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PANAMA

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LatAm trading center undergoes ambitious upgrade

Since the introduction of an economic liberalization program and the privatization of state assets in the mid-1990s, Panama has experienced steep growth in its gross domestic product that many nations in any part of the world will surely find enviable.

Over the past 20 years, Panama has laid out the groundwork to become the region's foremost center in logistics and financial services — a sensible next step in the economy's development given its position as one of the world's most important conduits of maritime trade.

One of the fastest-growing economies in the Americas, Panama has achieved average GDP growth of 8 percent over the past decade, with the annual figure surpassing 10 percent in some years.

Minister of Economy and Finance Frank De Lima boldly stated that Panama will remain one of the economic wonders of Latin America: "We estimate to keep our leadership for the next five years."

Since assuming full control of the Panama Canal in 2000, the country has earned about \$1 billion every year.

But amid growing competition from other sea lanes and over-stretched capacity of the canal, Panama embarked on a gargantuan expansion project costing more than \$5 billion, which will triple its cargo handling capacity and make it suitable for post-Panamax ships with a capacity over 13,000 twenty-foot equivalent units (TEU) or 120,000 deadweight tonnage (DWT).

Already covering most of the world's shipping routes, the expanded Panama Canal, upon completion, will not only lower shipping costs, but also add several more routes to the existing 140 that pass through the canal.

"The canal represents directly no more than 10 percent of the country's GDP. But indirectly, the canal contributes much more, after adding the input from logistics parks, free zones, ports, shipping agents, railways, etc.," Minister of Channel Affairs Roberto Roy pointed out.

Enhancing its position as the crossroads of trade, Panama has long been a dollarized economy, which has resulted in a robust and dynamic banking sector. There are presently 92 licensed international and local banks operating nationally and regionally.

"We've done a very good job in building not only the necessary infrastructure to achieve a developed banking industry in Panama, but also in developing incentives within the legal framework," said Carlos Troetsch, president of the Bank Association of Panama.

Panama has become a favorite destination for foreign direct investment, and some of the reasons are the political and economic stability that result in a competitive and comfortable environment to do business.

Since 1998, with the enactment of the Investment Stability Law, which guarantees foreign investments of at least \$2 million, fair competition, and equal treatment under the law, Panama has become a preferred destination of international capital.

"The way Panama developed is very welcoming for international companies. Panamanians understand people that do business inside and outside of the country," stressed Kevin Tynes, president of Nippon Koei's Latin American and Caribbean operations.

That openness has begun to attract the attention of Japanese banks and institutions, which recognize Panama's political and economic stability, its sound investment and business environment, and its crucial geographic advantage in global trade.

"The relationship between Panama and Japan is at the highest level ever. There is a lot of co-operation and good plans for the future. So, we are looking forward to continuing with this relationship," said Roy.

Ahead of celebrating the 110th anniversary of the establishment of diplomatic relations next year, Panamanian President Ricardo Martinelli flew to Japan in 2012 to discuss various fields of economic cooperation.

And in a clear indication of growing closeness between the

two nations, Japanese Foreign Minister Fumio Kishida reciprocated the gesture with a visit to Panama earlier this year.

Hiroki Kaji, president of Panasonic Latin America, believes Panama offers companies the advantage of being able to manage the rest of their Latin American operations from the country due to its location, duty-free zones, and other fiscal and financial incentives.

As of January 2012, more than 63 international companies, including Panasonic and Sony, use Panama as the base of their Latin American operations.

Panama is also hoping to join the Pacific Alliance, a trade bloc made up of Chile, Mexico, Peru, and Colombia, which together represents about 36 percent of Latin America's GDP and would be the world's ninth-largest economy if considered a single entity.

"Many Japanese people don't know the situation and the advantages that Panama has to offer, but they are beginning to understand the potential of Panama

in the region," said Ambassador Ikuo Mizuki of Japan.

