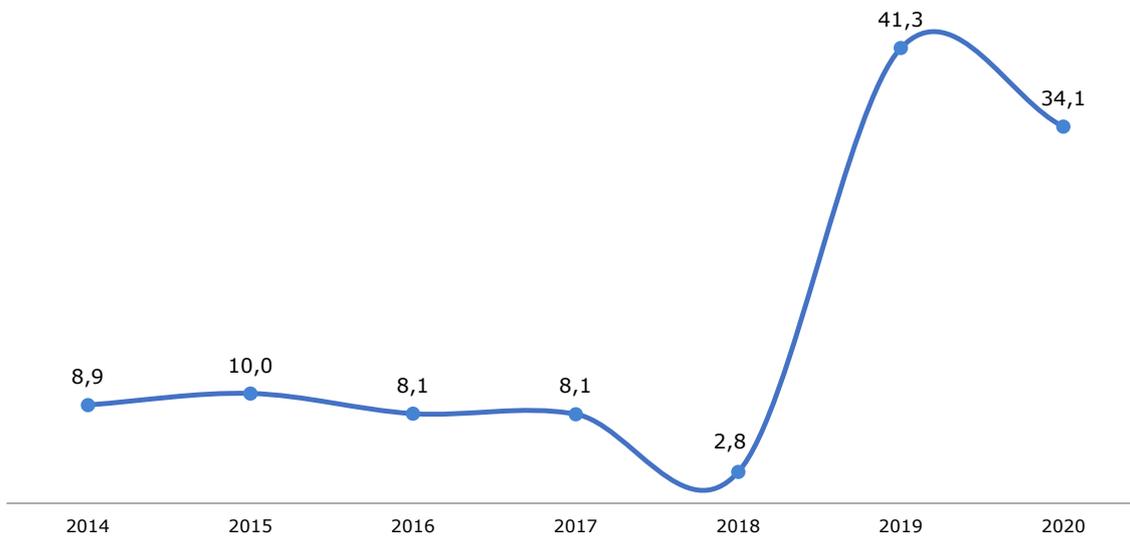
Chart 2.3 Percentage change in the real gross domestic product of fisheries, 2014-2020



Mining and quarrying

2.10. Mining and quarrying accounted for 2.2% of GDP between 2014 and 2020, growing by an average of 16.2%. It was driven by strong growth in 2019 and 2020 due to copper extraction. Historically, the sector accounted for around 1.9% of total GDP, owing in large part to the non-metallic component, including stone quarrying and sand extraction, as a result of demand for raw materials from the construction industry.

Chart 2.4 Percentage change in the real gross domestic product of mining and quarrying, 2014-2020



2.11. In 2020, mining and quarrying activity's share of GDP increased to 4.0% as the Cobre Panama mine began copper extraction operations in mid-2019. Despite the economic effects of the COVID-19 pandemic and the suspension of the copper mine's operations in April, May and June as part of the health measures, the activity's GDP in 2020 was PAB 1,400.2 million, up 34.1% on 2019. This was due to an upturn in demand for copper on the international markets and the resulting increase in the price of its ore.

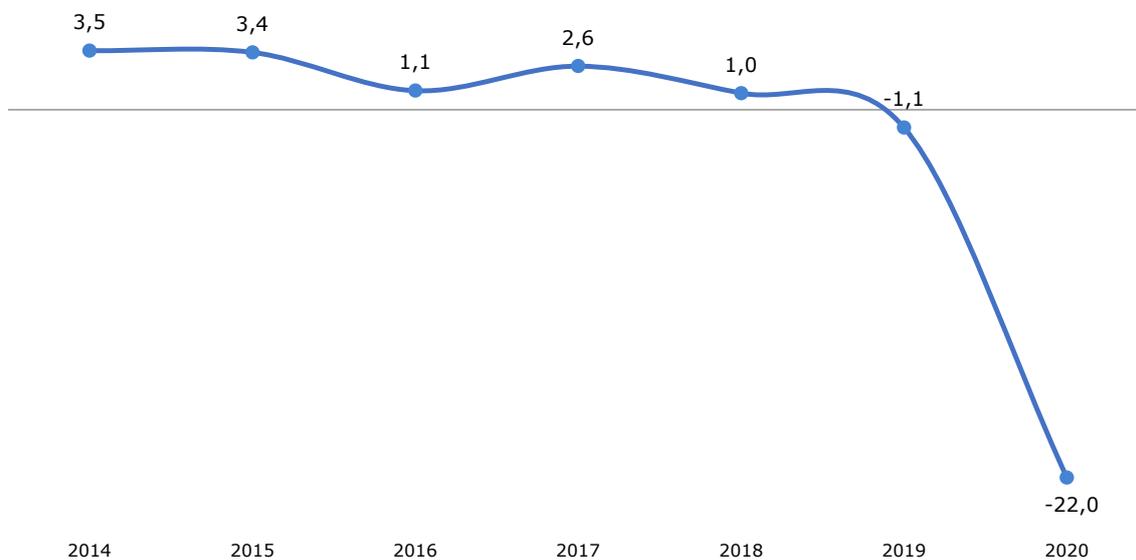
2.2.2 Secondary sector

Manufacturing

2.12. The growth rate of manufacturing decreased gradually over the period 2014-2020, with the exception of 2017, and the sector contracted in 2019 and 2020.

2.13. In 2014, the activity's growth rate was 3.5% and GDP stood at PAB 1,992.3 million. In the following year it was slightly lower (3.4%), and lower still in 2016 (1.1%). The lower growth rate in 2016 was mostly due to the downturn in the production of inputs for use in construction following the completion of major infrastructure projects. In 2017, the industry recovered with growth of 2.6%, influenced by the approval of Law No. 25 which broadened incentives for the industrial sector and boosted both exports and domestic production.

Chart 2.5 Percentage change in the real gross domestic product of manufacturing, 2014-2020

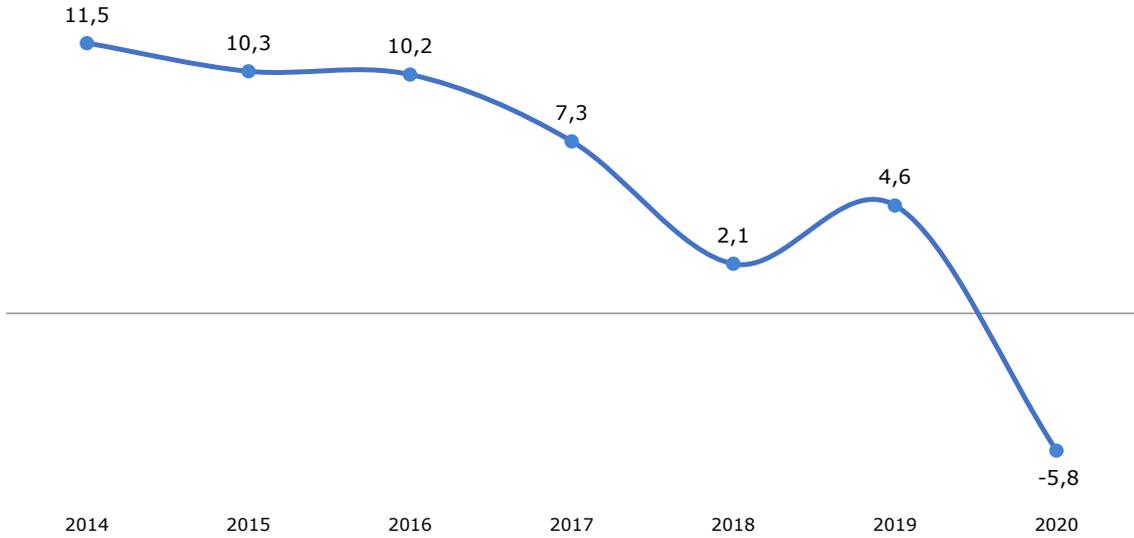


Source: National Institute of Statistics and Censuses.

2.14. In 2018, manufacturing was one of the least dynamic sectors of the economy, growing by 1.0%. In 2019, it contracted by 1.1% as industrial activity was restricted by the drought in the country, caused by the El Niño phenomenon. This reduced the level of rivers and their tributaries and led to a decrease in drinking water production, an important input in this activity's production process. In 2020, the negative impact of the COVID-19 pandemic on the economy caused the industry to contract by 22.0%, with GDP standing at PAB 1,667.38 million.

2.15. In 2014, the value added of electricity, gas and water supply rose by 11.5% as solar (1.5 GWh) and wind (113.2 GWh) generation was added to the electricity mix. In 2015, economic growth stood at 10.3% due to increased hydroelectric (1,224.8 GWh) and wind (299.0 GWh) generation. Moreover, the drop in the price of petroleum products (bunker C: 44.6% and light diesel: 38.3%) and coal (17.8%) lowered production costs for thermal power stations.

Chart 2.6 Percentage change in the real gross domestic product of electricity, gas and water supply, 2014-2020



Source: National Institute of Statistics and Censuses.

2.16. In 2016, the sector contributed 10.1% growth to the economy. There were two key factors in the increase in value added of electricity supply: the decrease in oil prices, which reduced the marginal costs of electricity generation by 33.7%, and the rise in electricity production from renewable sources (67.2% of the total generated).

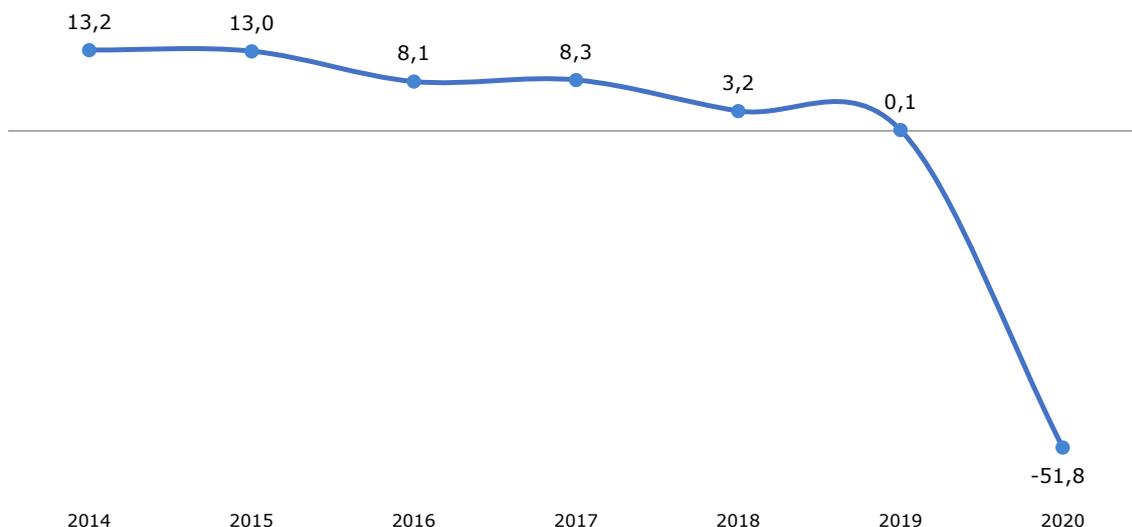
2.17. In 2017, GDP grew by 7.3%, mostly due to more moderate electricity consumption. In 2018, when the first liquefied natural gas plant was opened and the third transmission line became operational, GDP rose by 2.1%.

2.18. In 2019, the sector expanded by 4.6%. Turnover from the large customers category went up by 70.9% (especially in the last quarter), driving the increase in generation.

2.19. In 2020, GDP fell by 5.8% owing to lower electricity turnover, mostly from the industrial and commercial sectors, despite the increase in turnover from the residential sector as a result of the COVID-19 situation. The State introduced an extraordinary electricity subsidy to mitigate the economic impact of COVID-19, consisting of a 50% monthly tariff reduction for customers with a consumption of up to 300 kWh and 30% for those consuming up to 1,000 kWh. This entailed expenditure of PAB 111.1 million in the course of the year.

Construction

2.20. Construction is one of the main economic activities and both its market and own final use components account for an average of 15.1% of total GDP. It recorded an average growth rate of 7.7% between 2014 and 2019.

Chart 2.7 Percentage change in the real gross domestic product of construction, 2014-2020

Source: National Institute of Statistics and Censuses.

