



VIGILADA MINEDUCACIÓN

**PANAMA'S EXPORT PERFORMANCE AND GROWTH IN THE LAST THREE
YEARS**

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2020

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International business professional

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Abstract

To have a domain of International Business is not enough with being familiar with foreign trade; an international negotiator must be passionate about learning about negotiating cultures International relations and how these issues affect the way of doing business. Besides, it is also important to be updated on the great advancement of humankind. Furthermore, it is highly relevant to be aware and identify growth potential in different countries. Being involved in the so-called globalization one has to understand the changes in economics, politics, environment, and social issues affect our business. In other words, international negotiators must be aware of the new market trends and commercial bonds.

It is well known that Panama is one of the countries that have a strategic location that connects the Americas, which helped them to obtain a constant economic growth improving the quality of life of their inhabitants turning them in a very important country in the commercial field since they recovered the control of the Canal. Considering that, they were able to manage this passage successfully and complete the Panama Canal expansion project, which allowed the Neopanamax vessels to go through this link and position it as one of the most important commercial hubs worldwide.

Keywords:

Economic growth

Panamá Canal

Infrastructure

Logistic

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Introduction

This report is based on a detailed analysis that was carried out on the progress and economic growth experienced in Panama City, demonstrating full development since a few years ago when it managed to take complete control of the canal and overcome major diplomatic and political disagreements with the United States.

For Panama, owning the canal has allowed it to undergo valuable changes to strengthen it compared to other Latin American countries and has managed to maintain the country as a crucial and important point in the area of international business and international logistics, thus becoming a holder of one of the most influential routes in world trade, however, it remains a strong importer and little promoter of exports of its national production, despite being able to do so, in this country, the productive sectors such as tourism, logistics, financial services and construction are the main economic axes that have been developing incentive initiatives to continue promoting growth and increasing exports. Panama in the last three years has bet heavily on it and has maintained a stable level regarding its exports, in addition to offering the world a strategic crucial point for all countries that need this route to promote their trade; We also mention its different free trade agreements, the rules and entities that regulate them; which are of utmost importance to reestablish commercial activities, we will see which are the points that strengthen it and which remain to be improved since, as everything, it is not perfect and lacks some shortcomings that must still be improved and carried forward to maintain its development and not decline, this research shows us what external and internal factors have been in order to find ourselves at the point of stable growth which has been beneficial compared to other countries.

1. Project formulation

Analysis of exports and impact on economic growth in the Republic of Panama.

1.1. State of the art

1.1.1 Background

The 21st century has been a challenge for the Latin American economy of technological proportions and participative demands, which has included some countries or has made them potential. If we think of Bolivia and Ecuador for example, the international economy has enhanced their characteristics and improved the possibilities of catapulting them as interesting nations for foreign investment or for trade in international scenarios. But if you look at the Panamanian country, it is possible to notice a limited margin of participation in the international market, due in great part to the change of administration. It went from being administered by the North American government (1903- 2000) to being administered by the Panamanian government itself. This not only produced significant changes in the criteria of maritime transport and international maritime trade, but also in the general structure of the Canal, which has directly affected (for better or worse) the functioning of the national economy.

In this scenario of national changes and international demands that we present very briefly, we would like to place the central problem of the Panamanian national economy, which has experienced changes since the year 2000 to the present day, essentially due to the change in administration of the Canal. For this reason, the main objective of the background is to establish historically what entities, organizations, or researchers have defined from the year 2000 to the year 2019, specific analyses on the changes produced by this change of administration.

Below we present some research background related to the research problem developed in this degree work:

- a. Chronological scope
- b. Search mechanism

According to the author (RAMIREZ, 2017) The chronological order refers to the way in which publications, articles and research related to the topic of investigation were organized in order to understand the historical context in which both authors and governmental or research institutions analyzed fundamental facts and situations respective to the change of administration of the Panama Canal and the effects that this change entails. Due to their importance to this research, the following were organized:

1. A 2006 article by the Economic Commission for Latin America and the Caribbean. (CEPAL, 2007)
2. An economic report for 2015-2016 by the Spanish Economic Office in Panama (CEPAL, 2015)
3. An economic study by the Economic Commission for Latin America and the Caribbean (CEPAL, 2016)

The selection or methodology of the selected texts was done through a process of data cleaning and search of transversal information, that is, search elements belonging to two different types of information search mechanisms were used. The first required an exact search for information, using concepts and terms or keywords directly related to both the research problem. This search mechanism made it possible to make a more detailed selection, since these texts contain investigative and analytical rigor and the necessary coherence to be used in this investigative process.

These texts are guidelines for the development of an analytical structure that will allow global and local understanding of the evolution of the Panamanian economy, its participation in the world economy and the instruments of the new administration of the Panama Canal in recent years.

In summary, the main texts are the following

:

BASAN; Kaiser "The Panama Canal: A Work of Engineering and its History" in Revista de Obras Públicas, Panama, Year 2000 PP 53-60.

