

# Panama Popular Market for Canada

Panama, traditionally, has been a good market (\$30 million annually, despite U.S. sanctions during the Noriega regime) for Canadian products. Those exports fell to \$15.1 million in 1990, due mainly to the country's adjusting to democratic institutionalization.

Now indications are that the next few years will see new opportunities for Canadian suppliers, particularly of agricultural inputs, foodstuffs, construction materials, telecommunications equipment, pharmaceutical products, auto parts, and consumer goods.

Good opportunities exist in Panama for Canadian construction products, as was evidenced at CAPAC, a building and construction materials show held here recently that attracted buyers from all over Central America. According to CAPAC organizers, between US\$150 million and US\$200 million will be imported annually.

Canadian firms, whether suppliers of goods or services to the public or private sector, will be best served by a local representative or agent. *The Commercial Section of the Canadian Embassy in Costa Rica now has a solid data base of qualified importers seeking a variety of Canadian products. Some of these are listed on page 3.*

Further favourable signs are that the government is under increasing pressure from the international financial community to liberalize the economy, reduce tariffs, and abolish the remaining quotas. These barriers are expected to come down over the next few years, creating additional opportunities for Canadian exporters.

Prior to being advanced loans from international financing institutions, Panama has to rationalize its large debt load. When this is achieved, the country is expected to proceed with a number of capi-

tal projects in the transportation and energy fields.

In addition to domestic market opportunities, Panama offers the advantages of the Colon Free Zone

— the second-largest free trade area in the world — which serves as a distribution centre for hundreds of manufacturers selling into South and Central America.

## Sources of Financing for Central America Projects

Currently, financing is available to countries in the region through such International Financial Institutions (IFIs) as the World Bank (WB) and the Inter-American Development Bank (IADB). Canadian exporters may also be eligible suppliers for projects financed through other sources. Smaller funds, offering limited opportunities — the Commonwealth Development Corporation, UNIDO's Industrial Development Fund, the Private Investment Corporation, and the Agricultural and Industrial Reactivation Fund — could be of marginal interest to some exporters.

The Central American Development Bank (Honduras), in the process of being reinvigorated, may also become a source of future financing for capital projects in Central America.

While WB and IADB-financed projects are worth hundreds of millions of dollars annually in Central America, most of the contracts are awarded on a highly competitive basis.

Canadian exporters of goods and services interested in pursuing these opportunities, but who are not familiar with IFIs, should contact one of the following listings to discuss marketing strategies and to obtain information.

In Ottawa, the Financial and Business Services Division, External Affairs and International

Trade Canada. Tel.: (613) 995-7251. Fax: (613) 943-1100.

In Washington, DC, the Office for Liaison with International Financial Institutions at the Canadian Embassy. Tel.: (202) 682-1740. Fax: (202) 682-7726.

Additional information on the status of upcoming projects also can be obtained from the trade commissioners at the Canadian Embassies in Costa Rica and Guatemala — see box item page 6).

Information on Export Development Corporation (EDC) financing and insurance for projects and sales to Central America may be obtained from the Export Development Corporation, 151 O'Connor Street, Ottawa K1P 5T9. Tel.: (613) 598-2500. Fax: (613) 598-2504.

Central America is a major recipient of development assistance through the Canadian International Development Agency (CIDA) whose programs are valued in the order of \$50 million annually.

Countries in the region are also eligible for CIDA Inc. projects to support pre-feasibility and feasibility studies by Canadian businesses wishing to explore joint venture and technology transfer investments.

For information on CIDA-supported programs, contact CIDA headquarters, 200 Promenade du Portage, Hull, Quebec K1A 0G4. Tel.: (613) 997-7905. Fax: (613) 953-5024.