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Image: Jose Mario Espinoza



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Panama 2025

The Business Year is thrilled to present its Panama 2025 edition, an in-depth exploration of a country at the forefront of transformation and innovation in the region. With over 150 interviews and exclusive insights, this year's publication captures Panama's dynamic shift into a new political and economic era under the leadership of President José Raúl Mulino.

As the epicenter of Latin American progress, Panama continues to set the regional benchmark in key sectors such as logistics and finance. This edition highlights the nation's growing role as a model for innovation, fueled by the digital transformation sweeping across industries and the integration of AI into operations. Furthermore, the new administration brings a fresh focus on infrastructure, transparency, and economic revitalization, promising a renewed sense of unity and purpose for the next five years.

President Mulino's vision for Panama focuses on sustainable growth, tackling pressing socio-economic issues, and restoring international confidence. Landmark projects, such as the David-Panama train and initiatives like "My First Job" underline the government's commitment to fostering employment and enhancing infrastructure. These measures, combined with an emphasis on coalition-building in a fragmented legislature, signal a bold step forward in positioning Panama as a stable and prosperous nation.

Panama's economy, while encountering challenges in 2024, remains a bastion of resilience. Key sectors, including services, construction, and agriculture, continue to drive growth, supported by prudent fiscal policies and low inflation. Moreover, Panama's strategic diversification into renewable energy and its commitment to reduc-

ing its ecological footprint have cemented its place as a sustainability leader.

The publication also delves into the logistics and maritime industries, which contribute over 30% to GDP. As global supply chain disruptions reshape the sector, Panama's proactive strategy ensures it maintains its standing as a critical hub for international trade.

The agricultural sector, too, showcases Panama's capacity for innovation. With exports like Geisha coffee and organic bananas breaking records, the nation reaffirms its status as a premium supplier in global markets. Likewise, agro-tourism and sustainability initiatives add further depth to the country's rural economy, creating opportunities for both growth and diversification.

This edition underscores how companies are embracing cutting-edge technology, enhancing competitiveness, and aligning with national priorities to elevate Panama's global presence. Industries from manufacturing to tourism are evolving, leveraging Panama's privileged location and unmatched connectivity to drive growth and attract investment.

As the Mulino administration embarks on its tenure, The Business Year provides a comprehensive analysis of the policies, opportunities, and challenges shaping Panama's trajectory. We are proud to chronicle this pivotal moment in the nation's history, highlighting the leaders and sectors driving change, and shedding light on the emerging trends that will define Panama in the years ahead.

Join us as we navigate the future of Panama—an innovation-driven, globally connected, and regionally admired leader. Welcome to The Business Year: Panama 2025. ✖

This publication has been produced by The Business Year International's expert cadre of journalists, writers, editors, and designers. The content contained within is original and was compiled by our team on the ground.



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EXECUTIVE SUMMARY

Panama is focused on economic revitalization, with infrastructure at the heart. The government also has significant challenges to tackle, including reducing migration through the Darién Gap.

IN MAY 2024, José Raúl Mulino won Panama's presidential election, securing 34.41% of the vote and signaling a political shift. His main promises focused on halting migration through the Darién Gap and revitalizing Panama's economy. Mulino, who previously served in key security roles, leveraged his past political success under former President Martinelli, known for substantial infrastructure projects like the Panama Canal expansion. His victory reflects a desire for stability after years of political unrest.

Mulino aims to foster a national unity government, collaborating across party lines to address critical issues like economic recovery, job creation, and social inequality. He has also committed to rebuilding Panama's international reputation by tackling corruption, implementing transparent governance, and attracting global investment. His "My First Job" program targets youth employment, already placing 1,500 young people in formal jobs.

The administration is also focused on the David-Panama train project, which aims to improve national infrastructure. However, Mulino faces a fragmented National Assembly, requiring coalition-building to pass key reforms. As his administration begins, the focus on unity, transparency, and modernization will be crucial in navigating challenges and steering Panama toward long-term prosperity. The success of his presidency hinges on his ability to deliver on these commitments and address Panama's pressing socio-economic issues.