Basically the author expresses the diffusion of research, innovations and discoveries in the area of civil engineering. In the year 2000, the Vice President and Civil Engineer, Dominator Kaiser Basan, who in an effort to promote the new administration of the Panama Canal by the regime of the time and the State from year to day, builds the general lines to understand the history and evolution not only of the work itself that constitutes the canal and its architectural generalities, but also the political and economic syndications of the country.

For the purposes of this research, the contribution of this historical article lies in the analysis of the efficiencies and improvements that the canal experienced and how these were a mechanism for the increase and expansion of international trade and maritime transport, advancing national, local, and even global commercial transactions and diversifying its economy by transporting fixed and financial capital. At the same time, the author talks about how the adaptation and expansion of the canal was a commercial, social and geographical necessity, rather than an international requirement.

Here, especially, the author highlights the government policies that hold the country responsible for international trade and maritime transit, firmly embracing structural adjustment, maintenance and administration of the canal. This is where a line of analysis begins to be constructed that allows us to answer the problem question and at the same time create a chronological evolutionary line that makes visible the changes and effects of the new administration of the canal.

CSIC (Consejo Superior de Investigación Científica del Caribe); UDELAR (Universidad de la República de Uruguay), Year 2015 "Country Report: Panama: Policies towards Foreign Capital 1990-2015" PP. 38.

The economic report presented by the Caribbean Scientific Research Council in cooperation with the University of the Republic of Uruguay is important for the construction of a local, regional and global economic panorama, since it allows us to situate

ourselves in a moment of socio-cultural changes, which not only determined the course of the Panamanian economy, but also that of the world economy.

The report itself presents an extensive list of the economic agreements made between the Government of Panama and various international economic entities, to enable them to participate in the world market, as well as to determine the rules of competition, validity of agreements and partitioning rules, all of which are reflected in the world economic index for the years 1190-2015.

An essential element that provides fundamental analytical tools for the purposes of this research work is the detailed quantitative and qualitative study that the report presents on the country's growth and its relationship with other Latin American countries. Such information is not only the basis for a historical understanding of the evolution of the canal in the global and local economy, but also allows us to understand what role the canal plays in the country's economy.

Finally, the report expands its horizons by making a detailed comparison of economic growth and decline and national investment, bilateral economic agreements and canal automation, in the different governments that the country had from 1990 to 2015. For this reason, we consider that the historical element cannot be dissociated at any time from the economic analysis; otherwise it would not be possible to build an economic projection model or to determine how the operation of the Panama Canal would be in 1 or 5 years.

INTRACORP (Corporación Intra-maritima), Year 2005 "Study of the economic impact of the Panama Canal in the national scope" PP. 448.

For the year 2005, the multinational corporation INTRACORP, specialist in consulting and advising international companies for their adaptation to the global economic environment, presents this detailed and complete report that aims, through the use of various knowledge and science areas, to present the general economic panorama of the performance, contributions and economic behavior of the Canal in a new national administration, in a new market economy and in a new century. The economic, political, and contextual factors that initiated the evolution of the Canal as an important factor in the Panamanian economy are paramount for the elaboration of the research.

The author mentions an economic and social analysis between the years 1950 and 2000, 50 years that were decisive for the concretion of the national administration of the Canal. In the development of this statement, it is understood why the canal is not the only source of national income, but the most important and that it will constitute a national effort, both by the population and the governments, to be a symbol of economic stability and international commercial participation.

The last but not least mentioned by the author, is the direct and indirect relationship that the canal has with the production of national goods and services and how this has slowly but progressively become a space of the international market. The importance of this relationship constitutes the basis for a complete conceptual and theoretical construction that will guide the resolution and contribution of the degree work proposed here.

1.2 Problem Statement

Latin America and Central America play a role in the world economy as the main suppliers of raw materials for the other continents. This is the economic bet that some countries chose or accepted due to their tropical conditions or inferiority to other countries. However, today many countries on these continents are making inroads into exports of secondary and tertiary goods as part of the diversification of their economies, and are achieving significant shares in world markets. In order for these conditions to exist, a broad expansion of the free market worldwide and an environment of favorable conditions for countries to achieve or create opportunities to export their products abroad were necessary. In the specific case of Panama, this country has great advantages when talking about facilities for export, one of the most prominent is the canal that bears his name and is located in its territory, which is a crucial point of connection between the Pacific and Atlantic oceans, among traders around the world who plan to reach the U.S. market by that route. In addition, it has 144 maritime routes, among these 6 access ports. Additionally, in the air route, this country has about twenty-seven public airports and forty-one private ones. That is to say, they have immigration and customs offices which allow for better control and maintenance of the administration of resources and the destination given to them. (OEC, 2019)

How has Panama's export performance been over the past three years?

1.3 Objectives

1.3.1 General Objective

Analyzing the behavior of the exports of Panama in the last three years identifying the incidence of external factors in its behavior

1.3.2 Specific Objectives

Identifying the economic and social aspects through a comparison of the last three years.

