

Multimodal Logistics



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The number one location for multimodal logistics operations



Strategically Positioned at the Heart of the Americas

- Panama connects East and West, North and South with its strategic geographic location and world class infrastructure

- Around 8% of total world trade passes through the Panama Canal and most locations in the Americas can be reached within 10 days sail



Unparalleled Air Connectivity

- Panama City is the most connected city in Latin America – serving more international destinations directly than any other city in the region

- 80 international destinations including 16 Canadian and United States locations directly served in 2017, with access to European and Middle East markets via direct flights to Amsterdam, Frankfurt, Madrid, Paris and Istanbul
- Ranks 1st in Latin America & Caribbean in terms of quality of air transport infrastructure



Distinguished Maritime Connectivity

- Ranked 1st among Latin American and Caribbean countries in the Liner Shipping Connectivity Index (LSCI) since 2009

- On average, 55 scheduled liner services stop at a Panamanian port each week, directly linking to 148 ports in over 50 different countries around the world



Ocean to Ocean Capability

- Over 144 maritime routes connecting 1,700 ports in the world throughout 160 countries

- Home to two of Latin America's most active ports – Balboa and Colón – one on each of the Atlantic and Pacific Oceans
- Rated 6th worldwide for quality of port infrastructure



The Unique Panama Canal

- Connects the Atlantic and Pacific oceans, allowing direct access to ports on the eastern seaboard of the United States from Asia and vice versa

- Nearly 60% of all trade from Asia to the east coast of the United States flows through the all-water route via Panama
- The expanded Canal allows Neopanamax ships to transverse the Canal, and in just seven months 800 Neopanamax vessels had transited the Canal



A Hub For Leading Logistics Companies

- Panama is a prime location for major logistics firms such as Ceva Logistics, Damco, DHL, DB Schenker and Logistics Services Panama while major multinational firms such

- as Adidas, Samsung, Dell, Sony, Bayer and Gilead Sciences use Panama's outstanding logistics capability to enhance their regional operations



Exceptional Road and Rail Infrastructure

- The only interoceanic railway in the world, Panama Canal Railway connects the Atlantic and the Pacific Ocean with just 75 minutes worth of traveling time between terminals

- Rated 1st for railroad infrastructure quality in Latin America & Caribbean
- A modern road network links the different components of the logistics cluster - allowing access within a 90 minute drive to five port terminals, two international airports, a world-class banking center, and multiple free trade zones including the largest free trade zone in the Western Hemisphere



Free Trade Zones

- Free Trade Zones can offer a wide array of fiscal, customs and immigration benefits that can assist a logistics operation in Panama

- Logistics companies are 100% exempt from income tax for their foreign and domestic operations as well as other taxes and import duties
- Each free trade zone has unique logistical capabilities, e.g. the Colón Free Zone has over 1065 hectares for exhibition, storage and warehousing combined with outstanding multimodal logistics capability including four container seaports, a modern railroad network and an international airport located nearby



A Strategic Geographic Node

- Panama is the continental link of 7 submarine fiber optic cables providing virtually unlimited bandwidth, with the country having the fastest broadband download speeds in Central America

- As of 2015, Panama had the lowest fixed-broadband monthly subscription charge of any Central American country



High Quality Labor At An Affordable Cost

- Over 3500 students in 10 universities are enrolled in multimodal logistics and transport degrees, ensuring a steady flow of highly educated talent is available for hire by foreign investors

- Panama is extremely cost competitive within the American continent, with annual labor costs being between 8% and 64% cheaper than major regional rivals for a logistics officer, and up to 80% cheaper than US and Canadian cities



Government Priority Sector

- As part of the Government's strategic five-year plan (2015-2019), it was announced that public investment worth US\$3.2bn and US\$2.9bn would be invested into the

- logistics and infrastructure sectors respectively

- Panama's Logistic Cabinet, made up of government officials, private enterprise and academia are continuing to focus on shaping Panama's infrastructure to maintain its status as the logistics hub of the Americas



Cost Savings

- Panama can offer significant supply chain cost savings via the flexibility and connectivity of its logistics capabilities to the Latin America & Caribbean region allowing Panama to be used as a production and distribution hub

- One of the lowest corporate tax rates in the Americas (25%) – lower than the United States, Mexico and Costa Rica

Companies harnessing Panama's logistics potential hub



- German-based company, Adidas is the largest sportswear manufacturer in Europe and the second biggest in the world
- Adidas Latin America is based in the MIT Logistics Park and currently employs more than 50 people, helping customers across Latin America



Key factors influencing our investment in Panama include its economic stability, its strategic geographic location as well as its excellent connectivity to other Latin American countries. In addition, incorporation of Adidas to the Multinational Headquarters Law (SEM in Spanish) in 2010 has enabled Adidas Latin American Regional Offices to continue enhancing the Business and strengthening its Organizational Structure by hiring the most talented executives from Panama and all over the world”

- Marcos Antonio Tejeira, General Manager for Central America & Caribbean, Adidas



- Ceva, a Dutch leader of non-asset based supply chain management companies, designs and implements industry-leading solutions in both freight management and contract logistics
- Ceva has operations in Colon and Panama city, offering contract logistics, air, ground and ocean freight services, and supply chain solutions
- In February 2014, CEVA invested US\$113.2 mn in Panama City in a new 4,400 sq m warehouse located just five minutes from Panama Tocumen International Airport