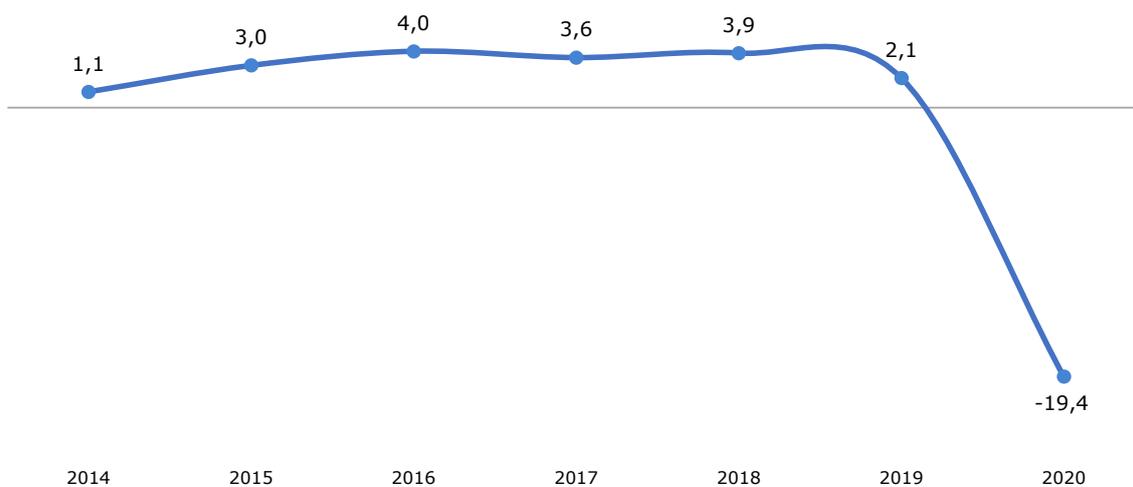
2.21. The construction of residential and non-residential projects and public infrastructure was the driver behind the activity's positive performance up to 2019. Following the completion of major public infrastructure projects (such as the Panama Canal Expansion, which began in 2012 and finished in June 2016, and line 2 of the Metro, which began in 2015, with services starting in April 2019) and the moderate performance of private investment due to an excess inventory of unplaced residential and commercial properties, growth was lower in 2019 than over the period 2014-2019.

2.22. Nevertheless, the biosecurity measures adopted in 2020 to mitigate the spread of the virus, including the suspension of non-essential activities such as construction, led to a 51.8% drop in the industry's GDP. Before the declaration of the state of emergency at the end of March 2020, the industry had positive growth prospects due to an expected increase in real estate activity.

2.2.3 Services sector

Wholesale and retail trade

2.23. Wholesale and retail trade has the largest share of total GDP – 18.1% on average between 2014 and 2019 – but with a slow-down trend as a result of the completion of some infrastructure projects, which had stimulated growth in employment and hence consumption at commercial establishments. In 2019 it accounted for 17.5% of the total. The average growth rate for the period was 3.0%. The fastest growing sectors were repair of vehicles and household appliances (6.3%) and wholesale trade (5.8%); the performance of retail trade was more moderate (4.7%) and the Colón Free Zone saw a downward trend (-6.2%).

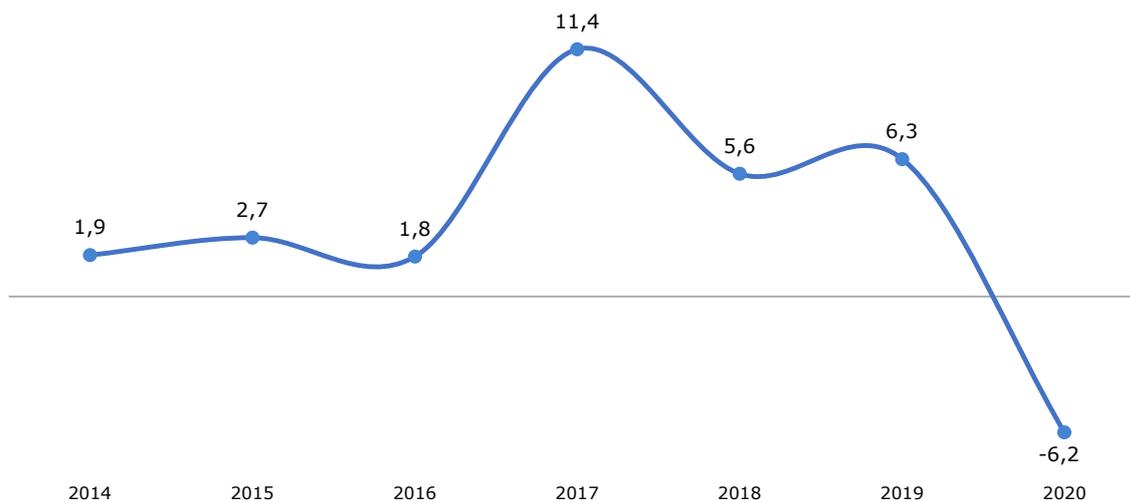
Chart 2.8 Percentage change in the real gross domestic product of wholesale and retail trade, 2014-2020

Source: National Institute of Statistics and Censuses.

2.24. In 2020, the sector declined by 19.4% as a result of the closure of on-site businesses selling non-essential goods (until 28 September 2020), movement restriction measures to halt the spread of COVID-19 and the loss of labour income for a proportion of the population. However, businesses selling food and medicine were able to operate and, later, online sales of hardware and automobile accessories were permitted and repair shops were allowed to open.

Transport, storage and communications

2.25. Transport, storage and communications accounted for 14.5% of GDP on average. This significant contribution is mostly due to the expansion of the Panama Canal with a new set of locks, and to port-related activities, which boosted maritime services and, in the last decade, air transport services with connections via the Hub of the Americas.

Chart 2.9 Percentage change in the real gross domestic product of transport, storage and communications, 2014-2020

Source: National Institute of Statistics and Censuses.

2.26. On 26 June 2016, a new set of locks were opened to allow the passage of Neopanamax ships (container ships, iron ore and other bulk carriers, and now ships carrying liquefied natural gas produced in the United States) with a maximum of 13,000/14,000 twenty-foot equivalent units (TEU). In 2017, toll revenues rose by 17.6% as a result of the Canal's expansion, the return of maritime services that were lost due to the limited capacity of the old locks, and the passage of new

liquefied petroleum gas and liquefied natural gas carriers. Furthermore, tonnage increased by an average of 5.9% from 2014 to 2020, with higher rates after 2017.

2.27. In 2020, the performance of canal activity was encouraging, despite the effects of the pandemic, due to the consolidation of cargo in the container ship segment, which increased the volume of cargo by 2.1%; the slight recovery in the maritime industry; and the increased demand for petroleum and petroleum products, as a result of the market conditions and the reopening of economies.

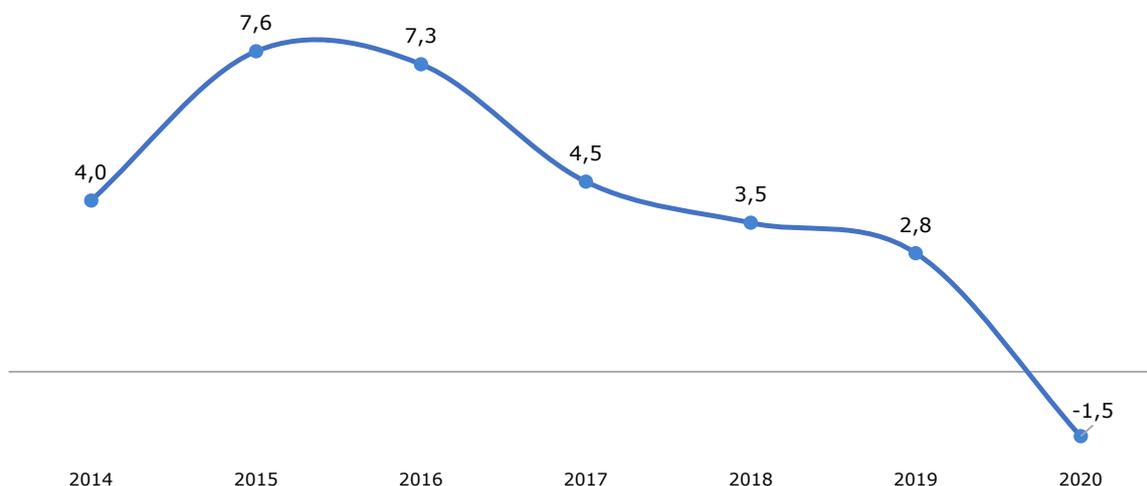
2.28. More than 7 million TEU of goods pass through Panamanian ports every year, demonstrating their potential within the logistics sector. They play a critical role in the functioning of the local and international supply chain. The international importance of this sector places Panama high among the top 10 countries contributing the most to the total volume of cargo handled at the regional level, according to ECLAC.

2.29. Air transport saw dynamic growth in activities at Tocumen International Airport. Before the pandemic, 15 million passengers, including traffic and transit, travelled through the airport every year. With the opening of terminal 2, the airport will have capacity for 25 million passengers per year.

Financial intermediation

2.30. Financial intermediation sustained stable growth over the years and, over the last six, its share of GDP averaged 7.5%. High growth rates of 7.6% and 7.3% were recorded in 2015 and 2016, respectively, and in 2020 there was a 1.5% decrease as a result of the drop in both local and external financing due to the impact of the COVID-19 health crisis. Although loans were less buoyant, the banking system remained active in providing its services. Measures were implemented to strengthen the system and there were increases in domestic and foreign deposits, reflecting consumer confidence.

Chart 2.10 Percentage change in the real gross domestic product of financial intermediation, 2014-2020



Source: National Institute of Statistics and Censuses.

2.3 Balance of payments

2.31. The balance of payments showed deficits in the **current account** between 2014 and 2019. They represented an annual average of 8.1% of nominal GDP, with the highest share in 2014 (-13.4% of GDP) and the lowest in 2019 (-5.0% of GDP). However, the balance was in surplus (PAB 1,233.1 million) in 2020 due to the effects of the implementation of national and international health protocols to contain the pandemic. These protocols resulted in a significant decrease in imports of goods and services and the income paid on the investments of non-residents in the country. In the years where the current account balance was negative, this was largely the result of the deficit in

the goods and income balances. Meanwhile, the services balance always maintained a surplus, driven by transport exports.

Table 2.1 Summary of the balance of payments of the Republic of Panama, 2014-2020

(PAB million)

Item	2014	2015	2016	2017	2018	2019	2020
CURRENT ACCOUNT	-6,679.3	-4,848.3	-4,505.0	-3,681.9	-4,966.9	-3,332.5	1,233.1
GOODS	-10,823.0	-9,786.4	-9,012.4	-9,821.5	-10,613.7	-9,047.4	-4,107.1
Exports	14,971.5	12,764.0	11,687.1	12,469.6	13,352.7	13,213.9	10,240.0
Imports	25,794.5	22,550.4	20,699.6	22,291.2	23,966.4	22,261.3	14,347.1
SERVICES	7,847.4	7,857.5	8,081.9	9,307.1	9,553.1	9,550.7	6,396.4
Exports	12,717.8	12,615.0	12,773.4	13,910.6	14,461.0	14,663.2	9,376.7
Imports	4,870.4	4,757.5	4,691.5	4,603.6	4,908.0	5,112.6	2,980.3
INCOME	-3,825.9	-2,813.4	-3,470.4	-3,043.0	-3,836.0	-3,804.4	-1,187.5
Exports	2,166.6	2,081.0	2,260.0	2,489.6	2,551.5	2,444.6	1,608.4
Imports	5,992.5	4,894.4	5,730.3	5,532.6	6,387.5	6,249.0	2,795.9
TRANSFERS	122.2	-106.0	-104.1	-124.4	-70.2	-31.3	131.2
Received	1,027.8	921.4	905.9	903.2	918.6	975.7	749.0
Made	905.6	1,027.4	1,010.0	1,027.6	988.8	1,007.0	617.8
CAPITAL AND FINANCIAL ACCOUNT	5,019.7	6,506.6	7,706.1	5,851.5	6,152.0	4,736.0	-896.7
Capital	24.2	26.9	24.0	25.2	22.7	22.1	11.1
Financial	4,995.5	6,479.7	7,682.0	5,826.3	6,129.4	4,713.9	-907.8
ERRORS AND OMISSIONS	1,659.6	-1,658.3	-3,201.1	-2,169.6	-1,185.1	-1,403.5	-336.3

Source: National Institute of Statistics and Censuses.

2.32. The **balance of goods** was in deficit during the review period since imports were higher than exports, although the value of foreign purchases in several years decreased compared to the previous year (-12.6% in 2015, 8.2% in 2016, -7.1% in 2019 and -35.6% in 2020). The performance of imports of goods for domestic use (c.i.f.) was similar to the total. They rose only in 2014 (5.2%), 2017 (8.8%) and 2018 (4.0%), mainly due to the growth in imports of consumer and intermediate goods.

2.33. The trend in consumer goods imports is explained in large part by the performance of fuels and lubricants and the variations in their international prices. Imports of intermediate goods as a whole followed a similar trend to construction materials imports, given the sector's weight in the country's economic structure. Imports of capital goods saw growth in only two years, 2014 (1.8%) and 2017 (6.1%), mainly due to imports for use in construction.

2.34. Imports into the Colón Free Zone fell throughout almost the entire review period. They rose only in 2018 (6.2%). These goods come mainly from China; Hong Kong, China; Mexico; Singapore; the United States; and Viet Nam.

2.35. Exports of goods of domestic origin fell between 2014 and 2016, mostly as a result of fishery products and fruit exports. They then grew at a modest pace until the spike in 2019 (PAB 1,504.3 million, up 124.6% compared to 2018), when exports of copper ores and concentrates began. By adding these exports, worth PAB 1,065.6 million or 61.8% of the total, domestic exports reached PAB 1,725.5 million in 2020, a historical record high. Bananas were another product that performed strongly in some years, especially in 2019 (up 29.9% compared to 2018), owing to increased production as exports from the western Pacific region of the country restarted. The main destinations for goods exports, excluding metal mining, were China, Costa Rica, India, the Netherlands and the United States. Most of the copper ores and concentrates sold in 2020 went to China, Germany, the Republic of Korea and Spain.