Analyzing the internal and external factors that intervene in the behavior of the exports of Panama described in the official pages of different countries of Latin America and the Caribbean.

Exposing the strengths and weaknesses of Panama in terms of its foreign trade infrastructure based on population, GDP and culture indices.

1.3.3 Justification

Panama has a small economy and produces bananas, coffee and fruits. In addition, its most brilliant GDP factor is based on the service sector with 68.7%, in which employment plays a crucial role since it involves sectors such as logistics, banking, operation of the Panama Canal, the free trade zone of Colon, insurance, ports and tourism. In the last years the exports, the consumption and the foreign investment have brought to this country great growth nevertheless it needs to grow more, to be more productive and competent using for it to its favor its geographic location that has turned it into holder of one of the most important routes for the global growth of the merchandise interchange (The Panama Canal); and being considered this way a great logistic center that allows it to attract foreign investment and to be a strategic point in its favor.

It is still a country that needs to be more stimulated by exports; since it is still a high importer of goods; thus enlarging the country's commercial deficit and attracting a slowdown in the economy; they are importing more than they export, besides requiring support from their government entities and companies to plan new alternatives and economic models to adequately expand their national production and thus be able to continue attracting growth and turning the country's economy around for the benefit of its population.

For reasons mentioned above it was decided to carry out a work about Panama and its commercial behavior in terms of exports and economic growth in addition to becoming a recognized market that grows increasingly against other countries on the same continent in the last three years.

1.4 Reference framework

Next, we will talk about the events presented with The Panama Canal, it was built in one of the places with less space in the country and in the lowest part of the Isthmus that joins North and South America. This canal has three sets of this procedure, which are located in Gatun, Miraflores and Pedro Miguel, although for many it can be considered a complex system, it is really easy to handle. The three lock mechanisms are constructed so that the ships can move in the same or opposite directions. The locks measure 33.53 m wide and 304 m long. The ships are towed from one place to another according to the need of the ship. When talking about this complex, but important design and structure of the canal we can define that this is the most important point in the sense of its strong economy where more than half of its economy is based on exports. With the improvements that the canal has had since its inauguration on August 15, 1914, it has sought continuous improvement in minimizing times, providing economic rates, and likewise impacting the world economy as the Panamanian country and some developed and developing countries, it also provides a boost in commercial expansion.

It is taken into account that during the construction and subsequent expansion of the canal, many inconveniences were encountered, such as human losses due to the effects of diseases in the exploitation and excavation sites, among which was yellow fever, as mentioned on the official Panama Canal website under the title PANAMA CANAL and quoted (MI CANAL DE PANAMA, s.f.); "Meanwhile, the loss of life was increasing, reaching a peak in 1885. Yellow fever was not constant, as it usually came in cycles of two or three years. Of course, malaria continued to take even more lives than yellow fever. As the sick avoided hospitals whenever possible, because of their reputation for spreading these diseases, there were many deaths that were never recorded." Also information recorded in Fernando Lizama's chronicle entitled DEATH IN PANAMA: A CANAL OF BLOOD (CONTINUED) quoted (Fernando Lizama Murphy, 2016); "The work began on January 1, 1882 with a labor force, almost all imported, of 22,000 workers. Soon the torrid climate began to take its toll. It is estimated that a total of 75,000 people worked, of whom about 30,000 lost their lives due to accidents, malaria, yellow fever, snake bites and other tropical diseases." However, the expansion of the canal must also be added to the human losses, which were not as huge as at that time, and to the many delays it had and the limit of

investment that this colossal infrastructure exceeded. In the magazine *Semana de Colombia*, a small analysis was made under the name *EL HUECO DEL CANAL DE PANAMA (THE HOLE OF THE PANAMA CANAL)* where many negative points were exposed that this would contract not only for the country that owns the canal but also for many nations that depend on this international passage, (SEMANA, 2014); "Delays in the Panama Canal expansion work would not only affect the isthmus. They would also have international effects. This week will be crucial to resolve the financial mess and avoid a paralysis of the mega-project." It should be clarified that despite so many obstacles since its inception in both the construction and expansion this is one of the most significant construction for the world talking about the international market because with this step or shortcut companies from different countries have grown and have also given a benefit to the countries that buy these goods giving a benefit for both sides and the greatest long-term benefit that will have the Republic of Panama, of course after they recover the investment in about 14 years as explained by experts.

