

Panamanian business associations whose mission is to promote investments in Panama:

Provide information on economic, financial and social aspects of Panama.
Advantages and requirements for investing in business ventures.
Coordination with government authorities and private sector entities.
Advice on queries or concerns related to specific projects.
Advice on legislations and incentives related to investments, specially in the areas of tourism, offshore corporate transactions and retirees.

Associations:

Inter-American Council for Commerce and Production (CICYP)

www.cicyppanama.com

American Chamber of Commerce (AMCHAM)

www.panamcham.com

Panama Association of Insurers (APADEA)

www.apadea.com

Panama Executive Society (APEDE)

www.apede.org

US-Panama Business Council (USPA)

www.us-panama.org

Panama Chamber of Commerce

www.panacamara.com

Panama Industrial Society (SIP)

www.industriales.org

Real Estate Association (ACOBIR)

www.acobir.com

Panama Construction Chamber (CAPAC)

www.capac.org

Panama Free Zone User Association (AU)

www.auzonalibrecolon.com

Government Institutions

Ministry of Commerce and Industry (MICI)

Panama Institute of Tourism (IPAT)

Colon Free Zone

Panama Canal Authority (ACP)

Banking Commission

AEEPP

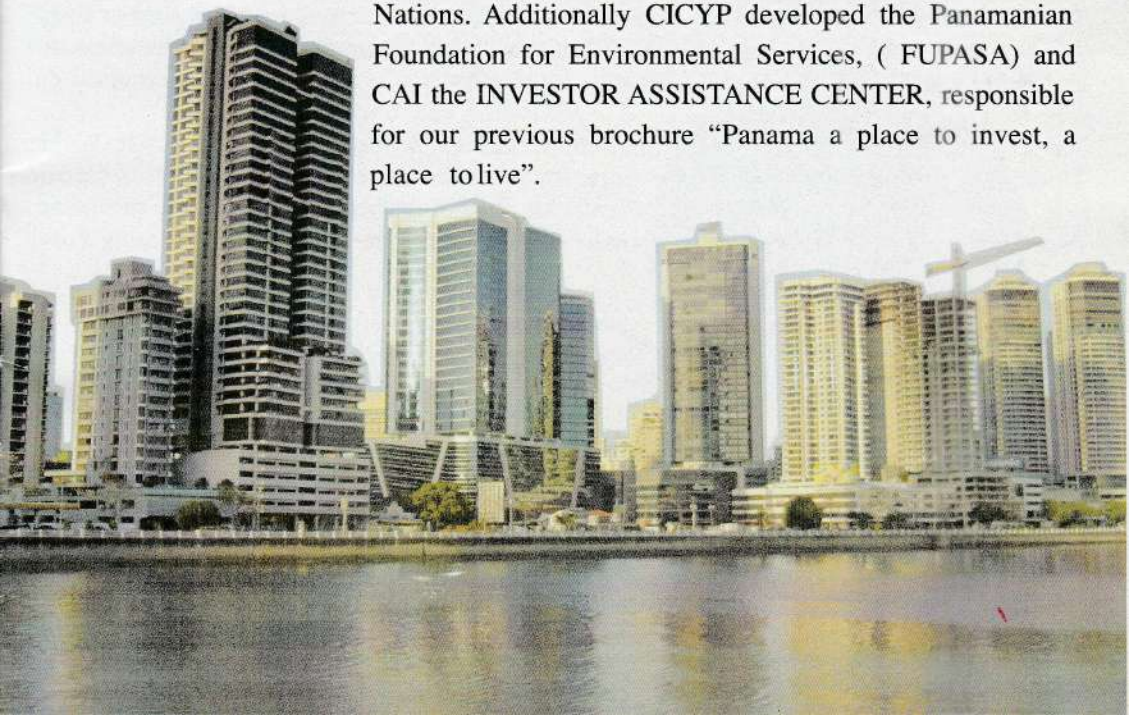


History of CICYP?

CICYP was founded in 1941 in “Punta del Este”, Uruguay by the Business community of the Americas under the leadership of “ The Chambers of Commerce and Production” of all the nations of the American Continent, with the objective of representing entrepreneurs and businessmen continentally, in order to promote free enterprise, freedom and dignity of man, promoting economic and social development and strengthening communications between the private sector, workers, government and international organizations. Another objective was to achieve cooperation destined towards economic integration, as well as the reinforcement of commercial trade and maintaining solutions that contribute to improve the standard of living of people in the Americas.