Aside from investment opportunities in multimodal logistics, financial services, energy, information technology, telecommunications and tourism, President Martinelli is busy promoting the Panama Pacific Economic Area — a former U.S. Air Force base that was reconverted to accommodate an international airport, tank farm, as well as industrial, commercial and residential areas.

Known locally as Howard, the Panama Pacific Economic Area will offer investors various tax, labor, and customs incentives, and provide comprehensive services to facilitate the transfer to the area.

As Jacobo Batinovich, the president of Japan Auto Parts said: "Panama is the future of Latin America and many international businesses are noticing. The building blocks to become an economic and logistic powerhouse have been set. Now, we only have to wait and see the growth and success from all this planning." ●



Earning the country about \$1 billion every year, the Panama Canal is undergoing its biggest expansion since its completion nearly a century ago, amid rising competition from other shipping routes around the world. The project will complement ongoing improvements in Panama's transport and logistics capabilities.

From the boardroom: What makes Panama a good investment location for Japanese companies?

"We have a lot in common with the Japanese; we are a serious people who work very hard. Panama is a trustworthy partner, we have signed investors here and we have never had a claim, which shows our stability."



● Fernando Nuñez Fabrega, Minister of Foreign Affairs

"It's important for Japanese and non-Japanese to look at Latin America and especially at Panama. There are a lot of opportunities here. Panama is a service-based economy, and with the canal, we are the logical place for Japanese companies to set up their operations here to export their goods to this fast-growing region."



● Frank De Lima, Minister of Economy and Finance

"We are consolidating Panama's position as the logistic hub for the Americas. We will continue to invest, because the Canal is only one part of the strategy. It is an important component, but not the only one.... All these include airlines, airports, new marine ports, free zones, highways, trains, everything coming to work together to develop our national logistics strategy."



● Roberto Roy, Minister of Channel Affairs

"The most important thing about Panama is that we share the same sentiments and policies when doing business, and that is very important for us (Japanese) to be able to do business with any Latin American country."



● Ikuo Mizuki, Ambassador of Japan in Panama

"We have the infrastructure, we have the political stability and we have the legal incentives so I believe it is a mistake not to be looking into Panama to do business. I would like to invite Japanese financial institutions to come and see the opportunities."



● Carlos Troetsch, President of the Bank Association

A better life for a better world

Having selected Panama as the hub for its Latin American operations 43 years ago, Panasonic was one of the first Japanese companies to recognize the advantage of the country's geographical location.

In charge of 10 markets, including Guatemala, El Salvador, Nicaragua, Honduras, Costa Rica, Colombia, Ecuador, Paraguay, Uruguay and the rest of the Caribbean, Panasonic Latin America, S.A. has played a major role in expanding the Japanese company's business in a market comprising 180 million people.

"Panama has a geographical advantage, which allows us to manage the rest of our Latin America operations from here. Its duty-free ports and financial system are also significant advantages," said President Hiroki Kaji.

With Latin America currently representing approximately 10 percent of global sales, there is great optimism on the enormous



In Panama, Panasonic has supplied 4,000 solar panels to just one project, although its clean energy expertise goes beyond solar power technology.

growth potential of the region.

"Latin American countries are steadily growing, and so our company is steadily growing as well. We have gone from a \$300 million business to a \$500 million business in recent years," said Kaji.

Panasonic has focused its marketing efforts on its audio-visual and digital products, which account for 70 percent of sales, from TVs and audio-visual products.

Another 15 percent comes from home appliances, like air conditioning and other white goods, while the rest is from system products, such as professional video equipment, projectors and communications products.

As competition from other Asian manufacturers of television and audio-visuals increases, Panasonic has had to adapt its marketing game plan.

"We began shifting our strat-

egy three years ago by introducing new product lines, like home appliances such as the inverter series of air conditioners, refrigerators, washing machines. In lighting (fluorescent and LED), we have focused on providing energy-saving technology, which is our big advantage over our peers," said Kaji.