Table 2.2 Summary of the balance of goods of the Republic of Panama, 2014-2020

(PAB million)

Item	2014	2015	2016	2017	2018	2019	2020
Balance	-10,823.0	-9,786.4	-9,012.4	-9,821.5	-10,613.7	-9,047.4	-4,107.1
Net exports	14,971.5	12,764.0	11,687.1	12,469.6	13,352.7	13,213.9	10,240.0
Exports of goods	14,273.5	12,584.7	11,654.6	11,676.0	12,085.6	11,904.1	10,168.8
National exports	817.2	695.1	634.8	659.9	669.7	1,504.3	1,725.5
National re-exports	208.5	217.8	138.9	154.8	146.2	156.5	174.2
Re-exports from the Colón Free Zone	12,959.9	11,347.9	10,402.9	10,431.6	10,807.8	9,814.0	7,757.0
Export processing zones	287.9	323.9	478.0	429.6	461.9	429.3	512.1
Adjustments	-1,502.3	-1,241.5	-1,192.0	-1,139.3	-1,140.9	-1,186.5	-818.7
Repair of goods	16.7	16.7	15.0	16.1	16.4	16.4	14.5
Goods procured in ports	2,183.6	1,404.1	1,209.5	1,916.8	2,391.5	2,480.0	875.3
Net imports	25,794.5	22,550.4	20,699.6	22,291.2	23,966.4	22,261.3	14,347.1
Imports of goods	23,858.4	21,942.7	20,560.4	21,411.4	22,557.7	21,070.3	14,711.5
National exports	12,434.7	11,076.8	10,716.1	11,640.5	12,112.9	11,751.2	7,367.1
Colón Free Zone	11,065.8	10,374.5	9,237.7	9,202.3	9,771.5	8,655.3	6,662.7
Export processing zones	357.9	491.4	606.6	568.6	673.3	663.8	681.6
Adjustments	-753.6	-1,071.5	-1,499.4	-1,476.1	-1,573.1	-1,768.0	-1,304.5
Repair of goods	11.4	8.6	5.8	5.1	5.4	6.6	4.5
Goods procured in ports	2,678.3	1,670.6	1,632.7	2,350.8	2,976.4	2,952.4	935.6

Source: National Institute of Statistics and Censuses.

2.36. Re-exports from the Colón Free Zone posted an overall decline. They fell year on year, with the exception of 2017 (0.3%) and 2018 (3.6%), from a sales peak in 2012 (PAB 15,944.8 million), to PAB 7,757.0 million in 2020. The drop of 21.0% from 2019 to 2020 was due to the effects of reduced demand as a result of the health and economic situation caused by COVID-19 in the region of Latin America and the Caribbean, and the 51.4% decline between 2012 and 2020 was because of lower demand for products as a result of the economic situation in several countries in the region and because trade with other countries was affected by trade disputes. Changes in product purchase methods also had an impact as, in recent years, demand countries made more direct purchases from manufacturers in Asia and cut out intermediaries, which included the Free Zone. The main destinations for re-exports were Colombia, Costa Rica, the Dominican Republic, Ecuador, Puerto Rico, the United States and Venezuela. The leading re-export items include chemicals for use in medicines, pharmaceutical products, machinery and electrical appliances for reproduction and sound, textiles and textile manufactures and footwear.

2.37. The **balance of services** was positive throughout the period from 2014 to 2020. Exports grew by an average of 2.9% between 2015 and 2019. The largest increase occurred in 2017 (8.9%) as a result of the rise in revenue from the Panama Canal (17.0%), which in turn was due to the completion of the waterway's expansion at the end of June 2016, thereby increasing installed capacity and allowing transit of post-Panamax ships. Ports also saw significant growth. It is worth noting that maritime transport exports averaged 30.4% of the total between 2014 and 2020.

Table 2.3 Services exports from the Republic of Panama, 2014-2020

(PAB million)

Item	2014	2015	2016	2017	2018	2019	2020
TOTAL	12,717.8	12,615.0	12,773.4	13,910.6	14,461.0	14,663.2	9,376.7
Transport	5,375.7	5,356.1	5,515.9	6,369.7	6,724.9	6,965.8	5,400.9
Maritime	3,206.8	3,417.2	3,352.0	3,856.1	4,071.1	4,292.5	4,589.7
Other	3,206.8	3,417.2	3,352.0	3,856.1	4,071.1	4,292.5	4,589.7
Panama Canal	2,341.0	2,444.4	2,389.4	2,796.5	2,994.0	3,173.9	3,430.8
Ports	865.8	972.8	962.6	1,059.6	1,077.1	1,118.5	1,158.9

Item	2014	2015	2016	2017	2018	2019	2020
Air	2,168.9	1,938.9	2,164.0	2,513.6	2,653.8	2,673.4	811.1
Travel	3,729.4	3,948.2	4,234.3	4,422.0	4,617.2	4,521.1	1,117.2
Communications	339.0	337.5	358.4	347.2	353.6	359.9	343.7
Insurance	120.2	225.7	226.7	262.8	230.4	264.9	205.4
Financial	400.3	549.3	520.3	449.1	392.0	380.2	483.8
Information technology and information	57.1	32.2	30.9	36.2	34.6	34.3	40.7
Royalties and licence duties	8.3	5.9	3.7	14.1	35.4	12.7	2.7
Other business services	2,549.8	2,008.0	1,765.2	1,878.6	1,948.8	2,000.8	1,725.1
Personal, cultural and recreational services	35.6	44.6	5.1	7.1	6.1	7.4	4.1
Government services	102.4	107.5	112.9	123.8	117.9	116.1	53.1

Source: National Institute of Statistics and Censuses.

2.38. Air transport had a 17.3% share of the total in the pre-pandemic period (2014-2019) owing to the expansion of the capacity of local airlines, a broader range of destinations and sustained passenger demand. However, in 2020, it dropped by 69.7% compared to 2019 because the country halted international commercial air travel from 22 March to 12 October 2020, as part of the COVID-19 containment measures implemented nationally and internationally.

2.39. The travel sector's contribution to total exports peaked in 2016 (33.1%) and its income was highest in 2018 (PAB 4,617.2 million). Nevertheless, income fell to PAB 1,117.2 million in 2020 (down 75.3% compared to 2019) due to the pandemic. The other business services sector also had a significant share (15.5% on average from 2014 to 2020), and the most notable of these services was the buying and selling of goods.

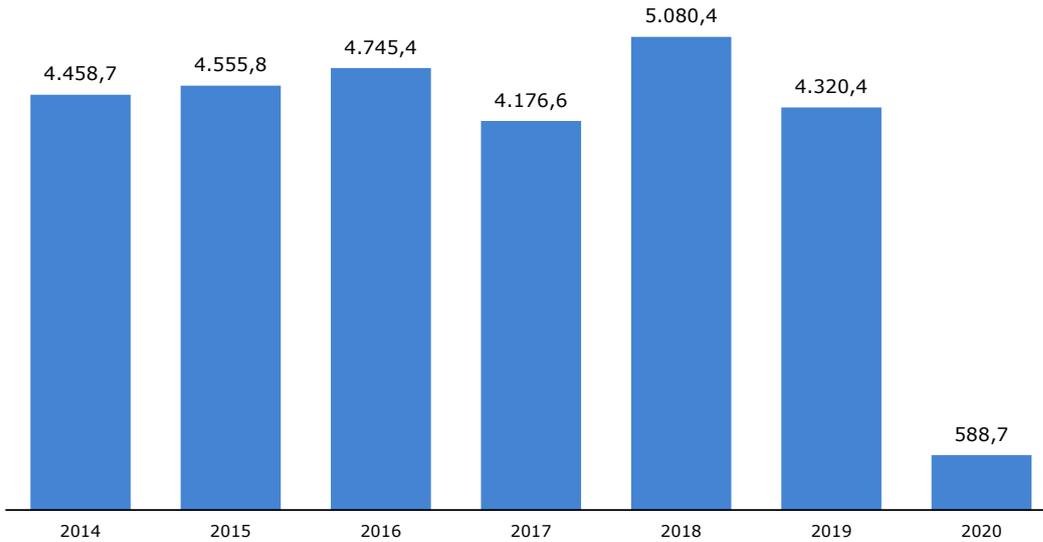
2.40. Services imports reached their highest value, PAB 5,112.6 million, in 2019. Maritime transport (freight), travel, other business services and air transport had the highest share throughout the review period.

2.41. The **balance of factor income** was in deficit for the entire 2014-2020 period as a result of returns on foreign direct investment in reinvested profits, dividends and retained earnings, and portfolio and other investment. Most of the income came from the other investment category, especially interest collected by banks with general and international licences.

2.42. The net balance of **current transfers** was negative between 2015 and 2019, and was positive only in 2014 and 2020. The transfers received were mostly workers' remittances, which averaged PAB 477.5 million over the review period. The value of outgoing transfers peaked in 2017 (PAB 1,027.6 million) and the largest category on average was remittances by workers to non-residents (82.6% of the total). Before the pandemic (2014 to 2019), an average of PAB 820.6 million were transferred every year, owing to the large number of migrant workers. The main destinations of the remittances included China, Colombia, the Dominican Republic, Nicaragua and the United States. In 2020, they totalled PAB 509.7 million, a drop of 37.9% compared to the previous year as a result of the measures implemented to tackle the health crisis, such as the suspension of economic activities and lockdowns.

2.43. The **capital and financial account** showed a positive balance for the period 2014-2019, financing the current account deficit. The main account entry was foreign direct investment. The financial account had a negative balance (PAB -907.8 million) in 2020 alone, as a result of the pandemic.

2.44. **Foreign direct investment (FDI)** averaged PAB 4,556.2 million between 2014 and 2019, accounting for 7.8% of GDP and making Panama one of the leading countries in the region in terms of attracting investment. In 2020, FDI totalled only PAB 588.7 million, a drop of 86.4% or PAB 3,731.7 million as a result of the general collapse of FDI flows around the world and in Latin America especially.

Chart 2.11 Foreign direct investment in the Republic of Panama, 2014-2020

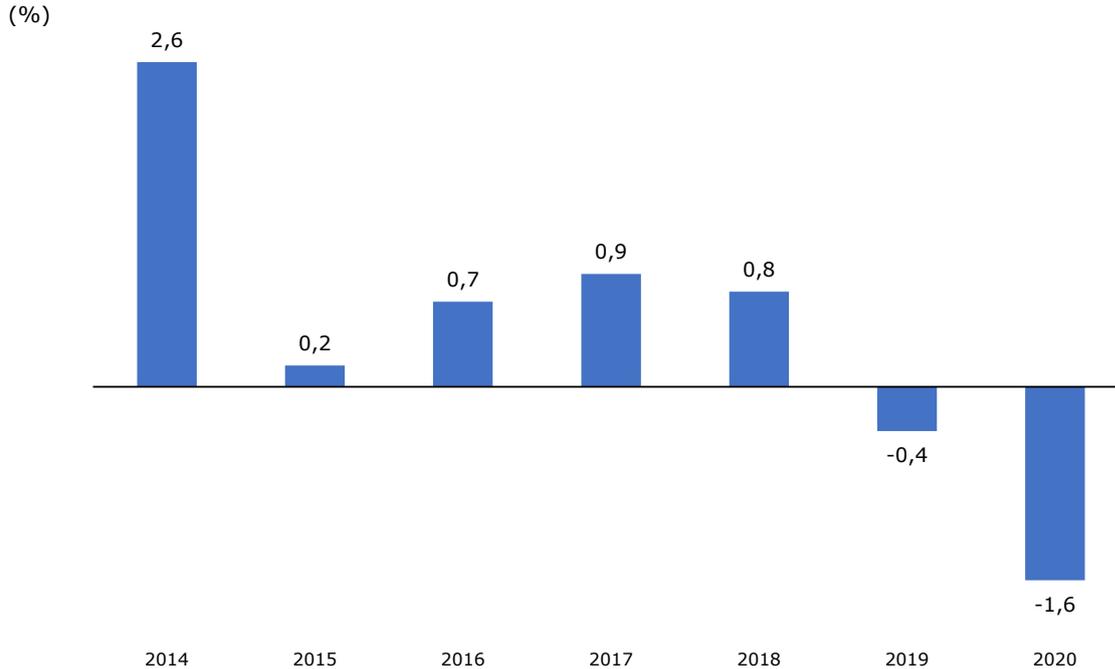
Source: National Institute of Statistics and Censuses.

2.45. By item type, reinvestment of profits was the largest component of FDI (averaging 50.6% of the total) before the pandemic (2014-2019). It was followed by other investment (42.8%) and shares and other equity (6.6%). In 2020, FDI was concentrated in the other investment component, i.e. financing or loans from parent companies to subsidiaries in the national territory, which totalled PAB 1,478.4 million. The remaining components recorded divestment.

