Panama Insider

Jessica Ramesch
Editor, Panama Insider

PANAMA INSIDER – What You Need to Know About Living in Panama
(FOR SUBSCRIBERS ONLY)

Is Panama Your One and Only?

June 2008
Panama City, Panama

Dear *Panama Insider* Reader,

Just days ago I was in Cancun, meeting many of you as I expounded on the qualities of Panama—both good and bad—at *International Living*'s Ultimate Event. The event was a global gathering, and presenters spoke about dazzling retirement and investment opportunities all over the world. I found myself wanting to tango with Argentina or perhaps make for Morocco…hot, spicy Mexico and suave, buttery France tugged at my heartstrings, too.

My mouth dry as a hot dusty day, I got up on the stage to talk about folksy little Panama…would anyone be interested in what I had to say? As I spoke and showed photos of my favorite places and things here, though, it didn't matter anymore. My eyes roved over the faces of Kuna indigenous women and deserted islands no one in the audience had heard of, and I knew…my reasons for choosing to move here would resound with some and not with others, and that would be ok…

After the presentation, many attendees kindly came up to me to say Panama had earned a place on their agenda…they will come to look, invest, find a school for the kids, or buy a second home. For me, as I suspect is the case with many of you, there will always be a new place to fall in love with. In the end, Panama may turn out to be your one and only, or it may be a passionate but brief fling. Whether you marry for money or love, the affair will be complex—perhaps maddening, or at times nothing but the sweetest bliss…but we hope always worth the experience.

This month, let the visions of dollar-signs dance in your head as we explore what we think is Panama's best business opportunity. It's a special project encompassing thousands of acres of land just waiting to be developed into a master-planned mini-city. The infrastructure is already there, the master developer is already hard at work, and 2009 is going to blow this baby wide open. Learn all about how you can benefit and save thanks to a combination of incentives you won't find anywhere else… oh, and by the way, this is a great place to live, too. Read on and learn all about it…

Thanks for reading, *Panas*.

Jessica Ramesch
Editor, *Panama Insider*
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P.S. Next month I'll be in Panama City along with real estate, tax, legal, offshore, and expat speakers at the July 31-Aug. 2 *Live & Invest in Panama* Seminar. I hope you'll join me for three days of learning and fun. You'll surely enjoy the great networking activities and opportunities to speak to experts and expats who can answer all your Panama questions. Discounts apply for *Panama Insider* members, find out more and register right here.

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A Moment of Escape…

Mountain views and forested paths in Howard make it hard to believe you're so close to the city. Forget impatient drivers or the noise of downtown and strap on those hiking boots…

.

Show me a map of Panama

Write for *Panama Insider*

Calling all writers:

If you're an expat living, investing, or doing business in Panama, and would like to try your hand at writing for *Panama Insider*, **please send a writing sample to Panama@InternationalLiving.com.** We are always looking for new writers with a different perspective on making a life or doing business in Panama. Tell us about your experience in Panama.

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Howard is a Blank Slate…Come Make your Mark

By Jessica Ramesch

A residential neighborhood in Howard where former military homes have been renovated to look like mansions.

Howard. It looks like any nice neighborhood—green manicured lawns and identical buildings in neat rows greet me as I drive down the main road, Andrews Boulevard (locally referred to as *Boulevard Bruja*). I drive for 40 minutes, weaving in and out of side streets, and still haven't covered much of the neighborhood. It's immense, consisting of nearly 6,500 acres, much of it lush and green. I come across hiking trails, forested patches, beautiful birds, and animals like furry three-toed sloths. Yes, it looks pleasant and tranquil…and yet Howard is also the site of one of Panama's most exciting, ambitious urban planning endeavors ever.

Image courtesy London& Regional

***To get to Howard**, cross the Bridge of the Americas heading west from Panama City. It takes about 10 minutes to cross the bridge, then it's about 10 minutes to the Howard main gate and Andrews Boulevard.*

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All About the Incentives: Panama Pacifico's Business Appeal

In 2004, Howard was declared a special economic zone—the *Area Economica Especial Panama-Pacifico* (Panama-Pacific Special Economic Area, or AEEPP). It was also accorded "free trade zone status" to allow for duty-free trading. The idea was to take advantage of Howard's prime location and infrastructure and build a major international hub that would attract millions in foreign investment and create tens of thousands of jobs.

The location and infrastructure are deemed excellent by investors for several reasons. Howard is in the district of Arraijan, which is part of the province of Panama. It's located at the mouth of the Panama Canal's Pacific entrance—the perfect spot for companies looking to serve passengers transiting the waterway. Says one Howard proponent: "*About 60%* of the trade in and out of the U.S. passes through the Panama Canal. When you combine thousands of new homes, hotels, a science park and a golf course with the proximity to the worlds busiest trade canal, you can see why the global investment community is taking note of this project."

