

BACKGROUNDER ON PANAMA

Panama-Singapore FTA Press Conference, 8 April 2005

A) ABOUT THE REPUBLIC OF PANAMA

- i) **Area:** 75,520 sq km
- ii) **Population:** 3.1 million
- iii) **Language:** Spanish (national language), English (commonly spoken)
- iv) **GDP (current prices):** US\$18.6 billion
- v) **GDP per capita:** US\$4,317
- vi) **GDP Growth Rate:** 3.2%
- vii) **Economic Structure:** 77% services, 16% industry, 6.9% agriculture
- viii) **Major Trading Partners:** USA, EU, Central America & Caribbean, Japan
- ix) **Exchange Rate (av):** 1 Balboa per US\$

B) BILATERAL TRADE WITH SINGAPORE

Source: International Enterprise Singapore

i) Bilateral trade (2004): S\$2.2 billion (+9.4%)

In 2004, Panama was Singapore's 27th largest trading partner and the largest in Latin America. In 2004, bilateral trade grew by 9.4% to reach S\$2.2 billion as compared to 2003. Trade was dominated by exports which accounts for more than 99% of the total trade.

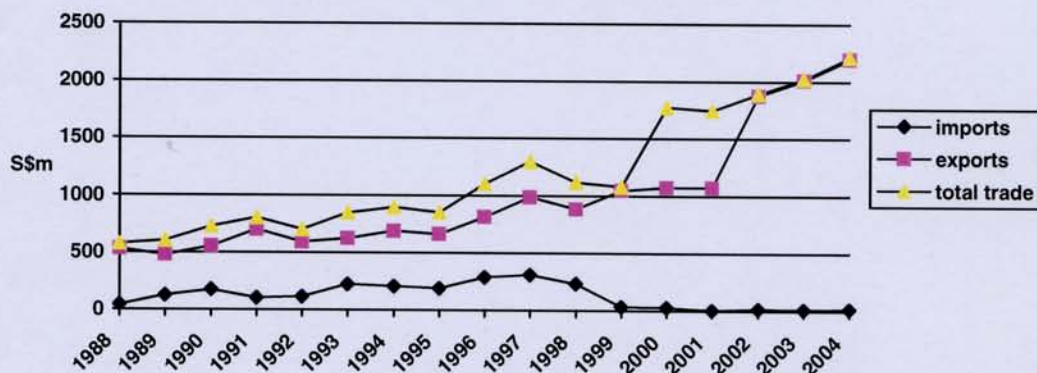
ii) Imports from Singapore: S\$18.9 million (+100%)

Main import items: Fish products (fresh, chilled, frozen, salted, dried or smoked) and measuring instruments.

iii) Exports to Panama: S\$2.2 billion (+9%)

Main export items: Refined petroleum products, ship & aircraft stores and VCRs, VCDs and sound recorders.

Singapore-Panama Bilateral Trade, 1988 - 2004



C) TRADE AND INVESTMENT OPPORTUNITIES

Trading Gateway to the Region

Panama is a hub for the region comprising of the Caribbean, Central America and mainly countries to the north of South America (namely Columbia, Venezuela, Ecuador, Peru and some parts of Brazil). Despite the global economic slowdown, trade handled by the Colon Free Zone continues to increase. A large part of the imports are coming from Hong Kong, China and Taiwan. The Colon Free Zone has plans to enhance its operations by using electronic documentation (similar to Tradenet) and to build a new cargo airport and develop logistics operations.

Ports

In line with the increase in regional trading activities, port activity has also been growing steadily. The Manzanillo International Terminal (MIT) handles about 1.8 million TEUs per year. About 70% of this is transshipment cargo. The demand in hub traffic has also spurred the expansion of ports and airports.

Airports

The Tocumen International Airport is over-congested and there are immediate plans for expansion. COPA airline uses Panama as a hub and has been successful over the past few years in promoting the use of Panama as "Hub of the Americas". Panama, as a regional air hub, has good potential for further growth after completion of the airport expansion project. The airport expansion project is estimated at about USD60 million.

Infocomms and Related Services

Panama is also the point of convergence for several sub-marine telecommunications cables connecting the Western Hemisphere to Asia and Europe, including Global Crossing. Hence Panama has very good international connectivity at relatively low rates. Being in the same time zone as the US, Panama also has the potential to serve as an ICT services hub.

The good telecommunications infrastructure can also help Panama position itself as a regional ICT hub for new ICT companies to enter the region and develop ASP services for the region.