CICYP in Panama is a non-profit organization that operates as a promoter of ideas and projects (think tank) for the benefit of the economic and social progress of our country. Among its most important and recent successes are the coordination of tasks for the approval of the Constitutional Title on the Panama Canal Authority and the Law that established the Inter-oceanic Region Administration (ARI) as administrator of former Panama Canal Zone installations, reverted to Panama.

CICYP also organized the United States, Panama Business Council (USPA), and “Euro Center” the latter enhancing the exchange of international business with European Nations. Additionally CICYP developed the Panamanian Foundation for Environmental Services, (FUPASA) and CAI the INVESTOR ASSISTANCE CENTER, responsible for our previous brochure “Panama a place to invest, a place to live”.



Why Panama?

Different reasons in favor of Panama:

An Economy based on the US dollar, founded in a Monetary agreement signed with the United States in 1904 and authenticated by Law Decree No. 74 of that same year that allows the free circulation of the US dollar on a par with our Balboa (currency of legal course in the Republic of Panama) and unrestricted capital flows.

Our Economic stability, given the use of the US dollar, the Panamanian economy does not undergo the swings of monetary fluctuations of other nations and we have not faced high levels of inflation. (Until the year 2005 Panama had minimal inflation only the fluctuation in the prices of petroleum products has been able to reverse this trend in recent months).

The Colon Free Zone, created by Law 18 of 1948, has become the second largest Free Zone of the World and its importance for Latin America is unquestionable as a means of supplying world products to and from our countries.

The Panama Canal: in 1914 one of the wonders of the world opened its doors to World Trade and a strategic path to all the ships. In 2006 the extension of the Panama Canal was approved by a referendum of Panamanian citizens. This investment will allow an important increase in the number of transits and the size of the ships using this route.



OUR INTERNATIONAL Financial Center. With the construction of the Canal Panama became a financial center with the opening of international banks in 1904. With the new banking regulation in the 70' s, the Financial Center of Panama grew substantially and currently consists of more than 100 local and international banks with financial assets in excess of 60 billion dollars.

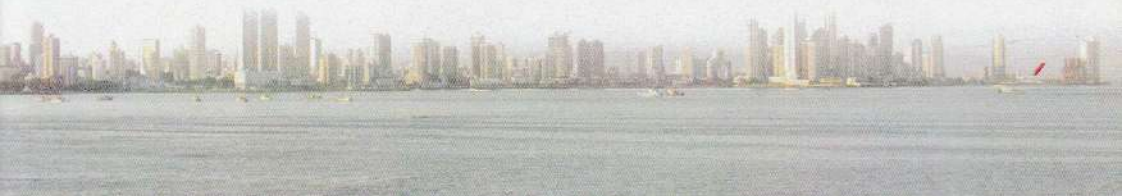


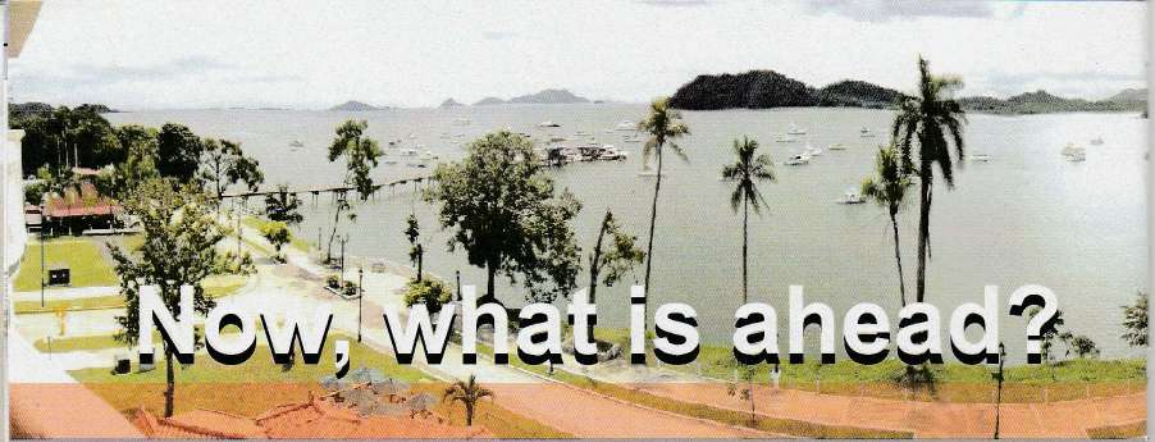
Democracy. Since the end of the military dictatorship in 1989, Panama returned to a democratic environment, greatly strengthened, during the last seventeen years.