ECONOMIC OUTLOOK

Panama, known for its economic dynamism, is experiencing a slowdown as it enters 2024. The country's GDP grew by only 2.2% in the first half of the year, a significant drop from 8.2% in the same period in 2023. Minister of Economy and Finance, Felipe Chapman, expressed optimism about future growth, with projections from institutions like JP Morgan suggesting a 5.2% increase in 2024, while others estimate rates ranging from 2.5% to 4%.

Several factors contribute to the deceleration, including uncertainties from the election year, reduced investments, and the closure of mining operations. However, Panama's economy remains strong, with a GDP of USD38.65 billion in mid-2024, reflecting a modest increase compared to the previous year. Key growth drivers include the services and construction sectors, which have been pivotal in recent years.

Inflation is notably low at 1.1%, well below the regional average. The government has taken proactive steps to maintain fiscal stability, issuing new Treasury Notes and reducing public spending. The Strategic Government Plan for 2025-2029 focuses on sustainable fiscal management, transparency, and public investment. Despite challenges, Panama's diverse economy and fiscal discipline position it for resilient growth and continued investment opportunities in the coming years.

NAVIGATING CHALLENGES

Panama’s maritime and logistics sector, contributing over 30% to GDP and 320,000 jobs, is vital yet faces challenges. The Chamber of Maritime Panama’s “Visión Marítima País 2024-2029” outlines a six-pillar strategy to ensure growth and competitiveness. Priorities include developing human capital through education, enhancing sustainability to reduce the ecological footprint, and modernizing infrastructure like ports and transport networks. Regulatory improvements, inter-agency coordination, and digitalization are also key. Despite hurdles like global supply chain disruptions and climate risks, Panama’s strategic approach positions it to maintain its status as a global maritime leader and secure the sector’s long-term viability.

QUALITY OVER QUANTITY

As Panama enters the agricultural year 2024-2025, its agricultural landscape remains diverse, with promising prospects fueled by favorable weather patterns and projections from the Ministry of Agricultural Development (MIDA). Six key crops—coffee, bananas, pineapples, watermelon, cacao, and avocados—are expected to drive profitability.

Coffee, particularly the high-demand Geisha variety, remains a standout. Known for its exceptional quality, Panama’s coffee is fetching remarkable prices on international markets, including a record-breaking USD10,013 per kilogram at the Best of Panama auction. The Lamastus Estates Family, with its four generations of coffee expertise, exemplifies the region’s commitment to heritage and quality.

Bananas, especially organic varieties, are seeing rising demand due to consumers’ preference for healthier, sustainable options. Panama’s banana industry is a major exporter, generating substantial revenue and jobs. Pineapples, notably the sweet MD-2 variety, continue to be a profitable crop, and watermelon production is expanding with strong export prospects, particularly for seedless varieties.

Cacao, particularly fine-flavor varieties, has carved a niche in Panama’s agricultural landscape. Regions like Bocas del Toro and Chiriquí are known for producing high-quality cacao, which has gained increasing demand in global markets. Similarly, the demand for Hass avocados is surging, and Panama’s suitable growing conditions position its farmers to meet the global production deficit.

Agro-tourism is also gaining traction, particularly in Boquete, where coffee tourism has become a vital business avenue, supporting both local coffee sales and the regional economy.

In conclusion, Panama’s agricultural sector is set for continued success through innovation, sustainability, and responsiveness to market demands. With its focus on high-quality, sustainable products, Panama is reinforcing its position as a leader in global agricultural exports, benefiting both local farmers and the nation’s economy.

EMBRACING RENEWABLE ENERGY SOURCES

In 2024, Panama is poised to lead in renewable energy, with 70.3% of electricity projected to come from renewable sources. Hydropower dominates at 51.7%, complemented by wind, solar, and biomass. Investments exceeding USD10.5 billion, including the USD1 billion Generadora Gatún plant, aim to diversify energy sources, stabilize prices, and support industrial growth. Challenges like climate change and El Niño, which cut hydro output by 23% in 2023, highlight the need for resilience. Regional initiatives to expand transmission capacity will strengthen cross-border energy trade. Panama’s commitment to sustainability positions it as a key player in the global renewable energy landscape.