Also, Howard is a former U.S. Air Force base and was built to the highest standards…hence the excellent infrastructure. Like Panama City, Howard boasts good roads and world-class telecommunications thanks to fiber optic/broadband links. Blocks of military housing containing over 700 homes remain here, as well as many office buildings and a former military airport facility. The airport was rehabilitated last year and began receiving private and charter flights in January 2008. Now Singapore Airlines and COPA have fleet maintenance and repair operations here (commercial flights into Howard are not on the agenda, according to L&R, as Panama's Tocumen International Airport is easily accessible from Howard).

In addition to the location and infrastructure, the AEEPP, often referred to as Panama Pacifico, is drawing investors via special incentives. Most of these are geared toward technology, airline repair and maintenance, maritime cargo, and transportation logistics companies. Among other benefits, these businesses pay zero income tax on the sale of merchandise and services to ships crossing the Canal and foreign-bound airplanes. They also pay zero income tax on the provision of services or sales to foreign visitors in transit. Plus, equipment, vehicles, and materials destined for use in Howard may be imported and then exported from Panama duty-free. Companies that don't fall within these categories may also qualify for some of the special incentives and benefits.

Companies like Dell have moved in to benefit from the incentives, which include unique labor and trade laws in addition to the special tax regime. The labor allowances for qualified companies include fixed overtime rates of 25% on non-holiday or rest-day overtime (instead of the complex progressive rates stipulated elsewhere in Panama) and flexible weekly rest days for employees instead of the mandatory Sundays, plus permission to remain open on national holidays.

You can get a work visa easily:

Here's some good news if you'd like to work in Panama: onsite companies also get special allowances for hiring of foreign workers. Plus, if a company's labor requirements can't be met in Panama, it can request even higher foreign employment allowances from the AEEPP Board. If you're not interested in employment, but are beginning to think Howard is a good investment, you may be eligible for other visa options. For example, invest $250,000 or more in onsite companies and you can get an Investor Residency visa.

Clearly, Howard is now one massive business opportunity. And not just for big business—this area boasts none of the amenities you would expect to find in a suburb—no supermarkets, clinics or gyms. If you have an idea, you're likely to find there's a real need…and the powers that be are actively encouraging entrepreneurs and companies to get in touch now.

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In February 2007, the Panamanian government appointed London & Regional (L&R) as the Panama Pacifico project Master Developer…and L&R is working hard to convert Howard into "the latest in master planned, mixed-use development." The government approved L&R's master plan in December 2007. According to L&R, the plan has "strict, high quality design guidelines" for all buildings, infrastructure, landscaping, and public works. Niceties like pedestrian walkways, park areas, internal transportation, and sustainable development are also being considered—a rarity elsewhere in Panama, where cities and towns have grown quickly and without much forethought..

This is the only gas station in Howard…and it houses the only convenience shop in the area.

Over 300 people are already working for L&R in Howard, including engineers, lawyers, accountants, architects, and technicians. In July 2008, infrastructure work begins and the number of workers will escalate to over 1,000. According to L&R Panama General Manager Henry Kardonski, $60 million will be invested over the next two years, and much of that will go toward infrastructure, such as improving roads and extending existing utilities like water and power lines. The eight-year projection for Panama Pacifico represents an investment of over $400 million.

Countdown to Panama Pacifico Takeoff…Ten, Nine, Eight…

JuliAnne Murphy, Director of Marketing at London & Regional Panama is enthusiastic about the project (by the way, she's also a fellow *Panama Insider* member…she moved to Panama from Denver, Colorado and read *Panama Insider* when preparing to relocate). JuliAnne says the Howard master development plan, approved by the AEEPP Board just last December, is currently in the design phase.

Out with the old? *Most of these former military homes will be leased for office space, but new homes will be built soon…*

What can you expect to see here in the near future? The current design phase includes plans for four new areas: an international business park, a logistics park, a town center, and new residential areas.

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JuliAnne says a great deal of thought and planning is going into the residential sector. Until now, homes for sale have been few, and those lucky enough to have already bought here participated in early public auctions…but by the end of this year or first quarter 2009, construction will begin on a series of new homes.

L&R has already contracted a company called SMWM—an urban design firm from the U.S.—to assist with planning and design of new residential areas in Howard. A local firm will be hired to support SMWM in the near future. The first residential phase, dubbed Southern Hills, will consist of some 50-75 single-family homes and 100-150 townhouses or attached residences built to "the highest international standards." Panama Pacifico will eventually boast some 20,000 homes and apartment units.

Interestingly, L&R will not offer pre-sales—the company has funding in place and will thus begin construction and sell units as they're completed. This is a downside in that you won't be able to cash in on low pre-construction prices, but it is a "pro" in that it translates to low risk. What you see is literally what you get…no surprises.

