

Panama at a glance: New regulations in progress



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Panama expects FATF to define visit in October

Source: La Estrella de Panamá; Wednesday September 9, 2015.

The authorities indicated that 100% of the technical part of the action plan has been completed in order to be removed from the list against money laundering.

With the progress presented by Panama at the meeting with the review team of the Americas in Ecuador in late August, the government is expecting that the Financial Action Task Force (FATF) will define a date for a field visit to the country in the plenary taking place next October.

The vice minister of Finance, Eyda Varela de Chinchilla, indicated that the technical part of the action plan has been 100% completed and that the implementation has begun in the new sectors subject to reporting, performing due diligence and training.

According to Varela de Chinchilla, after the meeting with the review team of the Americas an evaluation of the countries, whose conclusion has not yet been formalized, is performed. 'In our judgment, we have showed important progress, therefore we think in the plenary of October, the FATF should formalize a field visit, however that is a decision of the organization'.

One of the recommendations of the FATF is that countries have to use when necessary permanent or temporal multidisciplinary groups specialized in financial investigations, in order to fight money laundering.

Likewise, the vice minister explained that operational costs increase and gradually that may end up closing financial entities because 'we are disconnected from the world, which is a luxury Panama cannot afford being a services country'.

'Argentina was in the list for five years, but it is a country that has a lot of industry', commented the vice minister.

On his part, the former president of the Chamber of Commerce, Industries and Agriculture of Panama,

José Luis Ford, highlighted that in the FATF's list the Panamanian government, responsibly, began taking decisions that had not been finalized.

'Unfortunately, this list is imposed by strong countries against countries that are weak', he added.

There are six points contemplated in the action plan in technical matters that have been completed, in addition to the regulations. These points are as following:

- Law for the prevention of money laundering, financing of terrorism and proliferation of weapons of mass destruction.
- Enactment of the Law.
- Amendment of the Penal Code: new preceding crimes.
- Law of International Cooperation
- Reinforcement of the Financial Analysis Unit (UAF – in Spanish)
- Law 47 of bearer shares: move forward compliance of those existing as of June 2015.

Panama improves its reputation in the G8



Source: Capital Financiero Edition No. 755, 7 – September 13, 2015
Written by: José Hilario Gómez

Security, ethics and transparency, economic and political environment, are among its strengths. The reputation of the brand "Panama" among the



countries of the G8 has improved around 18% between 2012 and 2015, by increasing from 45 to 52,3 points, and among the nations of Latin America it is stable, according to the Country RepTrak 2015, prepared by the Reputation Institute, whose results in Panama were published in alliance with the communications company Stratego.

The partner and director for Latin America, Fernando Prado, said they evaluated the reputation of 20 Latin American countries among the countries of the G8, which are: Germany, Canada, United States, France, Italy, Japan, United Kingdom and Russia.

Perceptions in red: Kind and nice people, culture, leisure, entertainment and natural environment

According to the reputation ranking of the nations in Latin America evaluated by the G8 in the Country RepTrack, Panama is located in the eighth position.

The study reveals that Panama is a safe country, a good member of the international community, with ethics, transparency and social well-being. It is also perceived as a country to invest and live.

The strengths of the reputation of Panama that are best evaluated by the citizens of the G8 are: Political-institutional environment (67,7 points – indicator that measures the admiration that a country awakens), efficient use of resources (62,5 points), and quality of products and services (59,7 points). “It is noteworthy that the valuation of these three strengths is superior to the reputation of the country (52,3)”, highlights the institution.

Panama increases measures to prevent money laundering

Source: Noticias Bancarias - Monday 10 August, 2015

Panama has adopted measures to prevent money laundering, financing of terrorism, and proliferation of weapons of mass destruction. From now on, regulated entities, such as banking, will have to be more vigilant in regards to the movement of money in the accounts of their clients given the enactment of Law 23 of 2015.

Jaime Moreno, president of the ABP (Panama Banking Association), indicated that it is a reality that

banking entities must perform a wider oversight, that is know more of their customers.

“More information is required from customers, however the work that is being done is to protect the banking sector so that their services are not used improperly”, highlighted Moreno.

The president of the ABP explained that customers may feel concerned under these measures, but for example, “if a person maintains an account with a certain amount of money and from one day to the next he is withdrawing a considerable amount, one must question the reason for that movement and request documentation to support the information, just like it is done with deposits”.

On his part, Joaquín Riesen, Superintendent of Insurance, agreed that being included in the list has had negative consequences for the country.

“There are many multinational enterprises that because of their policies cannot establish themselves in Panama given that we are included in the grey list of the FATF and that represents a loss of employment opportunities for the country”, he assured.



New Intendence of Supervision and Regulation of Non-financial Entities

Source: La Prensa Roberto González Jiménez - Wednesday 15 July, 2015



The Ministry of Economy and Finance presented formally Mr. Francisco Bustamante as the new intendant of supervision and regulation of non-financial entities.

Bustamante is leading a team of 20 people, which will be in charge of supervising 16 non-financial economic sectors; banking, insurance, cooperatives and the securities market will continue to be supervised by the current regulators.

Among the non-financial entities supervised by the Administration for Supervision and Regulation of Non-Financial Subjects of the Ministry of Economy and Finance are as follows:

1. Companies in the Colon Free Zone, companies established in the Panama-Pacific Agency, Baru Free Zone, the Panama Diamond Exchange and Free Zones.
2. Companies of remittances, whether or not core business.
3. Casinos, games of chance and betting systems organization.
4. Developers, real estate agents and real estate brokers.
5. Companies engaged in the field of construction.
6. Transport companies securities.
7. Pawn Shops.
8. Companies engaged in the marketing of precious metals and companies engaged in the marketing of precious stones.
9. National Lottery.
10. National Post and Telegraph of Panama.
11. Corporations savings and home loans.
12. Exchange Offices.
13. Companies engaged in the purchase and sale of new and used cars.
14. Agricultural Development Bank.
15. Banco Hipotecario Nacional.

