

LOGISTICS, FINANCIAL SERVICES AND ENERGY DRIVING GROWTH IN PANAMA

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Law firms also expecting boom from new regulations in fintech



Panama is once again expected to have strong economic growth in 2018, with figures released by the World Bank forecast economic growth of 5.6 percent for this year and 2019, the highest in Latin America.

The Panama Canal, together with ports and related logistics, including the Colón Free Trade Zone, remains the main engine of growth in the country, Jaime Alemán says. Alemán, who is the managing partner of Alemán, Cordero, Galindo & Lee in Panama, explains that the Canal is expected to turn a profit of \$1.8 billion in 2018. This is, to a large extent, the result of the expansion completed in 2016

allowing post-Panamax ships to cross the waterway.

The logistics sector offers great opportunities for investment in Panama, according to Alemán. This is particularly true now that Panama and China have established diplomatic relations, which has opened the doors even wider to investors, not only from China but also to elsewhere in Asia, he adds.

Elizabeth Heurtematte, partner at Lovill LatamLex, also expects that Panama will receive significant foreign direct investment from the Chinese government and private capital, now that both countries started a trade, commerce and diplomatic relationship. Projects such as the new lines of the Panama City metro and the fourth bridge over the Canal are providing opportunities for investors. She adds that the next phase of a number of projects, including the concession extension for First Quantum Mineral for copper extractions and the Minera Panama's \$6.3 billion investment, will create openings for contractors and companies in mining, construction and related industries.

Ivette Martínez, founding partner of IMS Legal, points out that there are other opportunities beyond logistics, including energy and waste management. These areas, according to Martinez, still demand substantial investment in the country.

Other emerging sectors, such as fintech and crowdfinancing, are the subject of comprehensive legislative initiatives to be discussed and approved in the upcoming months. Those regulations, once approved, will boost the workload of Panamanian law firms, Martinez notes.

Meanwhile, Heurtematte highlights that the Panamanian government is working on new legislation to promote higher equality and inclusion in the workforce, as well as creating quotas for female directors in boards of government institutions and regulated companies.