2.46. The sectors that attracted the largest flows of investment between 2014 and 2019 (the last year with data disaggregated by sector) were wholesale and retail trade; mining and quarrying; financial and insurance activities; transport, storage and postal services; and manufacturing. FDI mostly came from Canada, Colombia, Ecuador and the United States.

2.4 Inflation

2.47. The urban national price level, measured using the cumulative variation in the consumer price index (CPI), has shown a downward trend in recent years. The average variation for the period was 0.46%.

Chart 2.12 Percentage change in the urban national price level, 2014-2020

Source: National Institute of Statistics and Censuses.

2.48. After a posting an increase of 2.6% in 2014, the rate did not exceed 1.0% between 2015 and 2018. In 2019, it fell by 0.4% compared to 2018. This was the first time that such a trend had been observed since the National Institute of Statistics and Censuses began recording this indicator. In 2020, it experienced an even larger downturn of 1.6% against the backdrop of restrictions on the movement of people, the shutdown of economic activities at the national and international level, international trade restrictions and changes in commodity prices, all caused by COVID-19, which was detected in the country in March 2020. All of this generated uncertainty and disquiet among the population, affecting the supply and demand of goods and services, and hence prices.

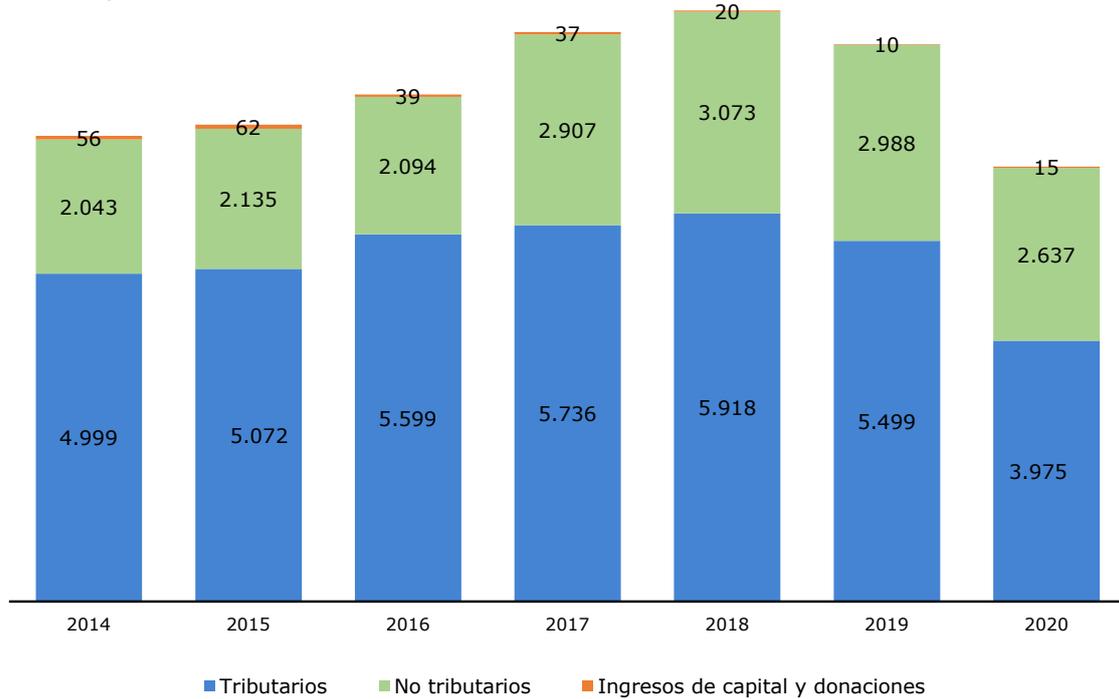
2.5 Fiscal situation

2.5.1 Central government revenue

2.49. Central government revenue grew by an average of 5.8% over the period 2014-2018. Tax revenue increased by 4.1% on average, driven mostly by the rise in direct taxes (averaging 4.9%). Meanwhile, non-tax revenue was up by an average of 10.5%, reaching its highest level in 2017 (38.9%) owing to contributions from the Panama Canal following its expansion. In 2019, on the other hand, revenue dropped by 5.6% and fell below the amount budgeted at the start of the year, partly due to the elections.

Chart 2.13 Central government revenue, by type 2014-2020

(PAB million)



Source: Ministry of the Economy and Finance.

2.50. In 2020, the measures applied to control the spread of COVID-19 in Panama and the rest of world resulted in physical isolation and quarantines, affecting the economy, employment and tax collection. Furthermore, the State offered deferrals on tax payments to support taxpayers. In 2020, PAB 6,627.1 million was received, PAB 1,869.5 million or 22.0% less than the previous year. Less tax (27.7%) and non-tax (11.7%) revenue was collected.

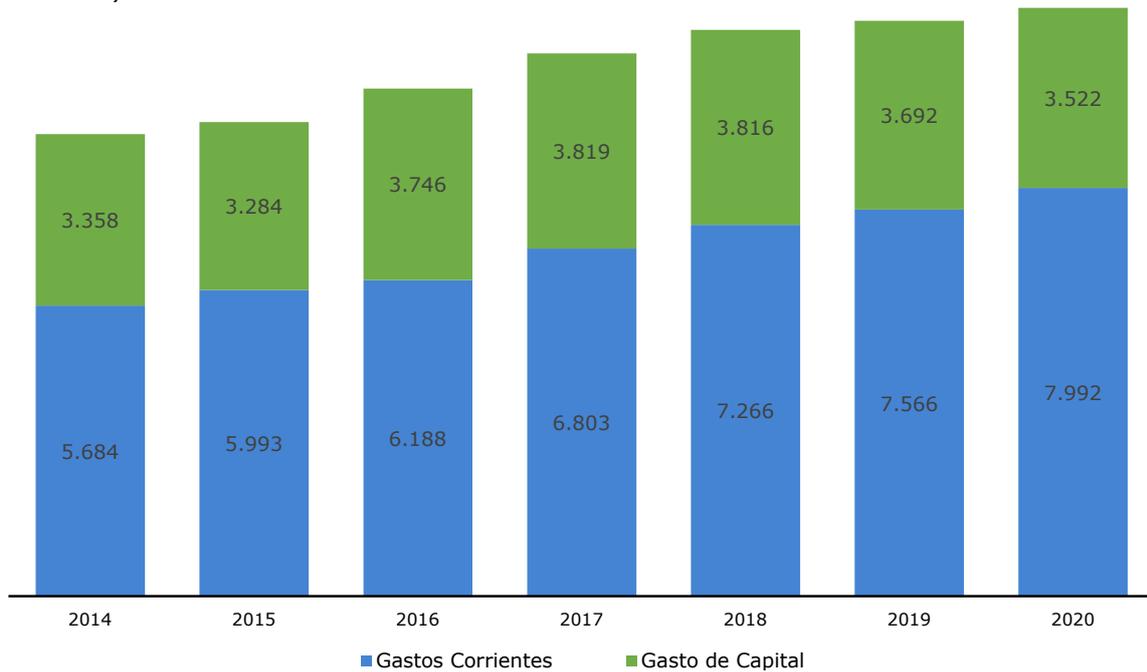
2.5.2 Central government expenditure

2.51. Central government expenditure grew by an average of 5.2% over the 2014-2018 period. Growth slowed to 1.6% in 2019 as a result of government measures to control spending, including a measure referred to as "austerity through efficiency".

2.52. In 2020, the State implemented a countercyclical policy that involved retaining the initial budget but redirecting resources to the health and economic support sector to assist those affected by the pandemic. Expenditure was PAB 11,513.4 million, up PAB 255.2 million or 2.3%. Current expenditure increased by 5.6%, while capital expenditure fell by 4.6%.

Chart 2.14 Central government expenditure, by type 2014-2020

(PAB million)



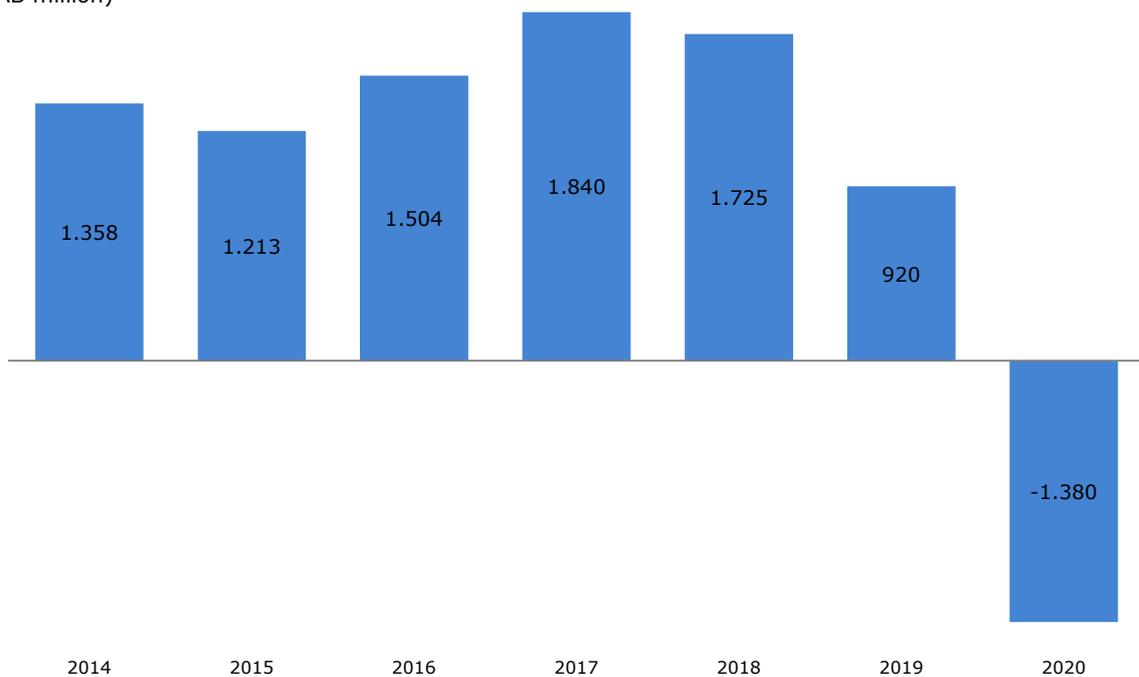
Source: Ministry of the Economy and Finance.

2.5.3 Central government current savings

2.53. There were reductions in current savings of the central Government in 2018 and 2019. As a result of the pandemic in 2020, the difference between current revenue and expenditure was PAB - 1,379.9 million, suggesting that insufficient income was generated to cover investment in this area and financing was required to pay for all investments and part of operations.

Chart 2.15 Central government current savings, 2014-2020

(PAB million)



Source: Ministry of the Economy and Finance.

2.6 Challenges posed by COVID-19

2.6.1 The 2020 financial strategy

2.54. In early 2020, the Government had a financial strategy that allocated the resources necessary to finance the General State Budget under the ceiling established in the Fiscal Social Responsibility Law (LRSF). A second strategy was needed in the light of the pandemic, which involved restructuring the national budget initially planned and bringing in external funds.

2.55. First, as part of a **dynamic restructuring of the budget**, PAB 2 billion were redirected to the public institutions tackling the health crisis, specifically the health sector and the Panama Solidarity Plan. The purpose of the Plan is to cover the basic needs of the Panamanian population affected by the pandemic.

Chart 2.16 Financial strategies devised in 2020 and their outcomes

Before COVID-19	After COVID-19	
Initial strategy	Second strategy	Outcomes
<p>In early 2020, the Government had a financial strategy to obtain the funds necessary to finance the General State Budget.</p> <p>The strategy required PAB 2,213.7 million to cover the year's fiscal deficit, and PAB 1,730.0 million to cover repayments.</p> <p>This strategy would allow the fiscal debt/GDP ratio established in the LRSF to be achieved.</p>	<p>From March, PAB 2 billion of the budget was retained to cover the needs of the health system and transfer funding to the most vulnerable population, following the economic reactivation strategy.</p> <p>The financial strategy to combat COVID-19 required two simultaneous sets of negotiations with multilateral financing agencies and financial markets.</p> <ol style="list-style-type: none"> 1. Negotiations to finance the budget deficit as a result of the drop in current revenue and maintain the original budget. 2. Negotiations and other steps to bring fresh money for financing programmes for micro, small and medium-sized enterprises, finance the reopening of the economy and maintain the liquidity of the Panamanian banking system. <p>Adjust the LRSF ceilings from 3.5% to 9%, i.e. 10.5% of GDP or PAB 2,442 million in 2020, in the light of the expected fall in GDP.</p>	<p>A dynamic restructuring of the budget was carried out</p> <p>An anticyclical policy was implemented to bring in external funds</p> <p>Subsidy programmes for persons, households and the Social Security Fund (CSS) were maintained at PAB 1,651.1 million</p> <p>Additional resources were transferred to MINSA and the CSS to cover costs related to the pandemic</p> <p>Families or persons affected by the pandemic were allocated funds via the <i>Panamá Solidario</i> programme</p> <p>The level of expenditure on the economy was maintained so as not to exacerbate the drop in GDP</p> <p>The new ceiling under the LRSF was achieved</p>

Source: Ministry of the Economy and Finance.