These are some of Panama's best business opportunities:

But, again, the big news in Howard today boils down to the many business opportunities. JuliAnne says many of the former military buildings are ready to be occupied and L&R is already reviewing lease petitions. Lease rates are determined on a case-by-case basis, but with the current lack of services here, the potential for profit is huge. Plus, L&R's land use design is flexible, meaning that it can design, sell, lease, and provide whatever type of campus, building, or office your company needs.

As if that weren't enough to sweeten the deal, an on-site AEEPP Government Development Agency provides "one-stop-shopping" to facilitate quick new business start-ups. Rather than venturing into Panama City and plodding from one government office to another, you save time and money by having everything taken care of by one facility.

Now is the time to act. Next year, L&R will focus efforts on developing the town center, and investors and residents are expected to flood the mini-town. Foreseeing the need for adequate business accommodations, L&R has a major convention hotel in the works. The facility will offer the "must-have" amenities and technology needed for business travel and meetings. A luxury-brand hotel, spa and resort, along with resort-style villas, is also on the horizon. Want to start your own luxury hotel here? Now is the time to inquire.

A new road project has eased traffic concerns: Traffic over the Bridge of the Americas—which connects Howard to Panama City—is massive, especially during morning and afternoon peak hours. However, L&R says it's already taking steps to deal with this. A new highway between the Howard north entrance and Panama's newest bridge over the Canal, the Centennial Bridge, will be constructed in three to five years. The road will also provide Howard residents with direct highway access to the North Corridor toll road that connects Panama City to the town of Colon, where the second largest duty-free zone (the Colon Free Trade Zone) is located.

Recreational facilities in Howard already include a gymnasium, a 1,200-seat movie theater, an Olympic size swimming pool, numerous sports fields, tennis courts, and a bowling alley (none are operational yet). L&R is in discussions to secure a professional company to operate a sports club and manage these amenities for residents and visitors. If your company has interest in this opportunity, contact L&R (see below contact information).

L&R also invites businesses or individuals interested in office headquarters, warehousing or distribution, logistics, high technology and media, manufacturing, call center development, high-end hotels and resorts, large-scale aviation-related real estate, leisure and casino real estate, residential development, and more to apply. Whatever your idea, get in touch as soon as you can. Contact: JuliAnne Murphy, Director, Marketing, London & Regional Panama; *Tel*: +507-316-3014; *Email*: jmurphy@lrp.com.pa.

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Snatch Up Property While You Can

Got kids? If you plan to move your family here, there's another plus to consider. L&R's long-term vision includes a number of schools to serve the population, from daycare to high school and beyond. Panama's Technology University is already onsite and L&R is currently in discussions with a number of schools interested in opening new facilities. By the way, if you have an interest in starting a school here…now's the time to act.

Though new property in Howard won't be available until 2009, there is *some* property available here.

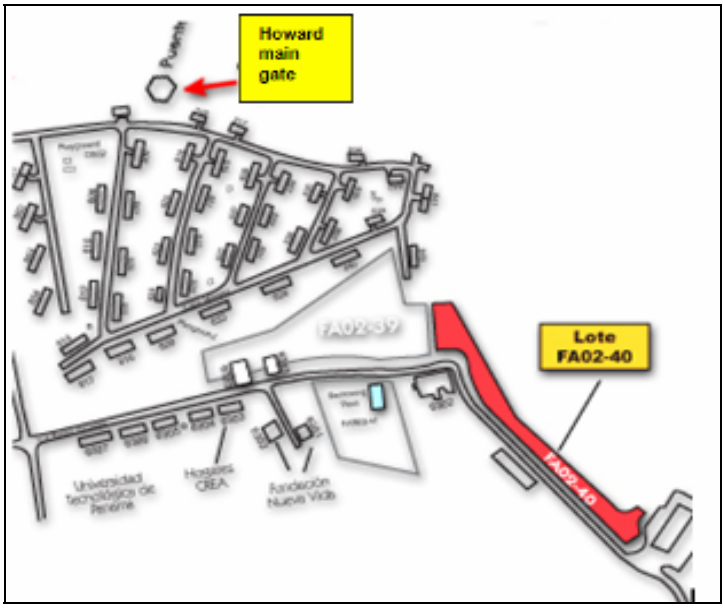
For example, a unit in a four-plex is on offer for $115,000. It's a three-bedroom, one-and-a-half-bath apartment of about 1,400 square feet. Contact: Javier de Leon, *cel:* +507-6754-8264.

A two-story duplex unit is also for sale, asking price $147,500. The three-bedroom, one-and-a-half bath home is about 1,500 square feet and sits on a lot of nearly 6,000 square feet (over a tenth of an acre). The lot is a corner property in the Farfan area of Howard, and also features laundry room, central air conditioning, and mountain views. It's for sale by owner, contact Gloria Becerra, *cel:* +507-6811-2001.