Service Economy - Since the arrival of the Spaniards in the 1500's, Panama has been considered as a place apt for the transit of merchandise and ideal for international trade. Five hundred years later, and with a wealth of experience, the country maintains its historical vocation for trade and international services.

Fiscal system based on territorial income this system has been the reason why many international corporations have been established in our country since they will only pay taxes on transactions carried out in our territory; whereas all incomes generated outside of Panama, will be tax-free in this country.





Since 2003 Panama has been the recipient of investors and Baby Boomers who have settled in Panama after looking for other alternatives for investments in second houses or winter homes. This has been more evident for North Americans and Canadians, as well as Europeans, who have found that Panama is a country that has much to offer:

- No hurricanes or tornados
- No active volcanoes
- No Earthquakes
- One can visit a beach on the Caribbean or Pacific in less than one hour only 80 Km. from the city.
- Cost of living very reasonable and among the lowest in the world for large capital cities.
- A city with a modern, changing infrastructure, and impressive growth.

This arousal in Panama, caused by Baby Boomers was the beginning of a real estate boom without precedent in our country, and comparable only to the one of the 90's in Miami. The Baby Boomers looked for a warm, amiable, friendly place, that was also economical and with a similar infrastructure to which they were accustomed. Panama fit into this scheme, and overnight complete urbanizations have been developed in cities and towns outside of Panama City as well as in beaches and mountain areas, with a focus on this market.

But at the same time, newcomers realized that the City of Panama also was a gem for tranquility, stability, with first world infrastructure, yet similar to a small city in the United States, with impressive condominiums overlooking the bay and very attractive to buyers.

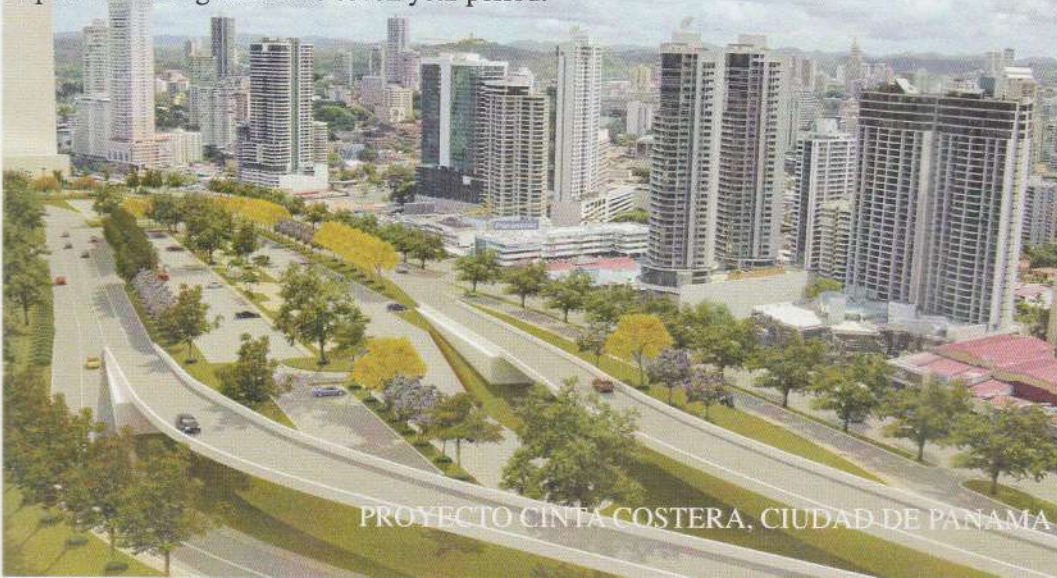
European investors joined the Baby Boomers' supported by a strong Euro value versus the U.S. Dollar (taking advantage not only of the greater value of the Euro, but also of the lower property costs in Panama). Investors from Latin American countries that are faced with serious political and social problems have also found Panama to be a place



of interest with multiple investment opportunities. Panama is very cosmopolitan and accustomed to seeing foreigners. New residents are well received and made to feel at home.