2.56. Second, negotiations were carried out with multilateral financing agencies and financial markets in order to:

- **Provide support during the budget year and help finance the government deficit** resulting from the drop in current revenues. The initial budget was almost covered by the bond issue in April, with less than PAB 300 million outstanding. However, there was a wide gap between actual and budgeted revenue due to the pandemic. Loans allowed the original budget to be kept, which gave rise to the countercyclical policy, as the disbursement of social transfers, subsidies and salaries, and payment for some services, continued in order to counteract the fall in spending and not exacerbate the drop in GDP.
- **Enhance the banking system's capacity** to make loans and help strengthen payment chains in the economy. This included PAB 1.3 billion, of which PAB 800 million was managed by the Ministry of the Economy and Finance and PAB 500 million by the National Bank of Panama (BNP).

Table 2.4 Financing allocated to enhance the banking system's capacity

Institution that managed the fund	Amount	Source
Ministry of the Economy and Finance	PAB 300 million PAB 500 million	Inter-American Development Bank (IDB) International Monetary Fund (IMF)
National Bank of Panama	PAB 500 million	World Bank's Multilateral Investment Guarantee Agency (MIGA)

Source: Ministry of the Economy and Finance.

2.57. The Ministry arranged:

- i. IDB loans of PAB 300 million to provide credit to micro, small and medium-sized enterprises (MSMEs) and the agricultural sector via the Comprehensive Credit Programme for the Defence of the Production Sector and Employment, a trust fund administered by the BNP.
- ii. A fast disbursing facility with the IMF for PAB 500 million, to offer liquidity to banks and act as a second-tier bank via the Special Stimulus Fund for the Banking System of Panama, another trust fund administered by the BNP.

2.58. **The BNP obtained** PAB 500 million from the World Bank's Multilateral Investment Guarantee Agency (MIGA). These funds were paid into the Special Stimulus Fund for the Banking System of Panama.

2.59. Furthermore, the ceilings under the Fiscal Social Responsibility Law required adjustment, as they did not allow room for the Government's action to tackle the pandemic. In 2020, the non-financial public sector deficit ceiling was set at between 9.0% and 10.5% of GDP, which was achieved at the end of the year. In subsequent years, the ceilings will be gradually reduced to 1.5% from 2025.

2.6.2 Health strategy

The Ministry of Health (MINSa) and management of the COVID-19 pandemic

2.60. From 11 March 2020, when the World Health Organization (WHO) declared the COVID-19 outbreak to be a pandemic, the national Government of the Republic of Panama, in line with the national standards issued by the leading health authority, the Ministry of Health, developed and implemented a comprehensive and integrated response as part of its contingency strategy. It included a raft of measures to protect the population, reduce risk exposure and keep the supply of services safe and reliable.

2.61. In order to control and mitigate the effects of the global COVID-19 pandemic in Panama, the national Government implemented a series of measures through the Ministry of Health. The most important of these involved changing the disease-centred management model, with emphasis on repairing the damage, to a preventive people-centred one that traced the virus at the community level, by identifying cases, isolating them and breaking the chain of transmission.

2.62. Alongside the change of model, a health strategy was developed based on seven pillars: (i) prevention and health awareness and promotion; (ii) traceability; (iii) treatment; (iv) isolation and physical distancing; (v) installed capacity; (vi) gradual and asymmetrical return to normality; and (vii) social care.

2.63. In the implementation of the response, the first pillar facilitated the coordination of 36 public and private institutions in preventing the transmission of the virus, in partnerships with the Council of Rectors, the Faculty of Medicine of the University of Panama, civic clubs, faith communities and the Association of Municipalities, among others. Effective awareness-raising with the distribution of information materials among communities (leaflets, flyers, posters, stickers and pamphlets) was also a key component. Around 765,450 were distributed in 2020 and 137,100 in 2021.

2.64. Three advisory support groups, the Advisory Council, the Council of Former Health Ministers and specialized medical companies, were also involved in decision-making. In parallel with this, the PANAVAC-19 strategy was implemented and, as of October 2021, had reached 78% of the eligible population as part of its continuous vaccination schedule, based on the use of technology and artificial intelligence.

2.65. The second pillar, traceability, was crucial since it prevented transmission and reduced the number of new cases of COVID-19 through detection, location and isolation, together with rapid testing for diagnosis and sweep sampling to identify asymptomatic people with the virus. To this end, 304 unified traceability teams and 298 epidemiological monitoring response teams were created and checks are carried out at the country's entry and exit points. Efforts were reinforced with the establishment of the Network of Community Traceability and Control Centres, comprising 1 national, 15 regional, 61 district-level, 103 local and 2,093 community centres, and with the involvement of the Joint Task Force, community-based organizations, local governments and civil society organizations, among other key actors.

2.66. The third pillar, regarding treatment, proved vital in bolstering these actions. At the primary care level, it enabled 115,000 home visits to be carried out and 71,892 and 167,498 "*Protégete Panama*" (Panama, Protect Yourself) kits to be distributed in 2020 and 2021, respectively. At the second and third levels of care, updated hospital guides on COVID-19 care were provided. Under the same pillar, the Ministry of Health sought to mitigate the long-term effects on community mental health by providing telephone assistance through the National Institute of Mental Health's 169 hotline, among many other measures. Around 45,000 calls were received.

2.67. In order to protect the population's health under the fourth pillar – isolation and physical distancing – the Ministry provided 28 hostels with 2,071 beds (currently 1 hostel with 36 beds), receiving 2,597 admissions, and 11 hospital hotels with 1,217 beds (currently 3 hotels with 405 beds), receiving 17,848 admissions. Meanwhile, 7,462 operations were carried out with the Joint Task Force, establishing 5 checkpoints and 7 health cordons at strategic locations in order to control movement and comply with biosecurity measures.

2.68. To safeguard the health of the infected population under the fifth pillar, the installed capacity of hospitals was increased, going from 305 to 747 beds in intensive, semi-intensive and respiratory care units, a 245% rise, and from 4,561 to 5,768 beds in wards, a 26% increase, between January 2020 and September 2021. Human resources (doctors and nurses) providing support in priority areas of indigenous regions in the provinces of Darién, Bocas del Toro, Colón and Panamá Oeste were increased by 35% following the hiring of staff to tackle COVID-19.

2.69. As part of preparations for a new reality in a COVID-19 endemic scenario, the sixth pillar has allowed a gradual and asymmetric return to normality. It started with the opening of economic sectors, together with training on, and monitoring of, compliance with biosecurity measures and health regulations, followed by the introduction of domestic flights and epidemiological surveillance at ports, the establishment of the medical emergency regulation centre for coordination between hospitals, and the use of telephone triage to reduce congestion in emergency rooms and crowding at consulting rooms.

2.70. Furthermore, a telehealth programme was launched at 30 health centres in 11 health regions, with a total of 10,157 patients, 7,585 consultations with social workers in relation to mental health issues at hotel hospitals throughout the country and 18,215 digital prescriptions processed.

2.71. The seventh pillar is geared towards social care and the central Government's social and economic health strategy, and comprises public policies aimed at reducing poverty and inequality.

3 RECENT TRADE POLICY DEVELOPMENTS

3.1 Multilateral trading system

3.1. As a full Member of the WTO, Panama is committed to the multilateral trading system. It follows up on the general agreements concluded by the Organization in a number of areas to allow fair trade, while respecting different levels of development and safeguarding special and differential treatment.

3.2. The WTO was established as a global forum where the Members hold discussions and lay down general guidelines for standardizing world trade, and provides a platform for the settlement of disputes affecting trade between Members. Panama is a developing country but is highly dependent on international trade and has a services-based economy.

Participation in ongoing negotiations

3.3. Since 2014, the WTO has fostered a series of negotiations in which Panama shares objectives and interests. The country has participated in the development of proposals to create instruments in line with its legislation that facilitate fluid and transparent exchanges with its trading partners.

3.4. Accordingly, following the mandate established during the Buenos Aires Ministerial Conference in 2017, Panama has played a key role in the negotiations to curb fisheries subsidies by submitting a draft agreement for negotiation by the Members. The draft contains our position in line with that of the group of six Latin American countries (Argentina, Colombia, Costa Rica, Panama, Peru and Uruguay). This is one of the documents proposed for negotiation as there is no base text for the agreement and the proposals are being discussed topic by topic. It is hoped that results will be achieved during the Twelfth Ministerial Conference.

3.5. Within the WTO framework, a set of initiatives has been put forward in order to make progress in certain areas, given the view that the length of time passed is tantamount to stagnation. Furthermore, as a measure to move the agreements forward, some Members have presented proposals that on occasion have been supported by a significant critical mass. Panama has therefore had to participate in order to protect its interests. In this connection, it is worth mentioning the negotiations to reach a Trade in Services Agreement (TiSA), a plurilateral initiative to improve and expand trade in services. The negotiations covered sectors such as financial services, information and communication technology (ICT) services (including telecommunications and e-commerce), maritime transport, air transport, competitive delivery services, energy, professional services, temporary entry of business persons and government procurement. The 23 parties that were originally negotiating the TiSA accounted for 70% of the global trade in services. These parties were: Australia, Canada, Chile, Chinese Taipei, Colombia, Costa Rica, the European Union (representing its 28 member States), Hong Kong, Iceland, Israel, Japan, Liechtenstein, Mexico, New Zealand, Norway, Pakistan, Panama, Paraguay, Peru, Republic of Korea, Switzerland, Turkey and the United States. In the end, China and Uruguay wished to join the discussions. Formal negotiations on the TiSA began in early 2013 but have been suspended since 2016 because the participants failed to reach consensus in highly sensitive areas.

3.6. Panama has signed declarations based on joint initiatives seeking to establish the importance for the WTO to make decisions on topics that can have a direct or indirect impact on trade, such as:

- the informal group for the negotiation of an Agreement on Investment Facilitation for Development: Panama has now withdrawn from these negotiations because it believes that group's objectives have deviated from the original mandate.
- the Informal Working Group on Micro, Small and Medium-sized Enterprises (MSMEs): Panama has now withdrawn from these negotiations because the country believes that its objectives have strayed from the original mandate.
- Informal Working Group on E-commerce: Panama is an observer.
- the Informal Working Group on Domestic Regulation in Services: Panama has now withdrawn from these negotiations because the country believes that its objectives have strayed from the original mandate.
- the Informal Working Group on Trade and Gender: Panama is a full member.

3.7. It is important to point out that, on 12 August 2020, Panama's notification in which the country declared its intention to withdraw quotas of liquid milk, condensed milk and evaporated milk was circulated by the WTO to all Member States. As of that date, Members with initial negotiating or principal supplier rights, or a substantial interest, had 90 days in which to request consultations and/or negotiations with Panama.

3.8. During this period, Costa Rica, the European Union and Mexico showed interest. However, the negotiation process with the European Union and Mexico did not formally begin until early 2021, and no agreement has yet been reached.

3.9. The negotiations are currently at a standstill, as the parties are carrying out the required consultations to agree on compensation that is fair to all parties.

3.2 Dispute settlement mechanism

3.10. Panama has found the WTO dispute settlement mechanism to be an ideal and impartial system for airing concerns and resolving trade disputes with other Members, with the guarantee that the primary objectives of the opinions issued within the mechanism are to provide legal certainty in trade relations and ensure the fulfilment of the commitments made by Member States.

3.11. During the review period, Panama has respectfully fulfilled its obligations according to the rules adopted under the Agreements governing the WTO, and participates in good faith in its active dispute settlement procedures over the period – two as a complainant, one as a respondent and three as a third party.

3.12. Panama co-sponsors and supports the statements made by Members regarding possible dispute settlement mechanism reforms intended to strengthen this essential pillar of the WTO, and sees putting forward solutions to revive the Appellate Body as a matter of priority.

3.3 Trade agreements

Agreements in force

3.13. Since the last trade policy review, Panama has implemented five free trade agreements with the European Free Trade Association, the United Mexican States, the State of Israel, the United Kingdom of Great Britain and Northern Ireland and the Republic of Korea, and a partial scope agreement with Trinidad and Tobago.

3.14. Panama's bilateral and regional trade agenda is a vitally important complement to the country's world trade integration strategy, and consolidates, expands and deepens the trade benefits deriving from the WTO multilateral trade negotiations.

- **Free Trade Agreement between Central America and the European Free Trade Association (EFTA)**: This Agreement entered into force on 29 August 2014 via Law No. 4 of 7 April 2014. It supplements the national policy of rapprochement with the European Union with a view to expanding and diversifying Panama's goods and services exports.
- **Free Trade Agreement between Panama and the United Mexican States**: This Agreement entered into force on 1 July 2015 via Law No. 33 of 17 November 2014 and lays down legal provisions that will pave the way for investments and the provision of services, and will also boost trade in goods.
- **Partial Scope Agreement between Panama and Trinidad and Tobago**: This Agreement entered into force on 4 July 2016 via Law No. 7 of 20 March 2015 and has deepened our country's relations with the Caribbean Community, which is of great interest to Panama's private sector.
- **Free Trade Agreement between Panama and the State of Israel**: This Agreement entered into force on 1 January 2020 via Law No. 105 of 31 October 2019. It expands the trading potential for our traditional products in the Middle East by granting immediate preferential access for a range of traditional agricultural and agro-industrial products.
- **Association Agreement between Central America and the United Kingdom of Great Britain and Northern Ireland**: This Agreement entered into force on 1 January 2021 via Law No. 103 of 31 October 2019. It was the result of the United Kingdom's withdrawal from the European Union, commonly abbreviated as Brexit, and is technically a replica of our association agreement with the European Union, with some necessary

adjustments. Some interesting opportunities were created in the trade in services, with Panamanian service providers being allowed greater access, particularly in the financial, telecommunications, distribution and tourism sectors.