For $220,000 you can buy a three-bedroom, four-bath house of over 2,000 square feet. The lot is nearly a quarter-acre and the home features maid's quarters with separate bathroom, a study, covered carpark with room for three cars. Contact: Marina Realty, *tel*: +507-213-2304; *cel*: +507-6672-3568 (English speakers available, mention Property No. 18353, Howard ID 251) or fill in the online email contact form.

This spacious home on an approximately quarter-acre lot is on offer for $220,000.

Another duplex, priced at $238,000, has three bedrooms and two bathrooms. Contact Javier de Leon, *cel:* +507-6754-8264.



There's no telling how much this lot will go for via government auction, but the starting price is likely to be around $185,000.

If you're looking to invest in raw land or start a residential development, lots in the Farfan neighborhood of Howard are sure to interest you.

Lot FA02-40 is not available just yet, but it's listed on the government auction website and pending an auction date. (Keep checking the site for updates—get the help of a Spanish-speaking friend if you're not proficient in the language). It's conveniently located near the Howard main gate and the size is about 2.7 acres, currently valued at just under $185,000.

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Lot FAR-27 is a quarter-acre in size and also pending an auction date. It is currently valued at just under $89,000. Lot FAR-22 is about the same size, and valued at $91,000. The base bidding price may vary from these estimated values once auction dates are set.

What might winning bidders expect tp pay? There's no telling how fierce the competition will be, but take, for example, a couple of recently auctioned lots. Lot FA02-38. at 0.85 of an acre, was valued at $211,437. There were four bids: $310,000; $390,000; $415,000; and the winning bid of $420,000. On the other hand, lot FAR-20 was valued at $47,000 and sold last month for just $119,000; there were twelve bidders.

Renting here is easy and prices are still low

The best way to find bargain rentals in Howard? *Drive around…many owners prefer to rent via word of mouth and little homes like this are unlikely to be advertised.*

I found several options for rentals in the Howard area—of course there's no better way to get a feel for an area than to rent for a while to ensure it's right for you. One three-bedroom, two-and-a half-bath duplex unit is available for just $600 a month. It's a mountain-view home with three bedrooms, one-and-a-half baths, guest parking, storage space, garden, breakfast nook, and patio. Contact: Marianela, *cel:* +507-6671-0763.

For $1,100 monthly you can rent a two-story single-family home of over 2,700 square feet. The four-bedroom, three-bath home features maid's quarters, laundry room, storage area, garden, breakfast area, and patio. In addition, the whole home was recently remodeled and boasts wooden floors. Contact: Rafael, *cel:* +507-6534-8236.

Owner Angelica Riera is renting her home for $1,200 a month. It's a two-story house with three bedrooms, two-and-a-half baths, laundry room, central air conditioning, and backyard. Contact Mrs. Riera at *cel:* +507-6671-7369. And remember…the best way to find inexpensive rentals is to drive around Howard and take note of "for rent" signs…there are plenty to choose from and the more you call, the better your chances of saving. Once you spend some time here, the tranquility, green vistas, and homey neighborhoods are sure to win you over. Just don't wait too long to buy…2009 is going to be a landmark year for Howard, and those who get in before then will be sitting pretty.

Excellent roads and infrastructure, mountain views, and lots of wide, open spaces…Howard will win you over.

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www.ilbookstore.com
SHOP AND SAVE TODAY!

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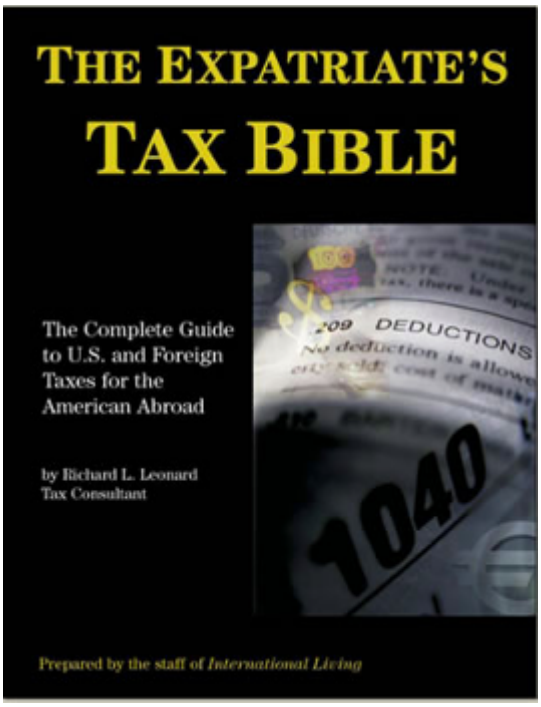
Editor's note: *Richard Leonard worked with the IRS for 28 years--eight of which were spent as an overseas employee. These days Richard runs his own consulting firm, providing tax advisory services to U.S. citizens, residents, and foreign aliens the world over, and to small firms doing business overseas. Richard knows his stuff and is committed to educating the rest of the U.S. tax-paying world.*

Cut Your U.S. Taxes to Zero

By Richard Leonard

If you're a U.S. citizen, no matter where you roam...or how many days you spend there...you retain your U.S. tax liability.