In a solid push to promote the use of eco-friendly and energy-saving solutions to its customers, Panasonic has embarked on a visionary campaign to educate both its global and Latin American markets on the merits of going green, and position itself as the industry leader in green initiatives.

"We contribute by teaching that it is not only about consuming the product. We need to think about how to propose efficiency in order to coexist with the environment. This is a very important mission for us as a manufacturer," said Kaji.

"We are also proposing to recycle energy using the sun. In Latin America, we have a distinct geographical advantage because we have higher radiation levels here than in other parts of the world.

We are creating new business and we want to expand this concept," he added.

Panasonic has begun offering solutions for the creation of clean energy, clean electricity and energy-saving products, thus creating a new business that has been widely accepted and well received by old and new clients alike.

"We have also moved into creating energy, not only saving it. We achieve this by offering more than just solar panels. We create solution packages and offer added-value services. We started showcasing our new line in a few countries and received an excellent response. We were recently awarded an order of 4,000 solar panels, and that was only for one project. The potential here is unlimited. We envision this new business model to grow into a \$100 million business in the next three years," said Kaji.

Time and time again, Panasonic has shown the importance and value of innovation and flexibility. Paired with its commitment to social development through its business, that focus has also placed the company in a good position to enhance the quality of life not only in Latin America, but throughout the world.

As Panasonic continues to enjoy tremendous domestic success in Japan, it also remains steadfast in its efforts to expand its impact on the world through its innovative, eco-friendly products.

"We have a very strong performance in the Japanese market compared to our peers, and that says a lot. We have total solutions for home-related products, and we want to bring that to different markets outside Japan," he said.

"We are building additional values, such as energy saving, energy creating and, in the future, energy management. We are transforming from a commodity sales company to a solutions provider," he added.

→ www.panasonic.com.pa



Panasonic Latin America President Hiroki Kaji

“ Latin American countries are steadily growing, and so our company is steadily growing as well. We have gone from a \$300 million business to a \$500 million business in recent years. ”

Looking to the future

"I invite Japanese companies to come and do business in Panama. I especially look forward to working with more Japanese companies because I believe that Japanese equipment is the best," said Alonso Diaz, CEO of Biomedical Support & Systems, Inc.



Biomedical Support & Systems CEO Alonso Diaz

The family-run business, set up in 1998, has been the exclusive distributor for Shimadzu X-ray machines in Panama for the past 12 years.

Since the partnership began, Biomedical Support & Systems has expanded its market share of X-ray machines to 75 percent of Panama's public hospitals.

"Shimadzu's reputation has been enhanced in Panama through excellent support and service from our company. The quality of service that we provide, together with the quality of the equipment itself, contributes greatly to adding value to the product and to the value of the brand as well," said Diaz.

Biomedical Support & Systems is also the representative of Canon products in digital radiography, another relationship that asserts the company's valuable role in introducing state-of-the-art medical technology to government hospitals in Panama and the rest of Central America.

As the second generation of his family prepares to join the company, Diaz has set his sights at further expansion.

"Nowadays, the economy of Panama is booming. The government is investing greatly in health care. Therefore, we can definitely see the current trend of increased government spending to have

“ We can definitely see the current trend of increased government spending to have leading-edge medical technology.... Our company is in a great position to focus on expansion. ”

leading-edge medical technology. We strongly believe that our company is in a great position to focus on expansion. Our vision is to continuously grow the company into other areas of the medical field," Diaz said.

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PANAMA

One decade engineering a bustling region

Wowing Latin America for more than 40 years

Having overseen several infrastructure projects outside Japan, engineer Yutaka Kubota founded Nippon Koei in 1946 to help in the colossal task of rebuilding his war-devastated country, and later exported its services around the world.

Now the largest Japanese engineering consulting firm, Nippon Koei is operating throughout Asia, the Middle East, Africa and Latin America. In addition to its traditional focus on hydroelectric development, it also engineers water and sanitation facilities, seaports, highways, bridges, rural development, airports, and urban transport infrastructure.

