

Panama Independence Day

High economic growth through fiscal transparency

Ritter N. Diaz
AMBASSADOR OF PANAMA

On behalf of the government of the Republic of Panama, I would like to extend our warmest congratulations to all Panamanian citizens living in Japan, on the occasion of the 113th Anniversary of our Independence.



I would also like to express our greetings to Their Imperial Majesties Emperor Akihito and Empress Michiko, as well as to the noble and friendly people of Japan.

According to reports from the World Bank and the International Monetary Fund, Panama will be the second-fastest growing economy in Latin America and the Caribbean in 2016, with estimated growth of 5.6 percent. This growth is accompanied by low inflation, low levels of unemployment and good fiscal performance.

The economic growth is also driven by the newly expanded Panama Canal, which was opened to transit on June 26. Other important components of growth include sectors such as logistics, tourism, telecommunications, construction (especially in large infrastructure

projects) and financial intermediation.

In regards to financial intermediation, it is important to point out that until May this year the Panama International Financial Center accumulated assets in the amount of \$118.48 billion, representing a 5.5 percent increase compared with the same month last year. It shows the strength of our financial center despite the ill-named Panama Papers, which tarnish the efforts of Panama to implement international standards in matters of financial and fiscal transparency.

To further counteract the negative campaign on our financial system, the President of Panama, H.E. Juan Carlos Varela, together with Prime Minister H.E. Shinzo Abe, announced in Tokyo last April negotiations on a Tax Information Exchange Agreement (TIEA), using OECD Common Reporting Standard rules. Thus, Japan became the first OECD country to sign a TIEA with Panama on a bilateral basis, reaffirming Panama's position to negotiate bilaterally this type of agreement, utilizing OECD standards.

After the negotiations with Japan, Panama has carried out negotiations with Singapore, Vietnam, Italy and most recently Germany. The government of Panama hope to conclude these agreements with the majority of



Panama Canal expansion PANAMA CANAL AUTHORITY

G7 and G20 countries, as well as countries all over the world to demonstrate its commitment to financial and fiscal transparency.

Furthermore, this year we have seen many official visits between Panama and Japan, beginning with the visit of the Vice-Minister for Foreign Affairs of Panama, H.E. Luis M. Hincapie, in January with the purpose of signing a memorandum of cooperation for the financing and construction of Metro Line 3, which will connect downtown Panama City with the west side of country, passing over the Panama Canal.

In April, the president paid a

working visit to Japan to witness the exchange of notes and signature of the overseas development assistance loan agreement for the financing and construction of Metro Line 3. The visit also included the elimination of the visa requirement for Panamanian diplomats to enter Japan, as well as the launch of negotiations for a TIEA, as mentioned above.

During his visit, the president also held a bilateral meeting with Abe, and attended a breakfast meeting organized by the Panama Japan Inter-Parliamentary League. Additionally, the government of Panama carried out an investment seminar with

the participation of more than 150 Japanese companies from different sectors.

After the presidential visit, Abe sent President of the Panama-Japan Inter-Parliamentary League Seishiro Eto as a representative of the government of Japan to participate in the inauguration of the Panama Canal expansion. Japan, as an important user of the Panama Canal, will benefit greatly from the expansion as it will enable the transportation of liquefied natural gas (LNG) from the east coast of the U.S. to Japan and Asia, utilizing the expanded canal to secure a stable supply of LNG.

Eto's visit was followed by a trip to Panama at the end of August by Natsuo Yamaguchi, president of the New Komeito Party, which is in alliance with the ruling Liberal Democratic Party. During his visit, Yamaguchi could inspect the operation of both the Neo-Panamax and the Miraflores locks, noting the smooth passage of vessels through the Panama Canal.

Yamaguchi also attended a meeting with the President of the Panamanian Parliament Ruben De Leon, who presented to him the list of the Panama chapter of the Panama-Japan Inter-Parliamentary League. This new development will contribute to the establishment of closer political cooperation between the National Assembly of Panama and the Japanese Diet.

On the maritime level, next year our country will be celebrating 100 years of the establishment of the Panama Registry, and 40 years of the signature of the sister city agreement between the city of Imabari and Panama City. In this connection, we will join hands with the city of Imabari to celebrate the great maritime traditions of Japan and Panama, as well as our mutual cooperation to advance the maritime interests of both countries.

In the environmental area, in addition to depositing the instrument of ratification of the Paris Agreement on Climate Change, this year the government of Panama also deposited the instrument of ratification of the Ballast Water Management

Convention and the Hong Kong Convention on Ship Recycling to protect the marine environment and remove and recycle old vessels from the seven seas. The two maritime conventions are commitments in which we have been closely cooperating with the Japanese Shipowners

Association.

Panama will continue to cooperate with Japan with the aim of strengthening our common ties and advance our shared values of democracy, rule of law, human rights, transparency and free and open trading system.

Congratulations
on the 113th Anniversary of
the Independence of
the Republic of Panama

 **Mitsubishi Corporation**