



Report Overview

This report will outline the strongest industries in Panama and further evaluate niches in its top city, Panama City. The research will focus on the cities previously mentioned and will have a focus on the top industries in those cities as well as a focus on the college's interest in Central America.

Panama at a Glance

Panama has a dollar-based economy that rests primarily on services such as operating the Panama Canal, offshore banking, and insurance, but Panama has the second most unequal income distribution in Latin America.¹ Panama's transportation and logistics services sectors, along with infrastructure development projects, have boosted economic growth. However, public debt surpassed \$37 billion in 2016 because of excessive government spending and public infrastructure projects.

In 2016, a recent expansion project on the Panama Canal more than doubled the its capacity, enabling high-capacity vessels to traverse the canal. This redevelopment of Panama's infrastructure links with the Government's 5-year "Strategic Development Plan 2015-2019" that focuses on two pillars: inclusion and competitiveness, focused on five objectives: enhancing productivity and diversifying growth, enhancing quality of life, strengthening human capital, improving infrastructure and improving environmental sustainability.²

- Population: 3.8 million
- GDP per capita: (USD) 11,513
- GDP: (USD) 61.8 billion
- Unemployment: 6.0%
- Youth unemployment: 11.5%
- Inflation: 0.9%³

The US-Panama Trade Promotion Agreement was approved by Congress and signed into law in October 2011 and entered into force in October 2012. Other important components of the service economy are the Colon Free Trade Zone (CFZ), which is the second largest free port in the

¹ <https://universumglobal.com/rankings/panama/>

² <https://www.businesspanama.com/invest-in-panama/panama-as-headquarters-for-multinationals/36/b/>

³ <https://www.cia.gov/library/publications/the-world-factbook/geos/pm.html>

world, and the Trans-Panama Pipeline, which allows for the transport of crude oil between the Pacific and Atlantic coasts.⁴



Panama City overview

Panama city's main exports are construction, brewing, cement, medicines, petroleum products, ships and agricultural commodities. The United States, Ecuador and Venezuela are the main recipients of these exports. Agriculture represented 2.4% of the GDP in 2017, employing 14.8% of the active population. Panama mainly produces bananas and various other fruits, vegetables, corn, sugar, rice, coffee, construction wood, livestock and shrimp. The industrial sector is moderate and contributes only 15.6% to the GDP, employing 18.4% of the workforce. The main industrial activities are based on industrial food preparation, dairy products, sugar refinery, clothes manufacturing, petroleum products, chemical products, paper and its by-products, printing, furniture manufacturing and construction. Panama's dollar-based economy rests primarily on a well-developed services sector that accounts for 77% of GDP and employs 66.8% of the population. Services include operation and management of the Panama Canal, logistics, banking, the Colon Free Trade Zone (a centre of foreign investment in the manufacturing industry), insurance, container ports, flagship registry and tourism. Panama is also an important country for offshore banking.⁵

Population: 36,986 Unemployment rate: 3.8%

GDP per capita: (USD) 11,513*

**The data for Panama the country was used as a replacement for the GDP of Panama City*

Several notable companies hold their main offices in Panama as well. Such companies are: Samsung (Technology), Marriott (Services), Nestle (Food services), Microsoft (Technology), Scotiabank (Banking), Dell (Technology), Caterpillar (Construction), Sony (Technology), Procter and Gamble (Consumer goods), Cisco Systems (IT Systems), 3M (Manufacturing), and others. Panama also hosts start-up companies such as: ASAP (Courier service app), Workings Latam (Co-working space), Degusta (Restaurant guide database), Media Rank (Analytics service), La Media (Entertainment content agency), Criptext (Software), Venmetro (Online loan platform), and The Innovation Center (Business incubator).⁶

⁴ <https://www.nordeatrade.com/fi/explore-new-market/panama/economical-context>

⁵ <https://www.focus-economics.com/countries/panama>

⁶ <https://theculturetrip.com/central-america/panama/articles/the-best-startups-to-watch-out-for-in-panama-city/>