- **Free Trade Agreement between Central America and the Republic of Korea**: This Agreement entered into force on 1 March 2021 via Law No. 182 of 19 November 2020. Panama's interest in this agreement was partly to expand the exportable supply of agricultural, agro-processed and marine products; create benefits in services, especially in the financial, logistics and maritime sectors; attract investment; and establish cooperation mechanisms.

4 TRADE POLICY INSTRUMENTS

4.1 Tariffs

4.1. Panama grants most-favoured-nation (MFN) treatment to all its trading partners. The country has also bound all tariff lines, thus making its trade regime more predictable.

4.2. Under Law No. 26 of 17 April 2013, the Government implemented a structural reform of its national import tariff in order to progressively integrate its economy with that of the rest of Central America; secure the expansion of its market; encourage investment, production and exchange of goods and services; raise living standards and employment; and generally foster the development and economic unity of the Central American region.

4.3. In 2021, Panama's national import tariff contained 9,374 ten-digit tariff subheadings. All import tariffs are levied at *ad valorem* rates and applied to the c.i.f. value of the imported goods. The number of tariff lines has increased since Panama's last trade policy review because of changes to the Harmonized System of Tariff Classification.

4.4. Panama's average tariff varied greatly over this period. The vast majority of the tariff subheadings are in the range of 0%, which account for 45.5% of the national import tariff. Of the tariffs applied, 9.8% have customs duties within the 1% to 5% range, 22.1% are in the 5% to 10% range, and 20.2% have customs duties of 15%. A customs duty of more than 20% is applied on 2.1% of the tariff subheadings, and 0.3% of the subheadings are specific.

4.2 Customs procedures

4.5. In the last quarter of 2020, an interactive tool for the national import tariff was developed and implemented. It allows quick consultation of different variables applicable to more than 9,000 tariff subheadings, including preferential tariffs negotiated with each trading partner, permits and licences of the competent State bodies, and rulings and decisions regarding products.

4.6. All import information is available in the first phase, and the second phase will contain export variables. The National Customs Authority will provide the contact point for the institution's Process Group for consultations regarding procedures, and Resolution No. 114 of March 2020 contains all the email addresses and telephone numbers for information on the various customs procedures.

4.7. The customs computer system was modified to be able to process predeclaration applications for approval by Customs and other State agencies with advance clearance and, provided that no sensitive information is changed, the authorizations remain valid for normal clearance and the data are loaded from the transport document. Work is continuing on the implementation of the advance declaration as required by regional regulations.

4.8. The National Customs Authority introduced digital permit forms for the urgent prior withdrawal of goods, including digital signature, for non-governmental organizations (NGOs) and imports by the State and diplomatic missions. Changes are also being made to the module for clearance against guarantee of payment in order to facilitate and digitize the administrative process. The module is expected to be introduced by 2022.

4.3 Trade facilitation

4.9. Panama adopted the Protocol Amending the Marrakesh Agreement Establishing the World Trade Organization and the Annex to the Protocol concerning the Trade Facilitation Agreement (TFA) via [Law No. 55 of 9 September 2015](#).

4.10. Subsequently, the appropriate Category A, B and C notifications of the commitments established under the TFA were submitted. The notifications set out the original and definitive dates of the commitments that are the hardest to meet.

4.11. The National Customs Authority is developing a logistical customs integration project to modernize procedures at the border by incorporating technology, infrastructure and fiscal and para-fiscal control units. Under the programme, Panama and Costa Rica will deploy efforts to establish

a customs and migration single window to facilitate entry of visitors to both countries, within the framework of the commitments established under the Central American Strategy for Trade Facilitation and Competitiveness with an emphasis on Coordinated Border Management.

4.12. Panama's strengths in trade facilitation include the right to appeal, periodic review of fees and charges, limitation on document requirements and formalities, use of international standards, elimination of consular fees and paperwork, emphasis on the principle of non-discrimination, possibility of returning rejected goods, pre-arrival clearance, the accelerated procedure for urgent shipments, elimination of pre-shipment inspection and objective criteria for tariff classification.

GATT 1994 provisions on trade facilitation and freedom of transit (Article V):

4.13. Article V of the General Agreement on Tariffs and Trade (GATT), adopted through Law No. 23 of 15 July 1997, concerns Panama's commitments regarding traffic in transit and freedom of transit.

4.14. Title II of Cabinet Decree No. 12 of 29 March 2016 regulates the entry and exit of goods and means of transport, which in turn controls the transit of goods that have not undergone customs clearance, maintaining traceability of domestic transit and land transshipment. It also provided for the creation of a dry canal by rail or road as an alternative to the Panama Canal.

4.15. Except in cases of failure to comply with the law or in order to manage risk, traffic in transit must not be subject to any unnecessary delays or restrictions and is exempt from customs duties and transit duties or other charges, except the following:

- transportation charges payable by the carrier;
- administrative customs charges: PAB 5.00 for use of the computer system and the Central American Single Declaration for overland transit (DUCA-T) form, and PAB 5.00 for the customs security seal; and
- cost of scanning and digitizing the information for carriers' unions or other authorized persons.

4.4 Competition policy

4.16. As pertains to its policy of free competition, Panama amended its legislation by enacting Law No. 34 of 2 August 2016, amending and adding provisions on suppliers' obligations and price information to Law No. 45 of 2007 on consumer protection and the defence of competition.

4.17. Furthermore, via Law No. 14 of 20 February 2018, articles on consumer rights, suppliers' obligations to guarantee motor vehicles (up to PAB 30,000), withdrawal of goods, and the specific functions of the National Consumer Protection Directorate and municipal courts were amended and added to Law No. 45 of 2007. This regulatory update underpins a policy aimed at ensuring free competition not only at the domestic level but also with our international trading partners.

4.5 Technical standards

4.18. Since joining the Central American Economic Integration Subsystem, Panama, through the Directorate-General of Standards and Industrial Technology, has adopted 11 Central American technical regulations. On adoption, these became national technical regulations for the hydrocarbons, food and medicines sectors.

4.19. In 2014, 2015 and 2016, six International Organization for Standardization (ISO) standards were adopted as part of the standardization plan. In line with Panama's commitments as an ISO member country, national mirror committees for the environment and quality management auditing were set up. In 2016, the geographic information – methodology for feature cataloguing standard, required for the application of Panama's geospatial data, was prepared for the country's infrastructure.

4.20. The adoption of ISO standards continued in 2017, and standards in the energy efficiency sector were approved as a counterpart to Law No. 69 of 12 October 2012 establishing the general guidelines

of the national policy for the rational use of energy in the national territory. This involves creating initial policies aimed at rationalizing energy consumption throughout the country, promoting the use of efficient and less polluting equipment, and establishing a line of financing for energy efficiency projects.

4.21. In 2018, 10 ISO standards were adopted, including road vehicle requirements – vehicle identification number (VIN) – content and structure, to which the relevant Panamanian authorities attach great importance; the environment; occupational health and safety management systems; guidelines for auditing management systems; and conformity assessment – general requirements for bodies operating certification of persons. The approval of the standard on gender equality in private organizations and companies has also had a significant impact in Panama. Its purpose is to establish the requirements that an organization must meet in order to set up a gender equality management system that establishes, implements, promotes and fosters gender equality in organizations.

4.22. In 2019, in accordance with the country's strategic plan, the Directorate-General of Standards and Industrial Technology developed the Technical Standard for Building, Construction Materials and Hydraulic Cement; the Technical Regulation on Conformity Assessment for the marketing and importation of cement, the purpose of which is to establish a conformity assessment procedure to inspect and verify the quality of hydraulic cement produced, imported, used and/or marketed in the Republic of Panama; and a regulation on the environment, health protection, water safety and quality, and the discharge of liquid effluents into marine and inland water bodies.

4.23. In 2020, Standard 515-2020 on the characteristics and technical specifications of premix for the fortification of pounded rice was developed as part of Panama's rice fortification programme. It involves fortifying white rice packaged in the country with folic acid, vitamins B1, B6 and B12, niacin, iron and zinc to improve the nutrition of the Panamanian people.

4.24. Food technology sector standards for edible oils and fats, flour and cereals have been revised and updated to conform to international requirements.

4.6 Investment policies

4.6.1 Regime for the establishment and operation of multinational business headquarters

4.25. This regime was created under Law No. 41 of 24 August 2007. It has been amended by Law No. 57 of 24 October 2018, among others. Such amendments included a change to the corporate tax regime, going from zero income tax to a 5% rate on net taxable income. In line with these reforms and the international recommendations that Panama has adopted since 31 October 2016, when it implemented Action 5 of the Inclusive Framework on base erosion and profit shifting (BEPS) of the Organisation for Economic Co-operation and Development (OECD), and with transparency and substance in mind, the following legal instruments were approved:

- **Executive Decree No. 241 of 16 September 2020**, known as the "Substance Regulation"; and
- **Resolution No. 023-20 of 17 September 2020**, entitled the "Guide for the Application of Substance Requirements".

4.26. These instruments set out the standards applicable to the activities of companies established in Panamanian territory with a multinational business headquarters licence, and they serve as a guide for the application of substance requirements as a condition for benefiting from the reduced 5% rate. To this end, as from the tax year 2019, companies must comply with the substance requirements and submit an annual report, referred to as a "sworn statement", within six months of the end of their tax year. The Technical Secretariat of the Multinational Business Headquarters Commission is responsible for the review, oversight and declaration of compliance of these reports in line with the relevant procedure established under Decree No. 241 of 16 September 2020, which has been implemented.

4.27. Multinational business headquarters have submitted their reports and the Technical Secretariat has conducted the appropriate reviews and audits to monitor regulatory compliance, and has found

that the companies subject to the regime have fulfilled the substance requirements. Furthermore, it is worth noting that the multinational business headquarters regime is subject to monitoring by the OECD Forum on Harmful Tax Practices (FHTP) and was declared "not harmful".

4.6.2 Regime for the establishment and operation of multinational companies providing manufacturing-related services

4.28. The special regime for the establishment and operation of multinational companies providing manufacturing-related services was created via Law No. 159 of 31 August 2020, and its implementing regulation was approved via Executive Decree No. 33 of 4 February 2021, which also lays down substance requirements for the companies subject to the regime. In September 2021, the Technical Secretariat granted the first licence to a manufacturing company in the maritime sector.

4.7 Intellectual property

Implementing regulation of the Industrial Property Law

4.29. On 4 July 2017, Executive Decree No. 85, implementing Law No. 35 of 10 May 1996, as amended by Law No. 62 of 5 October 2012, establishing industrial property provisions, was enacted to protect inventions, utility models, industrial designs, industrial and commercial secrets, product and service marks, collective and guarantee marks, geographical indications, indications of provenance, designations of origin, trade names and advertising slogans and signs. Executive Decree No. 85 of 17 July 2017 is intended to protect industrial property rights.

4.30. The Intellectual Property Directorate of the Ministry of Trade and Industry implemented a project to migrate, design and implement the Industrial Property Automation System (IPAS) and develop a web platform for the Directorate-General for Industrial Property Registration (DIGERPI).

4.31. The web platform was developed using a group of World Intellectual Property Organization (WIPO) software applications that intellectual property (IP) offices can use to support the processing of applications for intellectual property rights by establishing an e-registry, controlling workflow processes and business rules, and providing online services to local and international users. The overall objective is to deliver operational efficiencies and improve quality of service. The suite is made up of three complementary systems: WIPO File, WIPO IPAS and WIPO Publish, supported by a central services component that provides for efficient and reliable data exchange to interconnect IP offices with WIPO Global IP systems and data. A web platform will also be set up to allow applicants to submit and track their applications and other procedures carried out with DIGERPI.

4.32. In order to strengthen and revitalize DIGERPI, the Ministry of Trade and Industry has decided to upgrade the software currently in use. The new platform will:

- reduce the time required for examination and registration of trademark applications;
- increase transparency of registration procedures;
- be more user-friendly;
- allow us to save on operating costs, because only IPAS will be needed instead of three separate tools, thereby lowering maintenance costs.

4.33. DIGERPI's team is currently testing the new platform, which should become operational in the first quarter of 2022.