The investment in this brand new facility demonstrates CEVA's commitment to growth in Central America, where our network of offices provides customers with a fully integrated and unified service offering throughout the geography”

- Senior Vice President for Mexico and Central America, CEVA



- LSP is part of the largest 3PL Group in Panama focused on value added services for its regional customers with locations in both Colon Free Zone and Panama Pacifico. Serving more than 20 countries in Latin America, with global customers like 3M, Payless Shoes, HP, ABB the group also manages Bayer, Sony, Pfizer, Bosch, J&J among many others it is also the DHL warehousing strategic partner in Panama.
- Educational partnerships with various world class universities like MIT, University of Arkansas and Georgia Tech.
- LSP offer to their customers

Speed: Locations close to ports and airports allows moving goods as quickly as a customer needs. From unit picking to cross dock operations

Efficiency: All the paperwork, metrics, reporting and processes are managed with full on line visibility, allowing managing the operations remotely for clients this adds a tremendous added value to their supply chain.

Security: BASC/AEO/ISO Certifications offer secure, standard and certified processes.



- Denmark-based company Damco, part of the Maersk Group, is one of the world's leading third party logistics providers, specializing in delivering customized freight forwarding and supply chain solutions
- In August 2012, Damco invested US\$84.2 mn in Panama to develop a logistics hub



“Fiscal conditions within Panama including its use of the US Dollar and the Multinational Headquarter Law along with excellent connectivity, greater personal security and the widespread use of English within its labor force meant that Panama was an ideal location”

- Ricardo Herrero, Chief Financial Officer Central & South America



- Part of the world's leading postal and logistics company, Deutsche Post DHL Group
- Present in over 220 countries and territories across the globe
- Worldwide workforce exceeding 340,000 employees

MAY 2008	JULY 2009	MARCH 2010
Invested US\$4.5 mn in Panama City in the industry's largest hub in Central America	Invested US\$30 mn in expanding its warehouse in the Colón Free Port	Invested US\$84.20 mn in Panama in a depot of clinical trials
MAY 2014	JULY 2014	
Invested US\$2.5 mn in Panama to expand its logistics hub	Invested US\$204.10 mn in a new thermomet location in Panama City	



DHL has been present in Panama for over three decades and currently employs more than 1,500 people. Panama's excellent connectivity as well as its strategic location are key factors behind DHL's ongoing investment”

- Kendall Vasquez, Head of Marketing & Sales, Global Forwarding Panama & Caribbean, DHL



1st

Due to its geographic location, world class infrastructure and outstanding logistics assets, Panama ranked as the number one location in Latin America in the World Bank's Logistics Performance index

8.35%

Panama's transport, storage and communications sector has experienced year-on-year growth over the past decade – growing on average by 8.35% between 2006 and 2016

¹ Compound annual growth

136,000

In March 2016, the sector employed 136,000 people (7.7% of the total labor force)

\$6.6bn

The transport, storage and communications sector is one of the largest contributors to the Panamanian economy, with the sector worth US\$6.6 billion in 2016 (at current prices) and accounting for 11.87% of total GDP

World class infrastructure where two oceans meet

Colon Container Terminal
Manzanillo
International Terminal
Colon Free Zone
Cristobal



- Ideal site for transshipment and cargo importing/exporting to and from the Colón Free Zone
- Handling capacity of 2.4 million TEUs with a total area of 74.33 ha



- One of the largest container transshipment terminals in the region including Ro-Ro terminals
- Handling capacity of 3.5 million TEUs and direct access into the Colón Free Zone



- Biggest FTZ in the Western Hemisphere
- Four ports with advanced equipment and modern technology
- Provides a variety of fiscal, tax, labor and immigration benefits



- Important node for containerized, bulk, liquid, Ro-Ro and general cargo at the Atlantic entrance of the Panama Canal
- Handling capacity of over 2 million TEUs and direct access to the Colón Free Zone



- 8% of total world trade passes through the Panama Canal
- 85% of countries are connected, via the Canal, by 144 maritime routes, reaching 1,700 ports
- IMF estimates the Canal expansion will reduce global maritime shipping costs by US\$8 bn a year
- The expanded Canal allows for neo-Panamax ships to transverse the Panama Canal
- The wider, deeper and longer lanes now open the Canal to 90% of the global LNG fleet

Panama Canal



- The only interoceanic railway in the world
- Less than 80 km and 75 min. traveling time between terminals on the Atlantic and Pacific Oceans
- Maximum handling capacity: 2 million containers per year



Tocumen International Airport

Panama Canal Railway

Panama City



- The most connected airport in Latin America
- Airport administration is developing a free zone for logistic service companies, investing over US\$30 mn
- Tocumen's cargo terminal handles around 100,000 tons of cargo per year

Balboa Port

PSA Terminal



- Opened in 2015, PSA terminal is a first class port infrastructure handling over 215,000 TEUs in 2015



- World-class commercial and business hub with reduced costs for logistics and multi-modal businesses
- Attractive tax incentives including exemption from direct and indirect taxes

Panama Pacifico



- 3rd busiest port in Latin America handling 3 million TEUs in 2015
- Five container berths with over 30 ha for container storage




80 KM OCEAN TO OCEAN

Source: fDi Intelligence based on Georgia Tech Panama Logistics Innovation and Research Center
<http://logistics.gatech.pa/>


— Panama Canal
— Panama Canal Railway



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