Industrial Parks and Techparks

The former Howard airbase (about 20 sq km) will be converted into a new special economic zone with its own laws and regulations governing labour and taxation. This zone is envisaged to serve as a base for various high-tech manufacturing activities. The Panamanian government is looking for experienced companies to help promote and develop the economic zone and Singapore developers could explore this opportunity.

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About International Enterprise Singapore (IE Singapore)

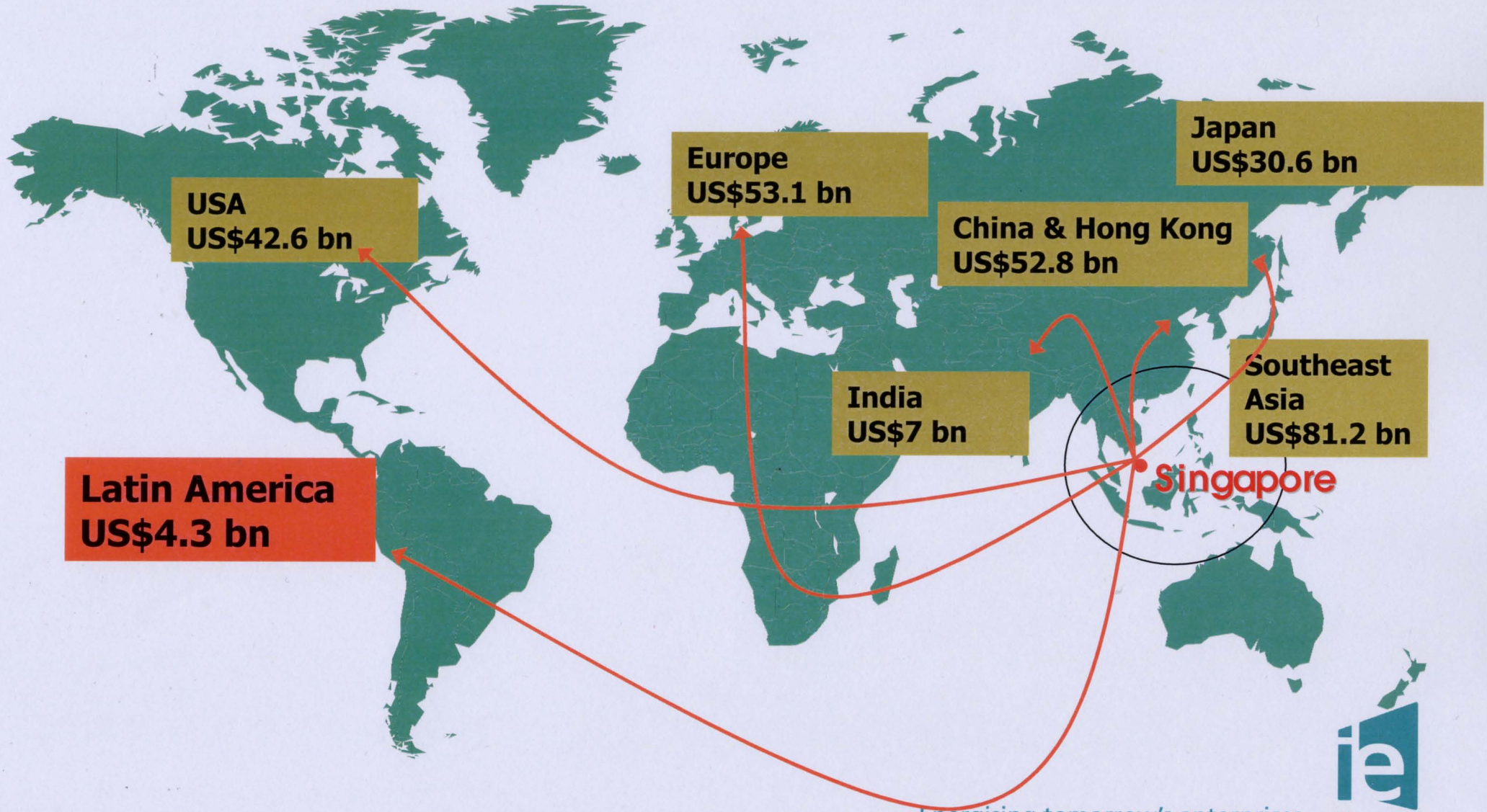
(Note to Editor: Please use "IE Singapore" or "IE" if an acronym for "International Enterprise Singapore" is required.)

Formerly known as the Singapore Trade Development Board (TDB), International Enterprise Singapore – or IE Singapore for short – is the lead agency spearheading Singapore's efforts to develop its external economic wing by helping Singapore-based companies to globalise.