4.34. The Ministry of Trade and Industry is also working on a technology transfer project in cooperation with WIPO and the National Secretariat of Science, Technology and Innovation with the aim of establishing a suitable legislative framework and institutional policies for intellectual property that would allow universities – especially public ones – to solve the problems they face and to carry out knowledge transfer activities successfully. This would allow us to stimulate innovation, foster collaboration between universities, boost academia-business links, turn research outcomes into products and ensure the effective protection of these products through the intellectual property

system. With this project, DIGERPI intends to strengthen links between academia, business and the State; promote the credibility of the country's researchers; develop new research projects in line with Panama's national science, technology and innovation policy; and more effectively foster a culture of patenting research outcomes in our universities and research centres, especially the outcomes achieved using public funds.

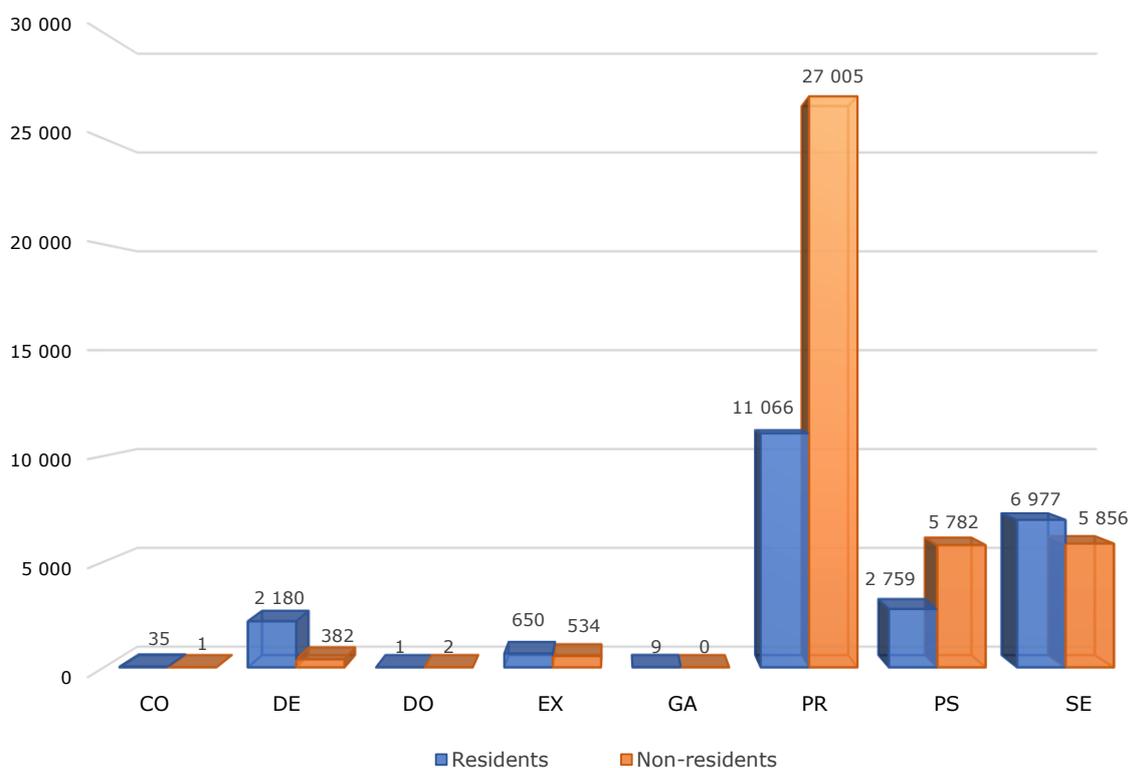
Statistics on registration of trademarks and patents

Table 4.1 Applications filed for trademarks and other distinctive signs

	CO	DE	DO	EX	GA	PR	PS	SE	TOTAL	
RESIDENTS	35	2,180	1	650	9	11,066	2,759	6,977	23,677	37.44%
NON-RESIDENTS	1	382	2	534	0	27,005	5,782	5,856	39,560	62.56%
TOTAL	36	2,562	3	1,184	9	38,071	8,541	12,833	63,239	

Note: **CO**, collective marks; **DE**, trade names; **DO**, designations of origin; **EX**, advertising slogans or signs; **GA**, guarantee marks; **PR**, product marks; **PS**, products and services; **SE**, service marks.

Chart 4.1 Applications filed for trademarks and other distinctive signs

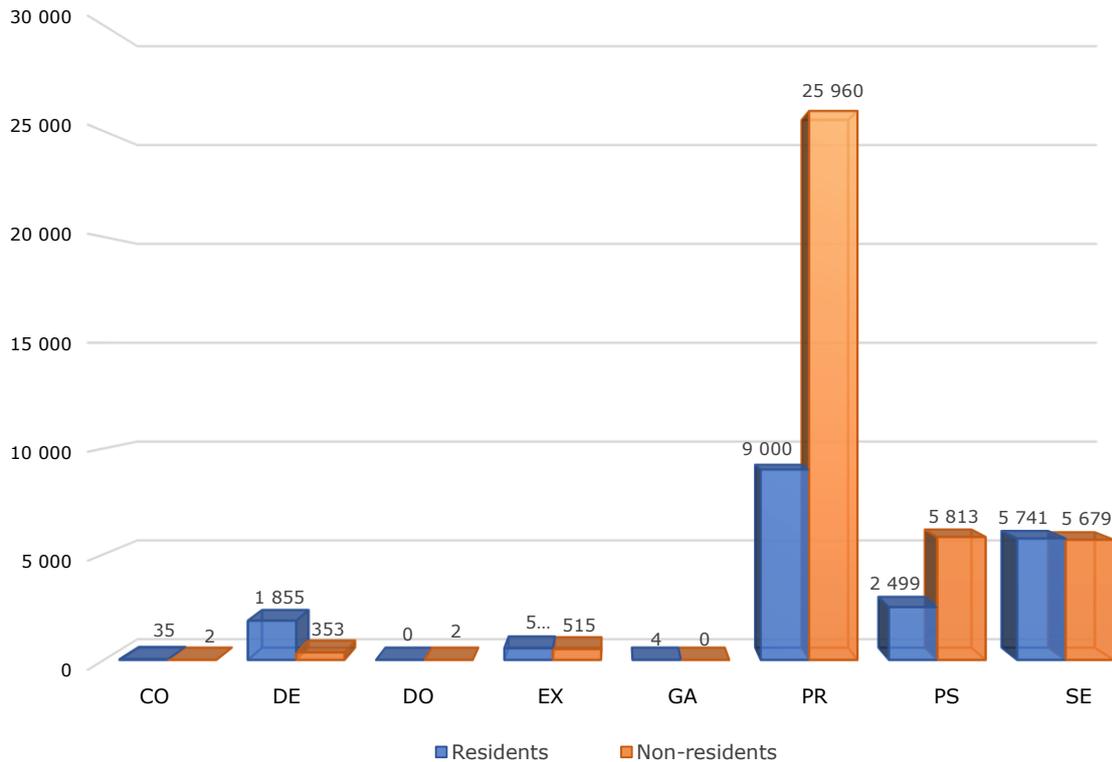


Source: Directorate-General for Industrial Property Registration (DIGERPI).

Table 4.2 Registrations granted for trademarks and other distinctive signs

Registrations granted										
	CO	DE	DO	EX	GA	PR	PS	SE	Total	
Residents	35	1,855	0	550	4	9,000	2,499	5,741	19,684	33.93%
Non-residents	2	353	2	515	0	25,960	5,813	5,679	38,324	66.07%
TOTAL	37	2,208	2	1,065	4	34,960	8,312	11,420	58,008	

Note: **CO**, collective marks; **DE**, trade names; **DO**, designations of origin; **EX**, advertising slogans or signs; **GA**, guarantee marks; **PR**, product marks; **PS**, products and services; **SE**, service marks.

Chart 4.2 Registrations granted for trademarks and other distinctive signs

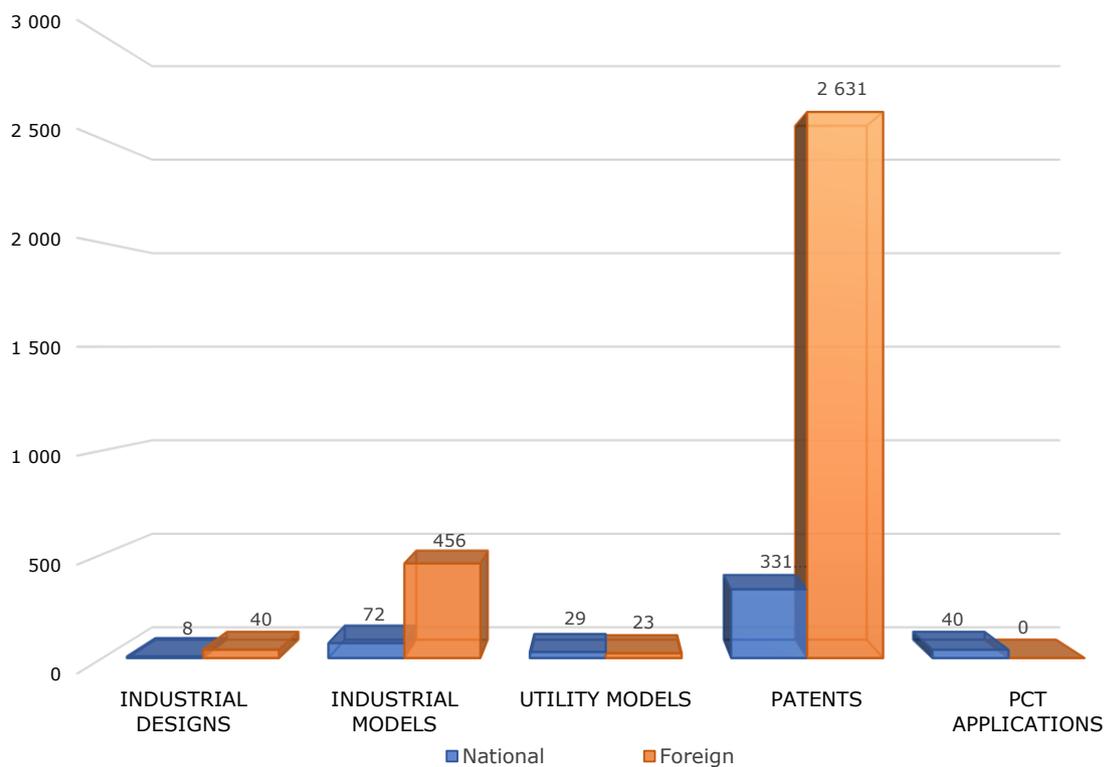
Source: Directorate-General for Industrial Property Registration (DIGERPI).

Table 4.3 Applications filed for patents, utility models and industrial designs and models

APPLICATIONS						
	Industrial designs	Industrial models	Utility models	Patents	PCT applications	TOTAL
NATIONAL	8	72	29	331	40	480
FOREIGN	40	456	23	2,631	0	3,150
	48	528	52	2,962	40	3,630

Source: Directorate-General for Industrial Property Registration (DIGERPI).

Chart 4.3 Applications filed for patents, utility models and industrial designs and models



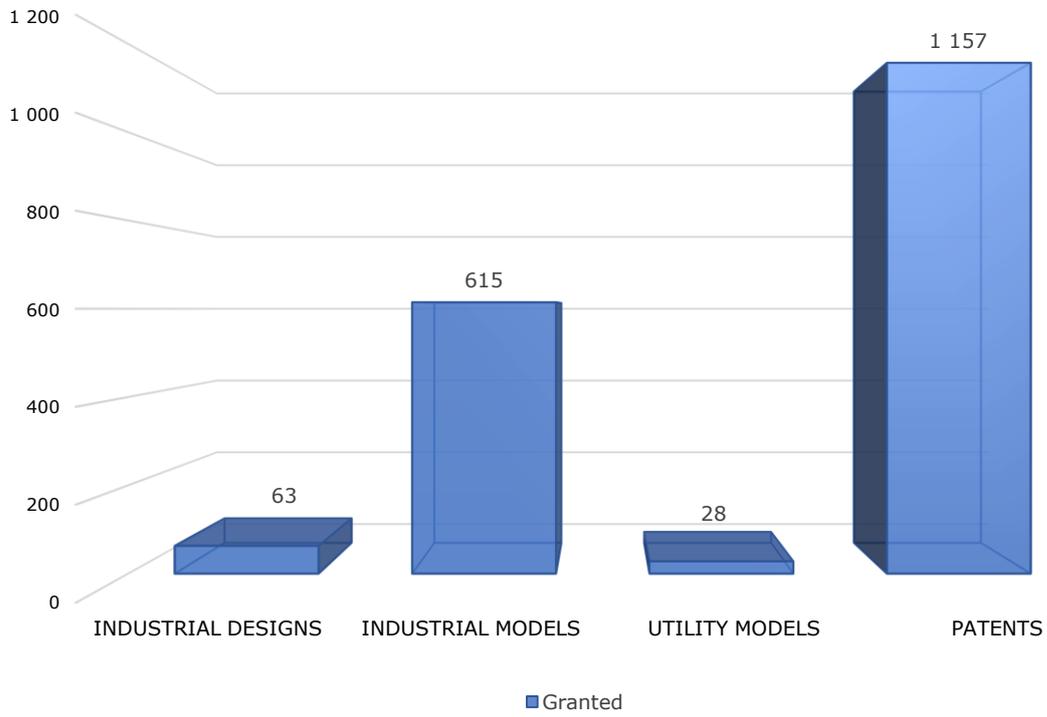
Source: Directorate-General for Industrial Property Registration (DIGERPI).