You can mitigate this tax liability with the help of:



- The foreign-earned income exclusion…which exempts you altogether from U.S. tax on your first $87,500 of employment income if you are a resident of another country for a full tax year...or if you spend fewer than 35 days a year on U.S. soil.

- Double-taxation agreements…which can, in cases, allow you to count foreign taxes paid, dollar for dollar, against taxes owed in the United States...and sometimes vice versa.

- The 1031 like-kind exchange…which can allow you to defer capital gains earned from the sale of a property outside the States, maybe indefinitely, by taking them and re-investing them in another property outside the States.

- Mortgage interest and real estate tax deductions are also allowable on an expat's real property located overseas.

In fact, with these, and other, strategies, you could organize your situation so that you pay less tax as an American abroad than you did as a full-time resident in the States...your multiple jurisdiction liabilities notwithstanding. How much less? That depends on your situation…but it's possible to pay no U.S. tax. That's a big deal. (And, for the record, yes, it's all legal.)

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Canadians in Panama: What's Your Residency Status?

Adapted from the Canadian Residents Abroad, by the Canada Revenue Agency.

If you're a Canadian living in Panama, you'll need to determine your residency status for income tax purposes., Are you a factual resident, a deemed resident, or a non-resident? Before you complete your Canadian income tax return you'll need to determine that.

Your residency status depends on the purpose and permanence of your stay in Panama, the ties you establish in Panama, the length and regularity of your visits to Canada, and your residential ties in Canada.

Residential ties include:

- a home in Canada;
- a spouse or common-law partner and dependants who stay here while you are living abroad;
- personal property in Canada, such as a car or furniture; and
- social ties in Canada.

If you are a factual resident or a deemed resident of Canada, tax credits may apply to you, such as:

Foreign tax credit: You can claim this credit if you paid tax on income or profits to Panama on income from Panama that you reported on your Canadian return. You generally cannot claim a foreign tax credit for taxes you paid to Panama on income you earned in Canada.

Overseas employment tax credit: You may be able to claim this credit on your return if you worked in Panama for a period of more than six consecutive months. The period must start in the current year or a previous year and must include at least one day in the year you are claiming the credit. You must have been employed throughout that period by a person who is a resident of Canada; a partnership in which Canadian residents or Canadian-controlled corporations own more than 10% of the fair market value of all the interests in the partnership; or a corporation that is a foreign affiliate of a person who is a resident of Canada.

These credits will reduce your federal and provincial or territorial taxes payable, if applicable.

Although Panama does not have a tax treaty with Canada, it does not tax income earned outside Panama. Thus, you don't have to worry about paying double tax on your Canada-earned income.

Other ties that may be relevant include a Canadian driver's license, bank accounts or credit cards issued in Canada, and health insurance with a Canadian province or territory.

You are a factual resident of Canada if you keep significant residential ties in Canada while living or traveling outside the country. In this case, even though you've left Canada, you are considered to be a resident of Canada for income tax purposes. The Canada Revenue Agency will continue to tax your income as if you never left Canada.

Certain people who live outside Canada and who sever their residential ties with Canada are considered to be "deemed residents" of Canada for income tax purposes. Examples include, but are not limited to, members of the Canadian Forces and federal or provincial government employees. As a deemed resident, you will, among other things, continue to report all income you receive from sources both inside and outside Canada. For more information on the deemed resident status, visit the Canada Revenue Agency website.

Those of you who sever residential ties with Canada are considered non-residents. The year you decide to reside permanently in Panama, and you sell your home in Canada and move your spouse or common-law partner and dependent children with you, the Revenue Agency will typically consider you to be an emigrant. See Guide T4056, *Emigrants and Income Tax*, for the rules that apply for that year.

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For all following years, you will be a non-resident of Canada. As a non-resident, you have to report certain types of Canadian-source income on your return. The most common types include:

- income from employment in Canada;
- income from a business carried on in Canada;
- taxable Canadian scholarships, fellowships, bursaries, and research grants; and
- taxable capital gains resulting from dispositions of taxable Canadian property.