16. Those professional activities as described by Article 24 of Law 23 of April 27, 2015.

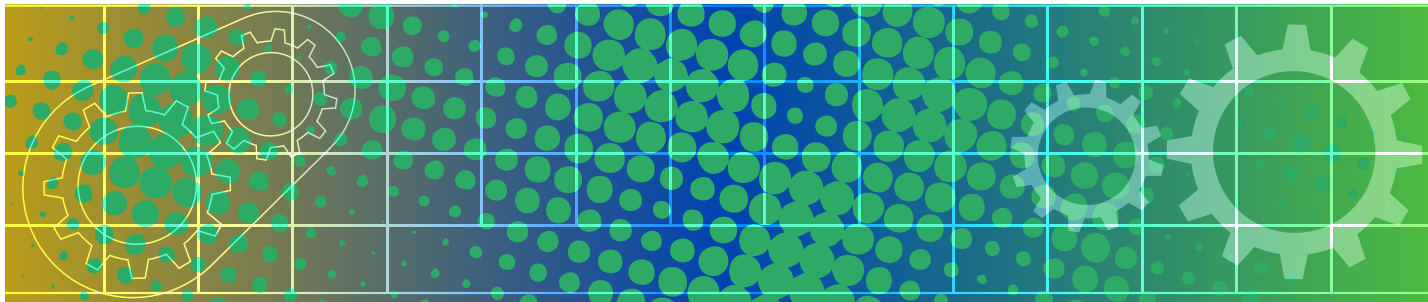
The Intendence will have a Board of Directors that, according to the law, will be presided by the Vice Minister of Finance, who will be accompanied by the Vice Minister of Internal Commerce, the manager of the Colon Free Trade Zone, a member of the Financial Coordination Council, and a representative of the private sector associations.

Among the primary roles of the Intendence is the creation of regulations to define the practical application of the anti-laundering law, which will have different specifications for every economic activity.

With these steps the Government wants to reinforce the legal framework in the fight against money laundering with the objective of being removed from the grey list of the Financial Action Task Force, in which the country was included since June 2014, situation that provoked some banks to have major obstacles in their international transactions and has a negative impact for the economy of the country.

The Administration for Supervision and Regulation of non-Financial Subjects will have the following functions:

1. Supervision in the prevention of non-financial reporting entities and activities performed by professionals subject to supervision, described in Act 23 money laundering, terrorist financing and the financing of proliferation of WMD.
2. Ensure that the required financial entities subject not complies with the rules.
3. Know the resources in the first instance of the required non-financial subjects and activities subject to supervision by professionals.
4. To ensure compliance with the legal provisions required to be met by non-financial subjects and activities of professionals subject to supervision.
5. To exercise the others to be regulated by the Executive.



Budget of Panama for 2016 will reach US\$20,106 MM

Source: América Economía - Friday August 21, 2015- El Economista.net
<http://www.americaeconomia.com/economia-mercados/finanzas/presupuesto-de-panama-para-2016-alcanzaria-los-us20106m>

The sectors with the largest budget appropriations are health (US\$3,619.2 millions), education and culture (US\$2,307.7 millions), and protection and social security (US\$2,049 millions).

The Public accounts are also contemplating current incomes for a total of US\$13,555 millions, asset resources US\$2,051 millions, other income for 524 millions of dollars and credit resources that will sum US\$3,976 millions.

The Minister of Economy and Finance of Panama, Dulcideo de la Guardia, presented in the national assembly of the country the General Budget for 2016, which is 2,7% more than that of 2015 and assigns a 43,4% for social expenses, informed official sources.

De la Guardia said in the Budget Commission of the National Assembly that the project for the budget bill, which ascends to US\$20,106.1 millions, will comply with the established deficit limit of 1,5% of the Gross Domestic Product (GDP).

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The Project for the General Budget of the Panamanian Government for the year 2016 was designed, said the minister, for economic perspectives that contemplate a growth of 6,5% of the GDP and a minimum inflation of the 1,9%.

The budget must be approved on a second and third debate, and afterwards the President must sanction it.

Panama's economy in 2016 will accelerate through the Panama Canal

Source: Thursday July 30, 2015
<http://www.anpanama.com/4078-En-el-2016-economia-paname-na-se-acelerara-un-poco-gracias-al-Canal-de-Panama.note.asp>

The government of Panama presented this week its

budget for 2016, which amounted to US \$ 20,106 million, indicating that it will be US \$ 534 million more than the one presented for 2015. It is based on an economic growth of 6.3%, which is 3 percentage points higher than what is expected for this year.

"We are anticipating a growth of 6.3% for 2016... a slight acceleration" said Dulcideo De La Guardia, Minister of Economy and Finance of Panama.

The best explanation for this is that growth next year will begin some "flagship" projects that should be running, also expect significant investments in the energy sector and Government to implemented in August of 700 megawatts of thermal energy that could exceed US \$ 1,000 million.

Another important factor is the start of construction of the Panama Canal, the company's budget was presented and includes an US\$100 million additional which will be awarded this year in contributions to the State. The total of what the administration will provide through the Panama Canal for 2016 will be US\$1,060 million and is expected that, it will that due to the opening of the Canal positively develop the logistics sector.

The economy Minister also said that a better performance of the US economy will help accelerate the Panamanian economy, this added to that expected oil prices in the international markets will remain low, and consequently help to "hold down" inflation, stressed approximately to 0 % for this 2015.

The general government budget for 2016 includes US \$11,900 million for current expenses, while \$8,195 million will be for investments.