Finally, but keeping pertinent facts in perspective, we find ourselves at the start of major project, the expansion of the Panama canal, at an estimated cost of \$5.250 million; a figure that will no doubt attract the attention of potential investors.

Other projects such as the Panama Colon freeway; the conclusion of the north corridor to the Tocumen international airport; the remodeling and extension of this airport; the construction of one or two refineries, one in the Pacific and another one in the Caribbean; the construction of the “ Bay Way” and several thermal and hydroelectric generating plants; the electrical interconnection with Colombia and the Colombia Panama gas pipeline; a new modern transport system for the city of Panama; are significant infrastructure projects that could more than triple the investment of the Panama Canal expansion during this same seven year period.



PROYECTO CINTA COSTERA, CIUDAD DE PANAMA

The future for this small republic, with a population that only recently reached the level of three million and which with new residents and immigrants both legal and otherwise could be close to four million, is very promissory to say the least.

Comparative advantages:

A privileged geographic location in the middle of the continent.

Political and economic stability based on a democratic system, with governments favoring private investment, without military interference and with the use of the U.S. dollar since 1847 when the inter-oceanic railroad was built.

International financial and banking center, with more than 90 international banks and US\$70 billions in assets; besides counting on legislation for corporations, trusts, electronic commerce and private foundations, recognized world-wide.

History of commerce and proven businesses, from the times of the Spanish conquest. A bi-lingual work force.

Worldwide interlocking fiber optics telecommunications network with a capacity of 3,300 gigabytes per second.

Areas adjacent to the Panama Canal available for investment: 147,000 hectares and thousands of buildings with an installed capacity of approximately 5 billion US dollars.

Excellent quality of life: Free from natural disasters, friendly, safe and peaceful atmosphere.

Inter-oceanic canal transited by 13,000 ships per year of all nations and a multimode international transportation system linked with a network of highways and trans-isthmian railroad.

Latin America's major port hub with 7 private cargo ports (the largest and most efficient of Latin America) and 3 passengers' ports, covering two oceans.

COPA AIRLINES' aviation hub for all Latin America, with direct flights to 44 major cities in 22 countries of continent.

The tourism in rapid growth and development offering many opportunities for investment in areas such as residential tourism, agriculture, medical, shopping, the canal area, the ports, bunkering and of course the beaches.

U.S dollar is currency of legal tender. There are no devaluations. Transactions can also be conducted in any foreign currency.

Unrestricted capital flows. No remittance restrictions or taxes on money flow in compliance with Gafi guidelines.



Modern investment legislation and fiscal incentives for the development of tourism, technological centers, exports, offshore transactions and industrial process zones.

The City of Knowledge houses an International Center for study and technological development.

More than 400 projects under development, including the Panamanian Riviera, and the mountain regions. Royal Caribbean has established a "Home Port" for its cruise ships in Colon.

Panama has excellent natural resources, virgin forests hardly touched, beautiful beaches, and a wealth of marine life, making it an ideal place for and the cruise industry. The only country in the world where one can go from a beach in the Caribbean to one in the Pacific in less than one hour.

One of the safest countries of Latin America, with a criminality rate among the lowest of the continent.