Now we go further into the matter by talking a little bit about the economic issue in terms of the creation and evolution of the economy and the most important international "bridge". The economic context of the country report can be highlighted: Panama framing which Policies towards foreign capital 1990-2015 report that I investigate on the Internet in the page of cienciassociales.edu.uy says (Departamento de Economía – Facultad de Ciencias Sociales – UdelaR, 1990-2015);

The economic impact that the Panama Canal has on the aforementioned republic should be referred to the Study of the Economic Impact of the Canal in the National Scope where in one of its volumes (III) in the Post-Transfer Period 2000-2025 we can bring to appointment (MI CANAL DE PANAMA, s.f.) the following information; "This part of the study analyzes and evaluates the impact of the Panama Canal on the Panamanian economy during the period 2000-2025. The study uses projections of canal operations provided by the Panama Canal Authority (ACP) covering that period and analyzes the impact they have on the emerging conglomerate of economic activities surrounding the Canal and the impact that both sources of exports have on the national economy. This part of the study considers two cases: a) The projection of Canal operations without the expansion of its capacity and

b) operations with the expansion of Canal capacity, including the construction of a third set of locks. This second case has two different impacts on the economy: 1) during the construction of the expansion it will have a positive and temporary impact on the local economic activity and 2) after the construction, the expanded Canal will allow more traffic, including that of Post-Panamax vessels".

The Pre-Transfer part of the study disclosed different economic attributes given by international trade both in imports and exports such as: the foreign exchange contribution of the operation of the Canal, additional service supplies to vessels transiting the Canal. On the other hand, other impacts are developed by the activities that take place in the canal both in trade and tourism that benefit the country and its inhabitants

Other related economic movements were also found such as: legal and banking services among others that do not depend on, nor are induced by, the Canal. However, these activities are closely linked to activities within the SEC (Canal Economic System).

The Pre-Transfer part of the study showed that the indirect and induced impacts of the SEC increased notably after the implementation of the 1977 Canal Treaties. Access to Canal Zone lands and near-Canal infrastructure was the driving force behind this development. This study takes into account the momentum developed by the emerging conglomerate of economic activities during the last twenty years, analyzes how they have advanced and interacted between December 31, 1999 (the date of the transfer of the Canal) and 2005, and projects their future performance and impact on the national economy until 2025. With this we can see a wide analysis in all these years where mistakes and obstacles have been important as well as the good things since they have made the Panamanian Republic grow exponentially and so in the same way its economy is scaling up little by little to the position that a country should have that is the door still agile international trade.

1.5 Theoretical Framework

The territory of the Republic of Panama comprises the land area, the territorial sea, the submarine continental shelf, the subsoil and the airspace between Colombia and Costa Rica, in accordance with the boundary treaties concluded by Panama with these States. (INEC PANAMÁ, 2019); This makes it a strategic location for trade with South and Central America, another attraction of this country are the great opportunities for foreign investment due to its high demand for natural resources. (INEC PANAMÁ, 2019) Besides having a tropical climate, and a dollarized economy, they lead to be a very profitable scenario for world trade. (Bernal Payares & Aguilar González, 2015) , as it has one of the most modern transshipment centers in the world, due to the high demand of international trade that circulates there, it must be at the forefront of everything necessary for the best operation (Bernal Payares & Aguilar González, 2015).

Faced with its population situation has been characterized by a decline in young people (INEC PANAMA, 2019) since 2013, as evidence of it there is a trend towards population aging, in addition to this for the years 2016 and 2017 also present decline in income of people to the republic with a percentage of 4.9%, in its economic factor play a large role in agricultural production which includes products such as rice, corn, beans, sugar cane, pigs and chickens. (INEC PANAMÁ, 2019). This leads us to a direct impact between the population and production of this country.

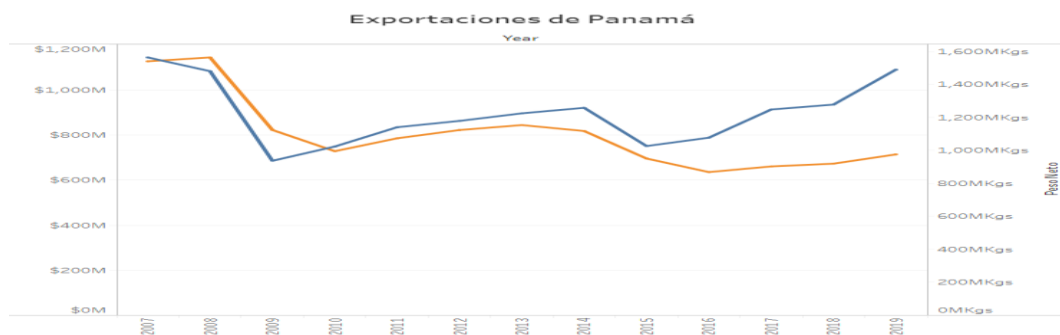
1.6 Conceptual Framework

In recent years Panama has been one of the countries with greater growth at global level, much of this growth is attributed to its geographical location and the international relations it has forged in recent years, leading it to have a sustainable development model over time, which has had a great benefit in reducing poverty from 2015 to 2018 by approximately 12.5%. (BANCO MUNDIAL, 2020)

Another factor that directly influences the growth of this country is the financial relations with entities of the international banking system that leads it to have more recognition at a global level.