Table 4.4 Grants of patents, utility models and industrial designs and models

	Industrial designs	Industrial models	Utility models	Patents
GRANTS	63	615	28	1,157

Source: Directorate-General for Industrial Property Registration (DIGERPI).

Chart 4.4 Grants of patents, utility models and industrial designs and models



Source: Directorate-General for Industrial Property Registration (DIGERPI).

5 MODERNIZATION OF THE STATE

5.1 Regulations

5.1. The Government's objectives include the continuation and improvement of the modernization process of public administration using ICT. To this end, the Government Innovation Authority (AIG) was established via Law No. 65 of 30 October 2010, regulated by Executive Decree No. 205 of 9 March 2010. It has legal status, its own capital and internal autonomy.

5.2. The AIG is the competent Panamanian State entity for planning, coordinating, issuing guidelines, monitoring, ensuring cooperation for, supporting and promoting the optimal use of ICT in the government sector so as to modernize public administration; it also recommends the adoption of strategic national policies, plans and actions in this realm. The technological standards and criteria set by the AIG need to be followed to ensure that the process of digitizing government procedures is implemented in a standardized manner across all public bodies and that the State modernization strategy runs smoothly.

5.3. Law No. 144 of 2020 amends and adds articles to Law No. 83 of 9 November 2012 on the use of electronic media for government procedures.

5.4. The AIG is currently running its flagship project entitled "*Panamá Digital*" (Digital Panama), which is undeniably one of the most important projects for the Government in terms of decreasing state bureaucracy and simplifying procedures for citizens, thereby making the procedures quicker and more transparent.

5.5. The greatest benefits of this projects include:

- reduced waiting time for processing;
- no or shorter queues at government agencies;
- increased productivity;
- lower operating costs;
- better quality of service for users;
- government services available for citizens 24/7.

5.6. The AIG has arranged for public officials to access online training courses and strategies at the Technology and Innovation Institute to enable them to understand government innovation, citizen services, quality of service and faster procedures over the Internet.

5.2 The AIG's specific objectives in terms of technology infrastructure include:

Connectivity and improved technological infrastructure

5.7. Panama is one of the first countries in the world to regard access to the Internet and telephony as a new human right. It is enshrined in Law No. 59 of 2008, which requires the State to offer equal access to information and telecommunications services by creating the appropriate financial mechanisms. This ideological and legal basis offers the country a platform with broad scope to promote true universal access for all Panamanian people.

5.8. Innovative, interoperable and unified governance: A common complaint from citizens concerns the need to gather information from several government agencies for one administrative procedure. The purpose of this objective is to harness technology's potential to facilitate the exchange of data between entities and present citizens with a united government whose institutions communicate with each other, and to provide single access and consultation points where procedures can be carried out in their entirety without requiring citizens to physically travel.

5.3 The 2021 Digital Agenda

5.9. The AIG's main objectives regarding the 2021 Digital Agenda include the mass deployment of a strategy to adapt government formalities to the digital environment, which requires the joint effort of all public bodies. In this context, the projects of the 2021 Digital Agenda and its future updates include:

- a. **E-government platform (Telegob):** This involves the creation of a document flow of standard correspondence, with five processes at the various state institutions:
 - incoming correspondence;
 - outgoing correspondence;
 - internal correspondence;
 - flow of approval; and
 - electronic signature flow

- b. **Single Portal for Citizens** (www.panamadigital.gob.pa), which involves:
 - migration of existing data from the AIG's old portals (PEL and *Panamá Tramita*) to the new one;
 - implementation of a new single portal for the State;
 - assurances that the services and functionalities provide speed, ease of browsing, simple administration and greater capacity for interaction with the wider community;
 - creating an efficient structure and developing the set of functionalities required;
 - training technical department staff and users on web portal maintenance;
 - enabling integration of the workflow management platform, document manager and notification management platform services operated by the AIG;
 - putting administrative procedures online as part of the Government's Digital Agenda;
 - integration with the AIG's workflow processes platform and document manager, allowing the creation, modification, cancellation and notification of procedures and/or any direct information necessary using the AIG's current formalities platform and document manager; and
 - integration of the platform with the AIG's notifications platform, allowing the notification of procedures, and notification of modification and cancellation of procedures, and/or any direct notification necessary using the AIG's current formalities platform and document manager. It should also allow notification of issues with the portal.

- c. **Launch of the Panamanian Tourism Authority (ATP) platform**, which includes:
 - the Panamanian Tourism Portal: experiences and a front-end portal for national and resident tourists;
 - online marketplace;
 - creation of a chatbot;
 - integration with *Panamá Digital*, the secure token service and the payment gateway;

- apps for tour agents (guides and agencies) that generate QR codes for the services hired by residents and nationals.
- d. **Development of digital procedures for back-end platform processes** (for public officials):
- registration of tour operators;
 - registration of tourist guides;
 - registration for discounted tourist packages;
 - validation and publication;
 - tour operator management portal;
 - discount voucher management system;
 - self-assessment with integrated payment gateway;
 - ATP activity management dashboard.
- e. **Single Business Register:** This involves the development, implementation and integration of a computer platform to facilitate the formal business registration process for companies in Panama. It integrates the institutions involved in the company registration process, allowing them to share information from the central repository using the Enterprise Bus. This efficient method of using and updating information:
- allows rapid business registration through a dynamic, efficient and user-friendly computer system;
 - facilitates interaction between related institutions;
 - eliminates or reduces the need for face-to-face interaction with users at institutions during the business registration process;
 - unifies the requirements of all institutions involved;
 - reduces requirements imposed on users for online approval;
 - standardizes important processes and databases for the primary process;
 - merges the registration code and the Single Register of Taxpayers (RUC) number; and
 - creates a single, centralized register and identifies key stakeholders.
- f. **Institutions to be integrated into the Single Business Register:**
- the AIG (www.panamadigital.gob.pa);
 - the Public Register;
 - the Ministry of Trade and Industry;
 - the Directorate-General of Revenue;
 - the Panamanian Authority for Micro, Small and Medium-Sized Enterprises;
 - the Directorate-General of Government Procurement;

- the Municipality of Panama; and
 - notaries.
- g. **Live video platform:** this involves the development of a virtual assistant integrated into *Panamá Digital*, which allows video calls to be scheduled for sensitive recorded procedures.

5.3.1 Implementation of the integration platform for state payments

5.10. The current situation in the country and the need to prevent crowding to halt the spread of the COVID-19 virus have required the implementation, within a short time frame, of technology that enables citizen services to be processed digitally. Such technology includes payment of economic assistance to citizens affected by the pandemic through their personal identity cards.

5.11. These transfers are made via the "**Vale Digital**" (Digital Voucher) programme, which has a platform allowing payment strategies and allocation of funds to be managed for use in various government assistance programmes, including COVID-19 relief.

5.12. The primary objective of the social assistance programme was to help the population subsist and ensure social peace throughout national territory.

Vaccination

5.13. The AIG has played a very important role in collaborating with the Ministry of Health, as its system provides data intelligence for planning appointments to vaccinate the public and control the pandemic. The system also records vaccinations and issues digital COVID-19 vaccination certificates.

5.14. Panama is the only country in the region to bring its vaccination record system into line with the European Union regulation on COVID-19 certificates.

5.3.2 Other Digital Agenda projects

5.15. Following the creation of the AIG, other projects launched to pursue the objectives set out in the Strategic Digital Agenda on an ongoing basis include:

Connectivity and improved technological infrastructure

- **National Multiservice Network:** This is a network designed to deal with the complexity of the information handled by the State for citizen services and to meet high expectations. It allows interoperability between institutions, with security arrangements to preserve the integrity of the information. The network uses a redundancy system that offers the institutions a reliable structure and ensures the continuity of their services in the event of a failure.
- **MyUC for government:** This provides institutions with voice, fax and video calling services with all the advantages and savings of IP technology on a robust platform that offers conferencing, messaging and call centre functionalities.
- **Help Desk and Network Operation Centre/Security Operation Centre (NOC/SOC):** This offers government entities centralized support and continuous monitoring of services associated with the National Multiservice Network for the timely detection of faults, coordination of maintenance tasks, implementation of security policies and dedicated assistance to cover the entities' support needs.
- **Cloud Computing Service:** IT services and resources are offered and used as Internet or Intranet services, without users having any knowledge of the infrastructure behind them.
- **Panama Computer Security Incidents Response Team (CSIRT):** This team responds to information security incidents in the country. Its objectives include the prevention, handling, identification and resolution of attacks and security incidents on the computer

systems that form part of the country's critical infrastructure, while ensuring Panamanian citizens' access to information. Its purpose is also to coordinate, collaborate on and propose standards intended to enhance the security of the ICT-related resources and systems of the government bodies.

- **National Internet Network:** This service allows citizens free wireless Internet access using technologies based on commonly available standards on personal computers, laptops and other mobile devices.
- **Development of broadband for competitiveness and integration:** This project seeks to chart the way forward in increasing penetration of broadband connections to boost productivity and enhance regional and global integration. The aim is to lay the groundwork for national broadband plans (a regional public good) in conjunction with the authorities responsible for the development of telecommunications in El Salvador, Guatemala, Honduras and Panama.

5.3.3 Innovative, interoperable and unified governance

- **Citizen Help Centre – 311:** This project provides all citizens with a single line of communication offering effective assistance and quality services, incorporating 62 government entities. This centre has improved the public's experience when interacting with government services and helped project government responsibility, accountability and transparency as policies for good governance.
- **Financial accounting system and enterprise resource planning (ERP):** This is a public finances system whereby the entire Government adopts the same rules on accounting and financial records. It grants the state monitoring and oversight bodies access to accurate information in a timely manner.
- **Adversarial criminal justice system:** This involved designing, developing and implementing a comprehensive computer management system that covers everything from the receipt of cases to final enforcement of the ruling; supplying the second and fourth judicial districts with the hardware required to deal with expected caseloads; equipping courtrooms in the second and fourth judicial districts for hearings via videoconference according to the system's conditions and requirements; servicing the judicial data centre by ensuring connectivity, providing backup, contingency and security infrastructure and performing updates to ensure the solution's reliability; developing and approving the virtual training system for public officials involved in the system; and supplying high-tech mobile units to conduct training, dissemination and awareness-raising activities.
- **Modernization of local governments (MuNet):** This is part of the local e-government initiative, whose aim is to strengthen the technological structure of municipalities to enable them to handle municipal finances, manage public services online and promote their communities' tourism resources. The following municipalities benefited: Bocas del Toro, Changuinola, Antón, la Pintada, Aguadulce, Penonomé, Colón, Portobelo, Chitré, Pesé, Ocú, Las Minas, Los Santos, Tonosí, Santiago, Atalaya, Soná, Mariato, La Chorrera, Arraiján, Chepo, Taboga, Barú, Boquete, Bugaba, Dolega, Boquerón and Gualaca.
- **Application Assessment and Approval System:** The AIG's responsibilities include the approval of technical specifications for technology procurement by government institutions. This system was developed to expedite the process.
- **Government Finance and Administration System:** This is an ERP tool intended for use by the Government with the aim of optimizing the cross-cutting processes of the state institutions by allowing reliable, direct and timely access to all information, with the possibility of sharing information with the organization's units, and eliminating data duplicates and unnecessary operations in order to ensure quick response times to users' information requests, with efficient handling to enable timely decision-making and reduce operating costs.

6 CONCLUSIONS AND OUTLOOK

6.1. The Republic of Panama is pleased to have carried out this third Trade Policy Review together with the WTO Secretariat, thereby upholding the nation's commitment to transparency, a principle that this mechanism promotes in the formulation and implementation of trade policies by the Organization's Members.

6.2. In this third periodic review, carried out under unique conditions, Panama, as the country with the best maritime and air connections in Latin America and the Caribbean, shows how it is endeavouring to build a sustainable future through its trade policies. To that end, even in the midst of a pandemic that posed monumental challenges for countries across the globe, it remained open to international trade and ensured the transit of goods as a logistical, but also humanitarian, hub.

6.3. The national Government adjusted its priorities by implementing a state policy to stimulate diverse sectors of the economy, while safeguarding public health through a lockdown-based health strategy to reduce risk exposure and keeping the supply of services secure and reliable.

6.4. Panama will continue to participate in the ongoing multilateral and regional negotiations, in the belief that they are the best way of developing external trade and foreign direct investment as the mainstays of economic growth, and in order to create more and better jobs, ensure access to technologies and pioneering innovation processes, and expand consumer choice.

6.5. During the review period, Panama took major strides forward in terms of public infrastructure, mostly as a result of the Panama Canal expansion, which is undeniably an asset not only to the country but to the world, offering more and better connections to international markets and thereby enhancing the competitiveness of the logistics sector.

6.6. Panama will continue to adopt and implement trade policies geared towards the achievement of the sustainable development goals so that the benefits can be enjoyed by all its citizens.