Laws with fiscal incentives such as:

- o The Colon Free Zone*
- o Export process zones*
- o Banking center*

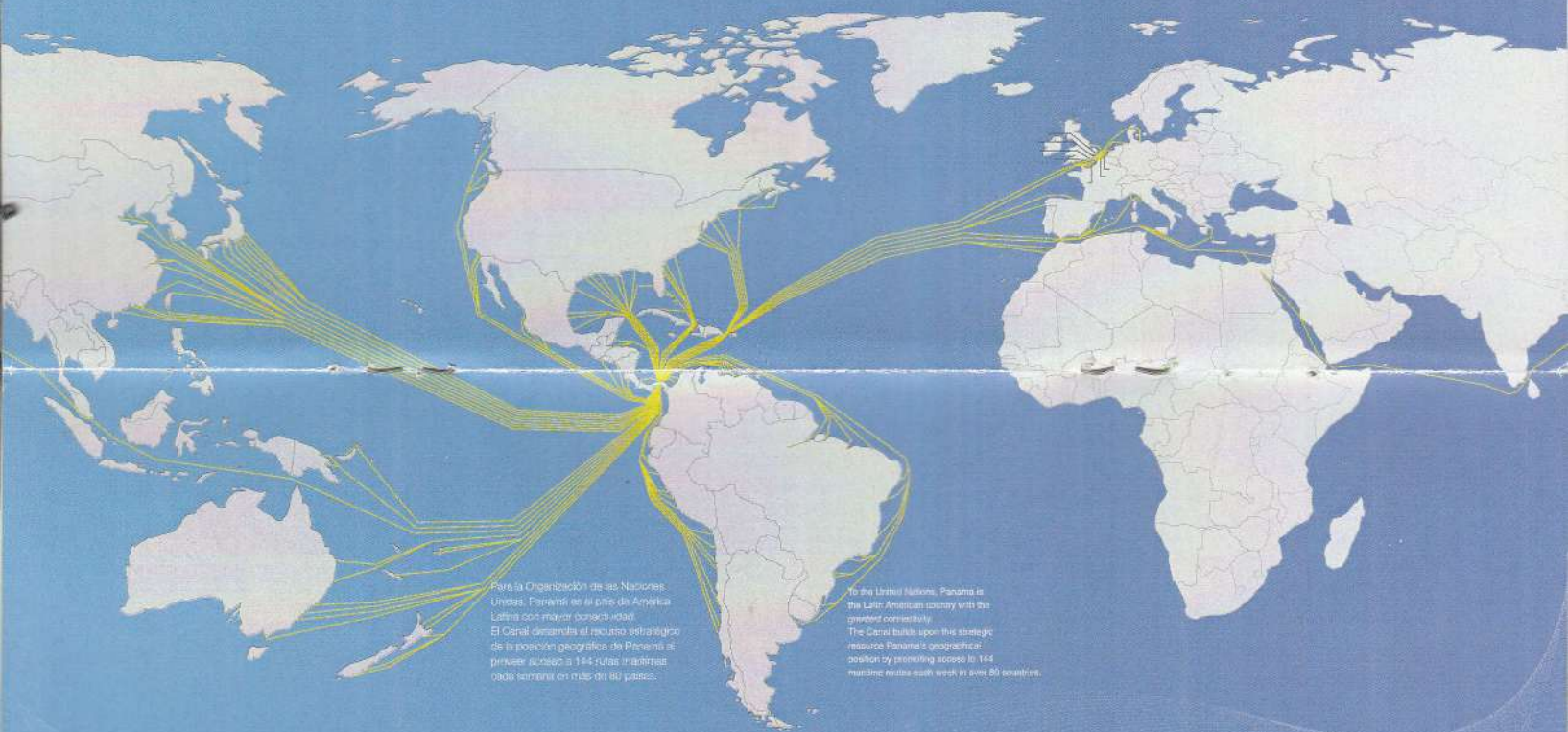
- o Special Panama Pacific Economic Authority*
- o Center of Multinational Companies*
- o Law 8 of Tourism*

Biomuseo: Bridge of Life



The Biomuseo will be the first building in Latin America designed by the world famous architect Frank Gehry. It is under construction at the Amador Causeway. With 50% of the work finished it is expected to open in 2010.

PANAMA PUENTE DEL COMERCIO MUNDIAL • PANAMA TRADE CENTER OF THE WORLD



Para la Organización de las Naciones Unidas, Panamá es el eje de América Latina con mayor desarrollo. El Canal demuestra el resultado del éxito de la posición geográfica de Panamá al proveer servicio a 144 rutas marítimas cada semana en más de 80 países.

To the United Nations, Panama is the Latin American country with the greatest connectivity. The Canal bears upon this strategic resource Panama's geographic position by providing access to 144 maritime routes each week in over 80 countries.