NEW INDUSTRIAL HORIZONS

Panama’s industrial sector is set for modest growth of 1% in 2024, impacted by the cessation of mining activities yet buoyed by a 4.1% recovery amid favorable international conditions. Contributing significantly to the 3.6% growth in 2023, the sector employs over 149,400 individuals, ranking fourth among employers. Challenges such as Cobre Panamá’s closure and rising freight costs loom, yet opportunities like FATF gray-list removal and discussions on semiconductor inte-

gration promise growth. Companies like 3M and Grupo Calesa underscore innovation through sustainability and advanced technology, ensuring Panama’s potential as a regional manufacturing and logistics hub.

VISIT PANAMA

In 2024, Panama’s tourism industry is witnessing impressive growth, projected to generate 19.3% of the country’s total employment by year-end. Micro, small, and medium enterprises (mipymes) are at the heart of this growth, making up 90% of the sector and contributing significantly to the national economy. With the tourism sector accounting for 16.4% of Panama’s GDP, the expected influx of 2.9 million tourists this year is set to inject USD1.8 billion into the economy.

José Ruiz, General Manager of Tocumen International Airport, notes, “Currently, around 55,000 people pass through the airport daily, and we anticipate handling approximately 19 million passengers in 2024 total.” This strategic increase in tourist arrivals is driving demand for local businesses. However, mipymes must embrace digital transformation to stay competitive, overcoming challenges like high technology costs and limited online presence. ✖

GDP PER CAPITA (2023)

SOURCE: WORLD BANK

USD18,661

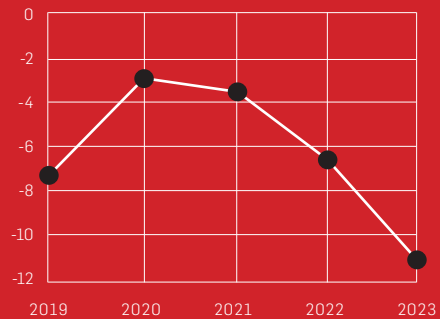
INFLATION (2023)

SOURCE: MACROTRENDS

1.49%

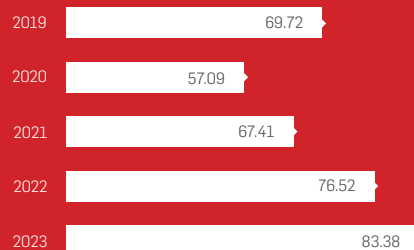
MERCHANDISE TRADE BALANCE (USD BN)

SOURCE: XX



GDP (USD BN)

SOURCE: THE WORLD BANK



MARCH 28, 2024

Panama is officially downgraded by Fitch Ratings from BBB- to BB+ due to fiscal challenges and poor governance, worsened by the closure of its largest mine. Despite this, Fitch highlighted stable growth prospects, driven by logistics and the Panama Canal.

JUNE 6, 2024

President José Raúl Mulino announces the USD5 billion David-Panama train project to enhance regional integration. The 391.3-kilometer route, expected to operate at speeds of up to 160 km/h, will create 6,000 jobs over six years.

JULY 8, 2024

President Mulino accepts an invitation to begin integration into MERCOSUR, emphasizing Panama's connectivity and the importance of private-sector consensus as vehicles for successful integration.

AUGUST 27, 2024

Construction begins on a 3.6km, six-lane bridge over the Panama Canal. The project will ease congestion, support 55,000 vehicles daily, and create over 5,000 jobs.

MAY 5, 2024

Panama records its highest voter turnout since the return to democracy, at 77.7%. José Raúl Mulino won the presidency with 34.2% of the vote. The elections also marked a shift toward independent representation in the National Assembly.

