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PANAMA: VIVE POR MÁS – A JOURNEY THROUGH TIME AND NATURE

INVESTMENT OPPORTUNITIES IN TOURISM

Panama's tourism industry has evolved dramatically over the centuries. With its stunning natural landscapes, rich cultural heritage, and a growing focus on eco-tourism, Panama becomes an attractive premier tourist destination. Continued investment in tourism infrastructure, eco-conscious investment, enhanced marketing efforts to promote Panama's unique attractions and experiences, and collaboration with Swiss hospitality schools to enhance service standards can significantly boost Panama's appeal as a tourist destination.

INTRODUCTION

Panama's tourism industry, rooted in its historical significance as a trade and transit hub, has evolved dramatically over the centuries. From the early indigenous trade routes and Spanish colonial transit points to the California Gold Rush and the construction of the Panama Canal, Panama has always been a crossroads of cultures and commerce.

In recent decades, the country has invested heavily in tourism infrastructure, enhancing accessibility with new hotels, resorts, and the expansion of Tocumen International Airport. With its stunning natural landscapes, rich cultural heritage, and a growing focus on eco-tourism, Panama becomes an attractive destination for nature lovers, adventure seekers, and cultural enthusiasts alike. The recent surge in visitor numbers, reaching 2.5 million in 2023, underscores the country's growing appeal and potential as a premier tourist destination.

In 2023, Panama was recognized for the third consecutive year as the "Best Leisure Destination" in Latin America and South America by the Leisure Lifestyle Awards, organized by the American magazine Global Traveler. This recognition highlights Panama's performance in the leisure, luxury, and lifestyle travel segments. (1)

The Panama Tourism Authority (ATP) emphasizes the importance of sustainability in its strategies, aiming to ensure that tourism development is compatible with the conservation of the environment and local culture.

PANAMA'S TOURISM HISTORY

Panama has been a crossroads of trade and culture since pre-Columbian times, with indigenous peoples engaging in trade across the region. The arrival of the Spanish in the early 16th century marked the beginning of Panama's role as a crucial transit point, notably with the establishment of the Camino Real and Camino de Cruces, which facilitated the movement of goods and people between the Atlantic and Pacific Oceans.

The California Gold Rush (1848-1855) significantly boosted Panama's prominence as a transit route. Thousands of gold seekers travelled through the Isthmus of Panama on their way to California, using the Panama Railroad, completed in 1855, as a crucial link. Soon, the construction of the Panama Canal (1904-1914) brought an additional influx of workers from around the world and put Panama on the global map. The Canal's completion in 1914 cemented Panama's strategic importance in global maritime trade and attracted visitors fascinated by this engineering marvel – until today.

Post-World War II, Panama began to develop its tourism infrastructure. The establishment of hotels, resorts, and improved transportation networks made the country more accessible to international travellers. The mid-20th century saw periods of political stability that allowed for steady growth in tourism, although the country also faced periods of political turmoil that affected visitor numbers. The global rise of eco-tourism in the late 20th century benefited Panama, which started to position itself as a destination for nature lovers and adventure seekers. National parks, such as Soberanía, Darién, and Coiba, became key attractions.

The early 21st century has seen significant investments in tourism infrastructure, including the expansion of Tocumen International Airport, the development of new hotels and resorts, and the promotion of sustainable tourism initiatives. Panama has increasingly leveraged its cultural and historical assets, with the UNESCO designation of sites like Casco Viejo and the recognition of traditional practices of indigenous groups, attracting more culturally inclined travellers.

In 2023, Panama welcomed 2.5 million visitors, an improvement from 2022, when the country welcomed approximately 1.8 million travellers, as it recovered from the pandemic. This increase highlights Panama's ongoing recovery and growing appeal as a tourist destination.

WHAT MAKES PANAMA TOURISM SPECIAL

- **Natural Wonders:** Panama boasts stunning landscapes, from pristine beaches and lush rainforests to majestic mountains. The San Blas Islands, with their crystal-clear waters and white-sand beaches, provide a perfect getaway. Nature enthusiasts can explore the dense jungles of Darién National Park or hike the scenic trails of Boquete, a mountain town known for its coffee plantations and cool climate.
- **Cultural Richness:** Panama City, the capital, is a fascinating mix of modernity and tradition. The historic Casco Viejo district offers colonial architecture, lively plazas, and chic cafes. Visitors can delve into the country's history at the Panama Canal, a marvel of engineering and a symbol of global trade. The indigenous Emberá and Guna Yala communities welcome visitors to experience their traditional ways of life and artisanal crafts.
- **Adventure and Activities:** Adventure seekers can indulge in a variety of outdoor activities. Surfing along the Pacific coast, diving in the Caribbean's coral reefs, or zip-lining through the rainforest canopy are just a few options. Birdwatchers will delight in Panama's rich avian diversity, with over 970 species recorded.
- **Ecotourism:** Panama is turning into a leader in ecotourism, with numerous eco-lodges and sustainable tourism initiatives. The country's commitment to preserving its natural habitats makes it an ideal destination for eco-conscious travellers.
- **Culinary Delights:** Panamanian cuisine reflects its diverse cultural influences, featuring a fusion of African, Spanish, and indigenous flavours. Swiss travellers will enjoy fresh seafood, tropical fruits, and local specialties like ceviche, sancocho (a hearty chicken soup), and tamales. The country offers a wide variety of international cuisine as well with very high standards.
- **Medical Tourism:** Panama is quickly becoming a prominent destination for medical tourism. Visitors can receive high-quality medical care from American-trained, English-speaking doctors at a fraction of the cost found in the United States.

