



Panama

Fertile ground for new entrepreneurs

A nexus for global trade, Panama maintains business-friendly policies and a low corporate tax rate, but some national rules put a stranglehold on emerging industries.

The country's average internet speeds clock in at 5.1 mbps, with an average cost of more than \$28 per month. That could improve under a plan by fiber optics company Deep Blue Cable to expand a Caribbean network of fiber optic cables to Panama City.

Sluggish internet speeds aside, Panamanian entrepreneurs are setting down commercial roots in the Central American country. Panama boasted the third-highest new business entry rate of any country, behind only New Zealand and Australia. And with one of the lowest corporate tax rates on the Scorecard, Panama outperformed most other countries in Tax Friendliness.

Ridesharing operates throughout the country without serious government impositions. In fact, government has encouraged of the services, launching an initiative to centralize all carpooling and ridesharing sites. That attitude could change, however, if a set of rules proposed in 2017 takes effect. The rules would require all drivers to be at least 21 years old and accept only electronic payments, despite cash being a widely used form of payment for rideshare trips in Panama.

Sources: (Today Panama) (Businesswire)

WHAT DID WE DO RIGHT?

Ridesharing services operate free of burdensome regulations in Panama, and businesses enjoy a relatively low corporate tax rate.

WHAT CAN WE DO BETTER NEXT YEAR?

Increase spending on research and development. Panama was last of all the countries in this category, spending just 0.06 percent of its GDP on R&D. Encourage testing and development of self-driving vehicles.

Diversity	B-
Freedom	B-
Broadband	C-
Human Capital	C
Tax Friendliness	A-
R&D Investment	F
Entrepreneurial Activity	B
Drones	B
Ridesharing	A
Short-Term Rentals	D
Self-Driving Vehicles	F
Environment	B



Tax Friendliness

The corporate tax rate — 25 percent — is on the lower end of all countries.



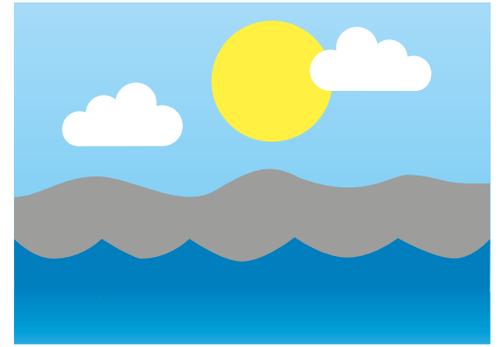
Drones

Overall, drone rules are minimal in Panama. Indigenous people use drones to monitor their lands in an effort to stop deforestation.



Entrepreneurial Activity

Panama is third behind only New Zealand and Australia in its annual new business entry rate, at 14.1 new ventures for every 1,000 people.



Environment

Panama’s air quality is a step above that of other countries in Latin America, and nearly 95 percent of its population uses improved drinking water sources.

PANAMA CITY

Worth roughly \$1.3 billion, Panama’s telecommunications market was the third largest in Latin America in 2016, and revenue from the sector is estimated to expand at 1.5 percent from 2016 through 2021.

The country will be part of an expansion of a 12,000-kilometer Caribbean network by fiber optic systems provider Deep Blue Cable, and further connectivity is at the heart of a plan to launch Panama City as a smart city.

The plan for the capital includes an upgrade to the local metro system, with wireless internet points at dozens of bus stops. It will also feature a proposed partnership between ad company JCDecaux and mobile phone networks to build small cells into street furniture, offering local commuters a way to stay connected during their commutes.

Many of these initiatives adopted in Panama City will eventually be rolled out in metropolitan areas throughout the country. Operations in 30 Panamanian cities were digitized in 2016, and another 20 have signed on to implement the program.

Sources: (Latam Tech) (Businesswire) (Raconteur) (Deep Blue Cable)