JULY 4, 2024

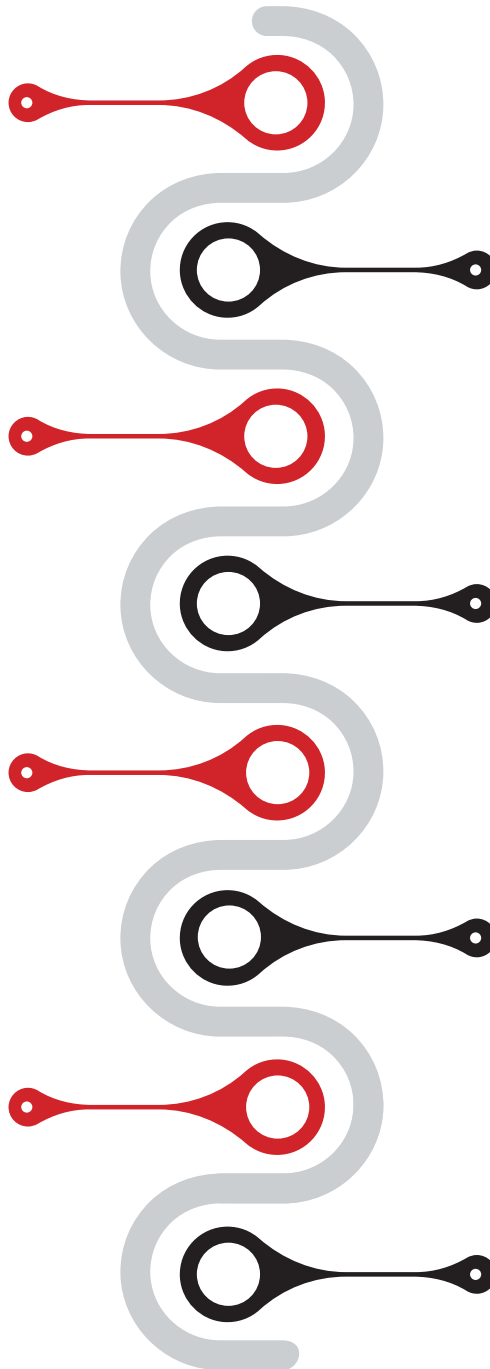
The government announces stricter migration regulations with US support. Measures include repatriation flights and enhanced border controls, sparking concerns from human rights organizations.

AUGUST 26, 2024

Panama signs trade agreements with China, signaling potential Free Trade Agreement negotiations. This initiative aims to strengthen economic ties and boost exports in key sectors.

NOVEMBER 14, 2024

Panama announces new fuel prices. Diesel will increase by USD0.07 per gallon to USD3.01, and 91-octane gasoline will rise by USD0.01 to USD3.21, reflecting global oil price trends.



BRIDGING *the Gap*



José Raúl Mulino is focused on bringing stability to the region and the significance of upholding the rule of law.

José Raúl Mulino
PRESIDENT
PANAMA

BIO

José Raúl Mulino, born on June 13, 1959, in David, Chiriquí, is the 39th President of Panama, having assumed office on July 1, 2024. A lawyer by profession, he earned his law degree from Universidad Católica Santa María La Antigua and a master's in maritime law from Tulane University. Mulino's political career includes serving as Minister of Foreign Relations (1993–1994) and Minister of Public Security (2010–2014). Initially nominated as the vice-presidential candidate for Ricardo Martinelli in the 2024 election, Mulino became the presidential candidate after Martinelli's disqualification and won the election with 34% of the vote. As president, he has focused on strengthening national security and maintaining Panama's sovereignty over the Panama Canal amid external pressures.

AS WE STAND at the crossroads of an interconnected world, it is impossible to ignore the consequences of global challenges that test our resilience and demand our collective response. These challenges range from migration crises to political instability and the unfair treatment of nations like Panama in discriminatory financial lists. These matters deserve our attention, not only for their immediate impact, but also for the future of our region and the world.

In recent years, Panama has been facing one of the most profound and complex crises in its history—the surge of illegal migration through the Darién Gap. This region, once an untouched paradise of biodiversity, has now become the primary transit route for migrants seeking a better future. The Darién Gap has become, as I have often said, the new “frontier” of the United States.