The mission of International Enterprise Singapore (IE Singapore) is to help Singapore-based companies grow and internationalise successfully. Its presence in 35 locations around the world provides market intelligence and local market know-how to help companies overcome market boundaries and spot business opportunities. Promoting and facilitating business and investment for Singapore-based companies in Panama are IE Singapore's overseas centres in Mexico City and Sao Paulo, under its International Operations (Americas). A map with the location of Panama is attached.

For more information, please visit www.iesingapore.com

Singapore's Trade with our Key Regions, 2004



Latin America
US\$4.3 bn

USA
US\$42.6 bn

Europe
US\$53.1 bn

China & Hong Kong
US\$52.8 bn

Japan
US\$30.6 bn

India
US\$7 bn

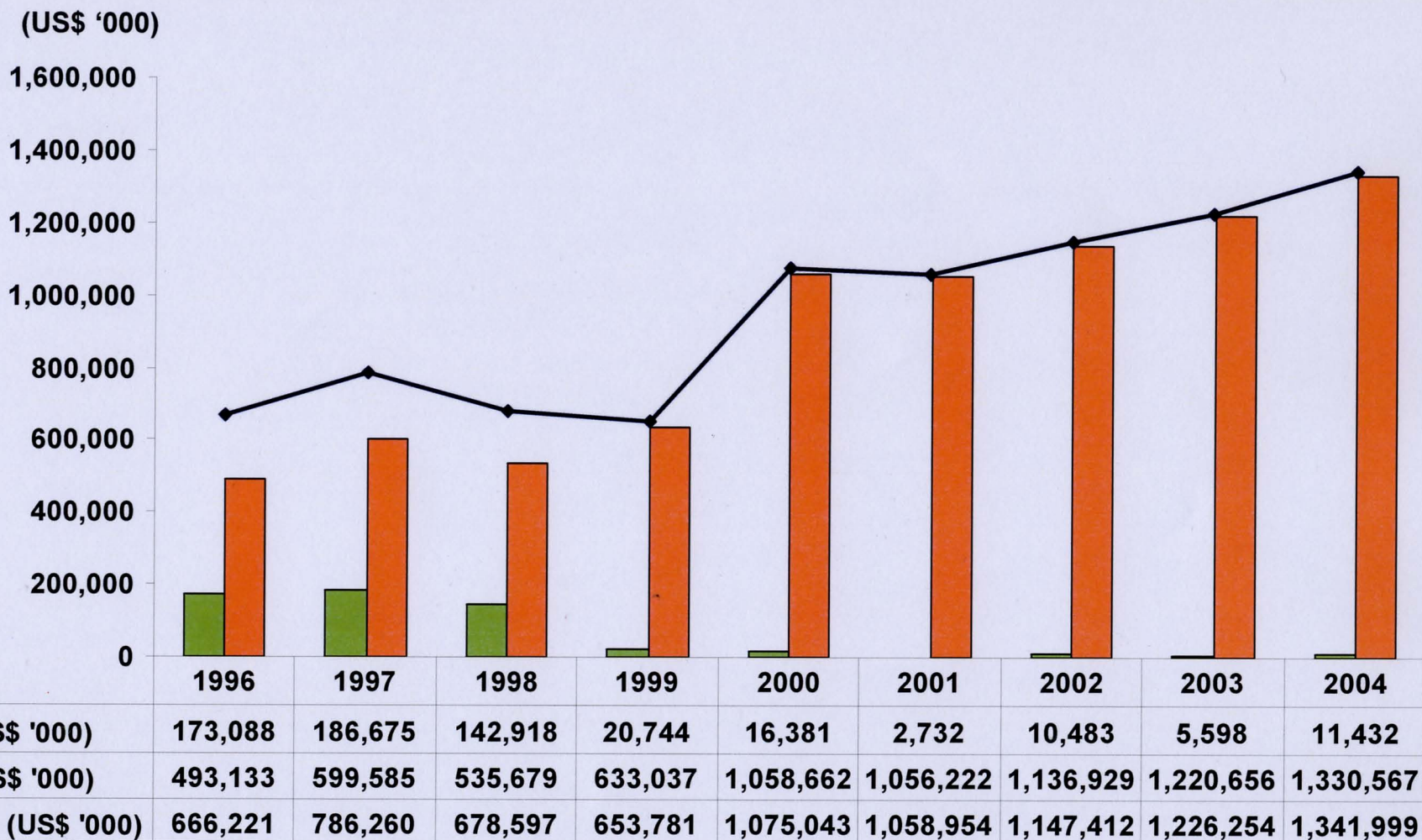
Southeast Asia
US\$81.2 bn

Singapore

Singapore's Trade with Top 10 Latin American Countries, 2003 – 2004 (US\$ mil)

