



Fast Facts on Panama and the Panamanian Economy

The U.S.-Panama Trade Promotion Agreement offers the opportunity for the United States to strengthen beneficial economic ties with a strategic market.

- After a decade of dramatic economic growth that has at times reached the double digits, Panama's per capita GDP of \$12,577 is now the fifth highest in Latin America (measured on a purchasing-power-parity basis), according to the IMF. The country's gross domestic product is now expected to more than double by 2020 and increase business investment in the Canal Zone by 40%. With three million citizens, Panama is slightly smaller than South Carolina.
- Panama has free trade agreements (FTAs) in force with Chile, El Salvador, Taiwan, Singapore, Guatemala, Honduras, Nicaragua, and Costa Rica. Panama signed FTAs with Canada and the European Union in May 2010, and they are expected to enter into force in late 2011 and 2012, respectively. Panama is exploring free trade negotiations with Mexico, Colombia, the Mercosur countries, the Andean Community, and CARICOM.
- Panama is the most modern and successful international banking center in Latin America. On November 30, 2010, Panama signed a Tax Information Exchange Agreement with the United States, solving one of the final outstanding issues that the administration had indicated needed to be addressed before considering the U.S.-Panama Trade Promotion Agreement.



Effects of the Canal

In return for constructing a canal, the Panamanian government in 1903 granted U.S. control over rights on either side of the canal. The Panama Canal was completed in 1914 and has remained an important shipping route ever since.

The United States controlled the Canal until December 31, 1999, when it was turned over to the Panamanians and the Panama Canal Authority (PCA). As demand continued to rise, the PCA announced a \$5.25 billion expansion project that will double the canal's capacity and allow more traffic and the passage of longer and wider ships. This will allow the biggest ships in the world to transport goods from Asia to the Eastern seaboard. The expansion project is currently on schedule (completion by 2014) and on budget.