We are confronted with the grim reality that illegal migration, fueled by political, social, and economic instability, is no longer just a regional issue. Panama is on the frontlines of a global crisis. While it has been a hub for trade and connection, it is now being used as a passage for migrants fleeing their homes in search of a better life. It is a situation that stretches the limits of our national resources, exposing our country to significant social, environmental, and financial costs.

The journey through the Darién is a dangerous one. Organized criminal groups profit from the desperation of people who have no choice but to embark on this perilous journey. This human tragedy is compounded by environmental devastation in the region. Migrants leave behind a trail of destruction, including the disposal of waste that harms the delicate ecosystem of the Darién National Park. The environmental cost is enor-

mous, and it is a burden that Panama should not have to bear alone.

At the same time, Panama is not just a bystander; we are an active participant in the global response to this crisis. As a country that plays a pivotal role in international trade and regional security, we are committed to addressing this issue, but we cannot do it alone. The international community must step in and provide the necessary support to help Panama manage this humanitarian crisis. We need your help to ensure that the Darién Gap does not continue to be the graveyard of dreams for those seeking a better future.

A primary driver of this crisis is the political instability in Venezuela. The situation in Venezuela has led to one of the largest migration crises in modern history. According to the United Nations, over 8 million Venezuelans have fled their country in search of safety and opportunity. This exodus is not just a matter of numbers—it is a human tragedy that has reshaped our region.

Venezuela's political regime has inflicted untold suffering on its people, pushing millions to leave their homes in pursuit of a future free from fear and scarcity. While the government of Nicolás Maduro continues to deny the reality of the crisis, the rest of the world cannot afford to ignore it. The Venezuelan people are seeking freedom, democracy, and stability—values that should resonate with all of us.

In our discussions with fellow leaders, I have called attention to the need for a concerted global effort to address the root causes of migration. We cannot continue to let instability and dictatorship fuel the mass migration of desperate people. Venezuela's crisis is a stark reminder of the fragility of democracy and the importance of up-

holding the rule of law in every nation. The international community must take a stand and support the restoration of democracy in Venezuela.

It is crucial that we do not allow the actions of one nation to destabilize an entire region. The impact of Venezuela's crisis reaches far beyond its borders, and the rest of the world must step up to help.

In addition to the migration crisis, Panama is also facing a series of challenges on the international stage, particularly regarding the unjustified inclusion of our country in financial blacklists. It is deeply unfair that Panama, a country that has made tremendous strides in reforming its financial and legal systems, continues to be placed in the same category as countries that have committed grave atrocities and failed to adhere to international norms.

Panama is not a tax haven. We have worked hard to comply with international standards of transparency and have entered into agreements with many countries to combat money laundering and other illicit financial activities. Yet, despite our efforts, Panama remains on these lists, while other jurisdictions with far less transparent practices are not subjected to the same scrutiny.

This situation is not only harmful to our economy—it undermines Panama's reputation as a stable and trustworthy partner in global trade. It is a serious blow to our ability to attract investment and grow our economy. And it is unacceptable that we should continue to be penalized for actions that are not reflective of our reality.

The time has come for us to take a stand. I have made it clear that Panama will not tolerate this injustice. As President, I have instructed my government to take concrete measures to address this issue. We will not allow companies

from countries that support these discriminatory lists to participate in our public procurement processes. We will also work to ensure that these countries do not receive Panama's vote in international organizations.

Our fight against these unfair financial lists is not just about protecting Panama's interests—it is about defending the principle of fairness in the international community. We will continue to advocate for a more just and equitable system, where nations are held to the same standards and treated with the respect they deserve.

I call on the international community to join Panama in addressing the issues that affect us all. Migration is not a problem for one country to solve alone. Political instability, particularly in Venezuela, has far-reaching consequences that demand a unified response. And the unjust financial blacklisting of Panama is an affront to the principles of justice and equality that we all hold dear.

Panama has always been a nation committed to peace, democracy, and the well-being of its people. We have worked tirelessly to be a reliable partner in the global community, and we will continue to do so. But we cannot do it alone. We need your support to address the challenges we face today and to ensure that future generations can live in a world of peace, stability, and opportunity.