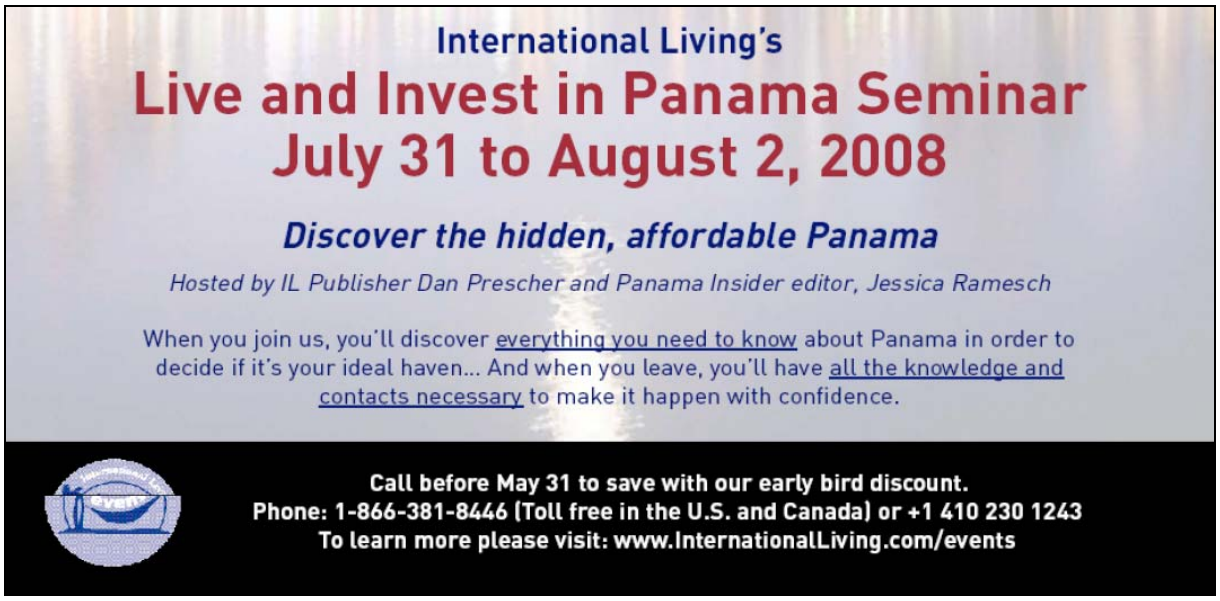
If you have to file a return, special rules apply to you. For more information, see Guide T4058, *Non-residents and Income Tax*.

In general, if you have Canadian-source investment income, rental income from real estate, or Canadian-source pensions, annuities, and similar payments, the payer will withhold non-resident tax on amounts credited to you and you won't need to include these types of income on a Canadian income tax return—the non-resident tax withheld is usually considered to be your final tax liability. (You may choose to pay tax on these types of income under an alternative taxing method and seek a refund for part or all of the non-resident tax withheld. For more information, see Pamphlet T4145, *Electing Under Section 217 of the Income Tax Act*.)

If you receive Old Age Security pension, you may have to file the *Old Age Security Return of Income* each year. For more information, see Guide T4155, *Old Age Security Return of Income Guide for Non-residents*.

If you are unsure of your residency status, complete Form NR73, *Determination of Residency Status (Leaving Canada)*, and send it to the International Tax Services Office. The tax office will determine your residency status based on the information you provide.

For more information visit the Canada Revenue Agency website.



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Local Speak:
How to Talk it up with the Locals

Spanish slang varies greatly from country to country throughout Latin America. How to be hip in Panama? Here are 10 common slang terms or phrases to get your conversations started:

- **Voy de cañón**: I'll definitely be there…I wouldn't miss it; I'll be the first one there, as in: *¿Shakira va estar en tu fiesta? ¡Entonces voy de cañón!* (Shakira will be at your party? Then I'm there!)
- **Chichipati** (chee-chee-PAH-tee): Trivial or flimsy.
- **Por gusto**: It was all for nothing.
- **Hasta el sol de hoy**: Emphatic "until this very day" or "even now," as in: *hasta el sol de hoy lo sigo amando* (to this very day I continue to love him).
- **Ladilla** (la-DEE-yah): Used to describe someone who is persistent or insistent to the point of being annoying; someone who harps on things or follows you around too much.
- **Por si aca** (from *por si acaso*): Just in case.
- **Tumba'o** (toom-BA-oh): From the word *tumbado* which means "knocked over," this Panamanian slang expression is used to describe someone who is so in love they'll do anything for their significant other; in love to a fault.
- **Arranca** (ah-RRRAN-kah): accelerate or start the car.
- **Habla machacado**: Speaks a language so badly he/she butchers it, as in: *Si, habla español pero todo machacado* (Yes, he speaks Spanish but badly).
- **No tengo ni un real**: I am broke. (Literally, "I don't even have a nickel.")

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Email of the Month: Info for Techies

Dear Panama Insider,

I've been a subscriber for some years now and enjoy greatly your "interruptions" into my busy email. Since I work in the field of Information Technology or IT, electronic communication is and will remain a main-stay in my lifestyle. With this is mind, it might be beneficial for you to make more mention of the communications infrastructure in the different destinations you cover.

Thank you again for your excellent publications. Keep up the good work.