Trade has also been a fundamental sector for the country since it has contributed to the financing of infrastructure and logistics projects, thus leading to possible agreements with major world powers and with the already well-known and famous Panama Canal, which is contributing approximately 6% of GDP in revenue to the country in: tolls, maritime services, energy sales and cargoes of millions of tons, according to the magazine dinero (DINERO, 2019)

Illustration 1



Graph recovered from (Georgia Tech Panama Logistics Innovation and Research Center, 2020).

This graph shows the movement of goods in kgs and millions of dollars each year and as has been analyzed in the years 2016, 2017 and 2018 has maintained a stable growth which has greatly benefited this country and also communications between continents with the sending and receiving goods to destinations around the world.

1.7 Legal framework

For our research foreign trade in the Republic of Panama through the years has been implementing a modern customs system through improvements in risk management and controls to prevent smuggling. The entity in charge of regulating and carrying out the procedures related to exports is governed by the Vice Ministry of Foreign Trade (VICOMEX) and the Panamanian fiscal code that establishes that all national products can be exported and that a series of necessary procedures must be carried out for export according to the source consulted (www.comercio.es, s.f.) the requirements are: - The person or company that does its part as an exporter as a first step must communicate the purpose for which it wishes to export such goods, goods or services; to the government and the entity of the Technical Unit of export procedures of the Vice Ministry of Foreign Trade for this purpose must submit the following documents which are necessary to authorize the departure of the goods as an export procedure; the necessary documents will be : commercial invoice, export declaration, certificate of origin, export permit for plant products and derivatives, phytosanitary certificate for the export of unprocessed agricultural products, certificate of plant and product inspection, for products of animal origin; in the case of animals or by-products derived from these, a veterinary health certificate and an animal health permit must be presented; in the case of other types of goods, a license is also required if, in the opinion of the export regulatory body, this is necessary.

In the case of the export of clothing, an export license is required which must be issued by DIAN, must be stamped for export and present the visa for shipment in addition to the stamping for the mystery of trade and industry, which is issued by the Vice Ministry of Foreign Trade.

Below are the current customs decrees in force according to consultation made on the website: (AUTORIDAD NACIONAL DE ADUANAS, s.f.), Currently, the Republic of Panama has resolutions in force as means of customs protection of its national production and others that are of benefit to it to avail itself of the agreements with which it maintains commercial relations of which it is a party. Among the laws and resolutions in force are : Law 1 dated February 13, 2008 was created by the national customs authority which contains the provisions regarding customs procedures, also

Resolution 246 dated October 22, 2012 which adopts measures to tariff control for products established within signed agreements and resolution 5 dated December 24, 2008 by means of which they establish a manual that includes the functions and the Organization of the customs authority, for the year 2015 they launch a preliminary project called the Law of customs which was created on January 15 of this year in which the regulations and legislation are adapted and by which ac They have other provisions.

Consequently, and in order to continue increasing and incentivizing exports, Panama maintains a privileged situation that has competitive advantages, as could be verified in the research carried out. It is a country that currently maintains current trade relations with other countries, including countries such as Colombia, Cuba, Mexico, Israel, China, Chile, Costa Rica, El Salvador, Singapore, Nicaragua, Honduras and the Dominican Republic.

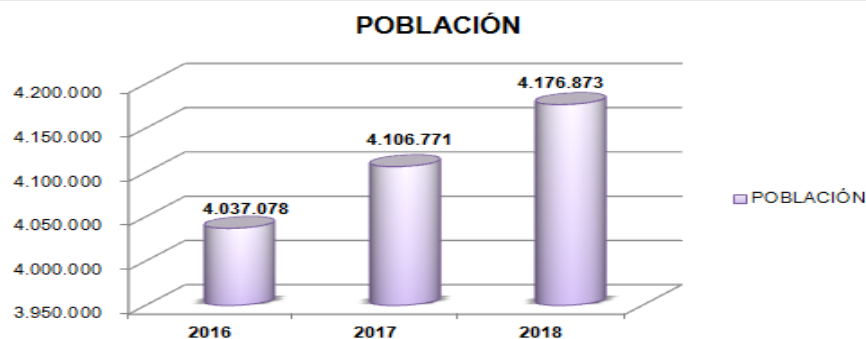
1.8 Methodological framework

This work is based on information from secondary sources through a development through databases, reports, essays, theses and pages about research matter regarding the subject regarding the behavior and growth of Panama's exports in the last three years; to establish, supply and verify the extracted information, thus justifying each of the objectives proposed by the study matter carried out by means of checks and information on international trade in order to strengthen the preambles of the report in a structured way, among the variables here implemented and that are part of this research are qualitative since it is carried out by means of a descriptive and explanatory type of study as it expands events through analysis of the qualities of a given phenomenon.