- **A Center for Global Events:** Panama is increasingly recognized as a premier location for large-scale events. The country hosts prestigious gatherings like the Panama Jazz Festival and the International Film Festival of Panama. Panama's Carnival is also a major highlight, renowned for its elaborate parades, colorful costumes, and infectious music. As a prime location for special events and conventions, Panama's central position makes it easily accessible for attendees from across Latin America.

Panama City boasts a wealth of high-quality hotels catering to conventions and events, ensuring a comfortable and professional atmosphere. Furthermore, the state-of-the-art Panama Convention Center, the largest in Central America, is located at the entrance of the Panama Canal in Amador. With a capacity of more than 20,000 people and 61,000 square meters of interior space, it accommodates large-scale events such as regional trade fairs, trade shows, and special events. These further cement Panama's position as a major player in the global events industry.

LOOKING AHEAD/ OPPORTUNITES

- **Geographical Advantage:** Panama's strategic location as a bridge between North and South America, coupled with its well-connected international airport, positions it well to attract global tourists.
- **Investment in Infrastructure:** Panama City's Tocumen International Airport is a major hub for international flights in the Americas, providing excellent connectivity. However, internal infrastructure and connectivity to tourist regions need further development. Thereby, continued investment in tourism infrastructure, such as improved roads, accommodations, and sustainable projects, can significantly boost Panama's appeal.
- **Promotion and Marketing:** Panama is often perceived as a business and transit destination due to the Panama Canal, with a significant portion of visitors being business travellers or short-term visitors. Therefore, the average length of stay for tourists in Panama is shorter, typically around 8 days. Enhanced marketing efforts to promote Panama's unique attractions and experiences can help raise its profile as a destination recognized for its eco-tourism and biodiversity, attracting nature lovers and adventure seekers from around the world.
- **Service Standards:** Partnerships with reputable Swiss hospitality schools or companies could significantly boost Panama's tourism industry by providing expertise in hotel management, luxury development, and staff training. This collaboration would enhance efficiency and service standards, allowing Panama to offer unique high-end experiences focused on sustainability, thereby making it a more attractive destination for a diverse range of tourists.
- **Sustainable Tourism Master Plan:** The Panama Tourism Authority's updated Sustainable Tourism Master Plan (2020-2025) prioritizes attracting eco-conscious investors. These investors are encouraged to support tourism initiatives that conserve and research Panama's unique natural and cultural heritage. (2)
- **Hub for Cruise Lines:** Panama is a hub for cruises in the Americas due to its strategic location and robust infrastructure. ATP encourages cruise lines to use Panama as their homeport by offering various incentives. The ATP is also enhancing cruise infrastructure and supporting smaller cruises to distribute tourism benefits throughout Panama. Financial incentives for cruise lines to use Panama as a homeport are outlined in Executive Decree 274 of November 11, 2020. (2)

Panama City is set to establish itself as a premier cruise destination with the opening of the Amador Cruise Terminal in March 2024. Located on the Amador Causeway, this modern facility can host two mega-cruise ships carrying up to 5,000 passengers each. Previously, Panama's cruise traffic was centered in Colon on the Atlantic side, but the Amador Terminal provides a new Pacific Ocean gateway just 15 kilometers from downtown Panama City. This proximity allows visitors easy access to the city's rich history, culture, and renowned dining scene. Beyond its role in receiving cruise ships, the terminal will also serve as a home port, enabling extended stays that benefit the local economy by increasing spending on accommodations, dining, and excursions.

- **Investment Incentives:** Panama offers exceptional incentives for developing tourism projects in areas outside of Panama City:
 - **Minimum Investment:** The minimum investment threshold is set at US\$250,000 for new construction, with a further reduction to US\$100,000 in indigenous areas and for renovation projects.
 - **Tax Exemptions:** Investors benefit from a range of tax exemptions, including:

- Import tax exemption on building materials, furniture, and unique tourism-related equipment.
- Exemption from capital tax and property tax on land and improvements used for tourism development (when registered with the National Registry of Tourism).
- Income tax exemption for tourism operations run by the company.
- Exemption from dock and airport usage taxes if the company builds these facilities.
- **Reduced Fees:** Loans used for tourism projects are exempt from the Special Interest Compensation Fund (FECI) fee. (2)

TRAVEL TIPS

- **Best Time to Visit:** The dry season, from December to April.
- **Travel Requirements:** Swiss citizens do not need a visa for stays of up to 90 days. Ensure a valid passport for at least six months beyond the intended stay.
- **Health Precautions:** No specific vaccinations are required, but it's recommended to be up-to-date with routine immunizations. Consult with a healthcare provider for personalized advice.
- **Currency:** The US dollar is widely used, alongside the Panamanian Balboa.

CONCLUSION

Panama's tourism industry has a rich history rooted in its role as a crossroads of trade and culture. From indigenous trade routes to the construction of the Panama Canal, Panama has long been a destination of interest for travellers. Recent investments in tourism infrastructure and a growing focus on eco-tourism have further enhanced Panama's appeal. With its stunning natural landscapes, rich cultural heritage, and diverse range of activities, Panama offers something for every traveller. Looking ahead, continued investment in infrastructure and promotion efforts can help further establish Panama as a premier tourist destination in the region.

Discover the heart of Central America and create memories that will last a lifetime.

HOW SWISS CHAMBER PANAMA CAN SUPPORT

We would be delighted to support you in your expansion plans to Panama and connect you with the appropriate business partners to follow up on the planned projects in the tourism sector. We look forward to hearing from you!

Compiled by Swiss Panamanian Chamber of Commerce, Panama City, Panama, June 2024

GET IN TOUCH



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