Nippon Koei started working in Latin America and the Caribbean in the 1970s, and accelerated its expansion with the creation of Nippon Koei LAC in Peru in 2003. Two years later, it moved its regional headquarters to Panama to gain easier access to the rest of the vast region.

"We are looking to expand by opening fixed offices in more countries, not only on a regional basis. In eight years, we have opened seven offices throughout the region, almost an office per year, and we are aiming for more," said President Kevin Tynes.

"The LAC region accounts for about 10 percent of Nippon Koei's overall sales, and last year, we represented 20 percent of global profits," Tynes also said.

With those figures, Nippon Koei LAC has proven to be one of the most important parts of the Japanese company's overall operations, with the huge success being attributed to its presence in Panama.

In the country, Nippon Koei LAC completed the first phase of a wastewater treatment project, which was inaugurated by President Ricardo Martinelli, together with the Japanese ambassador and representatives of the Japanese International Cooperation Agency.

Nippon Koei LAC is also performing studies for a new line for Panama City's metro system, the fourth bridge over the Panama Canal and another wastewater system in Colon on the Atlantic coast.

→ www.nklac.com



(L-R) Nippon Koei LAC President Kevin Tynes, Chairman Takashi Hiruta, and Technical Director Masanobu Shimosaka



Inaugurated by Panamanian President Ricardo Martinelli in August 2013, the Juan Dian Wastewater Treatment Plant is the centerpiece of the Panama City and Bay Sanitation Program. Designed, built, and operated by Nippon Koei LAC, it uses activated sludge technology and has facilities to convert wastewater sludge to electrical energy.

"Here at Sony, we focus on providing products that have an unmistakable 'wow' factor," said Sony Inter-American President Takuzo Fujimoto.

Recently, the Japanese electronics giant did just that in Panama, when it launched the Sony 4K Bravia TV, the latest of its High-Definition televisions that boasts four times more individual pixels than its previous models.

Also featuring advanced picture processing, Sony's 4K Bravia TV has further enhanced the viewing experience.

Committed to constant improvement, Sony has achieved enviable success in Panama and the rest of the world by adapting to the fast-changing demands of the market, and providing a seamless and more enjoyable experience for all its users.

"The key is to create this experience through complementary products. So, we make TVs and speakers that can communicate with each other wirelessly through the Sony Xperia mobile phone, for example. We aim to improve their lifestyle, their quality of life," explained Fujimoto.

"Our image here has a very high profile. We are very pleased with the kind of brand recognition that we enjoy in this region. This year, we are introducing new mobile device models — the Sony Xperia and Sony Tablet," he added.

That success has come because Sony was among the first Japanese companies to set up its Latin American operations in Panama. Since 1970, Sony Inter-American has expanded to oversee business in eight nearby countries in Central America and South America (Ecuador and Venezuela), and assumed a more important profile in the parent company's global strategy.

→ www.sony.com.pa



Sony's Xperia smartphone has proved a bestseller around the world.



Sony Inter-American President Takuzo Fujimoto

A longtime partner of Japan

Founded in 1923 by the late Panamanian Minister of Education Eduardo Morgan Alvarez, Morgan & Morgan began as a litigation practice. Then, in 1969, his sons Eduardo Jr. and Juan David joined their father and expanded the practice, which today is the largest full-service law firm in the country.

Senior Partner Juan David Morgan explains: "We are still the country's largest litigation law firm, an accomplishment we owe to our father. On the other hand, litigation is not the firm's main source of income at the present time. We are very much into corporate law, as well as mergers and acquisitions, among other fields. We have handled some of the largest and most important enterprise acquisitions in Panama."

Growing its practice in order to



MMG Tower: the new headquarters of the Morgan & Morgan Group

meet the demands of the developing Panamanian economy, the Morgan & Morgan Group has also ventured into investment banking and has set up a large trust company with offices in several cities around the world.

As it celebrates its 90th anniversary, the group will be moving

Panama, Morgan & Morgan enjoys a close relationship with several Japanese companies.