2. Investigation Development

2.1 Identify the economic and social aspects through a comparison of the last three years

Illustration 2

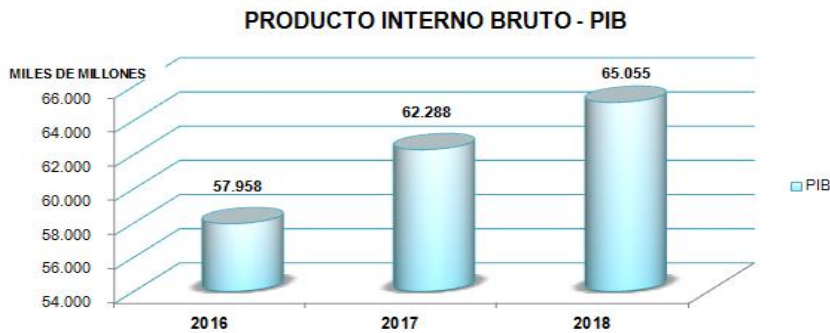


Own creation, information taken from (BANCO MUNDIAL, 2019)

The construction of the Panama Canal had a direct impact on socioeconomic development and also on the increase in the population since, as we can see in the graph, Panama has had a continuous growth of its population in the last three years where a 4, 65% are immigrants who have made this country their new home, and those who have contributed significantly in investments for it.

The population in recent years is characterized by 49.8% in women and 50.2% in men, which has led society to be balanced according to (INEC, 2016) and which has had a positive impact since aging has slowed and also contributes to constant growth, economic, commercial and tourism.

Illustration 3



Own creation, information taken from (BANCO MUNDIAL, 2019)

Panama is one of the countries with the fastest economic growth according to the (BANCO MUNDIAL, 2020) in which the construction of the panama canal is indicated as the main factor, as well as the increase in merchandise that passes through here, both in imports and exports that have been a factor that directly influences, as previously mentioned, this contributes 6% of the GDP, although all this has brought improvements to the country in infrastructure, commerce and greater movement of the economy, we cannot leave aside the level of poverty that still continues in a lesser proportion but it is an issue that for the development of this country is important as this leads to a greater investment of public money which consequently results in an increase in the fiscal deficit.

The continuous growth of the economy is focused on factors of tourism, agriculture, financial and logistical services, which have increased over time since at the time of the creation of the Panama Canal and the significance it has had has also brought I get a greater attraction for tourists and foreign investors as in the agreements already established with different countries around the world and the future agreements that are expected with the United States, which are expected to bring great advances for this country.

2.2 Analyze the internal and external factors that intervene in the behavior of Panama's exports described on the official pages of different countries in Latin America and the Caribbean

Without a doubt, the Panamanian economy has become one of the most important worldwide, according to (PELLICER) In his article on economics, he states that "Panama is the most outstanding country in the Latin American region, for more than 10 years"; and that this growth does not seem to stay there. In a recent report by the International Monetary Fund on Panama, the increase that the economy has given in the last decade has dazzled, which has been rated as one of the highest in Latin America, and it is anticipated that it will continue to maintain really high rates for the region in the medium term, with a stable financial system and low inflation as well as a decreasing trade deficit. Among its internal factors of greatest impact to strengthen this growth, we speak of its privileged geographical location that allows the oceans to unite and become a crucial step to connect the world through the Panama Canal; in (SIGNIFICADOS, s.f.) The Panama Canal is a maritime route which stretches 77 kilometers through which the coast of Costa Rica and the coast of Colombia are traveled, through which the north and south of the American continent unite, dividing the Caribbean Sea by The Atlantic Ocean from the Pacific Ocean through the Gulf of Panama, its importance is described as the shortest route by which the South American continent connects with the Pacific Ocean and the rest of the world. As another gleaming factor is foreign direct investment; through a consultation made in (PORTAFOLIO, MAYO 26 DE 2010) (IED) Foreign direct investment is understood by that operation that is carried out by natural or legal persons who do not reside in the same country where the investment is made, these investments can be made with the purchase of shares or participations within a company which is constituted and established in the country, for which purpose is to maintain a permanence. We say that it is of great impact since, due to this, Panama is considered to be the leader of foreign direct investment (FDI) in Central America.

In a report by ECLAC on FDI in Latin America and the Caribbean, it was observed that in 2018 Panama had an increase in investments with figures of 36.3%, compared to countries such as Guatemala, Honduras, El Salvador and Nicaragua. According to the article

published by (RODRIGUEZ, 2019), In addition to this we can mention as another important aspect the development of infrastructure which places this country in the boom in economic growth in terms of infrastructure in the last 15 years, according to (Chandiramani, 2019) The Inter-American Development Bank (IDB), for its part, says that investment in public infrastructure weighs more on the Panamanian state budget than social spending. Even that the global contribution of the public and private construction sector to the country's Gross Domestic Product (GDP), which is close to 17%, is double what this sector contributes in countries with much larger economies such as the United Kingdom and the United States. As another of the essential sectors that we cannot fail to name, there is tourism that has contributed to this great growth; in another of the investigations carried out regarding the study material of this investigation in an interview with the Minister of Tourism in Panama by (ALVARO, 2017) He mentions that tourism has also increased in Panama over the last 10 years, with an increase of 10%, which contributes 11.5% of the country's GDP. This shows that the country is occupying first places among the countries that receive income from the economic sectors, according to official data. The country has been one of the pioneers in increasing air connectivity with more destinations and the presence of airlines. To this end, through a remodeling, I rebuilt Tocumen Airport, which is among the most important interconnection centers in the Americas. Panama is expected to be one of the countries with the highest GDP growth; under these mentioned aspects, this country is positioned and in high demand compared to what we report in this writing; In addition to this, this country becomes the most outstanding country in Latin America.