Yours sincerely,

Dennis P.

Dear Dennis,

I have good news for you. Panama's communication infrastructure is among the best in the region. This country is actually a major fiber optic cable nexus and is referred to as the crossroads of the world in part because of this. I can't remember the last time I used dial up, as nearly everywhere I travel high-speed Internet is the norm. At home, I pay about $30 a month for high-speed, wireless Internet service from local provider Cable Onda. Other providers offer similar rates for DSL/ADSL or wireless service. This month's feature is about Howard, an area just outside Panama City that enjoys the same high-quality communications infrastructure…a sure winner for a "techie" like you.

Best regards,

Jessica Ramesch
Editor, Panama Insider

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Transit System Overhaul
& More Updates from around Panama

Attention *Insiders*, here are the most recent (and most important) Panama updates from our local news sources:

Long-Awaited Changes to Transit System

The government of Panama says it's full steam ahead for a modernization of the outdated public transportation system. The Panama City system currently consists mostly of old, run-down buses called *diablo rojos* or "red devils." A new system with new routes and articulated buses is being implemented, and government sources say the plan is already in "phase two"—that is, financing. Apparently negotiations are underway with the Corporación Andina de Fomento (Andes Promotion Corporation, or CAF) for a $90 million loan to finance the new system and roadworks. The actual work will take three to five years, though transportation officials say 420 new buses will be purchased via public bids to start within the next month.

Panama is Building Two New Islands

Construction and development company ICA Panama is going ahead with plans to create two small islands off the coast of Panama City, in the Panama Bay. The islands will be located just off Punta Pacifica, a ritzy new neighborhood in the center of town.

The project will represent an initial investment of $140 million. The rights to create the islands come from concessions granted by the state when ICA won the bidding process for the construction and administration of the Corredor Sur or South Corridor, a toll road that stretches over the Bay of Panama from the Punta Pacifica region through to the Tocumen International Airport.

The Ministry of Housing has given preliminary approval for ICA's real estate development plan for the islands. The plan calls for 138 residences up to three stories in height on the islands, which will cover a total area of about 47 acres. One island will be divided into 72 lots, and the other into 66. Final approval is still pending. We'll keep you posted…

Panama - U.S. FTA May Pass This Year

U.S. Senator Charles Grassley says that the U.S. Congress will not act on a proposed Free Trade Agreement (FTA) with Panama while the controversial Pedro Miguel Gonzalez is president of Panama's National Assembly, but there is still hope the pact will be approved before the November U.S. elections. In an article in *Inside U.S. Trade*, Grassley suggests the FTA has enough votes to be approved this year. U.S. Trade Representative Susan Schwab has also said that the agreement may pass after Gonzalez's term ends and before the end of the year.

Panama Fourth in Ranking

Panama takes fourth place in Latin America in a 2008 ranking of institutional quality. The Index of Institutional Quality was created by Dr. Martin Krause of Argentina's *Escuela Superior de Economía y Administración de Empresas* (College of Economy and Business Administration). Only Chile, Uruguay and Costa Rica ranked above Panama in Latin America. Denmark takes first place worldwide, with Panama ranking 77th out of the 192 countries listed.

"Panama stands out in terms of economic freedom but not in the perception of corruption," says Dr. Krause. The index assesses institutional quality by weighing various factors including: rule of law, accountability and ease of doing business, perception of corruption, freedom of the press, global competitiveness, and economic freedom. Statistics are taken from various indexes created by the World Bank, Transparency International, Freedom House, the World Economic Forum, the Fraser Institute, and The Wall Street Journal/ Heritage Foundation.

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Panama In The News: Microsoft is Coming to Town

What's the news out of Panama as being reported by the mainstream press and others? You'll find it here…

Microsoft in Panama

Microsoft Research held its fourth annual Latin American Academic Summit in Panama with assistance from the Inter-American Development Bank. President Martin Torrijos Espino welcomed nearly 300 academic, government and industry research leaders from 18 Latin American countries to the City of Knowledge (Ciudad de Saber) complex, an area dedicated to technology, innovation, and education. More about this landmark event and what it means for Panama:
http://newsblaze.com/story/2008051410030500017.pnw/newsblaze/HIGHTECH/High-Tech.html

Panama Beefs Up Border to Keep "Safe" Reputation

Panama will create a border protection force to help in the fight against drugs and to inhibit guerrilla activity along the border with Colombia. Drug trafficking and crime are on the rise in the region, particularly remote border areas, and Panama wants to keep its reputation as one of the region's safest countries:
http://uk.reuters.com/article/latestCrisis/idUKN1642917020080516

Under $250 Airfares to Panama

One savvy traveler checked airfares to Panama City on Delta and American Airlines and found spectacularly low prices. Seems the airlines are battling it out to offer low rates for travel in June… maybe now is a good time to plan a spontaneous trip? Read more about the low fares here:
http://www.gadling.com/2008/05/22/fare-alert-check-out-those-tickets-to-panama-city/