"Our relationship with Japan is very important, especially when it comes to ship registry. Japanese companies are probably our biggest clients," said Morgan.

Illustrating the importance of the Asian country for Morgan & Morgan, the firm has had a Japanese partner over the past 10 years overseeing Japanese clients.

"We need to have more than just legal connections. We need to have a cultural connection as well. Having a Japanese partner in the firm allows us to provide service to Japanese clients in the best possible way. We will see to it that our firm continues to service the new Japanese clients that come to Panama," Morgan said.

→ www.morimor.com

Keeping the faith in Japan's brands

In 1983, Japanese photocopier manufacturer Mita Industrial Corp. gained a foothold in Latin America after it formed a partnership with Omicron Panama Corp.

And when Kyocera acquired rival Mita Industrial in 2000, Omicron Panama decided to keep the relationship alive, aware of the Japanese giant's unassailable reputation around the world.

"We are very honored to be representing Kyocera in Panama. We work and feel as an extension of the brand, and therefore we strive to uphold the high standards of quality and service that our Japanese partners look for. And so proud are we that we have maintained that exclusive

partnership for 30 years without ever considering carrying other brands," stressed General Manager Cristó Giannareas.

With six distribution outlets and seven service centers in Panama, Omicron has seen its revenues increase steadily, particularly in the private and corporate sectors. Business has focused on document management and printing solutions, such as printers, multifunction machines, wide-format systems and consumables.

Amid a sharply rising energy demand in Panama, Omicron has begun selling Kyocera Solar Panels, a product line that has seen much success, specifically in the rural areas where electricity is not always fully available.

"We started to see people from the rural areas using our solar panels to power refrigerators or freezers, which would allow them to start small businesses selling cold refreshments to the growing number of tourists. We have grown with them and contributed to the growth of trade in those areas," said Giannareas.

Looking forward to the next three decades, Omicron is deeply appreciative of its strong relationship with its Japanese partners.

"We want to thank our partners in Japan for the trust that they have given us for the last 30 years, a trust that has never been stronger. This is what motivates us to be better each and



Omicron Panama has been the exclusive distributor of Kyocera in the country for more than 10 years.

every day as we bring the brand to even greater heights," Giannareas said.

→ www.mita-center.com

Totally Japanese — from front to tail

In 1976, Jacobo Batinovich and business partner Roberto Sandoval started what has become one of the largest distributors of Japanese spare parts in Panamá, Auto Partes Japonesas.

"Since the beginning of our company, the only thing we've done is to grow, grow and grow exclusively with Japanese products. From the front bumper until the rear bumper, our product line is purely Japanese," said President Jacobo Batinovich.

In the early 1980s, the company expanded its regional network by creating Auto Import International, which is based in the Colon Free Zone and distributes its products to countries in South America such as Peru and Bolivia, as well in Central America and the Caribbean.

"Nowadays, business is very competitive, especially regarding prices of products produced in other countries. But when you buy a Japanese product, you get a warranty, efficiency, quality and peace of mind. 'Made in Japan' equals quality," stressed Batinovich.

Thirty-seven years after, the company's relationship with its Japanese partners has remained excellent, thanks to a shared professional-values ethic.

"Japanese culture is an important asset for business. Professionalism, loyalty and mutual respect are the keys of success," said Batinovich.

"We are open to welcome more



Auto Partes Japonesas President Jacobo Batinovich

Japanese culture is an important asset for business.... We are open to welcome more Japanese brands and products. For me, if it's Japanese, I'll take it with my eyes closed."

Japanese brands and products. For me, if it's Japanese, I'll take it with my eyes closed," he added.

→ www.autoimportpty.com

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Energy saving solutions for your home that are friendly with our environment

Panasonic proposes environmentally friendly energy solutions, in your daily life, for your entire home. Our intelligent INVERTER and ECONAVI help you reduce energy consumption, and our solar panels further help you create energy.

Eco & Smart solutions for greener tomorrow.

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