With this we can conclude that all economies have a variety of internal and external factors, there are also direct or indirect effects that can affect economies positively or negatively and that go hand in hand with economic development; As internal factors we say that it is everything that is within the same country and over which we have control; which can also be its strengths and weaknesses as a state; To understand better, everything can be improved through new implementations, which, on the contrary of external factors, we have all those situations over which we have no control whatsoever and that can influence in a political, social, economic and technological way. ; therefore, as they are external, that is, they are outside our scope, these factors are influenced by all those factors that can be

denoted as climatic conditions, structural road problems, incentive policies, prohibition and promotion, exchange rates, the aggregate values of the products, commercial agreements and diplomatic relations, being able to show that there is no possibility to act against them; They are not controllable when making decisions or being able to mitigate risks.

As another factor of great external impact that we can witness at the moment is the war of powers between China and the US, which although not directly against Panama, somehow splashes the movement of cargoes handled by Panamanian ports according to the PANAMA FINANCIAL magazine and some of its authors (URRIOLA, DE LA LASTRA, & DE LA GUARDIA, 2019) They say that although the present situation between these two countries has not destabilized in a negative way the operations in the ports of Latin America nor of Panama as such, which does not mean that the subject should be neglected", comment that Carlos Urriola adds, among these comments it is necessary to emphasize the opinion of Julio De La Lastra. Where he emphasizes that "Panama is not taking full advantage of its geographical position and the expansion of the Canal, which is a means to promote development. In the absence of more and better investment in the area, other neighboring countries are doing so".

All of these are influential factors in the behavior of exports in Panama that directly or indirectly affect the Panamanian market, and although it is said that this country has a highly dynamic economy, there are behaviors from which it cannot escape.

2.3 Expose the strengths and weaknesses of Panama's foreign trade infrastructure based on population, GDP and culture indices

Panama, even though it is one of the countries that today enjoys recognition for maintaining a high level of development in the provision of quality logistics services and its potential infrastructure growth since the taking of the canal and its project that carried out the expansion of the canal and the opening of new port, air and river terminals, not everything is rosy, It is not a secret that its trade infrastructure has been able to benefit and be beneficial in some way to increase its progress, there are still some weaknesses and strengths for which one of them is that it must modernize its customs system in terms of carrying out processes of foreign trade according to an article published by (GRAJALES, 2015) where he mentions several shortcomings that the country lacks despite the magnificent progress it has made in the construction sector, infrastructure and the attraction of private investment, the country is currently facing strong growth in traffic port whose capacity is not in the best conditions; which could limit it due to the lack of a strengthened road connection network, among them there is talk of the need for the existence of an additional bridge over the Canal, and the need to strengthen the logistics operations facilities due to the demographic expansion of The city could have more space and in terms of its development, he mentions in addition to this that another important limitation is also found on the Inter-American highway, which still fails to comply in several sections with a series of ground transportation and international road safety standards. Furthermore, they do not play a good role as certain non-competitive practices still prevail among some land transport providers -mainly at the level of the Colon Free Zone- which makes the fare more expensive and affects competitiveness and that in addition to this it needs to be reinforced the interconnection of the sector in general with the local economy, facilitating, for example, that Panamanian producers can make use of the facilities, thus speeding up the process of exporting local goods and re-exporting.

It is worth mentioning that the Republic of Panama has a very diverse population and has made significant progress in reducing its poverty rates and in part it can be alluded to the economic development that was achieved according to an article published by the (BANCO MUNDIAL, 2019), Poverty decreased with encouraging figures for 2019 and not

very encouraging, there remains a high concern that it may have an increase for 2020 as a result of the COVID-19 epidemic, thus affecting those welcome advances that it has reached. However, in the poverty that exists to a large extent the population that prevails in rural areas, of which large parts of this population are indigenous inhabitants and Afro descendants. Regarding access to basic services, it is not universal and depends on factors such as geographic location, educational levels, ethnicity, and household income.