We must remember that the challenges of today are the opportunities of tomorrow. By working together, we can create a better future for all. Panama is ready to do its part—but we need the world to stand with us.*

**Adapted from a speech given on September 25, 2024 at the United Nations General Assembly*

A FRESH *start*



President José Raúl Molino Quintero has promised a more transparent government and a stronger, more resilient economy for Panamanians.

Juan Carlos Orillac
MINISTER OF THE PRESIDENCY,
PANAMA

The David-Panama train project aims to enhance connectivity and stimulate economic growth

The “My First Job” initiative integrates 1,500 young Panamanians into the job market

Given the challenging environment the new administration has encountered, what plans do you have to recover Panama's image and attract international investment?

As we reflect on our first 100 days under President José Raúl Molino Quintero, it is evident that we have had to undertake significant reform to address the issues we inherited. One of the first actions was to revise a budget that was misaligned with the state's actual income, resulting in an adjustment of over USD1.1 billion. Our next step was to build a transparent government. Transparency is vital for both local and international confidence. This level of transparency fosters legal security, reassuring investors that they can confidently engage with Panama. Additionally, we have taken decisive steps to combat corruption and protect our social security fund, which is crucial for the well-being of our retired citizens. These actions signal to investors that Panama is serious about reform and governance, and we have already seen positive shifts in how rating agencies assess us. The recent approval of the 2025 General State Budget aligns with our realistic financial outlook, reinforcing our commitment to responsible fiscal management.

What areas are you concentrating on to attract investment?

We welcome investors from all regions with which we maintain trade and diplomatic relations. Our focus is on creating a conducive environment that reassures investors about their potential returns and the security of their investments in Panama. We have been actively engaging with various investors to ensure they understand the regulatory landscape and feel comfortable navigating it. It is crucial for us that potential investors perceive an accessible environment where they do not face undue hurdles or special conditions that could complicate their entry. We want to assure them that their investments will be managed in accordance with Panamanian law and regulations. Moreover, we are seeing a renewed interest from investors who recognize the positive changes happening in the country. By demonstrating our commitment to transparency and fair governance, we aim to foster confidence that will attract diverse investments across various sectors. As we continue to cultivate these relationships, we

expect to see more projects, such as the biorefinery, emerge as a testament to Panama's potential as a prime investment destination.

What plans does the National Railway Secretariat have for the David-Panama train project?

The David-Panama train project is indeed an exciting endeavor that will transform our national transport system. We initiated this project by establishing the National Railway Secretariat, which serves as the cornerstone for our planning and execution. Currently, we are conducting analyses to determine the most efficient route and to explore the financial viability of this project. This project is not just about rail transport; it is part of a larger vision to enhance connectivity and stimulate economic growth throughout the country. By providing a modern transport option, we aim to facilitate trade and movement, making Panama even more attractive to investors. Our commitment to thorough planning and execution will ensure that we are well-prepared to move forward with this initiative at the right time.

What are your expectations for the “My First Job” initiative, aimed at helping young people enter the workforce?

The “My First Job” initiative is a vital part of our strategy to empower the youth of Panama. We have successfully integrated around 1,500 young individuals into the formal job market. The program is designed to allow young workers to demonstrate their capabilities, with employers having the option to retain them based on their performance. Thus far, approximately 900 companies have expressed interest in keeping their young hires, which is a promising indication of the program's impact. We recognize that, while we want to provide opportunities for all young people, budgetary constraints can limit our reach. However, the Ministry of Labor has been proactive in organizing job fairs and facilitating connections between young job seekers and employers. For example, a recent job fair offered over 4,000 positions, reflecting the growing confidence in our economy. By nurturing a robust job market and creating pathways for young people, we aim to rejuvenate the economy and instill hope for a brighter future. ✖

BIO

Appointed as minister of the presidency for Panama's 2024-2029 administration under President José Raúl Molino, Juan Carlos Orillac is a seasoned lawyer with over 26 years of experience. He has directed family businesses in real estate for more than four decades and served in various public roles, including legal advisor to the National Mortgage Bank and director of ONPAR. Orillac also held key positions during Ricardo Martinelli's presidency, such as secretary of the administrative unit for reverted properties.



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