Rank	Country	2003	2004
1	Panama	1,226.2	1,342
2	Mexico	1,063.3	1,316
3	Brazil	585.9	900.2
4	Bahamas	210.4	193.0
5	Argentina	52.7	182.5
6	Costa Rica	85.9	178.8
7	Venezuela	71.8	111.2
8	Chile	93.9	110.3
9	Antigua And Barbuda	51.3	101.5
10	Peru	16.4	33.9

Singapore-Panama Bilateral Trade 1996 - 2004



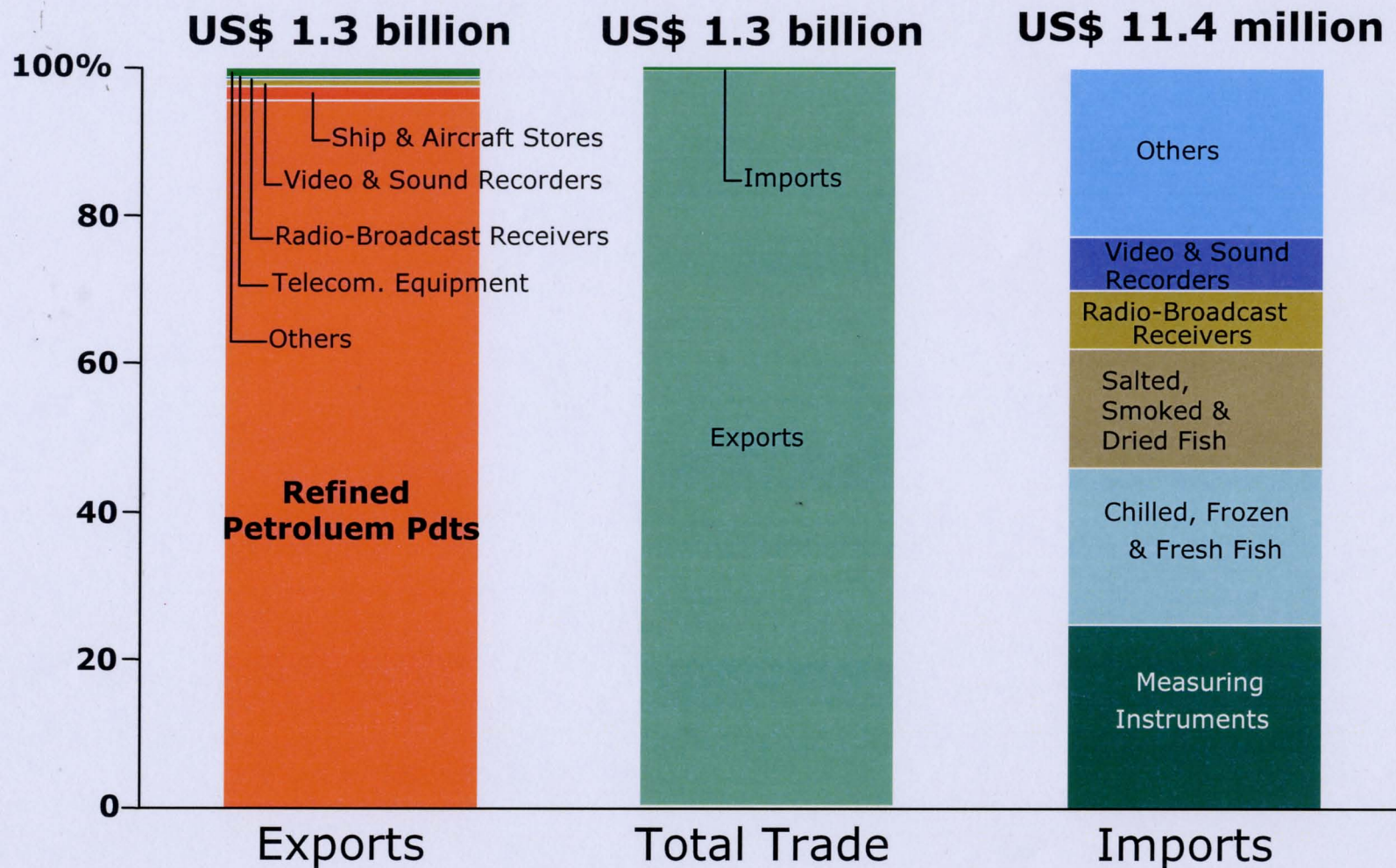
Source: IE Singapore

Energising tomorrow's enterprises



Singapore-Panama Bilateral Trade Composition

Singapore-Panama Bilateral Trade Composition, 2004



Location of The Republic of Panama