In the following table we expose which are the main weaknesses and strengths facing the situations that have been presented referring to the situation according to analysis carried out in the sources consulted; we can deduce that these are the most outstanding aspects

Table 1

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> - Specialized air, river and sea terminals for storage and transshipment of cargo. - High naval flow - Geographic location - Job creation - Modern facilities - Attracts foreign investment - Economic growth 	<ul style="list-style-type: none"> - Lacks customs systems - Terminal saturation due to high flow and little immediate rotation - Few incentives to export to companies - Social inequality - Low quality in education. - Expensive services - Currency devaluation - Powers war - Human talent training

Author: Own elaboration
 Recovered from: (GAONA, 2017), (URRIOLA, DE LA LASTRA, & DE LA GUARDIA, 2019)

Giving importance to the topics previously related in the table and which expresses several of its strengths, many of the transformation and innovations of this country is due to the fact that it has attracted various factors to which part of its growth is attributed; As previously mentioned, one of these positive aspects of the expansion of the canal can also be seen that much of its strengthening is tied to its facilities and logistics centers in addition to having a stable financial system which is among the most enterprising in economies; Mainly due to large impacts on foreign investment, to which the vast majority of their investments from other territories are paid. The researcher (LOSADA, 2019) in one of his

contributions, he relates that this phenomenon of attracting foreign investment is not exclusive to Panama; Latin America has experienced a true “revolution” in foreign investment in the last decade, largely driven by the dynamism of commodity premium markets and boosting demand for them, mainly in China. But the countries of the region would make a serious mistake if they did not take advantage of this short-term dynamism to consolidate a long-term economic momentum through policies to promote investment and structural transformation of their national economies. Something very important that the author mentions in his article is that, as previously highlighted, that foreign investment has been key in the transformation and strength of the Panamanian economy and that this will be for the rest of the economies of the region in the to the extent that its public policies and national strategies are aimed at including the attraction of external capital flows as a priority.

Among its potentials, it explains that it has a lot to keep growing since it has a series of characteristics that make it much more attractive, apart from its diversification among them, it mentions the following as of great importance: Population pyramid: Latin America has one of the population bases youngest worldwide. This reality has a direct impact on the consumption levels of its inhabitants and on the active population volumes, in addition to being a paradise in terms of natural resources: saying that Latin America has abundant natural resources and is one of the regions with the greatest availability of raw materials worldwide: oil, gold, lithium, copper, among others, and in addition to its geographical location: the region has an unbeatable geographic location. The geographical and commercial proximity to the world's leading economy, communication with the main Asian economies across the Pacific, and the relevance of the Panama Canal to world trade make Latin America a key region, making all this a very attractive country in As for tourism: Latin America has a high tourist potential. However, only Mexico is among the top 10 countries by number of visitors worldwide, so the growth space is very motivating. Without a doubt, this sector has great potential for receiving foreign investment, as long as investment in tourist infrastructures is promoted and key variables such as quality, safety and competitiveness are guaranteed.

Within the investigation, we must emphasize that Panama is among the countries that have had high growth rates in terms of logistics infrastructure, it is creator of the renowned Pan-American highway, the North and South Corridor of Panama, Colón, for which it maintains roads that provide it access to the main urban centers, in the airport system it has 6 main airports and in port infrastructure it is divided by two groups: private ports and state ports.

3. Conclusions and recommendations

3.1 Conclusions

This country has sufficient commercial and economic support to sustain the changes in infrastructure and a substantial improvement in the quality of life of people. This was evident in the growth in recent years, which has been constant and in favor of the objectives of the country and the continent.

Panama is among the empowered countries of the moment; its economy has evolved positively in recent periods, which has led it to position itself as one of the most developed economies between Latin America and Central America for its great potential.

It must continue promoting its international market, take advantage of its geographical location and increase its exports, it is time to diversify its economy; work more for own manufacturing, companies and the Agro area so that they strengthen their businesses and can achieve globalization in order to continue with sustained economic growth.

With this research we can conclude that although Panama is within the economies that have shown constant development, it still lacks various factors that prevent it from becoming within the developed economies since it has not set itself the task of implementing anything to improve its weak points.

Among its weak points we can discover that it is a country with high social inequality and this seriously damages it by detecting a rise in poverty rates in the rural areas of the country which are forgotten and violated, the level of education is low quality and its concern to train human talent is not enough; Regarding its infrastructural system it has transformed and improved, however it is not the best; it needs to be reorganized and finish some works that are still adrift and its customs system is not in the best conditions, so they must start new projects that lead to its improvement

3.2 Recommendations

To provide a greater resource in the economy of rural areas where the highest percentage of poverty is concentrated and also generating more jobs and as a direct result of a percentage increase in the economy and GDP.

It is important that Panama carry out a thorough analysis after this epidemic of COVID-19, which is affecting the world, passes, which although at the moment the blow to exports and handling has not been noticed, these can be seen in a time later it is not superfluous to suggest that they take more advantage of its expansion of the canal and its location, since it may be advantageous compared to other countries.

This country has great potential to gradually reduce its weaknesses, as this would bring economic and international relations benefits, and the improvement of these, for example in education, would result in a positive effect in the reduction of poverty.

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