About "Boutique Developers" in Panama City

Should you opt for a cookie-cutter project or a smaller, more community-oriented one? Joel Jelderks of Panama's Salzburg Development talks about the real estate market and how his company competes and stays afloat despite being one of the little guys:
http://www.live-pr.com/en/joel-jelderks-of-port-townsend-washington-r1048193772.htm

Have Versace Design your Apartment Interior

Giancarlo Di Risio, CEO of the Versace Group, says he's coming to Panama to apply the kind of know-how that made for exclusive luxury interiors at exclusive resorts (such as The Plaza in New York). Versace is teaming up with developers and architects for a "one-of-a-kind" building project in Panama City:
http://www.businesswire.com/portal/site/google/?ndmViewId=news_view&newsId=20080522006068&newsLang=en

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Upcoming Events

Live & Invest in Panama Seminar
Panama City, Panama
Jul. 31-Aug. 2, 2008

Nothing in the world can take the place of seeing—and feeling—a place for yourself. That sense you get, the minute your feet touch the soil, that you could call this place home—or at least, a home away from home. Well, you could continue to read our emails… you could continue to read about it in the mainstream press… you could continue to hear your friends raving about the deal they got on their beachfront dream home and how much fun they had on their last trip…But to really discover a dynamic place like Panama, the best way is—without question—to come down and experience it for yourself.

Join Jessica Ramesch and other experts in Panama this summer for *IL's* one and only Live & Invest in Panama Seminar. You'll learn about the new opportunities and "undiscovered" areas of Panama…before the mainstream media and big-money developers catch on. **Don't forget: *Panama Insiders* are eligible for a discount!**

Don't waste a single minute, read all about it and register here.

For more information on these or any *International Living* Event, go to www.InternationalLiving.com/Events or e-mail Events@InternationalLiving.com, or call 1-866-381-8446 or 1-877-291-0246 (Toll-free in the US and Canada).

Don't forget that as a *Panama Insider*, you are eligible for discounts on these events…and if you sign up quickly, you can get an Early Bird discount, too.

What We Haven't Told You About Retiring Abroad...

Every year we gather the latest information about moving, retiring, and investing abroad. For instance, we discovered four strategies to profit from global real estate…how to protect your wealth with offshore opportunities…how to pinpoint the exact location of your personal paradise…and now we've arranged for you to get this information—here's how...

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Coming to Panama? Maybe you'd like to stay here:

The **Villas at Contadora** are the perfect island setting to *get your groove back*.

Our villas are comfortably furnished and offer everything you need to make your island stay comfortable and relaxing. Use your villa as your base to explore beautiful Isla Contadora – a nature lover's delight.

Please write us for more details and to check availability at Panama@InternationalLiving.com.

For U.S. Expatriates:

Eve Turner, CPA, licensed in California & Illinois, President of ETC Consulting, Inc., has been helping businesses & individuals with their tax planning & preparation for the last 20+ years. Currently located in Southern California, she will be available in Panama City, this 2008 tax season. Contact eve@etc-grp.com.

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Caribbean and Mountain Views

For sale by owner: This property is hilly with Caribbean and mountain views. It's partially cleared due to previous farming, and the rest is forest. Features lovely creek with waterfall. There is a four-wheel drive accessible road to the property, and water and electric are nearby. This lovely property is waiting for a developer or new owner who wants a lot of land. Caribbean climate with breezes daily. Titled property in the area is just now becoming available and is very limited. You can obtain great profits with this Panama investment. This will soon have clear title but if you purchase now contingent on the title you can save a lot—price will go up when titled. Located in Rambala just a few miles from the Chiriqui Bay, close to Chiriqui Grande. Only $120,000 for 77 acres, or $1600 per acre. This property is a great deal and hard to beat in Panama. Contact Lyn McKee, lynmckee@gmail.com or +507-6415-8048.

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Beautiful Teak Farm For Sale

For sale by owner: Titled, beautiful teak farm in Chorrera mountains, 225 acres with 125 acres teak, 74 acres forest with three clear uncontaminated rivers, several freshwater mineral springs. Near Lake Gatun high above sea and lake level, with cool year-round breeze, lovely view of faraway mountains and valleys. Willing to sell lesser amount of land. Gentle rolling hills well fenced and cared for. Cheap access to aqueduct and electricity and easy access by any type vehicle through 18 km. mostly paved road. One hour drive from Panama City, five min. drive from Late Gatun. Forestry certification, tax exoneration, two hectares grassy groomed hills with tropical trees. No restrictions. Call +507-6534-9425 (anytime); 507-264-5199 (Mon-Thurs); 507-983-6256 (Fri-Sun). Email: jackiecochez2252@hotmail.com.

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